

Adoption version



the 1990s, the number of people in the world who are under 15 years of age is expected to increase from 1.2 billion to 1.5 billion.

As the world's population grows, the demand for food and other resources will increase. This will put pressure on the environment and on the world's food supply.

One way to meet this demand is to increase the amount of food that is produced. This can be done by using more land for agriculture.

Another way to meet this demand is to increase the efficiency of food production. This can be done by using better farming techniques.

One of the most important ways to increase the efficiency of food production is to use fertilizers. Fertilizers help plants grow faster and produce more food.

There are many different types of fertilizers. Some are made from natural materials, and some are made from synthetic materials.

One of the most common types of fertilizers is nitrogen. Nitrogen is an essential nutrient for plants, and it is found in many different types of fertilizers.

There are many different ways to use fertilizers. Some are applied to the soil, and some are applied to the plants.

One of the most important things to remember is that fertilizers should be used carefully. If they are not used properly, they can harm the environment.

There are many different ways to use fertilizers. Some are applied to the soil, and some are applied to the plants.

One of the most important things to remember is that fertilizers should be used carefully. If they are not used properly, they can harm the environment.

There are many different ways to use fertilizers. Some are applied to the soil, and some are applied to the plants.

One of the most important things to remember is that fertilizers should be used carefully. If they are not used properly, they can harm the environment.

There are many different ways to use fertilizers. Some are applied to the soil, and some are applied to the plants.

One of the most important things to remember is that fertilizers should be used carefully. If they are not used properly, they can harm the environment.

There are many different ways to use fertilizers. Some are applied to the soil, and some are applied to the plants.

One of the most important things to remember is that fertilizers should be used carefully. If they are not used properly, they can harm the environment.

There are many different ways to use fertilizers. Some are applied to the soil, and some are applied to the plants.

One of the most important things to remember is that fertilizers should be used carefully. If they are not used properly, they can harm the environment.

There are many different ways to use fertilizers. Some are applied to the soil, and some are applied to the plants.

One of the most important things to remember is that fertilizers should be used carefully. If they are not used properly, they can harm the environment.

There are many different ways to use fertilizers. Some are applied to the soil, and some are applied to the plants.

One of the most important things to remember is that fertilizers should be used carefully. If they are not used properly, they can harm the environment.

There are many different ways to use fertilizers. Some are applied to the soil, and some are applied to the plants.

One of the most important things to remember is that fertilizers should be used carefully. If they are not used properly, they can harm the environment.

There are many different ways to use fertilizers. Some are applied to the soil, and some are applied to the plants.

One of the most important things to remember is that fertilizers should be used carefully. If they are not used properly, they can harm the environment.

Contents

Welcome 4

Statement of Compliance and
Responsibility 5

Introduction 6

Message from the Mayor and
Chief Executive. 7

Governance structure 10

Organisational structure. 12

Group entities 13

Our performance at a glance 14

Financial performance. 15

Non-financial performance 27

Council and Māori working in
partnership 33

Our work in detail 35

About this section 36

Summary Funding Impact Statement 41

1. Transportation 43

2. Water 50

3. Solid waste 58

4. Wastewater 63

5. Stormwater 68

6. Flood protection 73

7. Community facilities and services 77

8. Governance and strategy. 94

9. Planning and regulatory services 101

10. Support services 112

Financial statements and information. 116

COVID-19 financial impacts. . . . 117

Financial statements 119

Notes to the financial statements. 125

Audit Report 220

Independent Auditor's Report. . . 221

General information 225

Abbreviations and acronyms . . . 226

Glossary 227

Index 229

Welcome

This 2019-20 Annual Report sets out what Whangarei District Council (Council) has achieved in the past financial year (from 1 July 2019 to 30 June 2020), 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 two 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 2020.

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 2020

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 2020 fairly reflect our financial position and operations.



Sheryl L Mai
Mayor



Rob Forlong
Chief Executive

Whangārei, 26 November 2020

Part one

Introduction

Message from the Mayor and Chief Executive

What a year it has been. For the first half of this financial year, our focus was firmly on delivering the plan: managing growth, investing in core infrastructure, and completing projects to make our District a better place to live.

COVID-19 then swept across the globe, forcing a reset of priorities, the restarting of our economy and transition to recovery.

While the pandemic put pressure on all communities, our District responded with kotahitanga and whanaungatanga. We are so proud of the strength and unity shown across Whangārei, and the resilience of our people, community groups and businesses.

Together, we now present Whangarei District Council's 2019-20 Annual Report, which shares our results as measured against year two of our 2018-28 Long Term Plan (LTP). It was a year like no other, but despite some very testing circumstances, we were able to continue to serve our community and remain on track in delivering on our plan and promises.

Challenging external factors

When COVID-19 hit, we responded with speed. Council adapted quickly and was able to maintain core services throughout all COVID-19 Alert Levels, while working within the guidance from central government.

Our 10-Point Economic Recovery Response was released in April to provide immediate benefit to businesses and households in our District. After consultation with the community, we then made some significant changes to year three of our Long Term Plan to take further pressure off our community and support the District's recovery.

Internally, our cloud-based IT strategy paid off over the transition through Alert Levels, enabling our employees and councillors to easily move between working from home or office as needed. Our strong culture, guided by our organisational tikanga, also helped us work through the challenges of COVID-19 – providing us with a great framework to make values-based decisions in a fast and responsive way.

Prior to the pandemic, the drought created its own set of challenges – though our robust water supply system and good infrastructure meant that the impacts on our District were much less severe than others.

We also experienced loss following two serious fires this year – one at the Old Municipal Building, and another at Abbey Caves. We are working through insurance and replanting following these two events; both were devastating in their own ways, but it was heartening to see our community rally together in response to the fires and move forward with atawhaitanga.

Investing in core infrastructure

Even with COVID-19 in play, investment in our core infrastructure has continued to be a priority. We recently completed the urban intersection upgrade at the Maunu Road/Porowini Ave intersection, as well as realignment and safety improvements at Vinegar Hill.

Our shared path network received a major boost with the completion of the third and fourth stages of the Kamo Shared Path, which now runs from town right through to Fisher Terrace, providing safer access to local schools and a better connection into town.

Parking around the city got easier with an additional 272 carparks at the new Pohe Island carpark, and a new simplified parking fee structure is now in place to support car parking turnover in the city centre.

Construction of our new water treatment plant at Whau Valley continued this year, with its opening still on track for 2021. We are also installing a new \$1.1 million Hātea River pumping watermain as part of our wider drought resilience works. The new watermain will allow Council to pump more water from the Hātea River during dry weather, saving dam water.

Our Hikurangi sewer upgrades were also completed, and we're making a continued investment in our stormwater management to make sure we are set up for the future, meeting the challenges of climate change and improving water quality.

This year we delivered our biggest capital works spend ever, which is a great outcome for our District as we keep up with growth and meet the increasing expectations of our community. While it was our biggest spend yet, we could not complete all the capital projects that we'd committed to this year, due to a range of factors, including COVID-19. We'll be working with our community to set our capital works programme at a more manageable level in future years as part of next year's 2021-31 LTP.

Investing in community

Much of our strength this year has come from a cohesive and connected District. Investing in community is a key part of building a strong and inclusive Whangārei, and we are pleased to have been able to further strengthen our community development framework this year.

We celebrated the opening of Potter Park, which has provided a new family-friendly space for the Tikipunga community to enjoy. As a wider community, we also came together to take part in local events like Matariki, Tuia 250, and our annual Christmas Festival – the special connection that we gain from these types of gatherings has since taken on new meaning for us following the pandemic.

We also adopted He Rautaki Toi a Rohe o Whangārei – our strategy for arts, culture and heritage in the Whangārei District. The strategy is a partnership between Creative Northland, and the arts, culture and heritage community, and has been put in place to ensure the best outcomes for arts, culture and heritage, now and in future.

With more people living here our sports grounds needed some love too. Our fields at Otaika and the Horahora Sports Parks have new lights, and grounds at Hikurangi, Hūkerenui, Ngunguru and Parua Bay are all getting better drainage to cope with all the footy boots and wet weather over winter.

We've also been excited to see more of our community project partnerships begin to come to life. Whangārei's Rolling Ball Clock and the Camera Obscura projects have both been significantly progressed and will soon add some unique and vibrant points of difference to our place.

Investing in our future

Over the next year there's much to look forward to as we continue with preparations for co-hosting the Rugby World Cup in 2021, construction of the new Town Basin Park, upgrade of the Ruakākā Wastewater Treatment Plant, implementation of the Central City Revitalisation Plan, and the continuation of works on Whangārei's new Civic Centre. These projects will help support our District's recovery, while creating amenities that we'll all benefit from in years to come.

We're also building a more sustainable future for our District following our declaration of a climate change emergency in July 2019. The roll out of recent kerbside recycling improvements mean we now have one of the most effective recycling systems in New Zealand, and in the longer term, we are continuing to plan and budget for ways to reduce the impact of climate change.

Listening to our customers

Our annual customer satisfaction survey has continued an upwards trend with an increase in the number of respondents that indicated overall satisfaction with Council's performance. With transportation being a key focus for us, we were especially pleased to see all measures under the roading and transport categories increase in satisfaction. Improvements in this area will continue to be prioritised, alongside district promotion, tourism, economic development and solid waste (rubbish and recycling).

Financial performance

Council's financial management remains strong; this year we followed the plan, and our fundamentals remain sound. This is evidenced by maintaining our Standard and Poor's (S&P) credit rating at AA "with a positive outlook". This is the highest possible rating to be given by S&P within New Zealand's public sector.

While circumstances have changed significantly over the past 12 months, we remain committed to delivering core business and planning for a bright future. One of the silver linings of this year has been the chance to slow down and take more time for reflection and gratitude. As we sign out on this financial year, we would like to express our heartfelt thanks to our councillors and staff, and the wider community for your commitment and passion for our place. It is an honour and a privilege to work alongside you.

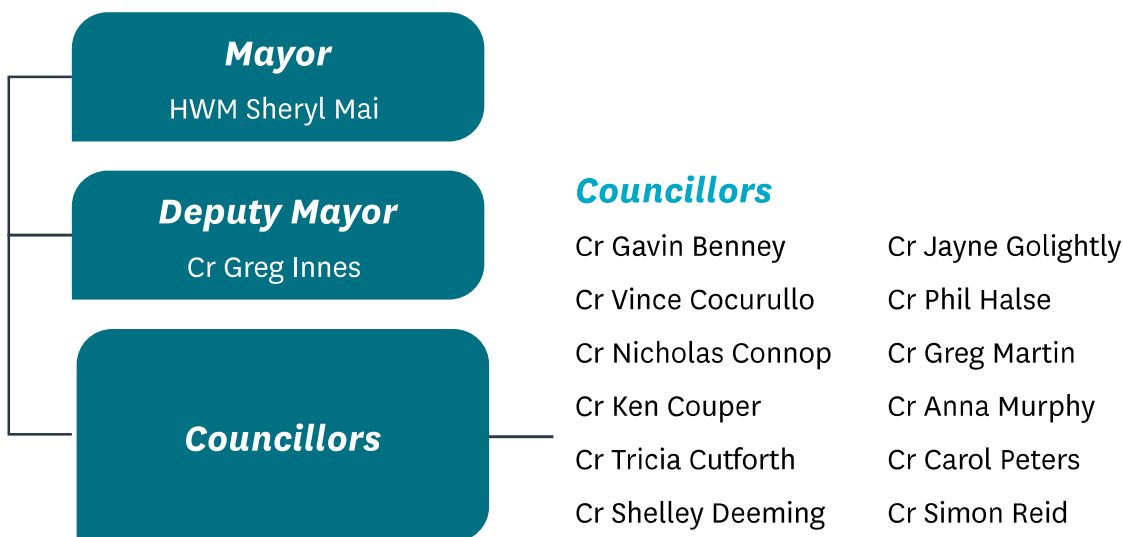
Waiho i te toipoto, kaua i te toiroa

Let us keep close together, not wide apart

Sheryl Mai | Rob Forlong



Governance structure



Committees of the Whole

COMMUNITY DEVELOPMENT COMMITTEE

Chair Cr Gavin Benney plus all Councillors

INFRASTRUCTURE COMMITTEE

Chair Cr Greg Martin plus all Councillors

STRATEGY, PLANNING AND DEVELOPMENT COMMITTEE

Chair Cr Shelley Deeming plus all Councillors

RISK AND AUDIT COMMITTEE

Independent Chair John Isles plus all Councillors

Māori Partnership

TE KĀREAREA STRATEGIC PARTNERSHIP FORUM (TO SEPTEMBER 2020)

Chair Cr Phil Halse (Council-based meetings)

Chair Taipari Munro (Marae-based hui)

Specialist committees

COMMERCIAL PROPERTY COMMITTEE

Deputy Mayor Greg Innes

DISTRICT LICENSING COMMITTEE

Chair Commissioner

CIVIC HONOURS SELECTION COMMITTEE

Chair Cr Vince Cocurullo

CE REVIEW COMMITTEE

Chair HWM Sheryl Mai

EXEMPTIONS AND OBJECTIONS SUBCOMMITTEE (OF STRATEGY, PLANNING & DEVELOPMENT COMMITTEE)

Chair Cr Shelley Deeming

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 Greg Martin

Hikurangi-Coastal Ward

Home 09 433 5629

Mobile 027 283 6147

Email Cr.Martin@wdc.govt.nz



Deputy Mayor Greg Innes

Whangārei Heads Ward

Mobile 027 495 3382

Email Cr.Innes@wdc.govt.nz



Councillor Anna Murphy

Hikurangi-Coastal Ward

Mobile 022 649 8730

Email Cr.Murphy@wdc.govt.nz



Councillor Shelley Deeming

Bream Bay Ward

Home 09 432 3779

Mobile 021 484 920

Email Cr.Deeming@wdc.govt.nz



Councillor Ken Couper

Bream Bay Ward

Mobile 021 464 069

Email Cr.Couper@wdc.govt.nz



Councillor Vince Cocurullo

Okara Ward

Mobile 021 438 952

Email Cr.Cocurullo@wdc.govt.nz



Councillor Jayne Golightly

Denby Ward

Home 021 186 1989

Mobile 021 348 079

Email Cr.Golightly@wdc.govt.nz



Councillor Tricia Cutforth

Denby Ward

Mobile 027 287 0366

Home 09 437 3481

Email Cr.Cutforth@wdc.govt.nz



Councillor Simon Reid

Mangakahia-Maungatapere Ward

Mobile 021 459 381

Email Cr.Reid@wdc.govt.nz



Councillor Gavin Benney

Denby Ward

Mobile 021 256 0126

Email Cr.Benney@wdc.govt.nz



Councillor Carol Peters

Okara Ward

Home 09 437 0185

Mobile 021 557 498

Email Cr.Peters@wdc.govt.nz



Councillor Phil Halse

Okara Ward

Home 09 430 2251

Mobile 027 303 5671

Email Cr.Halse@wdc.govt.nz



Councillor Nicholas Connop

Okara Ward

Mobile 021 453 912

Email Cr.Connop@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

The COVID-19 pandemic has had severe and wide ranging impacts on our economy.

The impacts of the COVID-19 alert level restrictions are visible in Council's financial and non-financial performance for the 2019-20 year.

We have achieved an operating surplus, while managing our operations effectively during what has been a very disruptive period.

COVID-19 has had an impact on our ability to achieve some of our targets and benchmarks.

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 \$2,241	✓
Provide sufficient funding to complete the planned capital expenditure programme without reliance on selling assets	✓

Benchmarks

Benchmark	Result						
*Rates affordability	<table> <tr> <td>Rates (income) affordability</td><td>✓</td></tr> <tr> <td>Rates (increase) affordability</td><td>✓</td></tr> </table>	Rates (income) affordability	✓	Rates (increase) affordability	✓		
Rates (income) affordability	✓						
Rates (increase) affordability	✓						
*Debt affordability	<table> <tr> <td>External net debt</td><td>✓</td></tr> <tr> <td>Net interest to rates revenue</td><td>✓</td></tr> <tr> <td>External net debt per capita</td><td>✓</td></tr> </table>	External net debt	✓	Net interest to rates revenue	✓	External net debt per capita	✓
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 63% of our non-financial targets

Of the 73 Levels of Service, 63% of targets were achieved. This compares to 69% last year.

COVID-19 and the associated lockdown has impacted on performance against our levels of service. This has resulted in some of our measures not meeting the targets. This is due to disruption including the closure of our facilities, inability to inspect premises, transition to working from home and the delay in a number of projects and programmes.

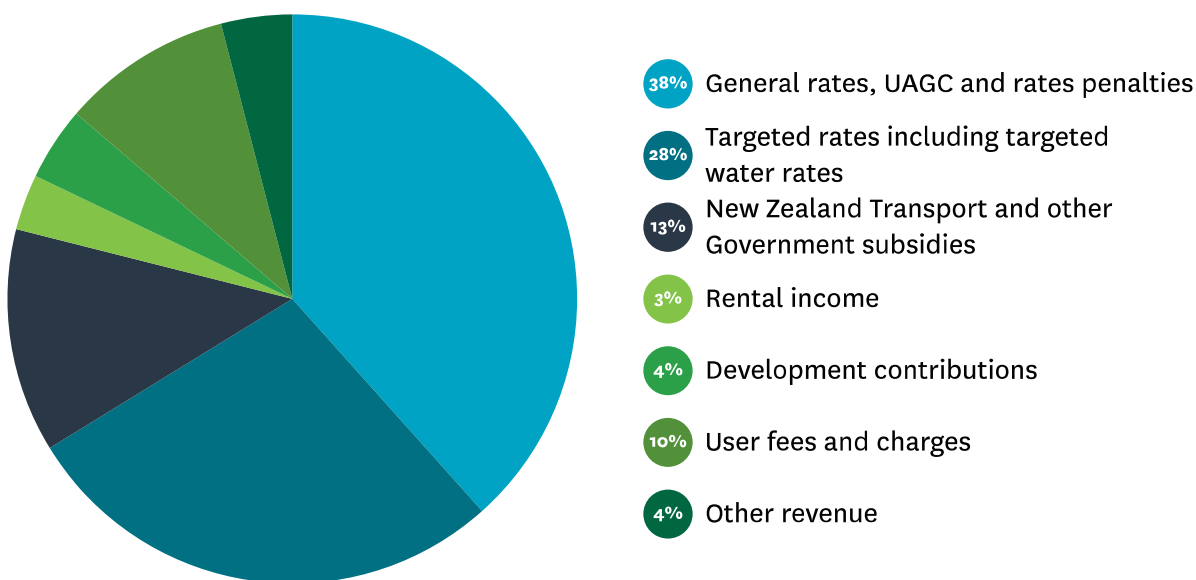
More information about performance for each activity can be found in pages 35-115 of this report. All of our levels of service and targets will be reviewed and potentially changed through the development of the 2021-31 Long Term Plan.

Financial performance

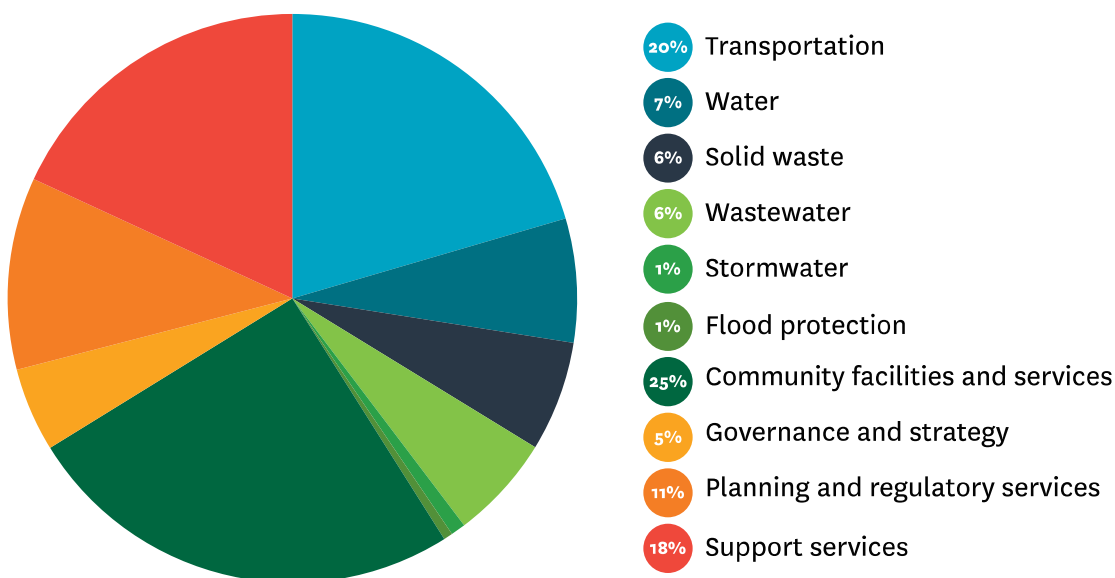
The following charts show operating revenue and expenses excluding accounting adjustments:

Council's sources of funding and revenue

Council uses its funding through rates, user fees, government subsidies and other revenue to provide daily services, maintain our assets and service our debt. We borrow money to build new assets to cater for the current and future needs of our community.



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 2019-20 year has achieved a core operating surplus of \$2.4 million against a budgeted operating surplus of \$11.1 million resulting in an unfavourable variance of \$8.7 million.

	Actual (Millions)	Budget (Millions)	Variance (Millions)
Operating result – before non-cash adjustments			
Operational revenues	152.5	158.7	
Operational costs	150.1	147.6	
Operating surplus – before non-cash adjustments	2.4	11.1	-8.7

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 \$4.1 million, a variance of \$10.0 million (including accounting adjustments) when compared to the budgeted surplus of \$14.1 million.

	Note	Actual (Millions)	Budget (Millions)	Variance (Millions)
Operating surplus – before non-cash adjustments		2.4	11.1	-8.7
Add: Income from vested assets	6	9.0	3.0	6.0
Less: Investment property revaluation	6	(1.6)	0.0	(1.6)
Less: Other adjustments		(0.3)	0.0	(0.3)
Less: Loss on disposal of assets	8	(2.4)	0.0	(2.4)
Less: Revaluation of debt instruments (SWAPs)	8	(3.0)	0.0	(3.0)
Total non-cash adjustments		1.7	3.0	(1.3)
Operating surplus/(deficit)		4.1	14.1	(10.0)

Vested assets

Council recognised income of \$9.0 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 loss of \$1.6 million.

Loss on disposal of assets

Council recognised a total loss on disposal of assets of \$2.4 million. A loss on disposal occurs when an asset is disposed of before the end of its estimated useful life.

Revaluation of debt instruments

There was a \$3.0 million revaluation loss of debt instruments (swaps). Council purchases swaps to provide a 'corridor of certainty' for the short-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 \$6.0 million for the year. This reflects the theoretical movement in the value of our property, plant and equipment assets, which can never be realised as cash but 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	152.0
Less:	
Term Deposits	22.8
Bank Cash Balances	13.2
Total cash and deposits	36.0
Net External Debt	116.0

- Closing external net debt for the 2019-20 financial year, was budgeted to be \$139.1 million. Actual closing debt was \$23.1 million lower at \$116.0 million. While our debt was less than planned, it will be required in future years to complete scheduled projects.

This positive variance can largely be attributed to the following:

- actual opening net debt being less than budgeted
- unspent capital works compared to the Annual Plan due to projects being carried forward into the 2020-21 financial year.

Credit rating remains AA

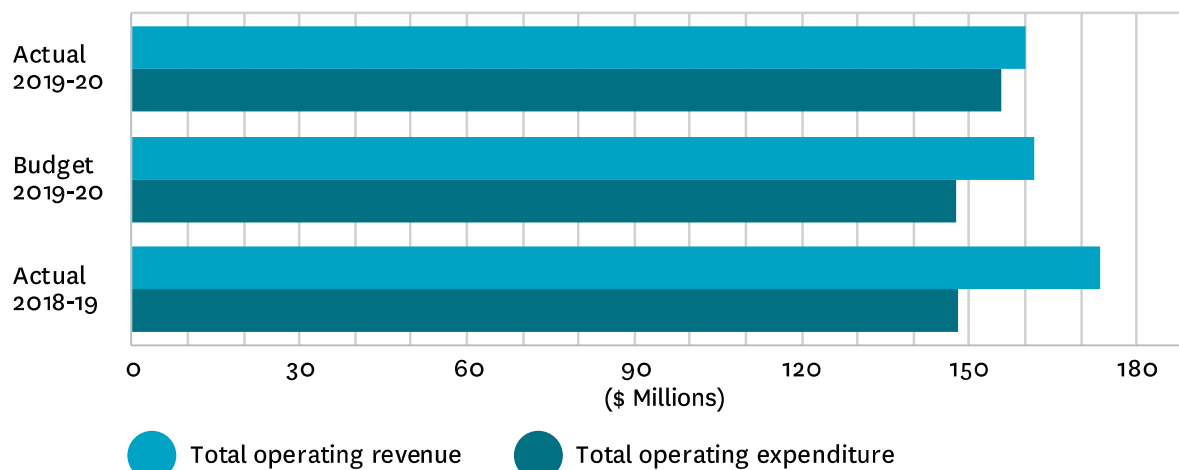
- Standard and Poors' reconfirmed Council's credit rating as AA, with a 'positive' rating outlook. This was primarily in recognition of our continued strong financial management and very strong budgetary flexibility.
- Standard and Poors' independent evaluation compares our financial policies and practices, 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 is particularly important during these uncertain times.
- 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 decreased by \$11.7 million from \$37.8 million to end at \$26.1 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 2018-2028 Long Term Plan.

Financial details

Total expenditure and revenue



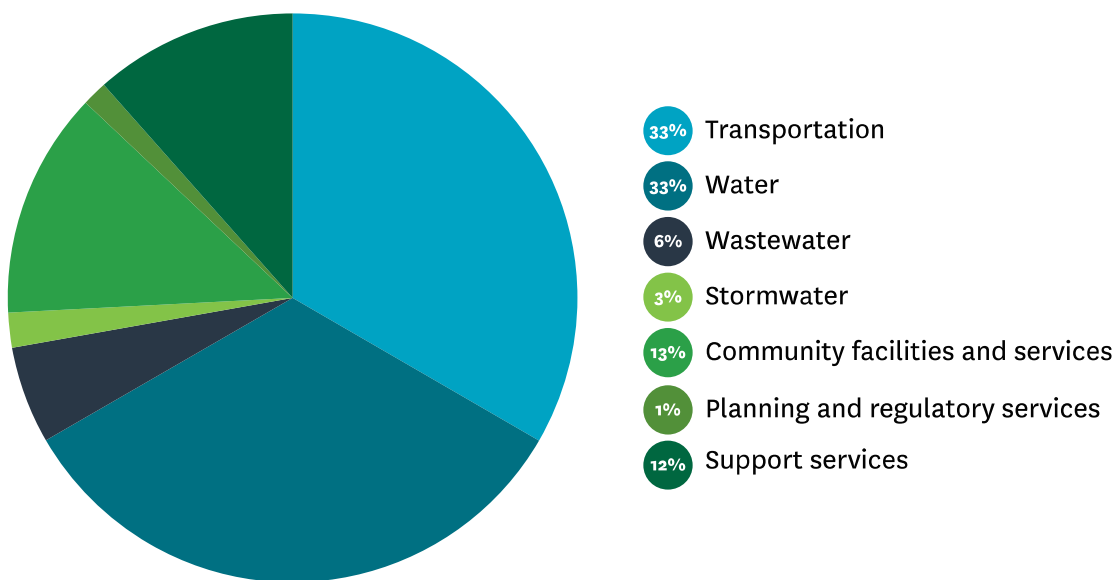
Capital projects

The delivery of capital projects has been affected by COVID-19 restrictions. For non-essential activities site works ceased during level 4, and further delays were experienced during level 3, which has extended the timeframe and pushed out completion dates. These projects have been carried forward into the 2020-21 financial year.

Council faces an ongoing challenge to complete our ambitious capital works programme. This is due to a number of factors such as contractor capacity, physical resources, changing circumstances and a desire to make sure community views are properly considered. COVID-19 has added to these constraints.

A focus of Council's 2021-31 Long Term Plan will be to set a manageable capital programme while also providing the flexibility to adapt to our ever-changing environment to achieve the best results for our District.

Capital expenditure by activity – total \$62.3 million

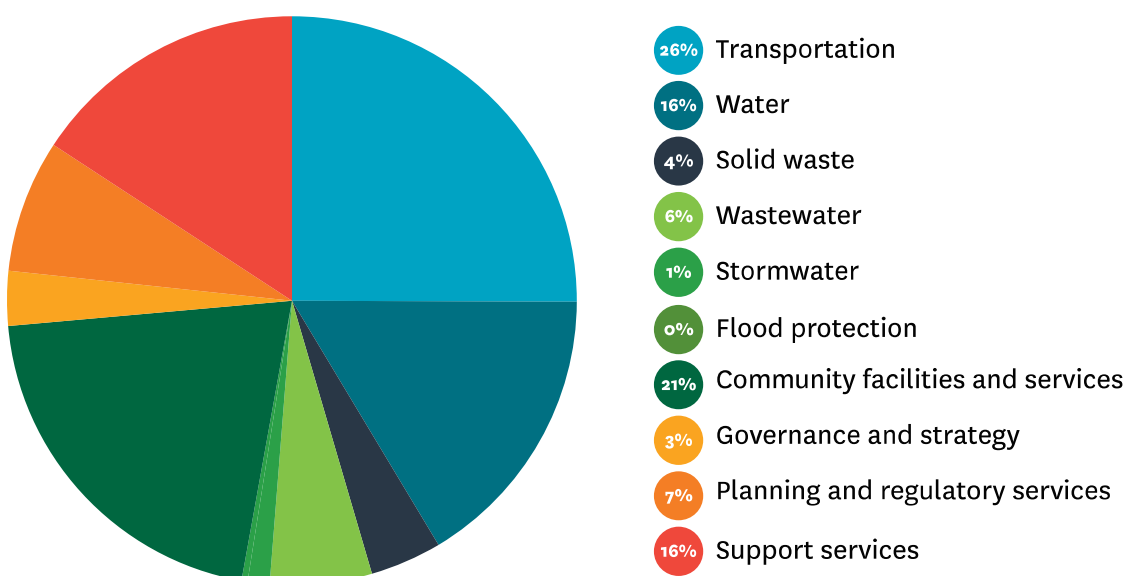


Although Governance and Strategy and Solid Waste activities had a small amount of capital expenditure, they represented 0.05% each of total capital expenditure and do not appear on the above graph due to rounding. Flood Protection had no capital expenditure.

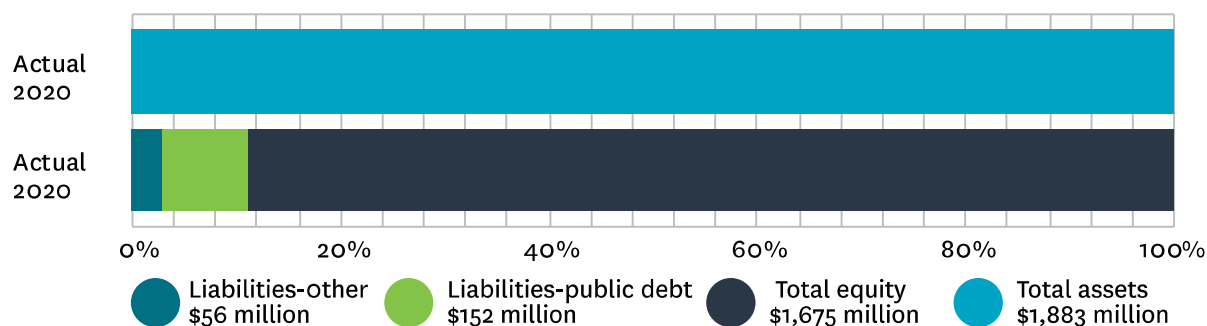
**Figures are calculated using the Funding Impact Statements.*

Total expenditure

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



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%	No	95%
Limit rates income (excluding water) to maximum of 70% of total revenue	<= 70%	Yes	54.30%
External net debt no higher than 175% of total revenue	< 175%	Yes	72.50%
Maintain net interest costs at less than 25% of rates revenue	< 25%	Yes	6.50%
External net debt per capita level below \$2,150 + LGCI	< \$2,193	Yes	\$1,208

Financial prudence benchmarks

Annual report disclosure statement for year ending 30 June 2020

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.

The 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).

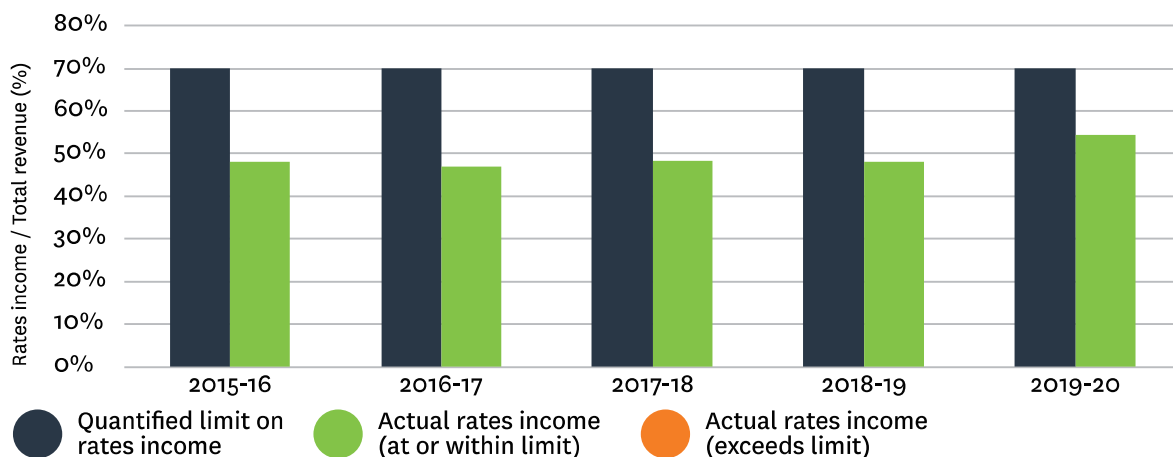
RATES AFFORDABILITY BENCHMARKS

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.

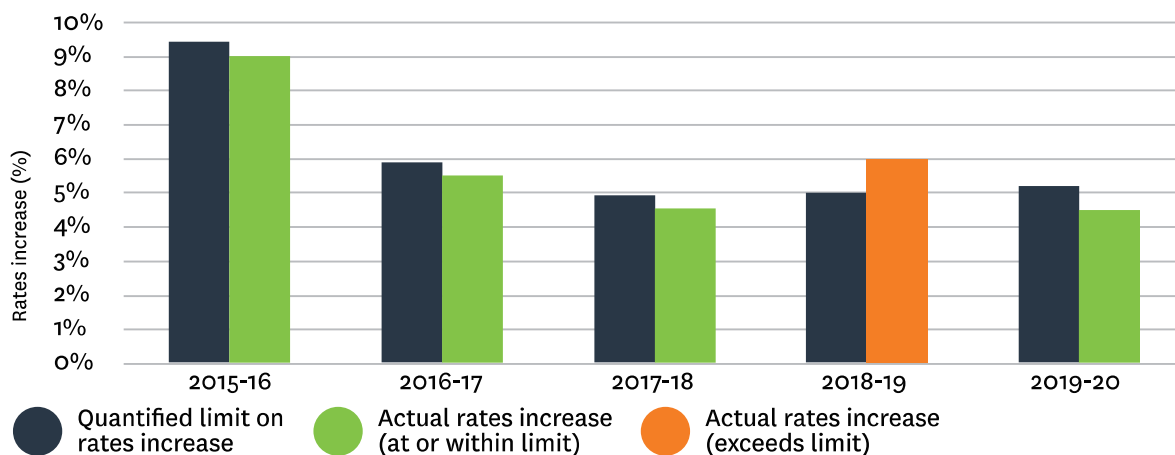
Rates (income) affordability

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.



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 2019-20 year was that the general rates increase should not exceed LGCI plus 3%. Council has achieved this benchmark.



2018-19: 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 than was anticipated, meaning the benchmark was not met this year.

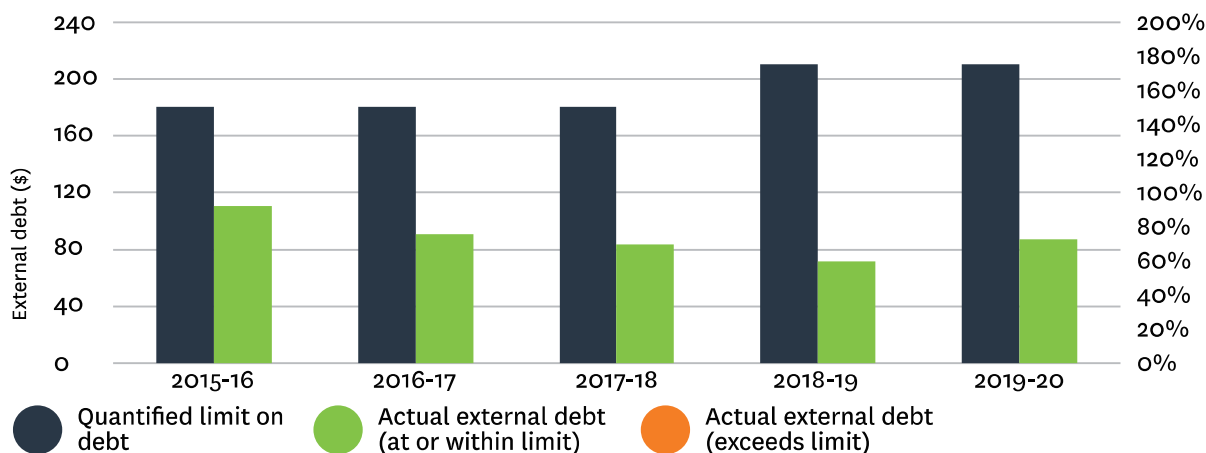
DEBT AFFORDABILITY BENCHMARKS

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

External net debt

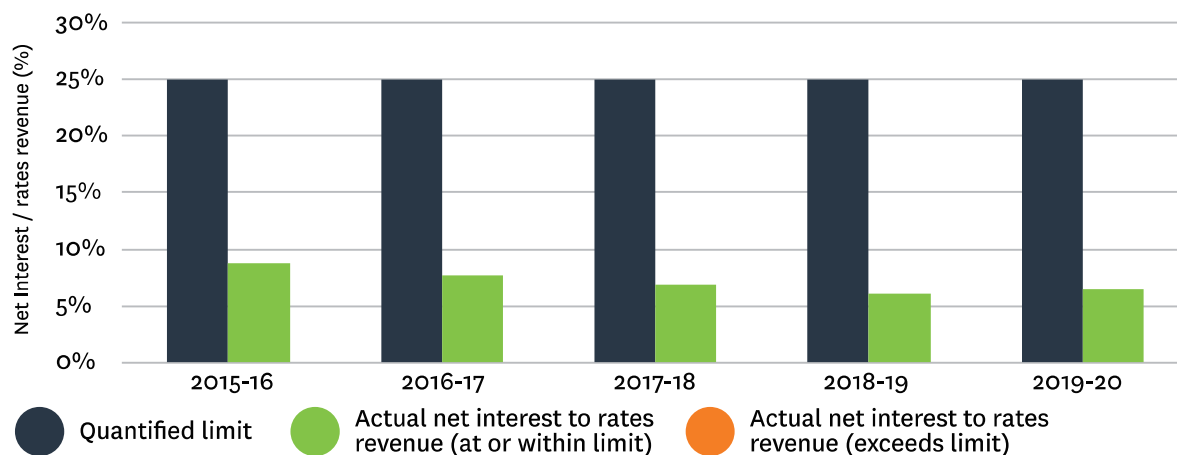
The following graph compares Council's actual debt with a quantified limit on borrowing contained in the Financial Strategy included in Council's Long Term Plan.

The quantified limit in the 2019-20 year was that external net debt be no higher than 175% of total revenue (right hand axis). Council has achieved this benchmark.



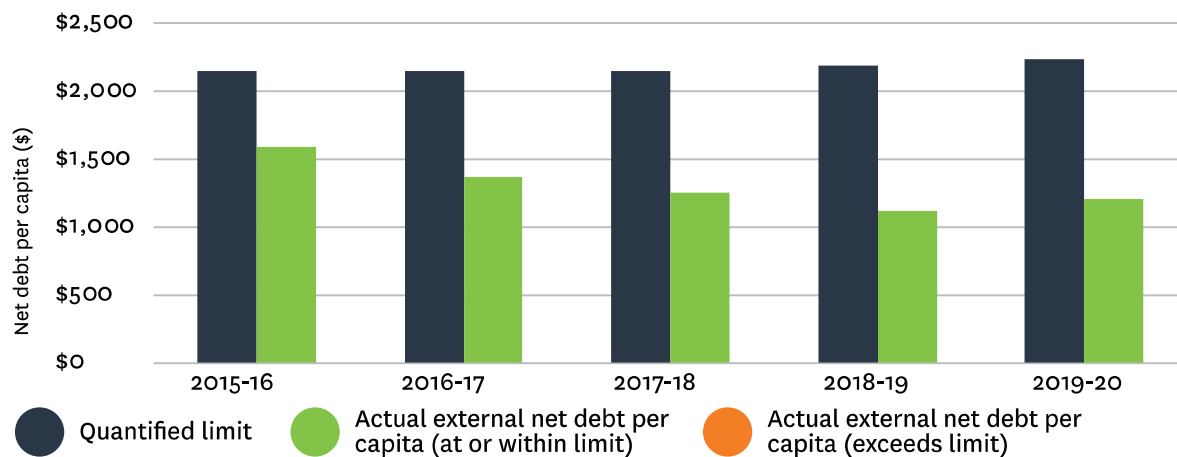
Net interest to rates revenue

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

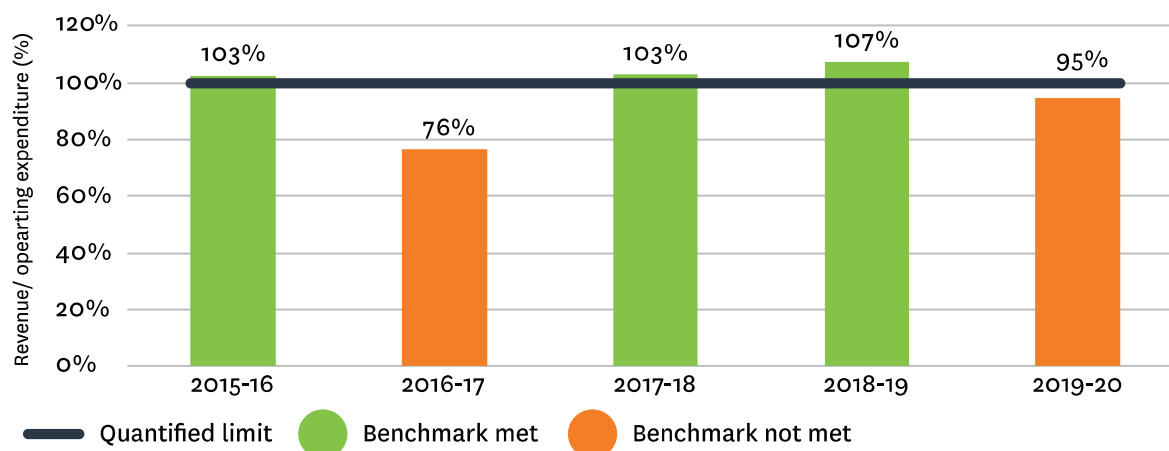
The following graph compares Council's actual external net debt with a quantified limit on borrowing contained in the Financial Strategy included in the Long Term Plan. The quantified limit is that external net debt per capita be less than \$2,150 (increased by LGCI each year from the 2018-2019 year). In 2019-2020 the population of Whangārei estimated by Statistics New Zealand using census data was 96,000. 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.

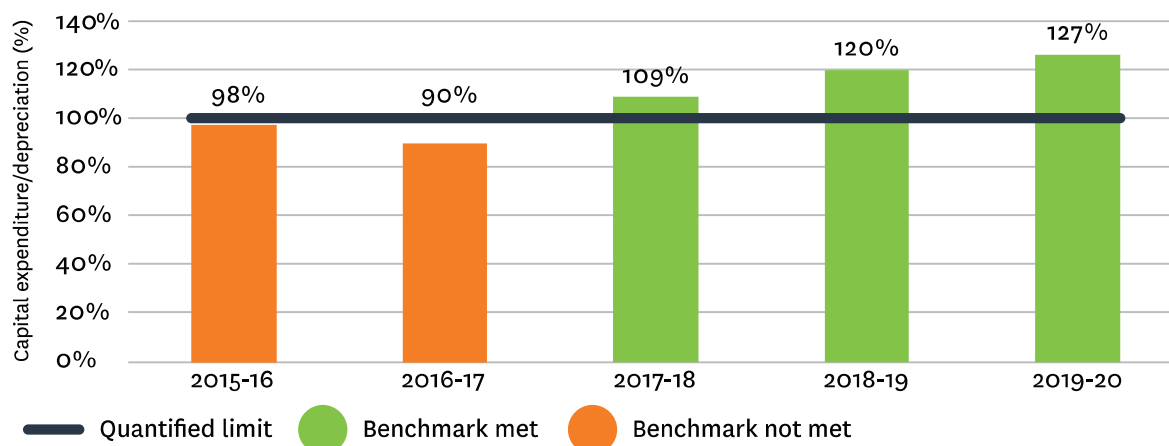
Council has not achieved this benchmark. COVID-19 significantly impacted Council's revenue during the last quarter of the financial year. Minimal roading activity was able to be undertaken during lockdown. This resulted in roading programmes being deferred to the 2020-21 financial year. NZTA subsidies attached to these projects have also been carry forward, resulting in reduced subsidy revenue for the 2019-20 financial year.



2016-17: Council incurred a loss on assets divested to NZTA of \$38.9 million. This resulted in the balanced benchmark not being achieved for the 2016-17 year.

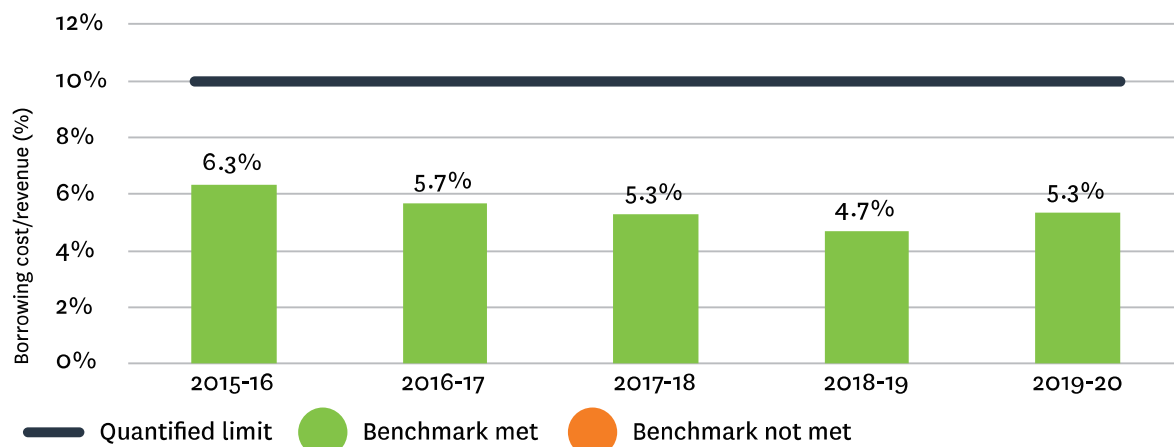
ESSENTIAL SERVICES BENCHMARK

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.



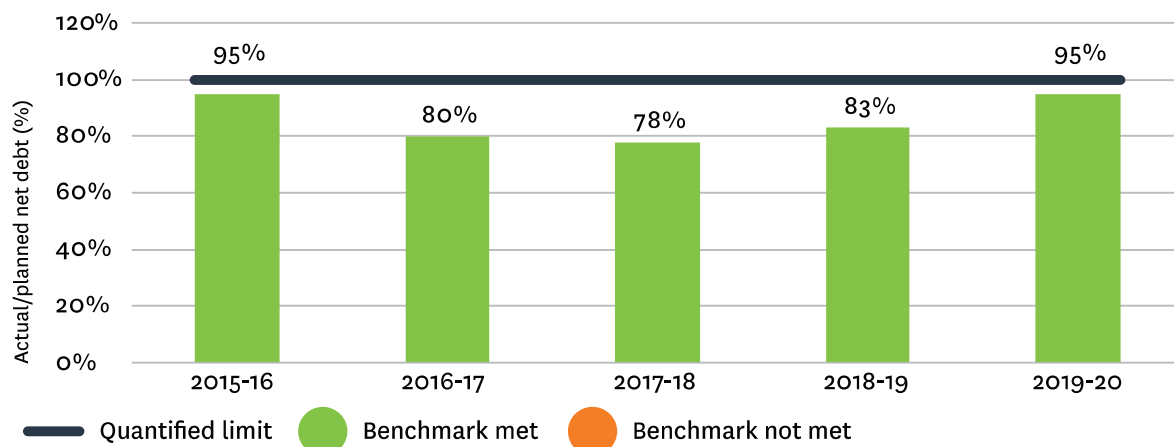
DEBT SERVICING BENCHMARK

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 growth rate, 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. Council has achieved this benchmark for a number of years.



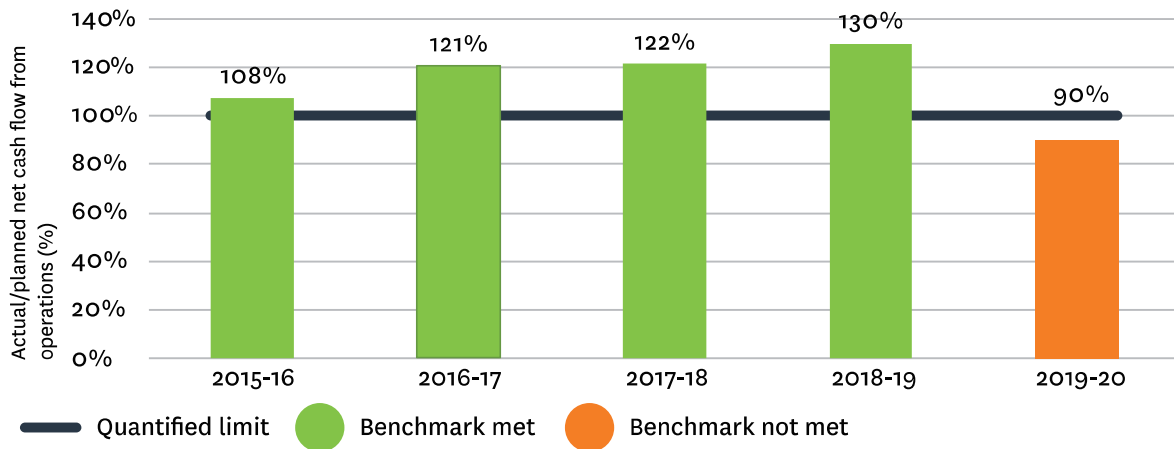
DEBT CONTROL BENCHMARK

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 not achieved this benchmark. COVID-19 significantly impacted Council's revenue during the last quarter of the financial year. Minimal roading activity was able to be undertaken during lockdown. This resulted in roading programmes being deferred to the 2020-21 financial year. NZTA subsidies attached to these projects have also been carry forward, resulting in reduced subsidy revenue for the 2019-20 financial year.



Non-financial performance

Significant achievements

The delivery of projects and programmes this year has been disrupted by COVID-19 and the associated Alert Levels. This disruption included:

- inability to carry out site works and physical projects
- delays in processes such as consultation, procurement and consenting
- delays due to adjusting to remote working.

Despite these disruptions, we have continued to deliver projects and programmes across a number of areas of our business:

- completed construction of stages 3 and 4 of the Kamo Shared Path
- construction on the Porowini Avenue and Maunu Road intersection to improve safety and vehicle movements
- large diameter stormwater line replaced on Kaka St
- Hikurangi Sewer Network stage 2 – completed
- Tarewa storage tank and treatment facility was completed and commissioned
- drainage improvements to fields at Hikurangi, Hūkerenui, Ngunguru and Parua Bay
- playgrounds were renewed at Morningside and McLeod Bay – we continued to work with Ngunguru and Waipū communities to develop youth activity zones (skate parks)
- Bascul Park carpark on the Hātea Loop was upgraded creating another 72 carparks and amenity area
- with funding from the Matariki Tu Rakau – Million trees fund and volunteers over 10,000 native trees were planted on the 2019 Parihaka fire site
- to inform future decision making and funding Council adopted the Active Recreation & Sports Strategy
- Urban and Services plan change was heard, decision notified – Environment Court mediation is underway
- Plan Change on Notable and Public Trees was settled and became operative on 20 February 2020
- ongoing work on the Climate Action Plan and supporting the development of a region wide Regional Climate Change Adaptation Strategy
- Council adopted of all recommendations from the Community Funding Review – these will lead to greater flexibility for community groups in terms of what can be funded, and the nature of support that is available.

Residents satisfaction survey

As in prior years, a residents satisfaction survey was undertaken to collect community feedback on Council performance. We continued to survey residents using both the landline-based telephone calling and online social media techniques. This year we also introduced quarterly surveys across the year, rather than just surveying at a single point in the year. This approach gives a broader representation of community views across the year and can incorporate how seasonal variances impacts the community's perception of the services and facilities we provide, such as the use of our parks and playgrounds in the summer or how wet weather in the winter impacts our roads and stormwater infrastructure.

This year the residents survey shows generally an increase in satisfaction compared with last year:

- 59% based on a 7-10 satisfaction rating (Satisfied and Very Satisfied), this is a 4% increase on last year's result and is a similar satisfaction result to 2018.
- 84% based on a 5-10 satisfaction rating (Neutral, Satisfied, Very Satisfied, Don't Knows), which is a 3% increase on last year's result.

The survey includes the following notable trends:

- all transport measures have an increased level of satisfaction compared to 2019, with shared paths and cycling seeing the biggest increase
- there was a drop in satisfaction with water flow and pressure from 78% in 2019 to 72% in 2020
- all wastewater measures have an increased level of satisfaction compared to 2019
- generally, use of our parks and facilities saw an increase, this is likely to be due to surveying taking place over the summer period
- of the respondents who reported some form of dissatisfaction with any number of measures, 72% were aware that they could report an issue to Council (and 48% of those did report the issue), while 28% were unaware that issues could be reported.

Top three forward planning priorities for Council to focus on include:

- transportation (this saw a drop from 46% last year to 39%)
- District promotion, tourism and economic development (this saw a significant increase from 6% last year to 15% this year)
- solid waste (which remained at 8% as per last year).

The increase in priorities for tourism could be attributed as a direct response to the impact of COVID-19 lockdown on that sector within Whangārei.

Service level performance and the impacts of COVID-19

Of the 73 Levels of Service, 63% of targets were achieved. This compares to 69% last year.

COVID-19 and the associated lockdown has impacted on performance against our levels of service. This has resulted in some of our measures not meeting our target and not being reported. Notable impacts include:

- closure of facilities during lockdown saw reduced use of key facilities such as our libraries, venues and customer services
- lockdown saw some disruption to our regulatory enforcement, with an inability to inspect premises
- during lockdown some of our facilities such as parks and walkways saw increased use, however our sport facilities were less used during the lockdown periods
- generally, the disruption of the lockdown, including the transition to remote working did slow down a number of projects and programmes.

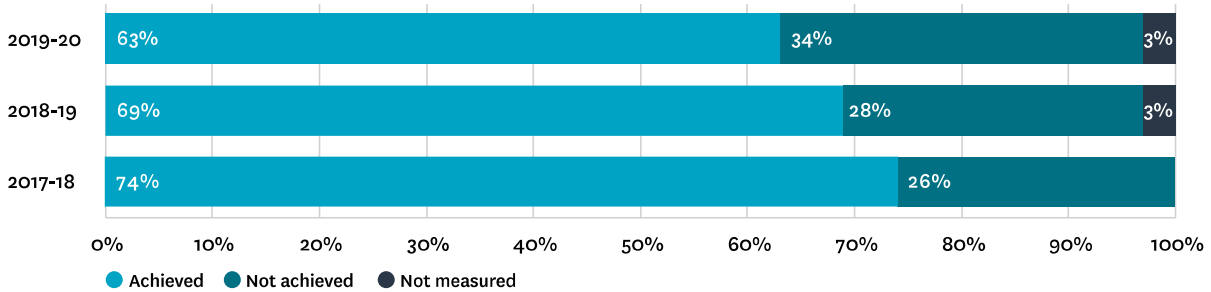
More information about performance for each activity can be found in pages 35-115 of this report.

All of our levels of service and targets will be reviewed and potentially changed through the development of the 2021-31 Long Term Plan.

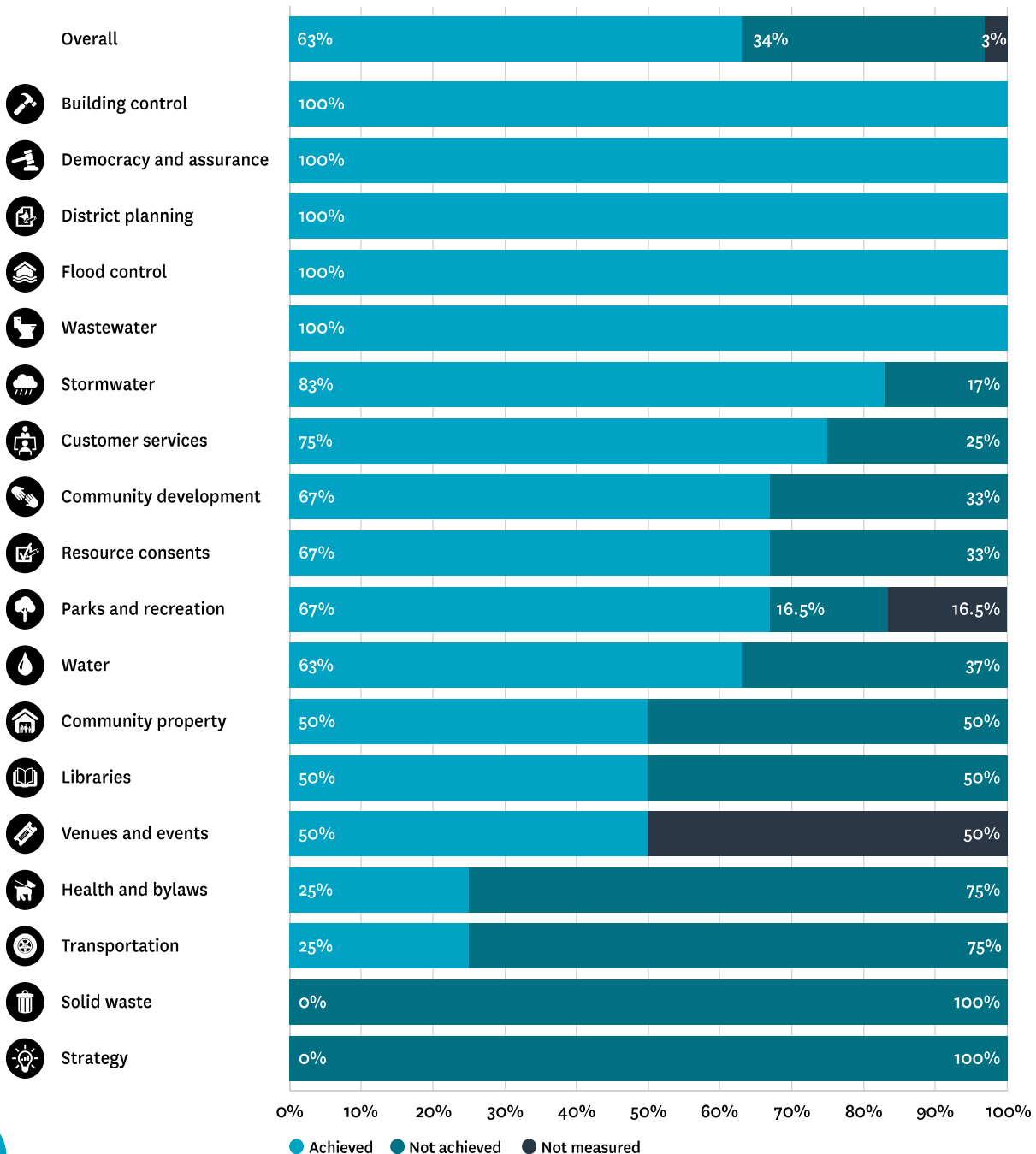
Overall non-financial performance

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	2019-20 Measures	2019-20 Achieved	2019-20 Not Achieved	2019-20 Not Measured	2018-19 Achieved
 Transportation	8 measures 2 Achieved	25%	75%	-	25%
 Water	16 measures 10 achieved	63%	37%	-	81%
 Solid waste	3 measures 0 achieved	0%	100%	-	33%
 Wastewater	6 measures 6 achieved	100%	0%	-	71%
 Stormwater	6 measures 5 achieved	83%	17%	-	100%
 Flood control	2 measures 2 achieved	100%	0%	-	100%
 Community facilities and services					
 Parks and recreation	6 measures 4 achieved 1 not measured	67%	33%	16%	83%
 Libraries	2 measures 1 achieved	50%	50%	-	100%
 Community property	2 measures 1 achieved	50%	50%	-	50%
 Community development	3 measures 2 achieved	67%	33%	-	33%
 Venues and events	2 measures 1 achieved 1 not measured	50%	-	50%	50%
 Customer services	4 measures 3 achieved	75%	25%	-	100%

Activity	2019-20 Measures	2019-20 Achieved	2019-20 Not Achieved	2019-20 Not Measured	2018-19 Achieved
 Governance and Strategy					
 Democracy and assurance	2 measures 2 achieved	100%	0%	-	50%
 Strategy	1 measure 0 achieved	0%	100%	-	0%
 Planning and regulatory					
 District planning	1 measure 1 achieved	100%	0%	-	0%
 Resource consents	3 measures 2 achieved	67%	33%	-	100%
 Building control	2 measures 2 achieved	100%	0%	-	100%
 Health and bylaws	4 measures 1 achieved	25%	75%	-	25%

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.

the 1990s, the number of people in the world who are under 15 years of age is expected to increase from 1.2 billion to 1.5 billion.

As the world's population grows, the demand for food and other resources will increase. This will put pressure on the environment and on the world's food supply.

One way to meet this demand is to increase the amount of food that is produced. This can be done by using more land for agriculture, or by using more efficient farming methods.

Another way to meet this demand is to reduce the amount of food that is wasted. This can be done by using food more efficiently, or by reducing the amount of food that is thrown away.

There are many ways to meet the world's growing demand for food and other resources. It is up to us to decide which way is best.

One way to meet this demand is to increase the amount of food that is produced. This can be done by using more land for agriculture, or by using more efficient farming methods.

Another way to meet this demand is to reduce the amount of food that is wasted. This can be done by using food more efficiently, or by reducing the amount of food that is thrown away.

There are many ways to meet the world's growing demand for food and other resources. It is up to us to decide which way is best.

One way to meet this demand is to increase the amount of food that is produced. This can be done by using more land for agriculture, or by using more efficient farming methods.

Another way to meet this demand is to reduce the amount of food that is wasted. This can be done by using food more efficiently, or by reducing the amount of food that is thrown away.

There are many ways to meet the world's growing demand for food and other resources. It is up to us to decide which way is best.

One way to meet this demand is to increase the amount of food that is produced. This can be done by using more land for agriculture, or by using more efficient farming methods.

Another way to meet this demand is to reduce the amount of food that is wasted. This can be done by using food more efficiently, or by reducing the amount of food that is thrown away.

There are many ways to meet the world's growing demand for food and other resources. It is up to us to decide which way is best.

One way to meet this demand is to increase the amount of food that is produced. This can be done by using more land for agriculture, or by using more efficient farming methods.

Another way to meet this demand is to reduce the amount of food that is wasted. This can be done by using food more efficiently, or by reducing the amount of food that is thrown away.

There are many ways to meet the world's growing demand for food and other resources. It is up to us to decide which way is best.

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
	 Māori relationships
 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 2019-2020 (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 on a quarterly basis between July 2019 and June 2020. 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.

Effects on social, economic, cultural and environmental well-beings

In 2019 the four well-beings were reintroduced to the Local Government Act. As part of this change in legislation we need to show how each of our activities contribute to the well-being of our community. Below is an assessment of each activity against the four well-beings.

Activity	Effects on social, economic, cultural and environmental well-beings
 Transport	<p>The transport activity has a positive impact on our community's economic well-being by enabling the movement of goods and people. Transport improvements this year, including junction improvement, have contributed to this well-being.</p> <p>Transport activities can also have negative social and environmental impacts, such as emissions, noise and safety issues. Our investment in cycling this year, through the Kamo Shared Path has helped to mitigate these effects.</p>
 Water	<p>The reliable supply of safe water is essential for all of the four well-beings, in particular the needs of our community and businesses.</p> <p>This year's drought has impacted on our water services, however we have been able to maintain supply to support our social and economic well-being.</p>
 Solid Waste	<p>The management of waste has impacts on our environment well-being. We have continued to invest in our waste processes this year, including separate kerbside collection for glass to enable better recycling practices.</p> <p>How we manage and dispose of waste can have effects on our social and cultural well-being, including public health. This is managed through processes and supported this year through waste minimisation educational initiatives.</p>
 Wastewater	<p>The wastewater activity can have negative effects on our environmental, cultural and social well-being, particularly discharges into our environment.</p> <p>Investments this year included the wastewater network in Hikurangi and surveying at the Wastewater Treatment Plan. This has provided a better assessment of possible impacts on our environmental well-being.</p>
 Stormwater and Flood Protection	<p>Failure to manage stormwater can have negative social and economic effects through disruption caused by flood impacts on people and property. Furthermore, stormwater infrastructure can limit impacts on environmental well-being through the treatment of stormwater before discharging.</p> <p>This year, stormwater investment and planning through the catchment strategy and CCTV investigations has provided valuable information to support future upgrades.</p>

Activity	Effects on social, economic, cultural and environmental well-beings
 <p>Community Facilities and Services</p>	<p>Our community facilities and services include our parks and playgrounds, venues and events, libraries, customer services, community property and community services.</p> <p>These all have a vital role in the social and cultural well-being of our community. This year this has been further enhanced through investments in playgrounds and sports facilities as well as continued investment in community safety and community-led projects.</p> <p>This activity also supports our economic well-being, through the attraction of high-profile events. Although this has been disrupted by COVID-19, we have hosted large sporting and music events including the Mitre 10 Cup and the Six60 concert.</p>
 <p>Governance and Strategy</p>	<p>This activity includes our Democracy and Assurance, Strategy and Māori Relationships. All of which have an important role to play in our social, economic, cultural and environmental well-being.</p> <p>This year investment in livestreaming our Council meetings has enabled more participation in the democratic processes. Māori relationship support for the Te Kārearea Strategic Partnership Forum has resulted in the formation of a Standing Committee in September 2020. Participation is an important aspect of social and cultural wellbeing.</p>
 <p>Planning and regulatory services</p>	<p>This activity includes our District Plan, RMA consents, building consents and health and bylaw functions.</p> <p>This activity has an important role in protecting our environmental well-being through RMA and enforcement functions. This year work on the urban and services plan change has continued to help balance our environmental well-being with the need to support our economic and social well-being. This has been achieved by enabling the right developments in the right locations.</p>
 <p>Support Services</p>	<p>Support services are focussed on supporting the nine activity areas so that they are best positioned to contribute to the four well-beings within our community.</p> <p>This includes provided financial support, to ensure we have funding to deliver activities. Communication is an important function to ensure our community is informed and engaged about what we do. Information services and business support provide the tools we need to carry out our day-to-day activities.</p>

We will be reviewing our levels of service and community outcomes for the next Long Term Plan. Part of that review will include better alignment and reporting against social, economic, cultural and environmental well-beings.

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

	2018-19 Long-term plan \$000	2018-19 Actual \$000	Annual Plan 2019-20 \$000	2019-20 Actual \$000
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties	56,517	56,549	59,540	58,536
Targeted rates	40,806	41,185	42,237	42,447
Subsidies and grants for operating purposes	6,482	7,108	6,691	7,643
Fees and charges	14,144	15,386	15,216	14,751
Interest and dividends from investments	1,488	2,415	2,058	2,516
Local authorities fuel tax, fines, infringement fees and other receipts	8,578	8,864	8,540	7,829
Total Operating Funding	128,014	131,508	134,281	133,723
Applications of Operating Funding				
Payments to staff and suppliers	95,343	89,936	97,763	99,692
Finance costs	6,609	7,446	7,345	7,677
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	101,952	97,383	105,108	107,368
Surplus/(Deficit) of Operating Funding	26,061	34,125	29,174	26,354

	2018-19 Long-term plan \$000	2018-19 Actual \$000	Annual Plan 2019-20 \$000	2019-20 Actual \$000
Sources of Capital Funding				
Subsidies and grants for capital expenditure	16,042	18,018	19,605	12,379
Development and financial contributions	4,640	10,420	4,794	6,386
Increase/(decrease) in debt	12,974	(10,000)	-	10,000
Gross proceeds from sale of assets	-	5,111	-	1,399
Other dedicated capital funding	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	33,657	23,549	24,399	30,164
Applications of Capital Funding				
Capital expenditure				
to meet additional demand	7,710	5,631	12,825	8,935
to improve levels of service	17,564	24,275	32,642	23,144
to replace existing assets	29,458	26,784	37,867	30,255
Increase/(decrease) in reserves	4,986	984	(29,761)	(5,816)
Increase/(decrease) of investments		-	-	-
Total Applications of Capital Funding	59,718	57,675	53,572	56,518
Surplus/(Deficit) of Capital Funding	(26,061)	(34,125)	(29,174)	(26,354)
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 with the construction of the Kamo Shared Path project during 2019-20. The construction of stages 3 and 4 was completed in October 2019. The official opening for these sections occurred in November 2019. The shared path is now complete from Rust Ave in the city centre to Fisher Tce in Kamo, 4.5km. The funding application for the final stage 5, has been approved, and construction is due to commence in February 2021.

Another major intersection upgrade project commenced at the Porowini/Maunu Rd intersection, which included bridge widening. This is a continuation of the congestion relief programme that has been undertaken across the City in recent years. Progress on this and many other Council projects have been delayed by the COVID-19 pandemic but completion of this particular project is due early in the new financial year.

The programme to replace Council's old High Pressure Sodium and Mercury Vapour lights with energy-efficient LED streetlights across the District in a \$6.6 million replacement programme with an 85% subsidy from NZTA, continued during the year. 4,700 lights will eventually be replaced in total and the project is due to be completed by December 2021.

Council continued with the capital renewals programme during the year, rehabilitating 2.9km (0.27%) of the sealed road network, and resealing 79km (7.4%) of carriageway on the sealed network. Both of these programmes were significantly affected by the COVID-19

lockdown period and portions of the expected programmes have been carried forward to the next (2020) construction season.

A total of 1,205m of new footpaths and 2.3km of cycleways/shared paths were also constructed during this year.

Contribution to Community Outcomes

● ***High contribution***

● ***Medium contribution***

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.

How we performed

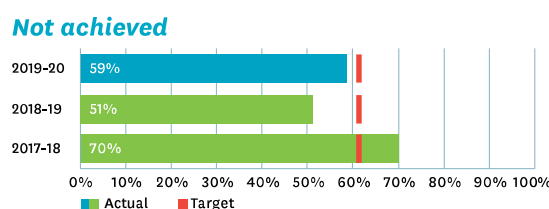
Levels of service

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.

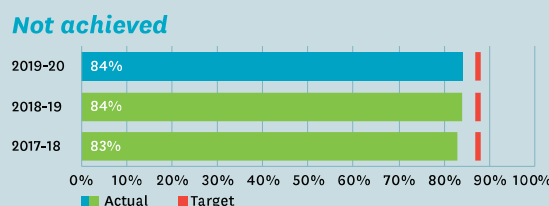


1.1.2 Residents' satisfaction with the roading network.
(Target: $\geq 61\%$)



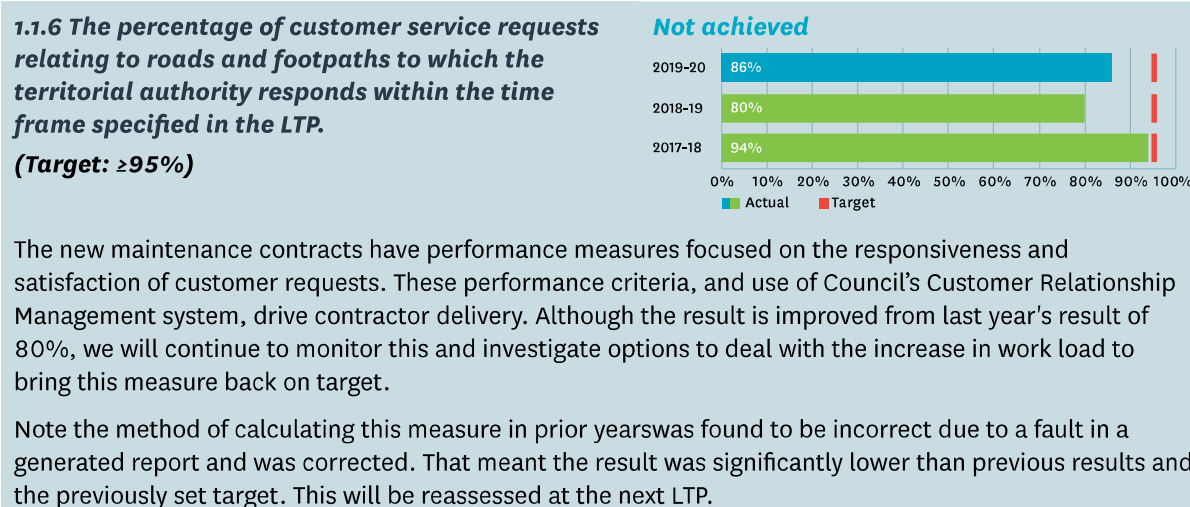
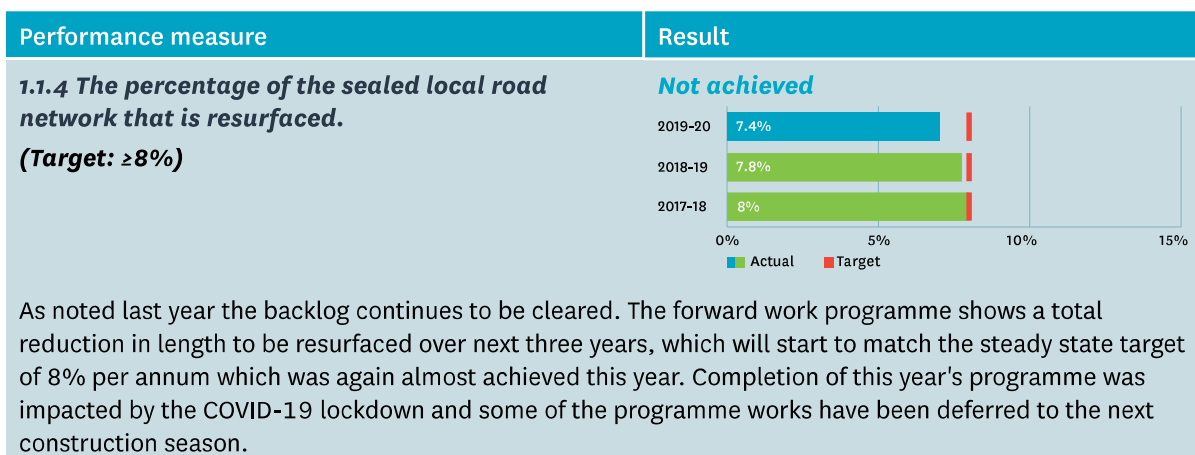
This result combines the satisfaction levels of both sealed and unsealed roads per the annual Residents' Survey. Overall the combined result has increased from 2019, which was 51%. This is a reflection of maintaining the current service levels and investment for the sealed and unsealed network. In particular the satisfaction with unsealed roads has also increased from the previous year. Continued effort to maintain the current level of service and with continued work to manage the unsealed network through aggregate blends may have resulted in an increase in satisfaction with the network.

1.1.3 The average quality of a ride on a sealed local road network, measured by smooth travel exposure.
(Target: $\geq 87\%$)

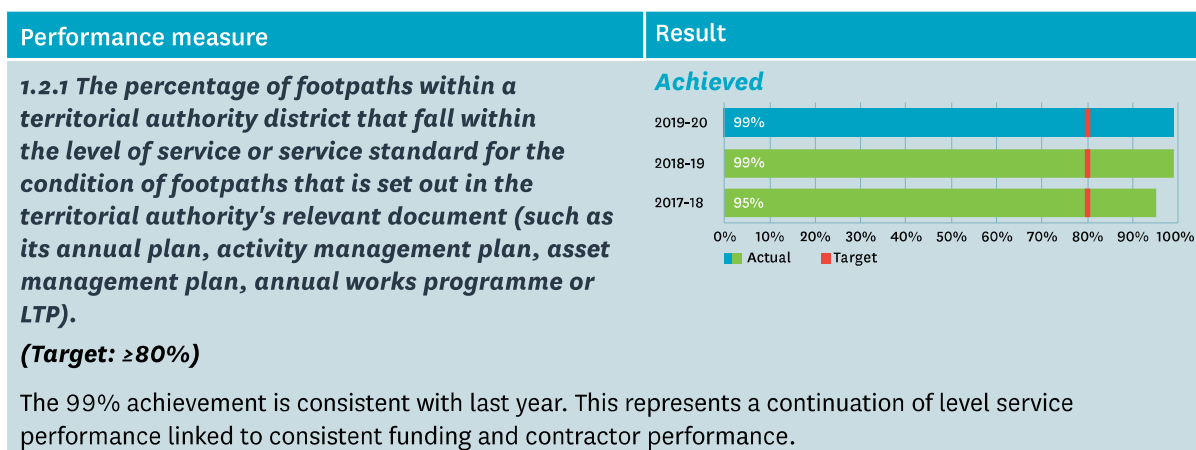


The result has been a slight improvement from 2018-19, but is still lower than target. The annual result will have been impacted by the non-completion of the year's reseal and rehabilitation programme due to the COVID-19 lockdown. However the current result indicates the smooth travel of the network is still deteriorating and the customer is experiencing a rougher ride. This maybe as 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.

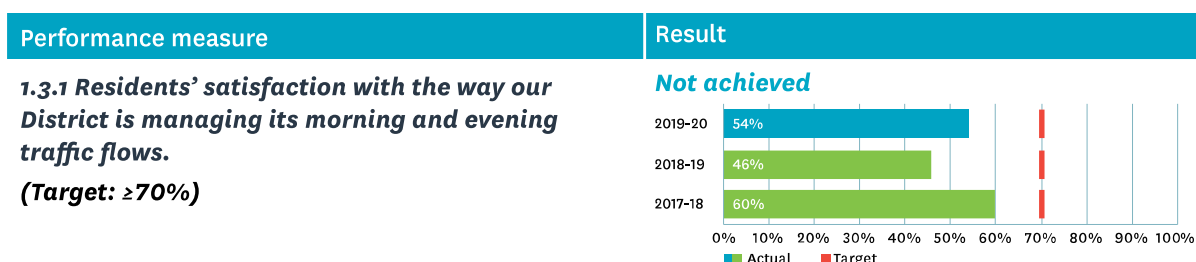
1.1 Our District's roading network will be maintained in a satisfactory condition and in accordance with national safety and engineering standards.



1.2 We will support alternative transport methods.



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



During the past year major roading projects have been undertaken simultaneously on Council and State Highway roading networks causing significant peak time congestion on the town's major roads. Although the result is improved on last year's result of 46%, continued roading project implementation is likely to cause further disruption. Work continued on Council's Porowini/Maunu Intersection project and NZTA's Tarewa intersection project on SH1. Both are still under construction and are 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.

What transportation cost

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	15,874	15,901	16,051
Targeted rates	34	34	34
Subsidies and grants for operating purposes	6,422	6,629	7,074
Fees and charges	1,328	1,364	1,467
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	645	649	819
Total Operating Funding	24,302	24,576	25,445
Applications of Operating Funding			
Payments to staff and suppliers	13,879	14,356	17,933
Finance costs	4,070	4,270	5,181
Internal charges and overheads applied	1,107	1,092	1,416
Other operating funding applications	-	-	-
Total Applications of Operating Funding	19,056	19,717	24,529
Surplus/(Deficit) of Operating Funding	5,246	4,859	916
Sources of Capital Funding			
Subsidies and grants for capital expenditure	14,820	16,191	12,330
Development and financial contributions	1,957	2,022	3,062
Increase/(decrease) in debt	3,928	10,105	7,141
Gross proceeds from sale of assets	-	-	548
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	20,705	28,319	23,081

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	3,227	4,293	1,420
to improve levels of service	3,922	8,641	9,882
to replace existing assets	16,778	16,764	9,475
Increase/(decrease) in reserves	2,024	3,479	3,221
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	25,951	33,178	23,997
Surplus/(Deficit) of Capital Funding	(5,246)	(4,859)	(916)
Funding Balance	-	-	-

Operational variance explanations

Due to COVID-19, Roading were unable to progress as many CAPEX projects, resulting in less CAPEX subsidy.

Capital variance explanations

Due to COVID-19, roading projects were delayed.



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 bacteriological compliance with the New Zealand Drinking Water Standards.

The focus of the year, from a water supply perspective, was the drought. The 2019 calendar year was the driest year on record and this was closely followed by the driest summer on record at the beginning of 2020. Water restrictions were imposed across the District for the first time in 10 years; these were in place from the end of February 2020 to the end of June 2020. The Whau Valley Dam got as low as 42% before heavy rain in June and July filled it up.

Whilst COVID-19 did delay many projects, good progress has been made on the new water treatment plant at Whau Valley. The upsized plant is due for commissioning in early 2021. The drought necessitated the bringing forward of the replacement of the Hātea River Raw Water Pipeline, which was due for completion in October 2020. Water main replacement works were also undertaken on Memorial Drive and Hospital Road.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

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.

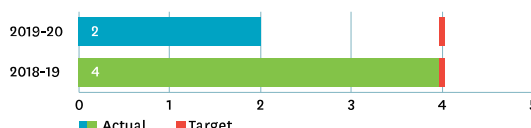
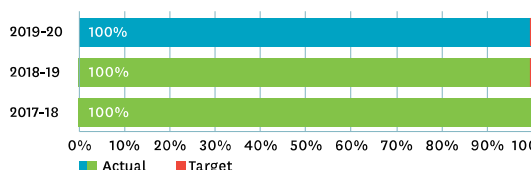
Providing water to appropriate locations across urban and rural areas of our District enables productivity.

How we performed

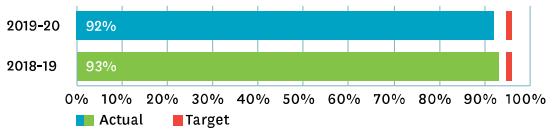
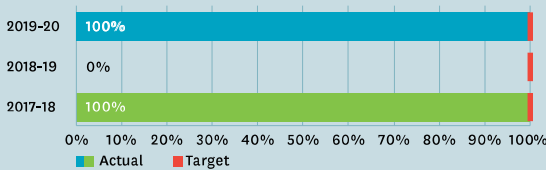
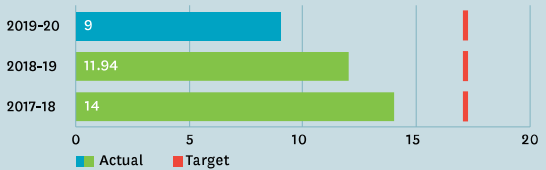
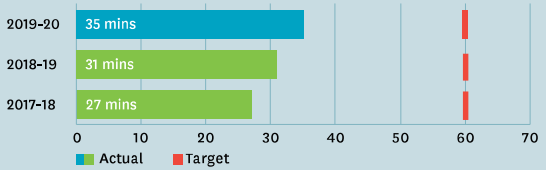
Levels of service

● **Mandatory performance measures**

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

Performance measure	Result
2.1.1 Whangārei District's four water supply areas have approved Water Safety Plans as determined by a Ministry of Health drinking water assessor. (Target: four)	Not achieved  <p>2019-20: 2 2018-19: 4</p> <p>0 1 2 3 4 5</p> <p>■ Actual ■ Target</p> <p>New measure in 2018-19. No results held for 2017-18.</p> <p>Submission of Water Safety Plans were delayed due to COVID-19 and resourcing difficulties. A Water Safety Plan for Bream Bay has been submitted under the new format and is awaiting approval. No plans have been approved under the new format anywhere in the country yet.</p>
2.1.2 Compliance with the 2005 New Zealand Drinking Water Standards' requirements for bacterial monitoring. (Target: 100%)	Achieved  <p>2019-20: 100% 2018-19: 100% 2017-18: 100%</p> <p>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p> <p>■ Actual ■ Target</p>

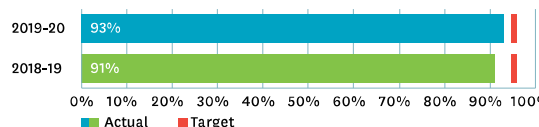
2.1 We provide safe, high-quality drinking water to all our customers.

Performance measure	Result												
<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: $\geq 95\%$)</p>	<p>Not achieved</p>  <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2019-20</td><td>92%</td><td>95%</td></tr><tr><td>2018-19</td><td>93%</td><td>95%</td></tr></table> <p>New measure in 2018-19. No results held for 2017-18.</p> <p>The result is consistent with last year's result. This year the drought conditions could be contributing factor to the resident's satisfaction not meeting the target. COVID-19 had minimal impact on the provision of water quality.</p>	Year	Actual	Target	2019-20	92%	95%	2018-19	93%	95%			
Year	Actual	Target											
2019-20	92%	95%											
2018-19	93%	95%											
<p>2.1.4 The extent to which the local authority's drinking water supply complies with:</p> <p>(a) part four of the drinking-water standards (bacteria compliance criteria) and</p> <p>(b) part five of the drinking-water standards (protozoal compliance criteria).</p> <p>(Target: fully complies)</p>	<p>Achieved</p>  <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2019-20</td><td>100%</td><td>100%</td></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></table> <p>Measure 2.1.4 was recorded last year. The result was 0% and not achieved. The reason for not achieving in 2018-19: "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> <p>This is outlined in the 2018-19 Annual report</p>	Year	Actual	Target	2019-20	100%	100%	2018-19	0%	100%	2017-18	100%	100%
Year	Actual	Target											
2019-20	100%	100%											
2018-19	0%	100%											
2017-18	100%	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>2019-20</td><td>9</td><td>17</td></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></table>	Year	Actual	Target	2019-20	9	17	2018-19	11.94	17	2017-18	14	17
Year	Actual	Target											
2019-20	9	17											
2018-19	11.94	17											
2017-18	14	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: $\leq 1\text{hr}$)</p>	<p>Achieved</p>  <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2019-20</td><td>35 mins</td><td>60 mins</td></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></table> <p>This result is similar to last year's performance and is due consistency of contractor performance to response to urgent call outs.</p>	Year	Actual	Target	2019-20	35 mins	60 mins	2018-19	31 mins	60 mins	2017-18	27 mins	60 mins
Year	Actual	Target											
2019-20	35 mins	60 mins											
2018-19	31 mins	60 mins											
2017-18	27 mins	60 mins											

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

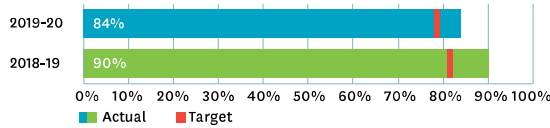
Performance measure	Result												
<p>(b) resolution of urgent callouts: from the time the LA received notification to the time that service personnel confirm resolution of the fault or interruption</p> <p>(Target: ≤4hrs)</p>	<p>Achieved</p> <table><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2019-20</td><td>111 mins</td><td>4 hrs</td></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></tbody></table>	Year	Actual	Target	2019-20	111 mins	4 hrs	2018-19	95 mins	4 hrs	2017-18	91 mins	4 hrs
Year	Actual	Target											
2019-20	111 mins	4 hrs											
2018-19	95 mins	4 hrs											
2017-18	91 mins	4 hrs											
<p>This result is similar to last year's performance and is due consistency of contractor performance to response to urgent call outs.</p>													
<p>(c) attendance for non-urgent callouts: from the time that the LA receives notification to the time that service personnel reach the site</p> <p>(Target: ≤12hrs)</p>	<p>Achieved</p> <table><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2019-20</td><td>149 mins</td><td>12 hrs</td></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></tbody></table>	Year	Actual	Target	2019-20	149 mins	12 hrs	2018-19	104 mins	12 hrs	2017-18	125 mins	12 hrs
Year	Actual	Target											
2019-20	149 mins	12 hrs											
2018-19	104 mins	12 hrs											
2017-18	125 mins	12 hrs											
<p>This result is not a good as last year's performance, but is well below the measure. The performance is due consistency of contractor performance in responding to non-urgent call outs.</p>													
<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: ≤24hrs)</p>	<p>Achieved</p> <table><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2019-20</td><td>240 mins</td><td>24 hrs</td></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></tbody></table>	Year	Actual	Target	2019-20	240 mins	24 hrs	2018-19	200 mins	24 hrs	2017-18	216 mins	24 hrs
Year	Actual	Target											
2019-20	240 mins	24 hrs											
2018-19	200 mins	24 hrs											
2017-18	216 mins	24 hrs											
<p>This result is not a good as last year's performance, but is well below the measure. The performance is due to consistency of contractor performance in resolving non-urgent call outs.</p>													

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>  <table><thead><tr><th>Year</th><th>Actual (%)</th><th>Target (%)</th></tr></thead><tbody><tr><td>2019-20</td><td>93%</td><td>95%</td></tr><tr><td>2018-19</td><td>91%</td><td>95%</td></tr></tbody></table> <p>New measure in 2018-19. No results held for 2017-18.</p>	Year	Actual (%)	Target (%)	2019-20	93%	95%	2018-19	91%	95%
Year	Actual (%)	Target (%)								
2019-20	93%	95%								
2018-19	91%	95%								

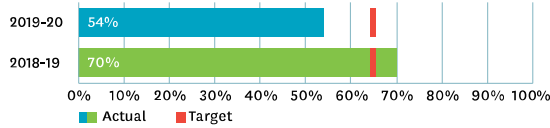
The result is consistent with last year's result. This year the drought conditions could be contributing factor to the resident's satisfaction not meeting the target. COVID-19 had minimal impact on the water flow and pressure.

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

Performance measure	Result
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). (Target: ≥79)	Achieved  <p>2019-20: 84% 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 2017-18.</p>
2.3.2 Water restrictions imposed due to drought. (Target: zero)	Not achieved 2019-20: Yes 2018-19: 0 restrictions imposed due to drought <p>New measure in 2018-19. No results held for 2017-18.</p>

Water restrictions were imposed over the whole District due to ongoing drought conditions. The severity and length of the drought resulted in restriction being placed. Neighbouring authorities also put restrictions in place. Our District was well placed to respond to the drought through sustained investment in our water infrastructure. Through our next Long Term Plan we will investigate whether further investment is needed to secure additional water resources.

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

Performance measure	Result
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). (Target: ≥65%)	Not achieved  <p>2019-20: 54% 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 2017-18.</p>
2.4.2 Water restrictions imposed due to drought. (Target: zero)	Not achieved 2019-20: Yes 2018-19: 0 restrictions imposed due to drought <p>New measure in 2018-19. No results held for 2017-18.</p>

This is a disappointing result but could reflect the fact that during the COVID-19 lockdown the communities focus was not on water conservation. For next year we will revisit our communication approach on water conservation with our community.

Water restrictions were imposed over the whole District due to ongoing drought conditions. The severity and length of the drought resulted in restrictions being placed. Neighbouring authorities also put restrictions in place. Our District was well placed to respond to the drought through sustained investment in our water infrastructure. Through our next Long Term Plan we will investigate whether further investment is needed to secure additional water resources.

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

Performance measure	Result												
<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). WaterNZ Benchloss</p> <p>(Target: ≤25%)</p>	<p>Achieved</p> <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2019-20</td><td>24%</td><td>25%</td></tr><tr><td>2018-19</td><td>22%</td><td>25%</td></tr><tr><td>2017-18</td><td>22%</td><td>25%</td></tr></table>	Year	Actual	Target	2019-20	24%	25%	2018-19	22%	25%	2017-18	22%	25%
Year	Actual	Target											
2019-20	24%	25%											
2018-19	22%	25%											
2017-18	22%	25%											
<p>2.4.4 The average consumption of drinking water per day per resident within the territorial authority district.</p> <p>(Target: ≤500 litres)</p>	<p>Achieved</p> <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2019-20</td><td>459 litres</td><td>500 litres</td></tr><tr><td>2018-19</td><td>419 litres</td><td>500 litres</td></tr><tr><td>2017-18</td><td>440 litres</td><td>500 litres</td></tr></table>	Year	Actual	Target	2019-20	459 litres	500 litres	2018-19	419 litres	500 litres	2017-18	440 litres	500 litres
Year	Actual	Target											
2019-20	459 litres	500 litres											
2018-19	419 litres	500 litres											
2017-18	440 litres	500 litres											

What water cost

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	15,129	15,236	15,340
Subsidies and grants for operating purposes	-	-	-
Fees and charges	169	173	303
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,416	1,366	2,268
Total Operating Funding	16,714	16,774	17,911
Applications of Operating Funding			
Payments to staff and suppliers	7,472	7,324	7,946
Finance costs	-	-	-
Internal charges and overheads applied	2,595	2,590	2,047
Other operating funding applications	-	-	-
Total Applications of Operating Funding	10,067	9,914	9,993
Surplus/(Deficit) of Operating Funding	6,648	6,861	7,919
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	944	975	1,200
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	944	975	1,200

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	2,326	5,904	5,822
to improve levels of service	2,285	5,202	7,358
to replace existing assets	4,446	7,741	7,552
Increase/(decrease) in reserves	(1,466)	(11,011)	(11,613)
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	7,591	7,836	9,119
Surplus/(Deficit) of Capital Funding	(6,648)	(6,861)	(7,919)
Funding Balance	-	-	-

Operational variance explanations

The Water Reserve increased more than expected due to higher earnings from a higher internal interest charge.

Capital variance explanations:

No material variances.



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

An additional blue crate for collecting glass at the kerbside was rolled out to over 35,000 properties. The change to the service was appreciated by many and the number of problems experienced was relatively low.

The COVID-19 lockdown had a significant impact on the waste generation behaviour in the District and also on the supply chains upon which we depend. The kerbside collection service was maintained with very little disruption for residents, which was pleasing.

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

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

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.

How we performed

Levels of service

● **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.

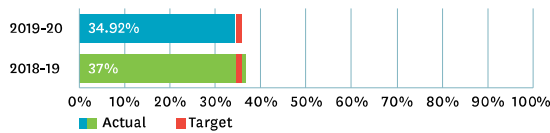
Performance measure	Results												
<p>3.1.1 Customer satisfaction with solid waste collection and recycling services and transfer stations (excluding ‘don’t knows’).</p> <p>(Target: ≥85%)</p>	<p>Not achieved</p>  <table><thead><tr><th>Period</th><th>Actual (%)</th><th>Target (%)</th></tr></thead><tbody><tr><td>2019-20</td><td>83%</td><td>85%</td></tr><tr><td>2018-19</td><td>79%</td><td>85%</td></tr><tr><td>2017-18</td><td>95%</td><td>85%</td></tr></tbody></table>	Period	Actual (%)	Target (%)	2019-20	83%	85%	2018-19	79%	85%	2017-18	95%	85%
Period	Actual (%)	Target (%)											
2019-20	83%	85%											
2018-19	79%	85%											
2017-18	95%	85%											

Whilst the target has not yet been achieved there has been an improvement from last year's results. The change to the kerbside recycling collection service happened last year and roll-out issues may have created some negative perceptions. New bags have been introduced for rubbish collection and new vehicles for recycling collection are also now operating.

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.

Performance measure	Results
3.2.1 To reduce waste disposed of to landfill to below 500 kg per person by 2020. ^a	Not due to be reported until the 2020-21 Annual Report

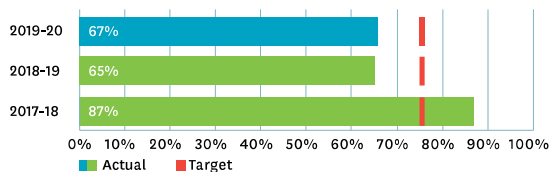
3.2 Council will foster waste minimisation by supporting recycling and waste reduction practices so that a continued reduction in refuse sent to landfill occurs.

Performance measure	Results
3.2.2 To recycle at least 35% of waste collected at the roadside from households. (Target: ≥35)	Not achieved  <p>2019-20 34.92%</p> <p>2018-19 37%</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 2017-18.</p>

The impact of COVID-19 increased the amount of waste collected on the kerbside, which resulted in a dip in recycling rate. The dip brought the rate just under the 35% target amount. Unless there are further COVID-19 lockdowns, it is expected that next year will see a rise in recycling rates.

3.2.3 Council will recycle, compost or reuse at least 50% of materials at transfer stations by 2020.^a **Not due to be reported until the 2020-21 Annual Report**

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

Performance measure	Results
3.3.1 Residents' satisfaction with litter control. (Target: ≥75)	Not achieved  <p>2019-20 67%</p> <p>2018-19 65%</p> <p>2017-18 87%</p> <p>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p> <p>■ Actual ■ Target</p>

Whilst this is a disappointing result, it is a small improvement on last year's result. Additional roadside litter collections are planned for this financial year. New waste collection vehicles should reduce the number of items blown from vehicles during collection runs.

Note:

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

What solid waste cost

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	6,678	6,891	7,062
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2,922	2,986	2,564
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	370	376	365
Total Operating Funding	9,969	10,254	9,990
Applications of Operating Funding			
Payments to staff and suppliers	6,861	7,017	7,054
Finance costs	296	141	24
Internal charges and overheads applied	167	170	145
Other operating funding applications	-	-	-
Total Applications of Operating Funding	7,324	7,328	7,222
Surplus/(Deficit) of Operating Funding	2,646	2,926	2,768
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(1,014)	(2,926)	(1,855)
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	(1,014)	(2,926)	(1,855)

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	1,632	-	30
to replace existing assets	-	-	-
Increase/(decrease) in reserves	-	-	884
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	1,632	-	913
Surplus/(Deficit) of Capital Funding	(2,646)	(2,926)	(2,768)
Funding Balance	-	-	-

Operational variance explanations

No material variances.

Capital variance explanations

Recycling bins were the main project for Solid Waste. They were expensed, rather than capitalised and hence not reflected through the CAPEX portion of the FIS. The LTP assumed Solid Waste would be in debt into the foreseeable future, however debt was paid off in 2019-20 and a reserve was created. When read in conjunction with debt movement, the variance is minimal.



4. Wastewater

What we do

Wastewater management is a core service that keeps our communities safe, healthy and clean. This is essential to our aspiration of 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

Stage 2 of the Hikurangi Sewer Network was completed and the fencing was completed to the Hikurangi Wastewater Treatment Plant. Takahe Street sewer diversion was installed to eliminate sewage overflows. An inflow and infiltration survey of the Woodhill catchment was completed.

In the city, the Tarewa storage tank and treatment facility was completed and commissioned. The Hātea sub-marine crossing was renewed. Whangārei Wastewater Treatment Plant odour control design work was completed – construction is on hold until we have more certainty around discharge limits. Ongoing ecological surveying is underway to establish the baseline for assessment of environmental effects to support the Wastewater Treatment Plant re-consenting project. A new bio generator was installed at the Whangārei Wastewater Treatment Plant. The Laboratory were successful in maintaining International Accreditation New Zealand (IANZ) accreditation following their audit.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

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.

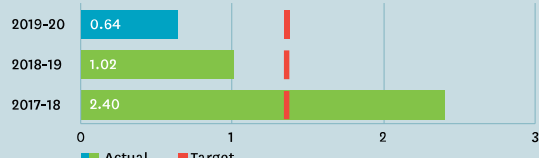
The management of wastewater in appropriate locations across urban and rural areas of our District enables productivity.

How we performed

Levels of service

● **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: zero notices or convictions)</p>	<p>Achieved</p> <p>2019-20: zero notices or convictions</p> <p>(2018-19: zero, 2017-18: zero)</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>2019-20</td><td>0.64</td><td>1.35</td></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></table>	Year	Actual	Target	2019-20	0.64	1.35	2018-19	1.02	1.35	2017-18	2.40	1.35
Year	Actual	Target											
2019-20	0.64	1.35											
2018-19	1.02	1.35											
2017-18	2.40	1.35											

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>4.1.3 Residents' satisfaction with sewerage reticulation, treatment and disposal services. (Target: ≥70%)</p>	<p>Achieved</p> <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2019-20</td><td>86%</td><td>70%</td></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></table>	Year	Actual	Target	2019-20	86%	70%	2018-19	85%	70%	2017-18	69%	70%
Year	Actual	Target											
2019-20	86%	70%											
2018-19	85%	70%											
2017-18	69%	70%											
<p>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)</p>	<p>Achieved</p> <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2019-20</td><td>7.76</td><td>20</td></tr><tr><td>2018-19</td><td>10</td><td>20</td></tr><tr><td>2017-18</td><td>19</td><td>20</td></tr></table>	Year	Actual	Target	2019-20	7.76	20	2018-19	10	20	2017-18	19	20
Year	Actual	Target											
2019-20	7.76	20											
2018-19	10	20											
2017-18	19	20											
<p>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: ≤1hr)</p>	<p>Achieved</p> <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2019-20</td><td>31 mins</td><td>60 mins</td></tr><tr><td>2018-19</td><td>25 mins</td><td>60 mins</td></tr><tr><td>2017-18</td><td>30 mins</td><td>60 mins</td></tr></table>	Year	Actual	Target	2019-20	31 mins	60 mins	2018-19	25 mins	60 mins	2017-18	30 mins	60 mins
Year	Actual	Target											
2019-20	31 mins	60 mins											
2018-19	25 mins	60 mins											
2017-18	30 mins	60 mins											
<p>This result is not a good as last year's performance, but is well below the measure. The performance is due to consistency of contractor performance in resolving non-urgent call outs.</p>													
<p>(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: ≤7hrs)</p>	<p>Achieved</p> <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2019-20</td><td>100 mins</td><td>420 mins</td></tr><tr><td>2018-19</td><td>71 mins</td><td>420 mins</td></tr><tr><td>2017-18</td><td>93 mins</td><td>420 mins</td></tr></table>	Year	Actual	Target	2019-20	100 mins	420 mins	2018-19	71 mins	420 mins	2017-18	93 mins	420 mins
Year	Actual	Target											
2019-20	100 mins	420 mins											
2018-19	71 mins	420 mins											
2017-18	93 mins	420 mins											
<p>This result is generally consistent with the previous two years' results and is a reflection of a consistent service provision from our contractors.</p>													

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

Performance measure	Result												
4.2.1 Residents' satisfaction with public toilets. (Target: ≥75%)	Achieved <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2019-20</td><td>76%</td><td>75%</td></tr><tr><td>2018-19</td><td>69%</td><td>75%</td></tr><tr><td>2017-18</td><td>80%</td><td>75%</td></tr></table>	Year	Actual	Target	2019-20	76%	75%	2018-19	69%	75%	2017-18	80%	75%
Year	Actual	Target											
2019-20	76%	75%											
2018-19	69%	75%											
2017-18	80%	75%											

What wastewater cost

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	18,064	18,969	19,063
Subsidies and grants for operating purposes	-	-	-
Fees and charges	684	707	983
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	345	350	183
Total Operating Funding	19,093	20,025	20,229
Applications of Operating Funding			
Payments to staff and suppliers	5,608	5,844	6,127
Finance costs	464	-	584
Internal charges and overheads applied	988	985	1,896
Other operating funding applications	-	-	-
Total Applications of Operating Funding	7,061	6,829	8,607
Surplus/(Deficit) of Operating Funding	12,032	13,196	11,622
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	2,657	49
Development and financial contributions	2,253	1,168	1,282
Increase/(decrease) in debt	(8,911)	(10,647)	(11,033)
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	50	-	-
Total Sources of Capital Funding	(6,608)	(6,822)	(9,702)

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	436	740	154
to improve levels of service	1,471	4,531	1,879
to replace existing assets	1,727	2,618	1,413
Increase/(decrease) in reserves	1,790	(1,514)	(1,528)
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	5,424	6,375	1,919
Surplus/(Deficit) of Capital Funding	(12,032)	(13,196)	(11,622)
Funding Balance	-	-	-

Operational variance explanations

No material variances.

Capital variance explanations

Reticulation payments were budgeted in 2019-20 but were not recognised until 2020-21. This meant Wastewater had to (internally) borrow more to fund their activity.



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

- The Stormwater Catchment Strategy project is progressing well with work completed on the overland flowpath mapping, which has been published to external GIS maps.
- A CCTV programme for assessing stormwater asset condition over the next three years is ongoing. This will provide valuable information for targeted renewal or upgrade projects.
- A large diameter stormwater line has been replaced on Kaka St.
- An intensive clearing of Ngunguru Golf Course was completed.
- A flood protection swale was constructed in Teal Bay.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

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.

How we performed

Levels of service

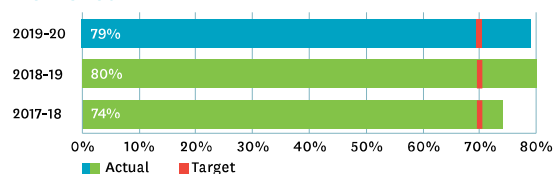
● **Mandatory performance measures**

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

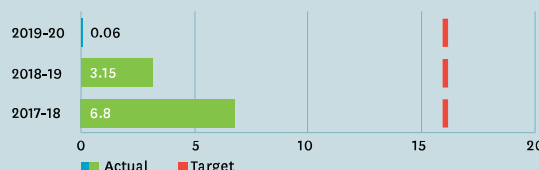
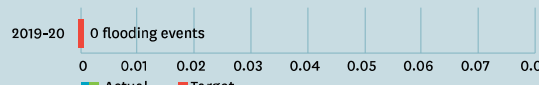
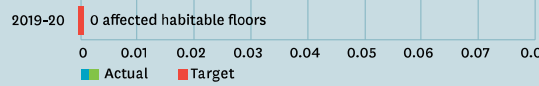
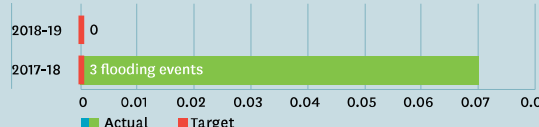
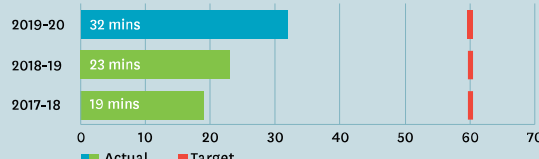
Performance measure	Result
5.1.1 Compliance with the territorial authority's (TA) resource consents for discharge from its stormwater system, measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders; and (d) convictions received by the TA in relation to those resource consents. (Target: zero notices or convictions)	Not achieved 2019-20: one notice or conviction (2018-19: zero, 2017-18: zero)
This related to an infringement notice in September 2019 following a high rainfall event, where the resulting discharge contained suspended solids and contaminants that exceed the allowable levels.	

5.1.2 Residents' satisfaction with stormwater drainage service.
(Target: ≥70)

Achieved



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

Performance measure	Result												
<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><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2019-20</td><td>0.06</td><td>16</td></tr><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></table>	Year	Actual	Target	2019-20	0.06	16	2018-19	3.15	16	2017-18	6.8	16
Year	Actual	Target											
2019-20	0.06	16											
2018-19	3.15	16											
2017-18	6.8	16											
<p>This is an improved result from last year. It is a result of less intensive storm events during the year and a programme of improvements to our stormwater network.</p>													
<p>5.1.4 (a) The number of flooding events^a that occur in a TA district</p> <p>(Target: zero)</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>	<p>Achieved</p>  <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2019-20</td><td>0</td><td>0</td></tr><tr><td>2018-19</td><td>0</td><td>0</td></tr><tr><td>2017-18</td><td>0</td><td>0</td></tr></table> <p><i>Note: This year, to make it easier to see the results, the graph has been split between 5.1.4(a) and 5.1.4(b). See below for 2018-19 and 2017-18 results.</i></p>	Year	Actual	Target	2019-20	0	0	2018-19	0	0	2017-18	0	0
Year	Actual	Target											
2019-20	0	0											
2018-19	0	0											
2017-18	0	0											
<p>5.1.4 (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: zero)</p>	<p>Achieved</p>  <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2019-20</td><td>0</td><td>0</td></tr><tr><td>2018-19</td><td>0</td><td>0</td></tr><tr><td>2017-18</td><td>0</td><td>0</td></tr></table> <p><i>Note: This year, to make it easier to see the results, the graph has been split between 5.1.4(a) and 5.1.4(b). See below for 2018-19 and 2017-18 results.</i></p>	Year	Actual	Target	2019-20	0	0	2018-19	0	0	2017-18	0	0
Year	Actual	Target											
2019-20	0	0											
2018-19	0	0											
2017-18	0	0											
	 <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>0</td><td>0</td></tr><tr><td>2017-18</td><td>3</td><td>0</td></tr></table>	Year	Actual	Target	2018-19	0	0	2017-18	3	0			
Year	Actual	Target											
2018-19	0	0											
2017-18	3	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: ≤1hr)</p>	<p>Achieved</p>  <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2019-20</td><td>32 mins</td><td>60 mins</td></tr><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></table>	Year	Actual	Target	2019-20	32 mins	60 mins	2018-19	23 mins	60 mins	2017-18	19 mins	60 mins
Year	Actual	Target											
2019-20	32 mins	60 mins											
2018-19	23 mins	60 mins											
2017-18	19 mins	60 mins											

^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 stormwater cost

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	4,284	3,837	2,994
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	36
Total Operating Funding	4,284	3,837	3,030
Applications of Operating Funding			
Payments to staff and suppliers	1,232	1,233	935
Finance costs	-	-	-
Internal charges and overheads applied	1,250	1,244	858
Other operating funding applications	-	-	-
Total Applications of Operating Funding	2,481	2,477	1,793
Surplus/(Deficit) of Operating Funding	1,802	1,359	1,236
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	-	-	-

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	852	415	290
to replace existing assets	951	944	946
Increase/(decrease) in reserves	-	-	
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	1,802	1,359	1,236
Surplus/(Deficit) of Capital Funding	(1,802)	(1,359)	(1,236)
Funding Balance	-	-	-

Operational variance explanations

No material variances.

Capital variance explanations

No material variances.



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.

Key achievements

Ongoing management and maintenance of the protection scheme continued this year working with landowners and hapū.

Contribution to Community Outcomes

● ***High contribution***

● ***Medium contribution***



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.

How we performed

Levels of service

● 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
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). (Target: Yes)	Achieved 2019-20: Yes (2018-19: Yes, 2017-18: Yes)
6.1.2 The number of infringement or abatement notices issued by Northland Regional Council in relation to the scheme consent. (Target: zero)	Achieved 2019-20: zero infringement or abatement notices issued (2018-19: zero, 2017-18: zero)

What flood protection cost

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	1,120	1,210	1,211
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	61	61	-
Total Operating Funding	1,181	1,271	1,211
Applications of Operating Funding			
Payments to staff and suppliers	750	768	584
Finance costs	31	6	-
Internal charges and overheads applied	9	9	10
Other operating funding applications	-	-	-
Total Applications of Operating Funding	790	783	593
Surplus/(Deficit) of Operating Funding	392	488	617
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(392)	(488)	(617)
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	(392)	(488)	(617)

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	-	-	-
to replace existing assets	-	-	-
Increase/(decrease) in reserves	-	-	-
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	-	-	-
Surplus/(Deficit) of Capital Funding	(392)	(488)	(617)
Funding Balance	-	-	-

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 2,122.88 hectares of land as open space. 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.

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

During the 2019-20 year we continued upgrading our sports facilities and completed upgrades to training lights at Horahora and Tikipunga along with drainage improvements at Hikurangi, Hūkerenui, Ngunguru and Parua Bay. Otaika sports park works are now complete with two new fields available and Rugby League having a permanent base for junior games.

Playgrounds were renewed at Morningside and McLeod Bay. We continued to work with Ngunguru and Waipū communities to develop youth activity zones (skate parks). The Ngunguru skatepark is to be opened early 2020-21 with Waipū planned for the summer of 2020-21.

Further drainage works at Hihiaua were complete to support events based around the newly completed Hihiaua Cultural Centre. The memorial obelisk at Parihaka Summit was upgraded, including LED lighting.

The Mackesy Track upgrade was completed, linking with the current tracks at Parihaka.

A master plan for the development of William Fraser Memorial Park on Pohe Island was adopted and one of the first projects to support recreational use was the completion of the central car park (281 spaces). To improve parking around the Hātea Loop, Huarahi o te Whai, the Bascule Park carpark was upgraded creating another 72 carparks and amenity area.

With funding from the Matariki Tu Rakau – Million trees fund and volunteers over 10,000 native trees were planted on the 2019 Parihaka fire site. Significant weed control was also undertaken at Parihaka with removal of acacia and self-seeded pines, which will give natives a chance to thrive.

To inform future decisions regarding recreation and sport in the District, Council adopted the Active Recreation & Sports Strategy.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

🔧 **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.

✚ **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.



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.



Proud to be local

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

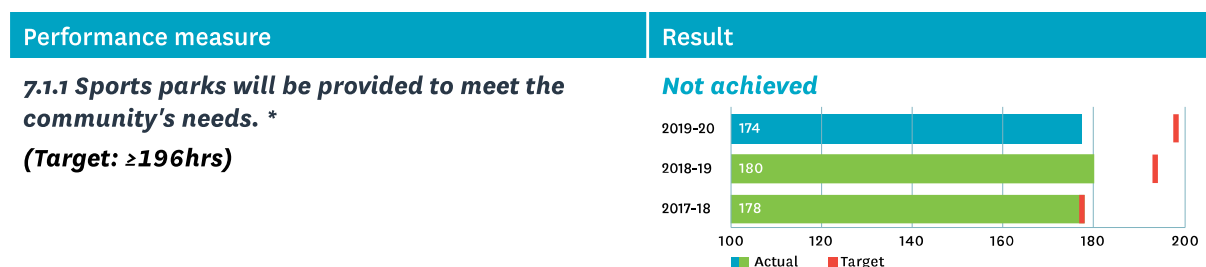
Our public spaces and parks are the venue for many community events and activities.

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

How we performed

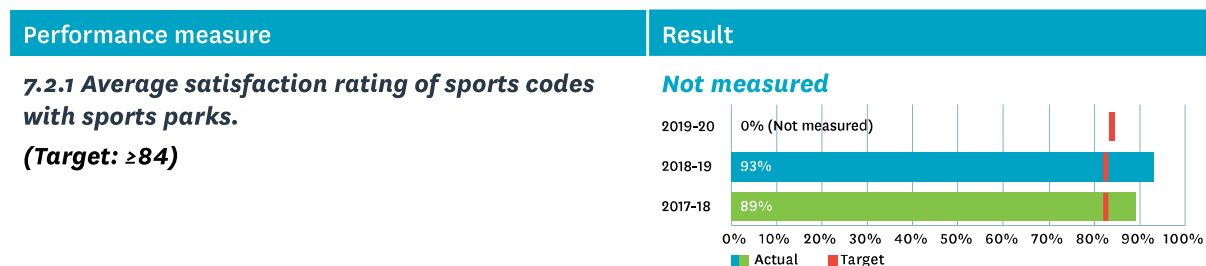
Levels of service

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.



This is due to delays in upgrade works, partly due to restriction under the COVID-19 lockdown. The actual capacity from upgrades once fields established is 180.

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.



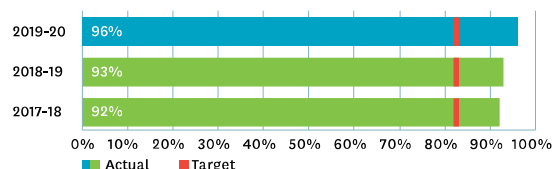
We normally survey in May for the previous year. However COVID-19 significantly impacted winter sport with codes not starting until mid-July 2020. Therefore there is no 2020 performance measure.)Normally a winter season would be from March to September.)

We have limited summer codes that use our sports parks in a formal way (using our booking system) and do not want to limit the survey to this limited number.

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

(Target: $\geq 90\%$)

Achieved



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: 0.5ha)

Result

Achieved

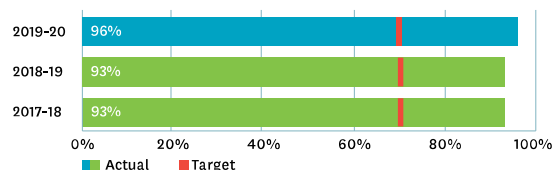


This is an improved result from the previous two years and is a result of a number of key projects reaching completion this year and contributing to the conversion and upgrading of open space.

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: $\geq 70\%$)

Achieved



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

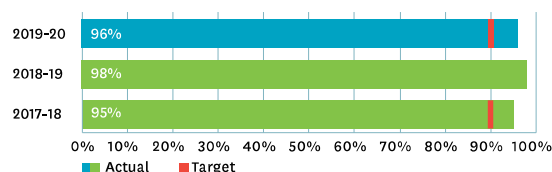
Performance measure

7.4.1 Residents' satisfaction with cemeteries.

(Target: $\geq 90\%$)

Result

Achieved



* 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

Although the libraries performance measures were affected by the COVID-19 lockdown, usage of library facilities and resources remained comparable to previous years. The number of items borrowed totalled 664,197 and the visitor count totalled 347,836 with an average of 1.9 items borrowed per visitor. This is an increase on the 1.6 in 2019. Use of online services increased significantly during lockdown with the number of eBooks borrowed increasing by close to 100%. As with the rest of the country, lockdown was a challenging time but library staff came up with some amazingly innovative online activities and programmes for our members to enjoy. Membership to Whangārei District Libraries is now free to those living outside the District and during the lockdown period there was a noticeable increase in online registrations.

The popularity of the talks series continues and we are experiencing record attendances at the school holiday programmes. The digitisation programme is ongoing and the major capital project we are working on is the purchase and installation of a book sorter. The sorter automatically sorts and checks in returned items, which will be a saving in both staff time and physical handling of material.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

⊕ **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.

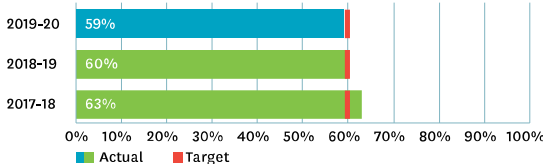
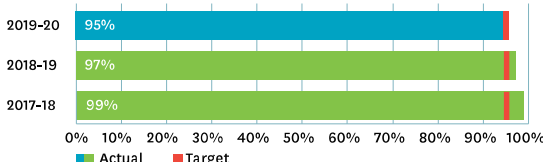
👍 **Proud to be local**

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

How we performed

Levels of service

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

Performance measure	Result												
<p>7.5.1 Percentage of population who have used a library in the past year.</p> <p>(Target: ≥60%)</p>	<p>Not achieved</p>  <table><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2019-20</td><td>59%</td><td>60%</td></tr><tr><td>2018-19</td><td>60%</td><td>60%</td></tr><tr><td>2017-18</td><td>63%</td><td>60%</td></tr></tbody></table>	Year	Actual	Target	2019-20	59%	60%	2018-19	60%	60%	2017-18	63%	60%
Year	Actual	Target											
2019-20	59%	60%											
2018-19	60%	60%											
2017-18	63%	60%											
<p>The 1% difference in the target is a result of the closure of all libraries during the COVID-19 lockdown when only online services were available.</p>													
<p>7.5.2 Residents' satisfaction with the resources (books, magazines etc.) the library service provides.</p> <p>(Target: ≥95%)</p>	<p>Achieved</p>  <table><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2019-20</td><td>95%</td><td>95%</td></tr><tr><td>2018-19</td><td>97%</td><td>95%</td></tr><tr><td>2017-18</td><td>99%</td><td>95%</td></tr></tbody></table>	Year	Actual	Target	2019-20	95%	95%	2018-19	97%	95%	2017-18	99%	95%
Year	Actual	Target											
2019-20	95%	95%											
2018-19	97%	95%											
2017-18	99%	95%											

The 1% difference in the target is a result of the closure of all libraries during the COVID-19 lockdown when only online services were available.



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 Asset Management programme initiated in 2015 has continued with more units under going maintenance. Funding has been sought for community buildings through opportunities such as the Provincial Growth Fund. Through the 2020-21 Long Term Plan we have also begun planning for the future of the pensioner housing portfolio.

Contribution to Community Outcomes

● ***High contribution***

● ***Medium contribution***

⊕ ***Positive about the future***

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

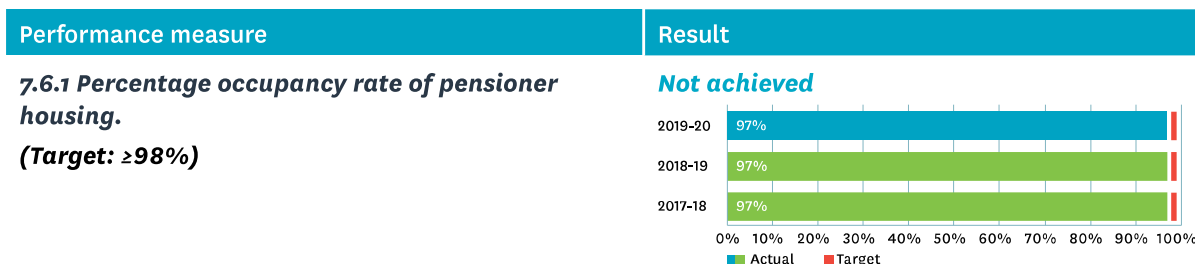
👍 ***Proud to be local***

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

How we performed

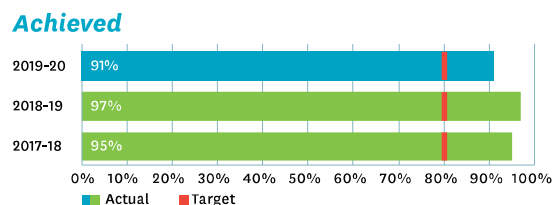
Levels of service

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



All pensioner units are required to be refurbished at the end of a tenancy. Depending on the amount of work required, refurbishment can take 2-4 months to complete. Fifteen units were refurbished during this year. This impacted on our ability to achieve the target occupancy rate.

7.6.2 Pensioner housing residents' satisfaction with the standard of accommodation.
(Target: $\geq 80\%$)





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 ageing, 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

This year has Community Development progress on several fronts; our transition into new areas of Community Led Projects (CLP) has begun in earnest with the final pilot in Kamo completed under the village plan model. The revised and invigorated approach appears more suited to the readiness of our communities to embrace this mahi and our ability to navigate alongside them. There are really encouraging and exciting initiatives already bearing fruit, for example in Maungatapere, who are activating the first of these new CLP partnerships. This includes groups beginning to work through establishing themselves as incorporated societies, as well as practical benefits within the community, such as building notice boards, regular project meetings and coordinated place making plans. One of the most significant achievements of this year has been the adoption of all recommendations from the Community Funding Review. These will lead to much greater flexibility for community groups in terms of what can be funded, and the nature of support that is available. The recommendations will introduce some positive new practice, including a level of participatory grant making for Resident & Ratepayers groups that will come on stream with the other recommendations in July 2021.

On the Community Safety front, sadly driven by increases in anti-social behaviour and aggressiveness toward staff and fellow citizens, the expansion of CitySafe pilot has worked well; providing peace of mind to many residents and visitors of the central city area. The extended cover will continue in the year ahead and enhance not only our anti-social behaviour management, but also the positive ambassadorial work the CitySafe Community Officers provide.

The Community Department team's support to Civil Defence (CDEM) has also proved the value of our work with members of the team fulfilling intelligence and welfare support

roles during the COVID-19 lockdown and through the floods, connecting with community response coordinators and welfare networks in support of relief and recovery work. Finally, unprecedented though the year has been, the development of the Community Emergency Recovery Fund (the “CERF” Mechanism) during the COVID-19 lockdown and as part of the \$3 million Relief Package, is a notable achievement, providing the mechanism that will repurpose up to \$900k of funding that will be used to support movement of our communities along the Recovery Pathway and toward District well-being going forward.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

⊕ **Positive about the future**

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

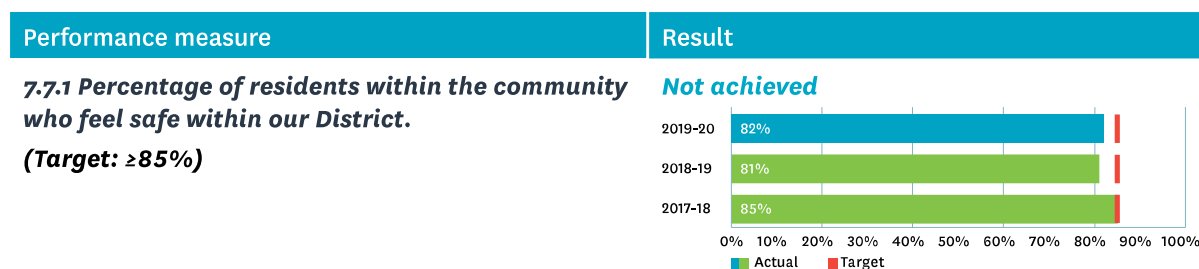
👍 **Proud to be local**

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

How we performed

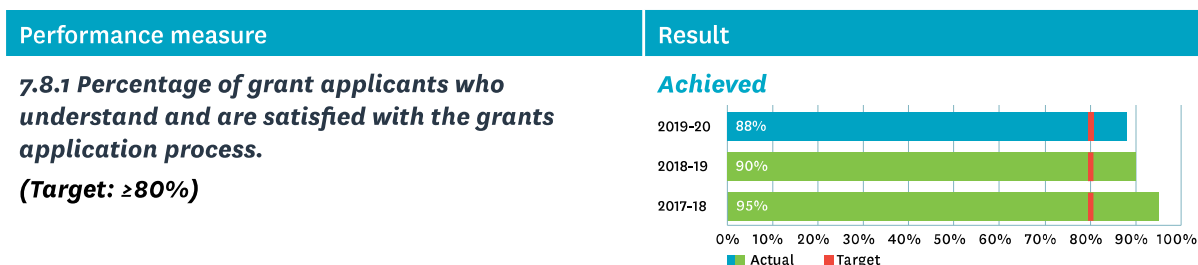
Levels of service

7.7 Council will promote and support community safety.



The overall longitudinal trend appears to be generally positive. However, there has been a concerning shift in the nature of certain activity in the antisocial and criminal behaviour exhibited in the inner city by both adults and youths to which Council has had to respond. This is a concerning trend shared with Police. The increase in aggressiveness and antisocial behaviour in the Forum North and city centre areas necessitated trialling additional CitySafe Community Officer presence to four officers during the day. This began December 2019 and, post the COVID-19 restrictions, hours have been modified to cover early evenings on Friday and Saturday evenings to attempt to mitigate potential violence in the inner city area. The additional pair of City Safe Officers provision has been extended for the 2021-22 year.

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.



This is an increase on last year's result, due to 2018-19 not being measured. However this year's result is generally consistent with the result from 2017-18.



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

Securing the rights to deliver the 2021 Rugby World Cup (RWC) in collaboration with Auckland Tourism, Events and Economic Development (ATEED) was a significant key achievement and signals future significant strategic opportunities for the District.

Despite the effects of COVID-19 and a large number of key events being cancelled, Venues and Events successfully implemented year one of the 'Experience Local Whangārei Events Strategy 2019-2024' programme. This included the establishment of the Whangārei Event Development fund and delivery of eight key events offering two or more of the following local experience categories (derived from the strategy): Taste Local, Explore Local, Play Local and Connect Local.

Forum North Entertainment Centre continued to host a large number of community events delivered by local schools, promoters, dance groups, performers and artists. In addition, we also hosted a number of commercial events with a large number sold out.

Semenoff Stadium successfully delivered another 2019 season of Mitre 10 Cup with record attendance. In addition, the Stadium hosted its largest Six60 concert to a crowd of 15,000 in February 2020. Unfortunately these events were followed by the cancellation of the Whangārei Fritter Festival (March 2020) and a Super Rugby fixture between the Auckland Blues and Argentine Jaguars scheduled for April 2020, due to COVID-19.

Significant capital upgrades were carried out at both venues and work will continue into 2020-21.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

⊕ **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.

How we performed

Levels of service

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.</p> <p>(Target: ≥3%)</p>	<p>Not measured</p> <table><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2019-20</td><td>0% (Not measured)</td><td>3%</td></tr><tr><td>2018-19</td><td>0% (Not measured)</td><td>3%</td></tr><tr><td>2017-18</td><td>75%</td><td>80%</td></tr></tbody></table>	Year	Actual	Target	2019-20	0% (Not measured)	3%	2018-19	0% (Not measured)	3%	2017-18	75%	80%
Year	Actual	Target											
2019-20	0% (Not measured)	3%											
2018-19	0% (Not measured)	3%											
2017-18	75%	80%											
<p>This has not been reported this year due to resource limitation and the impacts and disruption associated with COVID-19. This measure will be reviewed for the next LTP to ensure it is easier to measure and report on.</p>													
<p>7.10.2 Satisfaction with the quality of venues and events.</p> <p>(Target: ≥80%)</p>	<p>Achieved</p> <table><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2019-20</td><td>89%</td><td>80%</td></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></tbody></table>	Year	Actual	Target	2019-20	89%	80%	2018-19	89%	80%	2017-18	92%	80%
Year	Actual	Target											
2019-20	89%	80%											
2018-19	89%	80%											
2017-18	92%	80%											



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.

Key achievements

Despite the challenges of COVID-19 we have maintained a strong level of customer service for our community with a strong emphasis on online and phone based services. Work has also progressed on the future of our i-Sites and this will be progressed in 2020-21.

Contribution to Community Outcomes

● ***High contribution***

● ***Medium contribution***

⊕ ***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.

How we performed

Levels of service

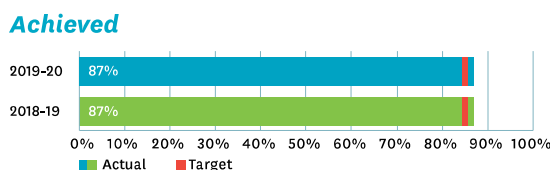
7.11 The community has access to Council's activities through our service centres and contact centre, which provide a 'first point of contact' service.

Performance measure	Result									
7.11.1 Percentage annual increased levels of satisfaction with service received by ‘first point of contact’ customer service. (Target: ≥1%)	Not achieved  <table><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2019-20</td><td>0%</td><td>1%</td></tr><tr><td>2018-19</td><td>1%</td><td>1%</td></tr></tbody></table>	Year	Actual	Target	2019-20	0%	1%	2018-19	1%	1%
Year	Actual	Target								
2019-20	0%	1%								
2018-19	1%	1%								

New measure in 2018-19. No results held for 2017-18.

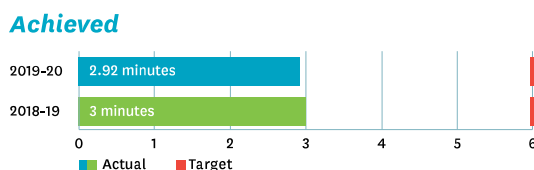
This target has not been met. This is likely due to a combination of factors including the disruption associated with the COVID-19 lockdowns, where Council customer service facilities were closed.

7.11.2 Contact centre service calls answered in under 20 seconds.
(Target: $\geq 85\%$)



New measure in 2018-19. No results held for 2017-18.

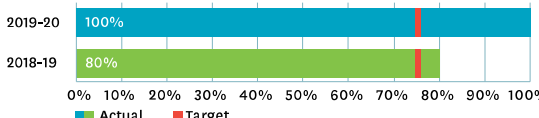
7.11.3 Wait time for walk-in customers.
(Target: No more than six minutes)



New measure in 2018-19. No results held for 2017-18.

This measure has been met and has achieved a similar result to last year. This is due to consistent approach to 'first point of contact' in our customer service centres

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									
<p>7.12.1 Visitors' satisfaction with the service provided by the information consultants at our information centres.</p> <p>(Target: Very satisfied)</p>	<p>Achieved</p>  <table><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2019-20</td><td>100%</td><td>80%</td></tr><tr><td>2018-19</td><td>80%</td><td>80%</td></tr></tbody></table>	Year	Actual	Target	2019-20	100%	80%	2018-19	80%	80%
Year	Actual	Target								
2019-20	100%	80%								
2018-19	80%	80%								

New measure in 2018-19. No results held for 2017-18.

Despite disruption cause by COVID-19, satisfaction at our visitors centre remains high and is an increase on last year. This like due to the quality of our staff and the visitor information available.

What community facilities and services cost

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	25,899	25,943	26,189
Targeted rates	-	-	-
Subsidies and grants for operating purposes	60	62	324
Fees and charges	971	992	803
Internal charges and overheads recovered	2,573	2,624	1,971
Local authorities fuel tax, fines, infringement fees and other receipts	3,124	3,189	2,892
Total Operating Funding	32,628	32,809	32,178
Applications of Operating Funding			
Payments to staff and suppliers	24,538	25,149	22,896
Finance costs	4,961	5,653	5,496
Internal charges and overheads applied	9,177	9,223	8,443
Other operating funding applications	-	-	-
Total Applications of Operating Funding	38,675	40,026	36,835
Surplus/(Deficit) of Operating Funding	(6,047)	(7,216)	(4,657)
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	608	628	842
Increase/(decrease) in debt	16,549	23,530	15,053
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	50	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	17,208	24,159	15,896

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	1,163	936	1,445
to improve levels of service	3,968	7,738	2,669
to replace existing assets	4,006	4,789	3,904
Increase/(decrease) in reserves	2,024	3,479	3,221
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	11,160	16,943	11,239
Surplus/(Deficit) of Capital Funding	6,047	7,216	4,657
Funding Balance	-	-	-

Operational variance explanations

Less expenses than budget for Venue and Events due to COVID-19 impacts, also less expenses than budget for Community Development.

Capital variance explanations

The Town Basin conversion project was pushed out, resulting in a timing difference.



8. Governance and strategy

Governance and strategy includes the following activities:

- governance function to enable effective decision making, assurance and risk management processes
- strategy development and policy reviews including statutory bylaws.
- development of long term plans and annual plans
- relationship with Māori.



Democracy and assurance

What we do

This activity 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. The activity also covers Council's risk and assurance processes, working across the business to identify and categorise risks.

Identified effects on the community

No potential negative effects have been identified for the Democracy and Assurance activity.

Key achievements

Key achievements this year include mobilising the governance to team to set up online Council meetings during the COVID-19 lockdown. This successfully enabled decision-making functions to continue during the lockdown. Live streaming of Council meetings on Facebook enabled greater public participation in the decision making process.

Contribution to Community Outcomes

● ***High contribution***

● ***Medium contribution***

⊕ ***Positive about the future***

Democracy functions ensure transparent and robust decision-making.

How we performed

Levels of service

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

Performance measure	Result									
<p>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.</p> <p>(Target: 100%)</p>	<p>Achieved</p> <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2019-20</td><td>100%</td><td>100%</td></tr><tr><td>2018-19</td><td>96%</td><td>100%</td></tr></table> <p>New measure in 2018-19. No results held for 2017-18.</p>	Year	Actual	Target	2019-20	100%	100%	2018-19	96%	100%
Year	Actual	Target								
2019-20	100%	100%								
2018-19	96%	100%								
<p>8.1.2 Percentage of Council, committee and hearing agendas that meet relevant legislative timeframes.</p> <p>(Target: 100%)</p>	<p>Achieved</p> <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2019-20</td><td>100%</td><td>100%</td></tr><tr><td>2018-19</td><td>100%</td><td>100%</td></tr></table> <p>New measure in 2018-19. No results held for 2017-18.</p>	Year	Actual	Target	2019-20	100%	100%	2018-19	100%	100%
Year	Actual	Target								
2019-20	100%	100%								
2018-19	100%	100%								



Strategy

What we do

This activity focuses on delivery and reviewing Councils strategies and policies. It also has monitoring and reporting functions. Key areas of focus include climate change, District growth and the corporate planning functions.

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

This year has seen extensive progress in a number of areas. The climate change work programme has advanced with Declaration of a Climate Emergency and the development of a climate action plan. Consultation was undertaken on the Draft Whangārei District Growth Strategy as well as continued work related to the National Policy Statement on Urban Development. Work started on reviewing the Camping in Public Places Bylaw.

Contribution to Community Outcomes

● ***High contribution***

● ***Medium contribution***



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

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

How we performed

Levels of service

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 <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2019-20</td><td>0%</td><td>100%</td></tr><tr><td>2018-19</td><td>0%</td><td>100%</td></tr></table> <p>New measure in 2018-19. No results held for 2017-18.</p>	Year	Actual	Target	2019-20	0%	100%	2018-19	0%	100%
Year	Actual	Target								
2019-20	0%	100%								
2018-19	0%	100%								

Statutory timeframes and deliverables of the National Policy Statement on Urban Development Capacity (NPS-UDC) have not been met. Council has met its obligations in part through the completion of Housing and Business Capacity Assessments and a draft Growth Strategy. However, the draft Growth Strategy has not yet been adopted by Council due to delays caused by local body elections, COVID-19 and central government review of the NPS-UDC.

Māori relationships

What we do

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.

This activity was not included in the Annual Plan or the last Annual Report. However it is an important function of Council and warrants visibility within the Annual Report. Through the next Long Term Plan, council will explore whether levels of service and target measures are appropriate for this activity.

Identified effects on the community

No potential negative effects have been identified for the Māori relationships activity.

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 was established, to be reviewed in September 2020. Council have also continued to work with Te Huinga on key Council workstreams such as climate change. 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.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

 **Proud to be local**

Partnership with hapū and relationships with Māori communities is essential for the social and cultural wellbeing of the District.

What governance and strategy cost

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	1,775	3,075	61
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	327	334	364
Local authorities fuel tax, fines, infringement fees and other receipts	6,149	6,316	6,094
Total Operating Funding	8,252	9,725	6,520
Applications of Operating Funding			
Payments to staff and suppliers	6,028	7,019	5,099
Finance costs	281	268	297
Internal charges and overheads applied	1,881	1,916	1,882
Other operating funding applications	-	-	-
Total Applications of Operating Funding	8,190	9,203	7,278
Surplus/(Deficit) of Operating Funding	61	521	(758)
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	787
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	-	-	787

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	61	521	-
to replace existing assets	-	-	29
Increase/(decrease) in reserves	-	-	-
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	61	521	29
Surplus/(Deficit) of Capital Funding	(61)	(521)	758
Funding Balance	-	-	-

Operational variance explanations

Rates for this activity were down due to the land sale which helped provide operational funding. Payments to staff and suppliers are favourable against LTP due to less spend on the Airport Evaluation project.

Capital variance explanations

The Parihaka Mast Upgrade project was pushed out, resulting in a timing difference.



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

The Urban and Services plan change package was heard, and the decision notified. 27 appeals have been received against the decision and Environment Court mediation is underway.

Appeals against PC129 Notable and Public Trees were settled and become operative on 20 February 2020.

Draft provisions and mapping have been prepared for Biodiversity Plan Change (Significant Ecological Area Mapping), and Hazards Plan Changes (Land Instability, Coastal Flooding and Inundation and River Flooding Mapping).

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

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.

How we performed

Levels of service

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.





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

This number was impacted by a drop off in numbers during the COVID-19 period (March to June) and it is probable that numbers would have been consistent with or even higher than last year if the pandemic had not occurred. Whilst external consultants have still been relied on to process consents within legislative timeframes, recruitment has been more successful during this period with several staff recruited. The continuing high numbers of applications is attributable to current economic conditions and the notification of Plan Changes which resulted in spikes in application numbers.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**



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.



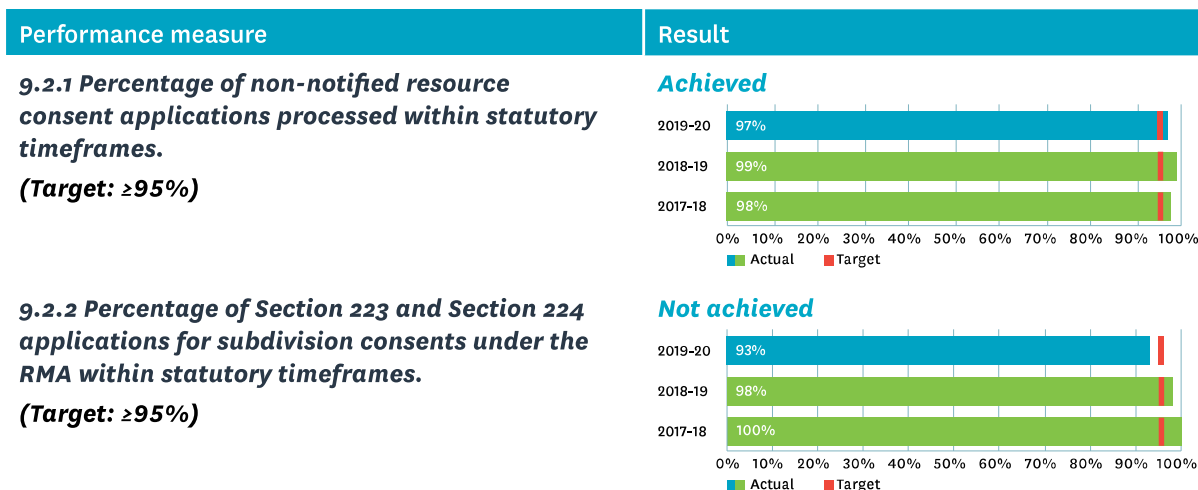
Proud to be local

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.

How we performed

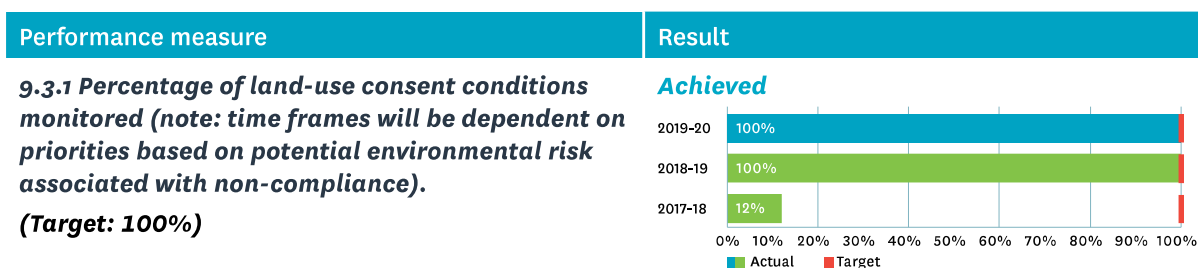
Levels of service

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



COVID-19 lockdown did delay some processing timeframes resulting in the target not being met. It is expected that timeframes will improve next year and should be consistent with the 2018 and 2019 results.

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

During this year we have consistently performed at a high level of statutory compliance and have met the annual plan requirements. The department has completed an audit of all swimming pools on council register and is working with pool owners to improve compliance. There have been MBIE submissions and surveys completed and workshops on the changes to the Building Act, which have resulted in positive input to the changes proposed. The bi-annual audit has occurred this year and the department is working towards closing out the findings and is pleased to continue to return to the 2-year audit cycle. Consultation has occurred with the proposed policy on dangerous, insanitary and affected buildings and this is being completed in accordance with the special consultation procedure under the LGA 2002. Work has continued in the earthquake prone area and this will be ongoing for a number of years.

Contribution to Community Outcomes

- **High contribution**
- **Medium contribution**

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.

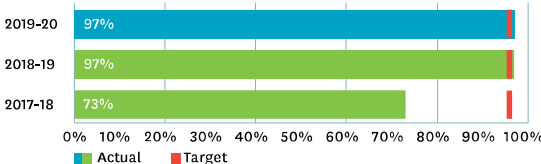
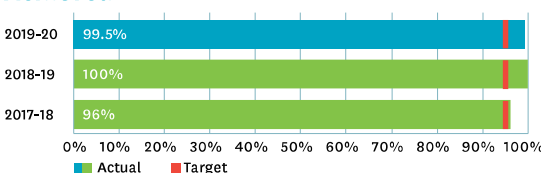
Proud to be local

Building compliance ensures that built structures are safe and durable.

How we performed

Levels of service

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>  <table><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2019-20</td><td>97%</td><td>96%</td></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></tbody></table>	Year	Actual	Target	2019-20	97%	96%	2018-19	97%	96%	2017-18	73%	96%
Year	Actual	Target											
2019-20	97%	96%											
2018-19	97%	96%											
2017-18	73%	96%											
<p>9.4.2 Percentage of inspections completed within two days.</p> <p>(Target: ≥95%)</p>	<p>Achieved</p>  <table><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2019-20</td><td>99.5%</td><td>95%</td></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></tbody></table>	Year	Actual	Target	2019-20	99.5%	95%	2018-19	100%	95%	2017-18	96%	95%
Year	Actual	Target											
2019-20	99.5%	95%											
2018-19	100%	95%											
2017-18	96%	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

As of the end of June 2020, there are currently a total of 520 Food Act premises registered with Council. Of these, 369 operate under a Food Control Plan; 22 under a National Programme 1; 49 under a National Programme 2; and 80 under a National Programme 3.

The Environmental Health team conducted a total of 436 verifications and verification follow-ups during the past year. 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. COVID-19 has had a negative impact on the team's ability to conduct verifications and not all food businesses have been verified as required.

The Health Act and more specifically the 'Registration of Premises Regulations' now purely covers non-food premises. Total Health Act registered premises within Council's area of jurisdiction is 119. Of these 90 are camping grounds, funeral homes, hair dressers, and offensive trades and the rest are stall issued under the Public Places Bylaw. The Regulations stipulate that these premises be registered and inspected once a year. Unfortunately, due to the impact of COVID-19 and earlier staff shortages, as well as Food Act priorities, only 76 of these premises were inspected last year.

Within the District 195 alcohol licences exist and during the year 173 of these were inspected. Again the shortfall is due to the impact that COVID-19 has had on the team's ability to conduct physical inspections. In addition to the above function, the team also reported on 78 new or renewal applications; 111 Special licence applications; 39 Temporary Authority applications and 292 applications for new or renewals of Manager Certificates to the District Licensing Committee.

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. Additionally and over the past three summer seasons, Armourguard also provided a monitoring, education and enforcement programme for our Camping in Public Places Bylaw and freedom camping in general. During the past year (2019-20), Armourguard have met the set target and responded within contracted timeframes. The contractor and staff have worked well together and continued to find business improvements.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

● **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.

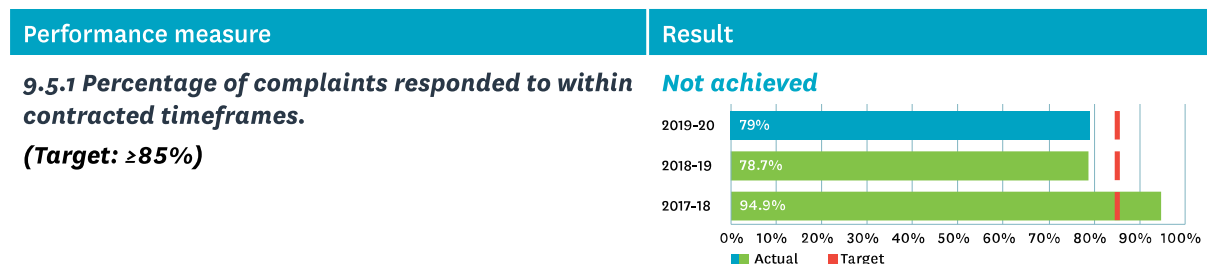
● **Proud to be local**

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

How we performed

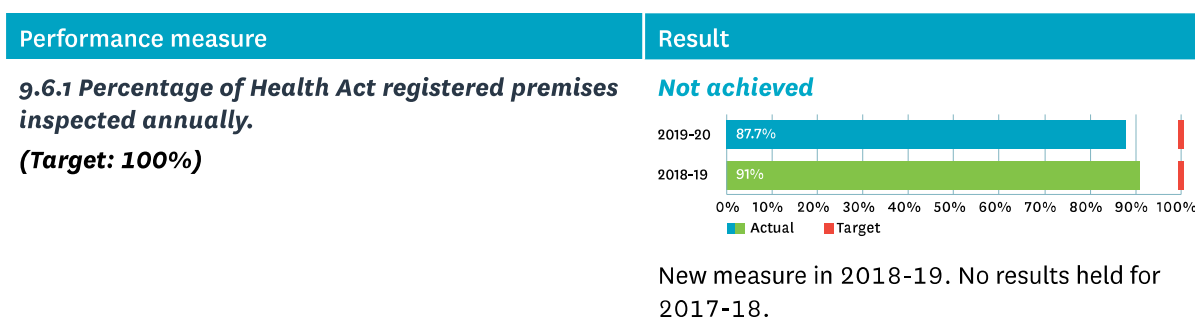
Levels of service

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



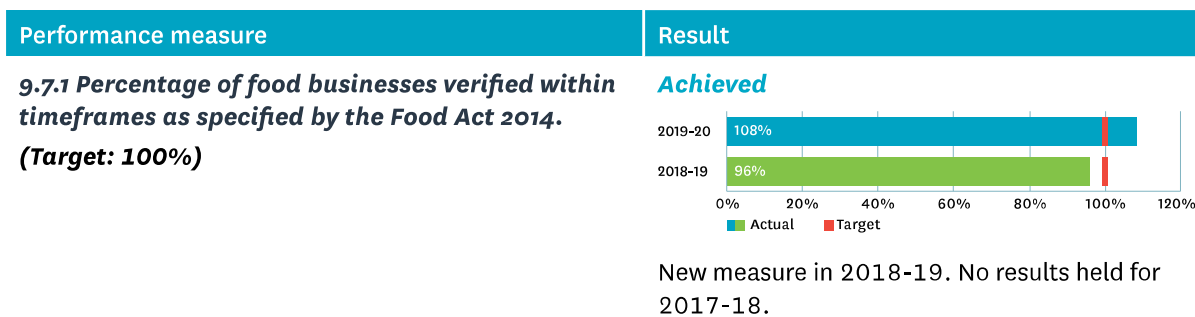
This result is consistent with last year's result. Additionally, the COVID-19 lockdown has limited the ability to respond to some complaints.

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

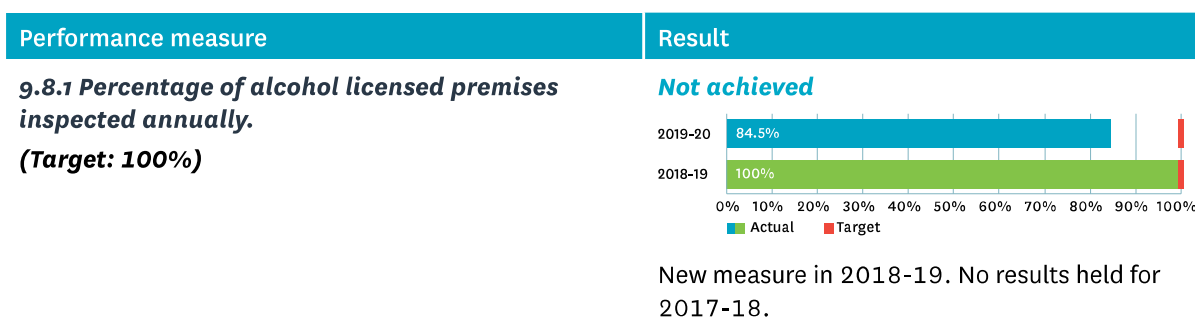


COVID-19 lockdown has limited the ability to inspect premises as access to properties was restricted.

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.



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.



COVID-19 lockdown has limited the ability to inspect premises as access to properties was restricted.

What planning and regulatory services cost

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	8,455	9,347	9,719
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	245
Fees and charges	7,809	8,375	7,989
Internal charges and overheads recovered	4,254	4,259	3,785
Local authorities fuel tax, fines, infringement fees and other receipts	1,204	1,206	1,055
Total Operating Funding	21,722	23,187	22,794
Applications of Operating Funding			
Payments to staff and suppliers	10,990	11,123	12,335
Finance costs	-	-	-
Internal charges and overheads applied	10,527	10,650	9,565
Other operating funding applications	-	-	-
Total Applications of Operating Funding	21,518	21,772	21,900
Surplus/(Deficit) of Operating Funding	204	1,415	894
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	-	-	-

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	-	-	-
to replace existing assets	204	1,415	894
Increase/(decrease) in reserves	-	-	-
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	204	1,415	894
Surplus/(Deficit) of Capital Funding	(204)	(1,415)	(894)
Funding Balance	-	-	-

Operational variance explanations

A greater amount of rates were required to fund this activity due to high levels of RMA activity.

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.

Finance services, rates and revenue

These departments play a key stewardship role. As well as facilitating the development of an effective financial strategy, we support Council in managing its financial resources on a day-to-day basis, as well as in the long-term.

These departments provide 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. 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.

ICT

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, digital, 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 events within our District.

Business support

Business support provides a raft of support services to Council including WDC premises, office furniture, vehicle fleet, phones, contracts (including tenancy agreements and security) and custodial and mail services. This department also provides centre of expertise and organisational co-ordination for procurement and contract management functions. The team lead knowledge management disciplines including digitisation, management of physical and digital records, and compliance with relevant documentation.

What support services cost

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	1,748	2,950	5,169
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	259	265	641
Internal charges and overheads recovered	23,181	23,349	21,984
Local authorities fuel tax, fines, infringement fees and other receipts	246	250	307
Total Operating Funding	25,434	26,814	28,101
Applications of Operating Funding			
Payments to staff and suppliers	19,721	19,077	20,200
Finance costs	-	498	258
Internal charges and overheads applied	2,635	2,687	1,844
Other operating funding applications	-	-	-
Total Applications of Operating Funding	22,356	22,262	22,302
Surplus/(Deficit) of Operating Funding	3,078	4,552	5,799
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	2,814	15,046	1,311
Gross proceeds from sale of assets	-	-	63
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	2,814	15,046	1,375

	2018-19 LTP Year 1 \$000	2019-20 LTP Year 2 \$000	2019-20 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	558	1,077	93
to improve levels of service	3,373	16,283	1,037
to replace existing assets	1,346	1,611	6,043
Increase/(decrease) in reserves	615	627	-
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	5,892	19,598	7,173
Surplus/(Deficit) of Capital Funding	(3,078)	(4,552)	(5,799)
Funding Balance	-	-	-

Operational variance explanations

No material variances.

Capital variance explanations

This is due to significant TechOne upgrades that were not originally planned.

Part three

Financial statements and information

COVID-19 financial impacts

The main impacts of COVID-19 on Whangarei District Council's financial statements are explained below. The ongoing effects of the COVID-19 pandemic remain uncertain, and may continue to further impact Council's future performance and results.

Going concern (notes to the financial statements)

There are no indications that the impacts from COVID-19 will affect Council's ability to continue as a going concern. Council's treasury and risk management policy sets prudent limits for borrowings, liquidity and interest rate risks to help us achieve a strong financial position. This is supported by Standard and Poors AA (Positive) rating.

Revenue

COVID-19 significantly impacted Council's revenue during the last few months of the financial year.

Rates (note 2)

Rates revenue recognised in the Statement of Comprehensive Revenue and Expense was not directly impacted by COVID-19. Council's COVID-19 Response Plan included extending the due date for final quarter rates instalment from 20 May to 20 June, which has no impact on revenue recognised.

Development Contributions

Development contribution revenue was minimal over the last quarter of the year, however full year revenue is favourable against budget due to subdivisions progressing during the year.

Subsidies and grants (note 3)

Minimal roading activity was able to be undertaken during lockdown. This resulted in roading programmes being deferred to the 2020-21 financial year. NZTA subsidies attached to these projects have also been carry forward, resulting in reduced subsidy revenue for the 2019-20 financial year.

Fees and charges

COVID-19 impacted Council's fees and charges revenue during the last few months of the financial year, particularly in March when level 4 restrictions were imposed. These fees include building fees, consenting, parking, cemeteries, customer services, transfer stations, laboratory, visitor information centres, and clocks museum. Many of these activities have increased back to almost pre-COVID-19 levels, however future trends remain uncertain.

Other revenue

COVID-19 impacted Council's other revenue during the last few months of the financial year, particularly in March when level 4 restrictions were imposed. Key areas where revenue has been impacted include traffic and parking infringements, rental revenue, petrol tax, venue and events revenue, visitor information centres, clocks museum, and library revenue.

Personnel costs (note 7 and 24)

A recruitment freeze was imposed during the last quarter of the year. This resulted in vacant roles not being filled, and personnel costs being slightly less than would have otherwise been the case.

Other expenses

Other expenses (note 8)

Council's essential services continued through COVID-19 alert levels, therefore most operating costs continued to be incurred. Minimal roading activity was undertaken during lockdown therefore maintenance/contractor expenses were reduced over this period.

Assets

Investment properties (note 15)

Investment properties are revalued annually as at 30 June. Due to the severe market disruption and lack of transactional data, a greater degree of uncertainty is attached to the valuation. The valuation shows a decrease in value of 4%. Exactly how severely Northland's property market will be impacted by COVID-19 is yet to be seen.

Property, plant and equipment (note 17)

Delivery of capital projects has been affected by COVID-19 restrictions. For non-essential activities site works ceased during level 4, and then went slower than planned during level 3, which has extended the timeframe and pushed out completion dates by 1-2 months. Delays caused by COVID-19 to capital projects are being actively managed, however there is the potential for cost increases as a result of the delays.

COVID-19 has not had a significant impact on infrastructure assets (excluding roading) held at fair value. These assets were revalued at 30 June 2019 and there are no indications that this value has changed significantly.

Road assets are revalued annually. There is considerable variability of market prices in the last quarter of the year. The replacement costs that are used for the valuation (based on March indices) are considered to reflect typical and sustainable market conditions.

Debtors and receivables (note 11)

The COVID-19 pandemic has not significantly impacted our debtor impairment. Council's main source of revenue is rates. The Local Government (Rating) Act ensures the recovery of rates on general land, permitting mortgagee demands and rating sales if rates remain unpaid.

Outstanding balances of other debts have been evaluated to calculate any debtor impairment.

As at 30 June debtor and arrears balances are higher. This is mainly due to Council's relief response to the COVID-19 pandemic. Ratepayers are given more time to pay their rates, delaying the fourth installment by one month.

Future impacts will be assessed on an ongoing basis.

Significant budget variances (note 31)

COVID-19 has contributed to variances against budget which are summarised in note 31.

Financial statements

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2020	Note	Council			Group	
		Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Revenue						
Rates	2	100,994	101,776	97,733	100,994	97,733
Development contributions		6,386	4,794	10,420	6,386	10,420
Subsidies and grants	3	20,022	26,296	25,126	20,516	25,199
Fees and charges	4	14,751	15,216	15,386	14,751	15,386
Interest revenue	5	1,072	548	1,449	1,239	1,638
Other revenue	6	15,385	13,050	22,537	20,927	30,548
Share of profit/(loss) from joint ventures		1,337	-	928	1,356	965
Total revenue		159,947	161,680	173,579	166,169	181,889
Expenses						
Personnel costs	7	29,215	30,772	27,059	29,638	27,363
Depreciation and amortisation	19	43,214	42,453	40,414	43,322	40,563
Finance costs	5	7,677	7,345	7,446	7,687	7,456
Other expenses	8	75,752	66,991	73,209	75,916	73,316
Total expenses		155,858	147,561	148,128	156,563	148,698
Surplus/(deficit) before tax		4,089	14,119	25,451	9,606	33,191
Income tax expense	9	-	-	-	94	(62)
Surplus from continuing operations		4,089	14,119	25,451	9,512	33,253
Surplus from discontinued operations		-	-	-	-	-
Surplus/(deficit) after tax		4,089	14,119	25,451	9,512	33,253

<i>For the year ended 30 June 2020</i>		Council			Group	
	Note	Actual	Budget	Actual	Actual	Actual
		2020	2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000	\$'000
Other comprehensive revenue and expense						
Items not classified to surplus/(deficit)						
Gain/(loss) on infrastructure revaluations	25	5,699	17,396	129,461	5,699	129,461
Gain/(loss) on other asset revaluations	25	260	-	67	260	67
Total comprehensive income		10,048	31,515	154,979	15,471	162,781

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

The Accounting Policies and Notes on pages 125-219 form part of these financial statements.

Statement of Changes in Equity

<i>For the year ended 30 June 2020</i>	Council			Group	
	Note	Actual	Budget	Actual	Actual
		2020 \$'000	2020 \$'000	2019 \$'000	2019 \$'000
Opening balance as at 1 July		1,664,898	1,577,537	1,509,917	1,681,524
Total comprehensive revenue and expense		10,048	31,515	154,979	15,471
Balance at 30 June	25	1,674,946	1,609,052	1,664,898	1,696,995
					1,681,524

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

The Accounting Policies and Notes on pages 125-219 form part of these financial statements.

Statement of Financial Position

As at 30 June 2020	Note	Council			Group	
		Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
ASSETS						
Current assets						
Cash and cash equivalents	10	36,060	2,893	29,230	38,920	33,716
Debtors and receivables	11	19,871	17,071	16,043	19,714	15,856
Derivative financial instruments	20	-	-	61	-	61
Other financial assets	13	532	576	10,328	3,419	14,188
Other current assets	12	1,369	711	693	1,382	707
		57,832	21,251	56,355	63,435	64,528
Total current assets		57,832	21,251	56,355	63,435	64,528
Non-current assets						
Derivative financial instruments	20	-	7	-	-	-
Other financial assets:	13					
Investment in other entities		3,046	3,137	2,970	3,071	2,995
Investment in CCO's and similar entities		11,512	12,553	11,100	9,340	8,923
Property, plant and equipment	17	1,742,346	1,690,731	1,716,821	1,762,679	1,728,730
Intangible assets	18	11,361	8,648	5,736	11,361	5,736
Forestry assets	16	819	891	909	819	909
Investment properties	15	56,347	56,626	59,084	56,347	59,084
Total non-current assets		1,825,431	1,772,593	1,796,620	1,843,617	1,806,377
Total assets		1,883,263	1,793,844	1,852,975	1,907,052	1,870,905

As at 30 June 2020	Note	Council			Group	
		Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
LIABILITIES						
Current liabilities						
Payables and deferred revenue	21	31,121	26,159	24,105	32,084	24,747
Derivative financial instruments	20	142	304	804	142	804
Current borrowings	23	33,000	23,000	30,000	33,000	30,000
Employee benefits liabilities	24	3,062	2,475	2,514	3,104	2,535
Provisions	22	43	108	75	43	75
		67,368	52,046	57,498	68,373	58,161
Total current liabilities		67,368	52,046	57,498	68,373	58,161
Non-current liabilities						
Derivative financial instruments	20	20,923	11,881	17,298	20,923	17,298
Non-current borrowings	23	119,000	119,000	112,000	119,000	112,000
Employee benefits liabilities	24	412	396	389	412	389
Provisions	22	524	1,368	791	524	791
Payables and deferred revenue	21	90	101	101	90	101
Deferred tax liability	9	-	-	-	735	641
Total non-current liabilities		140,949	132,746	130,579	141,684	131,220
Total liabilities		208,317	184,792	188,077	210,057	189,381
Net assets		1,674,946	1,609,052	1,664,898	1,696,995	1,681,524
EQUITY						
Accumulated funds	25	927,396	940,266	912,210	948,795	928,272
Reserves and special funds	25	74,020	67,155	83,642	74,670	84,206
Asset revaluation reserve		673,530	601,631	669,046	673,530	669,046
Total equity		1,674,946	1,609,052	1,664,898	1,696,995	1,681,524

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

The Accounting Policies and Notes on pages 125-219 form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2020	Council			Group	
	Actual	Budget	Actual	Actual	Actual
	2020 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash flows from operating activities					
Receipts from rates revenue	100,104	101,064	97,426	100,104	97,426
Subsidies and grants received	20,008	26,117	23,834	20,508	23,908
Other revenue including development contributions	14,221	13,239	19,285	20,160	27,649
Fees and charges received	11,938	15,112	16,248	11,938	16,248
Interest received	1,054	548	1,453	1,222	1,642
Dividends received	108	40	38	108	38
Payments to suppliers and employees	(92,604)	(96,419)	(92,433)	(93,035)	(89,795)
Interest paid	(7,940)	(7,345)	(7,341)	(7,940)	(7,341)
GST (net)	359	-	817	358	827
Net cash flow from operating activities	47,248	52,356	59,327	53,423	70,602
Cash flows from investing activities					
Proceeds from sale of fixed assets	1,463	-	5,111	1,463	5,111
Receipts from investments and loans	10,605	500	910	11,578	917
Purchase and development of fixed assets	(62,484)	(76,989)	(55,798)	(71,258)	(63,020)
Purchase of investments & loans provided	-	-	-	-	(3,860)
Net cash flow from investing activities	(50,416)	(76,489)	(49,777)	(58,217)	(60,852)
Cash flows from financing activities					
Proceeds from borrowing	70,000	-	49,000	70,000	49,000
Loan repayments received	133	-	320	133	254
Repayment of borrowings	(60,000)	-	(59,000)	(60,000)	(59,000)
Loans granted	(135)	-	(60)	(135)	(60)
Net cash from financing activities	9,998	-	(9,740)	9,998	(9,806)
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	6,830	(24,133)	(190)	5,204	(56)
Cash, cash equivalents, and bank overdrafts at the beginning of the year	29,230	27,026	29,420	33,716	33,772
Cash, cash equivalents, and bank overdrafts at the end of the year	36,060	2,893	29,230	38,920	33,716

During the period property, plant and equipment totalling nil (2019: nil) was acquired by means of finance leases.

The Accounting Policies and Notes on pages 125-219 form part of these financial statements.

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

	Council		Group	
	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Surplus/(deficit) after tax	4,089	25,451	9,512	33,253
Share of associate's surplus	(1,337)	(928)	(1,337)	(928)
Depreciation and amortisation expense	43,214	40,414	43,322	40,563
Net vested and found assets	(9,008)	(10,097)	(9,008)	(10,097)
(Gains)/losses in fair value of forestry assets	90	(18)	90	(18)
(Gains)/losses in fair value of investments	1,575	(3,256)	1,575	(3,256)
Other non-cash items	255	242	372	395
Change in fair value of derivatives	3,024	5,863	3,024	5,863
(Gains)/losses in value of Community Loans	(7)	(5)	(7)	(5)
Total non-cash items	37,806	32,215	38,031	32,517
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant, and equipment	2,324	3,400	2,444	3,452
Add/(less) movements in working capital items				
(Inc)/Dec in debtors and other receivables	(3,827)	(889)	(3,857)	(610)
(Inc)/Dec in other current assets	(676)	18	(675)	5
Inc/(Dec) in creditors and other payables	7,016	522	7,337	3,422
Inc/(Dec) in provisions	(32)	(1,527)	(32)	(1,527)
Inc/(Dec) in deferred tax liability	-	-	94	(62)
Inc/(Dec) in employee entitlements	548	137	569	150
Net movement in working capital items	3,029	(1,739)	3,436	1,378
Net cash inflow/(outflow) from operating activities	47,248	59,327	53,423	70,600

Notes to the financial statements

Note 1: Statement of accounting policies for the year ended 30 June 2020	126	Note 25: Equity	186
Note 2: Rates	132	Note 26: Capital commitments and operating leases	191
Note 3: Subsidies and grants . . .	134	Note 27: Contingent assets and liabilities	193
Note 4: Fees and charges	135	Note 28: Financial instruments . .	201
Note 5: Interest revenue and finance costs.	136	Note 29: Group related party transactions	210
Note 6: Other revenue.	137	Note 30: Events occurring after the balance date.	210
Note 7: Personnel costs	138	Note 31: Explanation of major variances against budget	212
Note 8: Other expenses	141	Note 32: Joint ventures	215
Note 9: Income tax	143	Note 33: Subsidiaries	217
Note 10: Cash and cash equivalents.	146	Note 34: Report of Council Controlled Organisations Performance	218
Note 11: Debtors and receivables	147	Note 35: Contractual Arrangements	219
Note 12: Other current assets . .	149		
Note 13: Other financial assets . .	150		
Note 14: Non-current assets held for sale	154		
Note 15: Investment properties .	155		
Note 16: Forestry assets	156		
Note 17: Property, plant and equipment	158		
Note 18: Intangible assets	173		
Note 19: Depreciation and amortisation expense by group of activity	176		
Note 20: Derivative financial instruments	177		
Note 21: Payables and deferred revenue	179		
Note 22: Provisions	180		
Note 23: Borrowings	182		
Note 24: Employee entitlements .	184		

Note 1: Statement of accounting policies for the year ended 30 June 2020

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 2020. The financial statements were authorised for issue by Council on 26 November 2020.

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

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments was issued in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although the group has not

assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2022 following consultation that has been initiated by the External Reporting Board. The group believe the application of PBE FRS 48 will not have any significant impact on its statement of performance as the group has well established service performance reporting processes.

CHANGES IN ACCOUNTING POLICIES

A number of new standards, interpretations and amendments effective for the first time for periods beginning on (or after) 1 January 2019, have been adopted in these financial standards:

- PBE IPSAS 34 Separate Financial Statements;
- PBE IPSAS 35 Consolidated Financial Statements;
- PBE IPSAS 36 Investments in Associates and Joint Ventures;
- PBE IPSAS 37 Joint Arrangements; and
- PBE IPSAS 38 Disclosure of Interests in Other Entities.

The New Zealand Accounting Standards Board issued these standards to incorporate the equivalent standards issued by the International Public Sector Accounting Standards Board into PBE Standards. These standards replace PBE IPSAS 6 Consolidated and Separate Financial Statements, PBE IPSAS 7 Investments in Associates and PBE IPSAS 8 Interests in Joint Ventures.

The Council and Group adopted these standards with effect from 1 July 2019. The key changes introduced by the new standards and the expected impact on the group are as follows:

- a) Control: The new standards introduce an amended definition of control including extensive guidance on this definition, which if applicable, result in consolidation of entities that are not owned by virtue of shareholding.

The adoption of new standards has not resulted in the consolidation of additional entities by Council or the Group.

- b) Investment entities: The standards introduce the concept of an “investment entity”. They exempt investment entities from consolidating controlled entities and instead, require investment entities to recognise controlled entities at fair value through surplus or deficit.

These requirements do not apply to Council or the Group, as neither Council nor any of its controlled entities meet the definition of an investment entity.

- c) Joint arrangements: PBE IPSAS 37 introduces a new classification of joint arrangements, sets out the accounting requirements for each type of arrangement (joint operations and joint ventures), and removes the option of using the proportionate consolidation method.

The Council and Group has retained its interests in jointly controlled entities as joint ventures under the new standards and will continue to account for these interests using the equity method of accounting.

d) Disclosures of interests in other entities: The standards require PBEs to disclose information of their interests in other entities, including some additional disclosures that are not currently required under PBE IPSAS 6, 7 and 8.

This has not resulted in any additional disclosures for Council or the Group regarding the Group's controlled entities, associates and joint arrangements.

The adoption of these amendments resulted in an immaterial impact on the financial statements.

Impairment of Revalued Assets

Amendments to PBE IPSAS 21 Impairment of Non-Cash-Generating Assets and PBE IPSAS 26 Impairment of Cash-Generating Assets.

The amendments change the scope of PBE IPSAS 21 and PBE IPSAS 26 to include assets measured at revalued amounts under the revaluation model in PBE IPSAS 17 Property, Plant and Equipment and PBE IPSAS 31 Intangible Assets ("revalued assets"). As a result of the amendments, revalued assets are subject to the same impairment assessment requirements as assets that are measured using the cost model. Consequential amendments were also made to PBE IPSAS 17 and PBE IPSAS 31.

The adoption of these amendments resulted in an immaterial impact on the financial statements.

PBE IPSAS 39 Employee Benefits

PBE IPSAS 39 replaces the previous standard on employee benefits, PBE IPSAS 25 Employee Benefits. PBE IPSAS 39 is based on IPSAS 39, which was issued by the IPSASB to update its standards for the amendments to IAS 19 by the IASB during the 2011-2015 period.

The new standard:

- amends the short-term employee benefit definition to be those employee benefits that are expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service;
- removes the option to defer the recognition of certain actuarial gains and losses arising from defined benefit plans (the "corridor approach");
- eliminates some of the presentation options for actuarial gains and losses arising from defined benefit plans;
- introduces the net interest approach, which is to be used when determining the defined benefit cost for defined benefit plans; and
- structures the disclosures for defined benefit plans according to explicit disclosure objectives for defined benefit plans.

As Council or the Group does not have any material defined benefit plans the new standard has not impacted the financial statements.

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.

- 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 its 2019-20 Annual Plan. 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 2020:

- 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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
General rates	61,020	59,149	61,020	59,149
Less internal rates on Council properties	(1,637)	(1,514)	(1,637)	(1,514)
Total general rates revenue	59,383	57,635	59,383	57,635
Targeted rates:				
Wastewater rates	19,472	18,495	19,472	18,495
District-wide refuse management	7,287	6,870	7,287	6,870
Metered water supply	14,162	14,314	14,162	14,314
Hikurangi swamp	1,213	1,123	1,213	1,123
Water rates	859	842	859	842
Roading scheme	34	35	34	35
Total targeted rates	43,027	41,679	43,027	41,679
Rate remissions	(1,945)	(2,142)	(1,945)	(2,142)
Rate penalties	529	561	529	561
Total rates, excluding targeted water supply rates	100,994	97,733	100,994	97,733

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 2020 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council	
	Actual 2020 \$'000	Actual 2019 \$'000
Rates	100,994	97,733
Internal rates	1,637	1,514
Total annual rates income	102,631	99,247

Rating base information

The number of rating units within Council's District at the end of the year was 45,006 (June 2019: 44,536).

The total capital value of rating units within Council's District at the end of the year was \$29,504,736,040 (June 2019: \$29,098,036,541).

The total land value of rating units within Council's District at the end of the year was \$14,721,478,750 (June 2019: \$14,685,780,750).

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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
New Zealand Transport Agency roading subsidies	19,404	23,023	19,404	23,023
Other grants	569	595	569	595
Wastewater	49	1,508	49	1,508
Subsidiaries	-	-	494	73
Total subsidies and grants	20,022	25,126	20,516	25,199

At balance date, there are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2019: nil).

Te Tai Tokerau Worker Redeployment Package

As part of central government's response to COVID-19 cabinet approved funding of \$36.72 million for a Worker Redeployment Package. Of this amount \$27.27 million is to be used by the Ministry of Business Innovation and Employment's Provincial Development Unit to fund local worker redeployment through district and regional councils.

In May 2020 Whangarei District Council entered into a funding agreement with the Ministry of Business Innovation and Employment (MBIE). Under this agreement Te Tai Tokerau will receive \$9.32 million (plus GST, if any) of the above mentioned package.

Whangarei District Council is acting as the principal in this arrangement. Funds will be received by Whangarei District Council and distributed as detailed within the agreement to Far North District Council, Northland Regional Council, Kaipara District Council, and New Zealand Transport Agency as well as to Whangarei District Council itself. Whangarei District Council holds back-to-back funding agreements with these other entities.

The funding to be received under this agreement is exchange revenue as the services provided are of approximately equal value as the funding received. Prior to 30 June 2020, two invoices had been issued to MBIE totalling \$3.495 million. As at 30 June 2020, none of this funding had been received. In accordance with the accounting treatment of an executory

contract as defined in the PBE conceptual framework, no asset, liability or revenue has been recognised in the year ended 30 June 2020.

During the 30 June 2021 financial year, Council will recognise funding received as a liability to MBIE, reducing this liability and recognising (grants) revenue, as obligations for the funding are met. Funds will be paid to other local authorities in a mixture of advance and arrears of obligations being met. If funds are paid to local authorities in advance, Council will recognise an asset representing the future services receivable to Council. As the performance obligations are met, Council will reduce this asset and recognise expenditure. All funding and distributions of funding will occur within the 2021 financial year.

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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Building and resource consent charges	5,950	6,620	5,950	6,620
Sale of goods	2,343	2,389	2,343	2,389
Other fees and charges	4,751	4,460	4,751	4,460
Parking fees	1,328	1,441	1,328	1,441
Landfill charges	379	476	379	476
Total fees and charges	14,751	15,386	14,751	15,386

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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Interest revenue				
Interest revenue:				
- cash and term deposits	1,064	1,438	1,065	1,443
- community loans	2	3	2	3
- other	6	8	172	192
Total interest revenue	1,072	1,449	1,239	1,638
Finance costs				
Interest expense:				
- discount unwind on provision (note 22)	24	59	24	59
- interest on bank borrowings	2,734	3,858	2,744	3,868
- interest paid on derivatives	4,919	3,529	4,919	3,529
Total finance costs	7,677	7,446	7,687	7,456
Net finance costs	6,605	5,997	6,448	5,818

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 Councils most recent valuation rates and useful lives.

	Note	Council		Group	
		Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Forestry asset revaluation gains/(losses)	16	(90)	18	(90)	18
Traffic and parking infringements		860	1,287	924	1,360
Rental revenue		4,836	5,062	4,839	5,064
Investment property revaluation gains/(losses)	15	(1,575)	3,256	(1,575)	3,256
Donations and bequests		-	1	5,395	7,676
Other		1,486	1,836	1,566	2,097
Petrol tax		653	679	653	679
Vested assets		9,008	10,097	9,008	10,097
Dividend revenue		108	38	108	38
Fair value gains		7	5	7	5
Gains on property sales		92	258	92	258
Total other revenue		15,385	22,537	20,927	30,548

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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Salaries and wages	28,020	26,126	28,422	26,413
Other personnel costs	127	106	148	123
Defined contribution plan employer contributions	733	681	733	681
Increase/(decrease) in employee entitlements/liabilities	335	146	335	146
Total personnel costs	29,215	27,059	29,638	27,363

Remuneration

KEY MANAGEMENT PERSONNEL REMUNERATION

	Council	
	Actual 2020 \$'000	Actual 2019 \$'000
Elected members		
Remuneration	926	857
Full time equivalent (FTE) members	14	14
Executive leadership team, including the Chief Executive		
Remuneration	1,484	1,454
Full time equivalent (FTE) members	6	6
Total key management personnel remuneration	2,410	2,311
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 \$344,904 (2019: \$339,904).

ELECTED MEMBERS	Council	
	Actual 2020 \$'000	Actual 2019 \$'000
Current Elected Members		
Mayor – MAI	149	141
Councillor – BENNEY	67	51
Councillor – COCURLLO	57	50
Councillor – CONNOP	37	-
Councillor – COUPER	39	-
Councillor – CUTFORTH	54	50
Councillor – DEEMING	72	66
Councillor – GOLIGHTLY	38	-
Councillor – HALSE	54	50
Councillor – INNES	81	65
Councillor – MARTIN	72	65
Councillor – MURPHY	56	52
Councillor – PETERS	37	-
Councillor – REID	37	-
Previous Elected Members		
Councillor – BELL*	-	39
Councillor – CHRISTIE	17	50
Councillor – GLEN	17	51
Councillor – HERMON	21	63
Councillor – MORGAN	21	64
Total elected representatives' remuneration	926	857

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 Bell resigned 1/4/2019

EMPLOYEES	Number of employees	
	2020	2019
< \$60,000	188	202
\$60,000-\$79,999	113	102
\$80,000-\$99,999	58	58
\$100,000-\$119,999	23	20
\$120,000-\$159,999	16	10
\$160,000-\$349,999	8	7
Total employees	406	399

At balance date, Council employed 318 (2019: 314) full-time employees, with the balance of staff representing 54 (2019: 51) 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 2020, Council made one severance payment to employees totalling \$10,500 (2019: \$29,807). The value of each of the severance payments was \$10,500 (2019: \$5,000 and \$24,807).

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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Fees to Audit New Zealand for audit of Council's financial statements	202	199	242	243
Fees to Audit New Zealand for the review of the debenture trust deed	4	4	4	4
Councillor remuneration	937	867	937	867
Fees to Audit New Zealand for the audit of Council's Long Term Plan 2018-28	45	45	45	45
Electricity costs	3,501	2,974	3,501	2,974
Impairment of receivables	35	5	35	5
Operating lease expense	985	973	985	973
Repairs and maintenance expenses	-	-	62	112
Loss on derivatives	3,024	5,863	3,024	5,863
Insurance premiums	1,263	1,111	1,271	1,121
General grants	5,602	4,891	5,034	4,055
Software expenses	2,520	2,292	2,521	2,293

	Council		Group	
	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Loss on assets disposed of	2,416	3,658	2,536	3,823
Bad debts written off	52	76	52	76
Professional fees and consultants	8,274	6,431	8,292	6,437
Legal fees	574	1,186	659	1,186
Contractors	42,385	38,669	42,388	38,675
Other expenses	3,933	3,965	4,328	4,564
Total other expenses	75,752	73,209	75,916	73,316

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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Components of tax expense				
Current tax	-	-	-	-
Deferred tax	-	-	94	(62)
Tax expense	-	-	94	(62)
Relationship between tax expense and accounting profit				
Surplus/(deficit) before tax	4,089	25,451	9,606	33,191
Tax at 28%	1,145	7,126	2,690	9,294

Plus/(less) tax effect of:				
Non-deductible expenditure	-	-	17	19
Non-taxable income	(1,145)	(7,126)	(2,318)	(9,013)
Council share of NRLLP revenue	278	171	-	-
Deferred tax adjustment	-	-	(274)	(362)
Unrecognised tax losses	21	-	-	-
Other adjustments	(299)	(171)	(21)	-
Tax expense	-	-	94	(62)

	PP&E \$'000	Other \$'000	Tax losses \$'000	Total \$'000
Deferred tax assets/(liabilities)				
Council				
Balance at 30 June 2018	-	-	-	-
Charged to surplus or deficit	-	-	-	-
Charged to other comprehensive revenue	-	-	-	-
Balance at 30 June 2019	-	-	-	-
Opening balance 1 July 2019	-	-	-	-
Charged to surplus or deficit	-	-	-	-
Charged to other comprehensive revenue	-	-	-	-
Balance at 30 June 2020	-	-	-	-

	PP&E \$'000	Other \$'000	Tax losses \$'000	Total \$'000
Group				
Balance at 30 June 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)
Opening balance 1 July 2019	(1,831)	-	1,190	(641)
Charged to surplus or deficit	(143)	-	49	(94)
Credited (charged) to other comprehensive revenue	-	-	-	-
Balance at 30 June 2020	(1,974)	-	1,239	(735)

Council (the parent) has an unrecognised deferred tax asset in relation to tax losses of \$3.3 million (2019: \$3.3 million) with a tax effect of \$0.9 million (2019: \$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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Cash on hand	6	6	6	6
Bank balances – HWMAC	-	-	2,308	4,023
Bank deposits	22,812	23,323	23,049	23,450
Bank balances	13,242	5,901	13,557	6,237
Total cash and cash equivalents	36,060	29,230	38,920	33,716

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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Sundry debtors	7,490	5,129	7,333	4,942
Accrued revenue	3,712	3,624	3,712	3,624
Rates receivable	8,867	7,453	8,867	7,453
Less provision for impairment	(198)	(163)	(198)	(163)
Total debtors and receivables	19,871	16,043	19,714	15,856

Exchange and non-exchange transactions

Receivables from exchange transactions of \$5.8 million (2019: \$4.7 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 2020 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:

	2020			2019		
	Gross \$'000	Impairment \$'000	Net \$'000	Gross \$'000	Impairment \$'000	Net \$'000
Council						
Current	13,377	-	13,377	9,993	-	9,993
30 days	515	-	515	517	-	517
60 days	1,361	-	1,361	851	-	851
90 days and over	4,816	(198)	4,618	4,845	(163)	4,682
Total	20,069	(198)	19,871	16,206	(163)	16,043
Group						
Current	13,181	-	13,181	9,748	-	9,748
30 days	528	-	528	524	-	524
60 days	1,361	-	1,361	860	-	860
90 days and over	4,842	(198)	4,644	4,889	(163)	4,726
Total	19,912	(198)	19,714	16,021	(163)	15,858

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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Individual provision for uncollectability	(104)	(48)	(104)	(48)
Collective provision for uncollectability	(94)	(115)	(94)	(115)
Total provision for impairment	(198)	(163)	(198)	(163)
An analysis of impaired debtors is as follows:				
90 days and over	(198)	(163)	(198)	(163)
Total individual impairment	(198)	(163)	(198)	(163)

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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Prepayments				
Prepayments	1,369	693	1,371	696
Lease receivable	-	-	11	11
	1,369	693	1,382	707

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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Current portion				
Short term deposit	-	10,000	2,887	13,860
Community loans	164	168	164	168
LGFA borrower notes	368	160	368	160
Total current portion	532	10,328	3,419	14,188
Non-current portion				
Investments held in CCOs and similar entities				
Investments held in CCO's and similar entities	11,512	11,100	9,340	8,923
Total investment CCO's and similar entities	11,512	11,100	9,340	8,923
Community Loans	436	430	433	427
LGFA borrower notes	1,904	1,792	1,904	1,792
Shares held	706	748	706	748
Lease receivable	-	-	28	28
Total investment in other entities	3,046	2,970	3,071	2,995
Total non-current portion	14,558	14,070	12,411	11,918
Total other financial assets	15,090	24,398	15,830	26,106

Civic Assurance Limited

Shares held by Council: 63,524, \$59,000 (2019: 63,524, \$101,000) 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 (2019: 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 \$12.348 billion (2019: \$9.840 billion).

Investments held in joint ventures and subsidiaries

- Council owns 100 shares (2019: 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 \$1.68 million (2019: \$1.78 million).
- Council's investment in the Northland Regional Landfill Limited Partnership is \$9.8 million (2019: \$9.3 million).

Impairment

There have been no impairments recognised during the year (2019: nil).

Community loans

- The fair value of community loans is \$0.60 million (2019: \$0.60 million). Fair value has been determined using cash flows discounted using a weighted average cost of capital 5.10% (2019: 4.93%).
- The face value of community loans is \$0.65 million (2019: \$0.66 million).
- Movements in the carrying value of loans are as follows:

	Council		Group	
	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Opening Balance at 1 July	598	858	595	789
Amount of new loans granted during the year	135	60	135	60
Loans repaid during the year (principal and interest)	(152)	(335)	(152)	(269)
Unwind of discount and interest charged	19	15	19	15
At 30 June	600	598	597	595

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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Non-current assets held for sale				
Opening balance	-	1,546	-	1,546
Transfers (to)/from investment properties	-	-	-	-
Disposals	-	(1,546)	-	(1,546)
Impairment loss	-	-	-	-
Total assets held for sale	-	-	-	-

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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Opening Balance at 1 July	59,084	53,965	59,084	53,965
Additions from acquisitions	-	6,001	-	6,001
Fair value gains/(losses) on valuation	(1,575)	3,262	(1,575)	3,262
Disposals and transfers	(1,162)	(4,144)	(1,162)	(4,144)
Balance at 30 June	56,347	59,084	56,347	59,084

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.

Valuation uncertainty

The COVID-19 virus is currently having a major impact on the New Zealand economy. Due to the severe market disruption and lack of transactional data, a greater degree of uncertainty is attached to our valuation.

The valuation shows a decrease in value of 4%. Exactly how severely Northland's property market will be impacted by COVID-19 is yet to be seen.

As such, the audit report will have a separate EOM (Emphasis of Matter and no opinion impact) paragraph that is intended to draw the readers' attention to this "greater uncertainty" disclosure.

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

	Council		Group	
	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Rental revenue	2,746	2,854	2,746	2,854
Direct operating expenses from investment property generating revenue	(992)	(877)	(992)	(877)
Direct operating expenses from investment property not generating revenue	(2)	(5)	(2)	(5)

Council has no contractual obligations for capital or operating expenditure for investment properties (2019: 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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Forestry assets	819	909	819	909
Balance at 30 June 2020	819	909	819	909

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, Ōakura, 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 decreased by 9.4% mainly as a result of a decrease in log prices.

Valuation assumptions

Independent registered valuers, Woodlands Pacific Consulting Limited, have valued Council's forestry assets as at 30 June 2020. 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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Balance at 1 July	909	891	909	891
Gain/(losses) arising from changes in fair value	(90)	18	(90)	18
Balance at 30 June	819	909	819	909

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 (years)
Operating assets	
Land	Indefinite
Buildings	10-100
Strategic land	Indefinite
Strategic buildings	35-50
Pensioner housing – land	Indefinite
Pensioner housing – buildings	14-80
Library books	5

Class of PP&E	Estimated useful life (years)
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 Whangārei Marina and Tutukākā Marina (under the management of the Whangārei Harbour Marina Trust and the Tutukākā 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.

Council 2020	Cost/revaluation	Accumulated depreciation	Carrying amount	Transfers from WIP	Current year additions	Net current year disposals	
	1-Jul-19 \$'000	1-Jul-19 \$'000	1-Jul-19 \$'000	\$'000	\$'000	\$'000	
Operating assets							
At cost & valuation							
Land	43,099	-	43,099	21	-	-	
Buildings	39,330	(10,996)	28,334	127	-	(65)	
Strategic land	1,735	-	1,735	-	-	-	
Strategic buildings	400	(82)	318	-	-	-	
Pensioner housing – land	6,210	-	6,210	-	-	-	
Pensioner housing – buildings	16,333	(863)	15,470	525	-	(309)	
Library books	8,180	(6,550)	1,630	499	-	-	
Motor vehicles	2,164	(1,122)	1,042	303	-	(55)	
Office furniture and fittings	6,949	(6,075)	874	212	-	(2)	
Plant & equipment	5,489	(3,517)	1,972	584	-	(42)	
Capital work in progress	480	-	480	(2,303)	3,446	-	
Total operating assets	130,369	(29,205)	101,164	(32)	3,446	(473)	
Infrastructure assets							
At cost & valuation							
Land for roads	34,734	-	34,734	32	-	-	
Roading	811,744	-	811,744	19,804	1,933	(696)	
Stormwater	193,483	(8)	193,475	950	4,092	(371)	
Flood protection	23,445	(1)	23,444	-	-	-	
Solid waste	1,166	-	1,166	159	-	-	
Wastewater	253,374	(19)	253,355	8,380	3,042	(427)	
Parks and recreation	53,199	(7)	53,192	7,524	500	(96)	
Water	187,334	(16)	187,318	2,033	1,505	(497)	
Capital work in progress	33,475	-	33,475	(38,850)	51,964	-	
Total infrastructure assets	1,591,954	(51)	1,591,903	32	63,036	(2,087)	
Restricted assets							
At cost & valuation							
Reserve land	22,090	-	22,090	-	-	-	
Heritage assets	1,275	-	1,275	-	-	-	
Marina facilities	712	(323)	389	-	-	-	
Total restricted assets	24,077	(323)	23,754	-	-	-	
Total Council assets	1,746,400	(29,579)	1,716,821	-	66,482	(2,560)	

	Current year impairment charges	Current year depreciation	Reclassifications/ Transfers	Revaluation surplus*	Cost/revaluation	Accumulated depreciation	Carrying amount
	\$'000	\$'000	\$'000	\$'000	30-Jun-20 \$'000	30-Jun-20 \$'000	30-Jun-20 \$'000
	-	-	275	-	43,395	-	43,395
	-	(958)	100	-	39,479	(11,941)	27,538
	-	-	-	-	1,735	-	1,735
	-	(3)	-	-	400	(85)	315
	-	-	-	-	6,210	-	6,210
	-	(866)	-	-	16,505	(1,685)	14,820
	-	(472)	-	-	6,303	(4,646)	1,657
	-	(234)	-	-	2,185	(1,129)	1,056
	-	(235)	-	-	6,062	(5,212)	850
	-	(388)	-	-	5,797	(3,672)	2,125
	-	-	-	-	1,619	-	1,619
	-	(3,156)	375	-	129,690	(28,370)	101,320
	-	-	-	-	34,766	-	34,766
	-	(20,143)	-	2,237	814,879	-	814,879
	1,537	(3,041)	(298)	-	199,375	(3,031)	196,344
	-	(298)	-	-	23,445	(298)	23,147
	-	(183)	4,782	-	6,108	(184)	5,924
	-	(6,957)	(4,549)	-	259,798	(6,954)	252,844
	-	(2,779)	61	-	61,180	(2,776)	58,404
	-	(5,961)	4	-	190,355	(5,953)	184,402
	-	-	-	-	46,590	-	46,590
	1,537	(39,362)	-	2,237	1,636,496	(19,196)	1,617,300
	-	-	-	-	22,090	-	22,090
	-	-	-	-	1,275	-	1,275
	-	(28)	-	-	712	(351)	361
	-	(28)	-	-	24,077	(351)	23,726
	1,537	(42,546)	375	2,237	1,790,263	(47,917)	1,742,346

	Cost/revaluation	Accumulated depreciation	Carrying amount	Transfers from WIP	Current year additions	Net current year disposals	
Group 2020	1-Jul-19 \$'000	1-Jul-19 \$'000	1-Jul-19 \$'000	\$'000	\$'000	\$'000	
Subsidiaries property, plant and equipment							
At cost & valuation							
Land developments	186	(98)	88	-	-	-	
Buildings	1,632	(80)	1,552	-	-	-	
Other plant & equipment	1,465	(836)	629	-	119	(41)	
Artworks	539	(101)	438	-	-	(1)	
Work in progress	9,202	-	9,202	-	8,537	-	
Total subsidiaries	13,024	(1,115)	11,909	-	8,656	(42)	
Total Group assets	1,759,424	(30,694)	1,728,730	-	75,138	(2,602)	

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	12,783	122	-	26,247
Other assets	171,619	1,911	1,505	344,534
Sewerage				
Treatment plants and facilities	36,359	62	-	270,360
Other assets	216,485	8,318	3,042	420,665
Stormwater	196,344	950	4,445	285,503
Flood protection	23,147	-	-	42,455
Roads and footpaths	814,879	19,804	1,933	1,276,724
Total	1,471,616	31,167	10,925	2,666,488

	Current year impairment charges	Current year depreciation	Reclassifications/ Transfers	Revaluation surplus	Cost/revaluation	Accumulated depreciation	Carrying amount
	\$'000	\$'000	\$'000	\$'000	30-Jun-20 \$'000	30-Jun-20 \$'000	30-Jun-20 \$'000
	-	-	-	-	186	(98)	88
	-	-	-	-	1,632	(80)	1,552
	-	(204)	-	-	1,543	(1,040)	503
	-	-	-	-	538	(101)	437
	-	-	-	-	17,753	-	17,753
	-	(204)	-	-	21,652	(1,319)	20,333
	1,537	(42,750)	375	2,237	1,811,915	(49,236)	1,762,679

	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

Valuation

INFRASTRUCTURE ASSETS

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

	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

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 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 2020. 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 2020 (2019: 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 \$807.1 million (2019: \$843.6 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 \$1.95 billion (2019: \$1.89 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 \$90.7 million (2019: \$32.4 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	43,395	-	-	-	-	Land is not insured due to the low risk of loss.
Motor Vehicles	1,056	-	2,149	-	-	
Other operating assets (excluding Land)	56,869	-	318,086	-	-	Total cover for Material Damage is \$318 million. This cover applies to assets classified as operating assets, some above ground infrastructure assets and restricted assets (excluding land).
Infrastructure Assets						
Land	34,766	-	-	-	-	Land is not insured due to the low risk of loss.
Roading	814,879	1,249,407	-	1,246,107	-	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.
Bridges	-	27,317	16,959	-	13,659	50% (\$27.3 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 \$3.3 million for machinery breakdown. This cover specifically relates to the bridge lifting mechanisms for these two bridges.

Assets	Book value \$'000	Replacement cost \$'000	Insured value \$'000	Insurance provided by government schemes \$'000	Replacement value of Self-insured assets \$'000	Commentary
Other Infrastructure	767,655	1,249,452	468,978	703,467	77,006	<p>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.</p> <p>As noted under other operating assets, Council holds Material Damage insurance cover for \$318 million. This cover applies to assets classified as operating assets and above ground infrastructure assets. Some assets included as "Self Insured" may be covered by the Material Damage cover.</p>
Restricted Assets						
Land	22,090	-	-	-	-	Land is not insured due to the low risk of loss.
Restricted Assets (excluding Land)	1,636	-	-	-	-	Council's Material Damage insurance of \$368 million includes cover for these assets.
Forestry						
Forestry	819	-	962	-	-	
	1,743,165	2,526,176	807,134	1,949,574	90,665	

A fund for the purpose of self insurance is not maintained by Council.

Work in progress

The total amount of PPE work in progress is \$48.2 million (2019: \$34.0 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 2020 \$'000	Actual 2019 \$'000
Parks	4,361	6,143
Wastewater	3,149	7,967
Roading	15,926	14,752
Water	23,153	4,614
Other	1,623	480
Total work in progress	48,212	33,956

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 10 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 2018					
Cost or valuation	63	565	705	9,321	10,654
Accumulated amortisation and impairment	-	-	-	(5,658)	(5,658)
Net book amount	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

Council and Group	Easements \$'000	Intangibles work in progress \$'000	Forestry carbon credits \$'000	Software assets \$'000	Total \$'000
Additions	15	6,002	-	4,585	10,602
Transfers/disposals at cost	-	(4,600)	-	(2,587)	(7,187)
Fair value gain	-	-	294	-	294
Amortisation charge	-	-	-	1,916	1,916
Closing net book amount 30 June 2020	159	3,071	1,066	7,065	11,361
At 30 June 2020					
Cost or valuation	159	3,071	1,066	11,417	15,713
Accumulated amortisation and impairment	-	-	-	(4,352)	(4,352)
Net book amount	159	3,071	1,066	7,065	11,361

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

		Council		Group	
	Note	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Directly attributable depreciation and amortisation expense by group of activity					
Transportation	17	20,177	19,226	20,177	19,226
Water	17	5,973	5,677	5,973	5,677
Solid Waste	17	183	43	183	43
Wastewater	17	6,973	6,367	6,973	6,367
Stormwater	17	3,041	2,832	3,041	2,832
Flood Protection	17	298	272	298	272
Community Facilities & Services	17	5,445	4,512	5,445	4,512
Economic Growth	17	87	8	87	8
Planning & Regulatory	17	55	56	55	56
Support Services	17	311	746	311	746
Subsidiaries	17	-	-	108	149
Total depreciation expense	17	42,543	39,739	42,651	39,888
Directly attributable amortisation expense by group of activity					
Support Services	18	664	671	664	671
Community Facilities & Services	18	7	4	7	4
Total amortisation expense		671	675	671	675
Total directly attributable depreciation and amortisation by group of activity		43,214	40,414	43,322	40,563

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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'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	-	-	-	-
Total non-current asset portion	-	-	-	-
Current liability portion				
Interest rate swaps – fair value	142	804	142	804
Total current liability portion	142	804	142	804
Non-current liability portion				
Interest rate swaps – fair value	20,923	17,298	20,923	17,298
Total non-current liability portion	20,923	17,298	20,923	17,298

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 2020. 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 2020 for Council and the Group was \$133.0 million (2019: \$242.0 million). This is made up of:

- \$78.0 million of active derivative financial instruments hedging floating rates to fixed rates at rates between 3.27% to 5.78%.
- \$55.0 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 \$78.0 million.

Note 21: Payables and deferred revenue

Accounting policy

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

	Council		Group	
	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Current portion				
Trade and other payables	1,849	1,830	1,963	1,870
Revenue in advance	3,292	3,278	3,330	3,303
Accrued expenses	19,253	12,778	20,064	13,355
Rates paid in advance	4,250	3,726	4,250	3,726
Deposits held	798	652	798	652
Accrued interest on borrowings	697	985	697	985
Retentions	982	856	982	856
Total current portion	31,121	24,105	32,084	24,747
Non-Current Portion				
Retentions	90	101	90	101
Total non-current portion	90	101	90	101
Total payables and deferred revenue	31,211	24,206	32,174	24,848

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

\$19.9 million (2019: \$14.4 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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Current portion				
Landfill aftercare	43	75	43	75
Total current portion	43	75	43	75
Non-current portion				
Landfill aftercare	524	791	524	791
Total non-current portion	524	791	524	791
Total provisions	567	866	567	866

Movement in provisions	Landfill aftercare \$'000	Other provisions \$'000	Total \$'000
Council and group 2020			
Balance at 1 July 2019	866	-	866
Adjustments to provisions made	(246)	-	(246)
Amounts utilised	(45)	-	(45)
Unused amounts reversed	(32)	-	(32)
Discount unwind (note 5)	24	-	24
Balance at 30 June 2020	567	-	567

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 2020 is \$0.6 million (2019: \$0.9 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 1.92% plus a margin of 74.00 basis points
- the September 2019 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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Current portion				
Debentures	33,000	30,000	33,000	30,000
Total current portion	33,000	30,000	33,000	30,000
Non-current portion				
Debentures	119,000	112,000	119,000	112,000
Total non-current portion	119,000	112,000	119,000	112,000
Total borrowings	152,000	142,000	152,000	142,000

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 (2019: \$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 2019 \$'000	Loans repaid \$'000	Loans raised \$'000	Closing balance 30 June 2020 \$'000
Transportation	40,935	4,749	-	36,186
Community facilities & services	40,935	4,749	-	36,186
Total	81,870	9,498	-	72,372

	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 undrawn committed facilities	72,376	-	9,494	81,870

Interest on internal borrowings

	Council		Group	
	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Transportation	2,082	1,754	2,082	1,754
Community facilities & services	2,082	1,754	2,082	1,754
Total minimum lease payments	4,164	3,508	4,164	3,508

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 months 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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Current portion				
Accrued Pay	759	523	759	523
Annual leave	2,199	1,891	2,241	1,912
Loyalty and performance bonuses	104	100	104	100
Total current portion	3,062	2,514	3,104	2,535
Non-current portion				
Loyalty and performance bonuses	412	389	412	389
Total non-current portion	412	389	412	389
Total employee entitlements	3,474	2,903	3,516	2,924

Accrued annual leave is calculated at the full amount owing at 30 June each year based on current pay rates. The net increase of \$308,000 (2019: \$109,000 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 2% is applied. The total is discounted to present value using a discount rate of 5.10% (2019: 4.93%). The increase in the value of the provision of \$27,000 (2019: \$37,000 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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Ratepayers' equity				
Accumulated funds	927,396	912,210	948,795	928,272
Reserves and special funds	74,020	83,642	74,670	84,206
Asset revaluation reserve	673,530	669,046	673,530	669,046
Balance at 30 June 2020	1,674,946	1,664,898	1,696,995	1,681,524

	Council		Group	
	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Accumulated funds				
Balance at 1 July	912,210	892,989	928,272	901,327
Transfer (to)/from special purpose reserves	9,622	(8,944)	9,536	(9,022)
Transfers from asset revaluation reserves on disposal	1,475	2,714	1,475	2,714
Total surplus/(deficit) after taxation	4,089	25,451	9,512	33,253
Balance at 30 June	927,396	912,210	948,795	928,272

	Council		Group	
	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Reserves and Special Funds				
Fishermen's levy	118	115	118	115
Trust funds	11	11	11	11
Community development fund 1	4,058	4,035	4,058	4,035
Community development fund 2	7,096	6,856	7,096	6,856
Community development fund 3	328	321	328	321
Art acquisitions	14	14	14	14
Clock purchases	52	52	52	52
Leonard library reserve	233	245	233	245
General reserve	16	457	16	457
Property reinvestment reserve	34,998	33,540	34,998	33,540
Water reserve	26,146	37,759	26,146	37,759
Dog reserve	66	237	66	237
Sundry asset replacement reserve	-	-	650	564
Solid waste reserve	884	-	884	-
Total reserves and special funds	74,020	83,642	74,670	84,206

	Council		Group	
	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Asset revaluation reserve				
Balance at 1 July	669,046	542,232	669,046	542,232
Transfer to accumulated funds on disposal of assets	(1,475)	(2,714)	(1,475)	(2,714)
Revaluations gains/(losses) on infrastructure assets*	5,699	129,461	5,699	129,461
Revaluations gains/(losses) on other assets	260	67	260	67
Balance at 30 June	673,530	669,046	673,530	669,046

*Revaluations gains/(losses) on infrastructure assets includes \$2.2 million (2019: \$3.1 million) of found assets.

Reserve	Purpose	Balance 1-Jul-19 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30-Jun-20 \$'000
2020					
Fishermen's Levy	To fund maintenance and upgrading of marine facilities for use by commercial fishing vessels.	115	3	-	118
Trust funds	Bequests held for specific purpose.	11	-	-	11
Community development fund 1	To provide funding for land for reserves or community facilities on Council owned reserve land.	4,035	23	-	4,058
Community development fund 2	To provide funding for community facilities on non-Council reserve land.	6,856	240	-	7,096
Community development fund 3	To provide funding for performing art activities.	321	7	-	328
Art acquisitions	To fund acquisitions of artworks.	14	-	-	14
Clock purchases	To fund purchase of clocks for Claphams Clocks.	52	-	-	52

Reserve	Purpose	Balance 1-Jul-19 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30-Jun-20 \$'000
Leonard Library Reserve	Bequest for the purchase of library books.	245	1	13	233
General Reserve	To fund operational grants committed but not paid.	457	16	457	16
Property Reinvestment Reserve	To fund property purchases for a commercial return.	33,540	1,458	-	34,998
Water Reserve	Holds any surpluses for future funding of Water activities.	37,759	-	11,613	26,146
Dog Reserve	Holds any surpluses for future funding of Dog activities.	237	-	171	66
Solid Waste Reserve	Holds any surpluses for future funding of Solid Waste activities.	-	884	-	884
Total restricted reserves – 2020		83,642	2,632	12,254	74,020

Reserve	Purpose	Balance 1 July 2018 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30 June 2019 \$'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
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

Reserve	Purpose	Balance 1 July 2018 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30 June 2019 \$'000
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

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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Water system	12,355	28,262	12,355	28,262
Parks	4,571	3,247	4,571	3,247
Roading network	5,321	4,669	5,321	4,669
Library	3,069	-	3,069	-
Information management	753	651	753	651
Other major projects	221	391	10,921	19,152
Waste	2,722	4,376	2,722	4,376
Total capital commitments	29,012	41,596	39,712	60,357

Operating leases as lessee

The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Council		Group	
	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Not later than one year	1,027	1,013	1,062	1,274
Later than one year and no later than two years	1,004	1,013	1,009	1,242
Later than two years and not later than five years	-	990	-	993
Total non-cancellable operating leases	2,031	3,016	2,071	3,509

Council

Council leases property, plant and equipment in the normal course of its business. The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is nil (2019: 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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Not later than one year	2,440	2,513	2,440	2,513
Later than one year and not later than two years	1,819	2,077	1,819	2,077
Later than two years and not later than five years	3,713	3,703	3,713	3,703
Later than five years	6,048	6,030	6,048	6,030
Total non-cancellable operating leases	14,020	14,323	14,020	14,323

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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Loan guarantees	250	250	257	257
Weathertightness	1,075	1,672	1,075	1,672
Total contingent liabilities	1,325	1,922	1,332	1,929

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. This has left Council as the last man standing.

Council has seven (7) claims registered with Weathertight Homes Resolution Service (WHRS) Register as held by MBIE, as at 30th June 2020. These 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 2019-20 financial year:

- seven claims are accepted and registered by WHRS
- two claims have been settled for some time but have not been removed from WHRS due to their process requirements
- two claims are inactive, and no further action has been taken by the homeowners
- this leaves three claims that are active/current in the WHRS system

Council has allowed a contingency of \$1.075 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

CONTINGENT ASSET

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 2020 \$0.9 million had been received. Council therefore has a contingent asset of \$1.1 million. This revenue will be recognised during the 2020-21 financial year.

CONTINGENT LIABILITY

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.

HAZARDOUS WASTE AND SOLVENT CLEAN-UP

A solvent disposal facility was set up by private operators to receive industrial chemicals for safe disposal or processing. Over the years more product was stored on the site than was allowed under its resource consent. Concerns about illegal discharges from the site resulted in a prosecution by the Northland Regional Council in 2015.

The owners and operators of the solvent storage and disposal facility have failed to comply with efforts by many agencies for several years to get the site cleaned up and to operate within the conditions of their resource consent.

Council requested the Environment Court to grant interim and final enforcement orders for the owners and operators to remove the hazardous waste and, if they failed, for Council to be given the right to enter the premises and sell or dispose of the materials salvaged in compliance with the court order. The owners and operators failed to comply, therefore Council has assumed the role to remove the waste. The Court order permits Council to recover any costs it incurs from the owners and site operators.

In August 2020 Council let a tender to remove up to one million litres of solvents and hazardous waste from the site at Bream Bay.

The initial cost of the clean-up will be funded by Whangarei District Council, Northland Regional Council, Ministry for the Environment, Environmental Protection Authority and WorkSafe. Efforts will be made to recover costs from the owners and operators. The cost to Whangarei District Council is yet to be determined. The majority of the costs associated with the clean-up are expected to be incurred during the 2020-21 financial year.

Other Building Act Claims

MINISTRY OF EDUCATION AND CARTER HOLT HARVEY

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. In 2016 CHH commenced proceedings against 48 Councils including Council, alleging a breach in duty in the processing of building consents, undertaking building inspection Code Compliance Certificates.

HOMEOWNERS AND CHH

During the previous year a group of homeowners initiated High Court proceedings against CHH and others alleging inherent defects in the shadow clad plywood cladding sheets manufactured and distributed by CHH. CHH joined 19 Councils as co-defendants in the claim.

While, at 30 June 2020, uncertainty remained in regards to future activity, a notice of discontinuance has [subsequently] been issued on 3 September 2020. This notice removes any uncertainty and confirms that Council is no longer subject to legal proceedings.

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 \$10.990 billion (2019: \$9.840 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 2 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 2 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.

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 Whangārei 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, 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 construction cost of \$29.16 million excluding fit out costs.

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

Construction is expected to be completed by mid 2021 and the building opening planned for December 2021. Cost increases recognised in 2019, together with delays and resultant costs brought about by COVID-19 lockdown have been recognised and fully funded by grants confirmed in June 2020.

The Board has responsibilities to keep donors up to date with the status of the project and in some cases the funding contracts with the donors require funds to be returned should the project come to an end before it is completed. To date the Trust has received \$19.2 million from donors and expect to receive a further \$12.8 million through to the end of the project. The Board's current view is that the need to return funds is unlikely. In the interim the Board is ensuring funders are kept informed.

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 2017-18 financial statements.

DONATIONS AND CONTRIBUTIONS

At 30 June 2020, the total amount of money collected and held by WAMT combined with Council's contribution and the net pledges yet to be received was \$37.5 million (including interest received of \$435k).

Category	Amount (\$'000)
Donations	19,502
Council contribution	4,077
Pledges to be received (see pledge source below)	13,446
	37,025

(1) Donations

These are donations that have been received and treated as revenue. At 30 June 2020 the total amount of donations collected was \$19.5 million.

(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 2020 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 2020 the pledges have been assessed and analysed as follows:

	Pledged \$'000	Collectability	Net Pledge \$'000
Government	9,303	100%	9,303
Local Government	500	100%	500

Corporates	120	100%	120
Charitable trusts	3,500	100%	3,500
Professional firms	22	100%	22
General public	2	90%	2
Total	13,447	-	13,447

(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 & 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 2020, material professional services to the value of nil (2019: \$55k) have been quantified and recognised.

Additionally, professional services to the value of nil (2019: \$397k) have 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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
FINANCIAL ASSETS				
Fair value through surplus or deficit – Held for trading				
Derivative financial instrument assets	-	61	-	61
Loans and receivables				
Cash and cash equivalents	36,060	29,230	38,920	33,716
Receivables	19,821	15,634	19,555	15,449
Other financial assets:				
- term deposits	-	10,000	-	10,000
- community loans	600	598	597	595
- LGFA borrower notes	2,272	1,952	2,272	1,952
Total loans and receivables	58,753	57,414	61,344	61,712
Fair value through the Statement of Comprehensive Revenue and Expense				
Other financial assets:				
- unlisted shares	706	748	706	748
FINANCIAL LIABILITIES				
Fair value through Surplus or Deficit – Held for trading				
Derivative financial instrument liabilities	21,065	18,102	21,065	18,102
Financial liabilities at amortised cost				
Payables	23,669	17,202	24,594	17,819
Borrowings:				
- debentures	152,000	142,000	152,000	142,000
Total financial liabilities at amortised cost	175,669	159,202	176,594	159,819

(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 2020 – Council				
Financial assets				
Derivatives	-	-	-	-
Unlisted shares	706	-	706	-
Financial liabilities				
Derivatives	21,065	-	21,065	-
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 2020 – Group				
Financial assets				
Derivatives	-	-	-	-
Unlisted shares	706	-	706	-
Financial liabilities				
Derivatives	21,065	-	21,065	-
30 June 2019 – Group				
Financial assets				
Derivatives	61	-	61	-
Shares	748	-	748	-
Total financial assets	809	-	809	-
Financial liabilities				
Derivatives	18,102	-	18,102	-

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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Cash at bank and term deposits	36,060	29,230	38,920	33,716
Receivables	19,821	15,634	19,555	15,449
Community and related party loans	600	598	597	595
Short term deposits	-	10,000	2,887	13,860
Derivative financial instrument assets	-	61	-	61
Financial guarantees	250	250	257	257
Total credit risk	56,731	55,773	62,216	63,938

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 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and term deposits				
AA-	36,060	39,230	41,807	39,230
Total cash at bank and term deposits	36,060	39,230	41,807	39,230
Derivative financial instrument assets				
AA-	-	61	-	61

	Council		Group	
	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Total derivative financial instrument assets	-	61	-	61
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Community and related party loans				
Existing counterparty with no defaults in the past	600	598	597	595
Total community and related party loans	600	598	597	595

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. (2019 \$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 2020				
Payables	23,669	23,669	23,579	90
Bank overdraft	-	-	-	-
Debentures	152,000	158,620	34,615	124,005
Financial guarantees	250	250	250	-
Total	175,919	182,539	58,444	124,095
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
Group 2020				
Payables	24,594	24,594	24,504	90
Bank overdraft	-	-	-	-
Debentures	152,000	158,620	34,615	124,005
Financial guarantees	257	257	257	-
Total	176,851	183,471	59,376	124,095
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

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 2020				
Net settled interest rate swaps	21,065	21,065	142	20,923
Council and Group 2019				
Net settled derivative liabilities	18,102	18,102	804	17,298

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 2020				
Cash and cash equivalents	36,060	36,060	36,060	-
Receivables	19,821	19,821	19,821	-
Net settled derivative assets	-	-	-	-
Other financial assets:				
- term deposits	-	-	-	-
- community loans	600	681	176	505
- LGFA borrower notes	2,272	2,559	451	2,108
Total	58,753	59,121	56,508	2,613
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

	Carrying amount \$'000	Contractual Cash flows \$'000	Less than one year \$'000	Greater than one year \$'000
- LGFA borrower notes	1,952	2,318	179	2,139
Total	57,475	58,023	55,377	2,646
Group 2020				
Cash and cash equivalents	38,920	38,920	38,920	-
Receivables	19,555	19,555	19,555	-
Net settled derivative assets	-	-	-	-
Other financial assets:				
- term deposits	-	-	-	-
- community loans	597	681	176	505
- LGFA borrower notes	2,272	2,559	451	2,108
Total	61,344	61,715	59,102	2,613
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

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.

	2020				2019			
	-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	(180)	-	361	-	(196)	-	392	-
Derivatives – held for trading	-	-	-	-	(26)	-	48	-
Financial liabilities								
Derivatives – held for trading	(3,222)	-	6,075	-	(3,486)	-	6,572	-
Borrowings:								
- secured loans	-	-	-	-	-	-	-	-
- debentures	760	-	(1,520)	-	710	-	(1,420)	-
Total sensitivity	(2,642)	-	4,916	-	(2,998)	-	5,592	-
Group								
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	-	-	-	-	(219)	-	437	-
Derivatives – held for trading	-	-	-	-	(26)	-	48	-
Financial liabilities								
Derivatives – held for trading	(3,222)	-	6,075	-	(3,486)	-	6,572	-
Borrowings:								
- secured loans	-	-	-	-	-	-	-	-
- debentures	760	-	(1,520)	-	710	-	(1,420)	-
Total sensitivity	(2,462)	-	4,555	-	(3,021)	-	5,637	-

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)

Prior to Year End 2019, Council had chosen to underwrite operating shortfalls in NECT operations. No underwriting was provided from Council to NECT for the Year End June 2020 (2019: nil). An amount of nil was outstanding at 30 June 2020 (2019: \$504).

Whangarei Art Museum Trust (WAMT)

WAMT received an annual operating grant (including rent concession) from Council of \$569,970 (2019: \$567,000). An amount of nil was outstanding at 30 June 2020 (2019: \$71,000).

Services relocation costs of \$310,948 are owing to Council.

Note 30: Events occurring after the balance date

Weather event

Our District experienced an extreme weather event on 17-18 July 2020, described by scientists as a one in 500 year event. More than 200mm of rain fell in Whangārei in a 12-hour period, causing widespread flooding and damage to roads, parks and the District's wastewater and stormwater systems.

Repair costs have been estimated at \$10.3 million. This will be partially offset by funding from various sources including insurance proceeds, NZTA subsidies, and Central government funding.

The funding of storm damage repairs is specifically addressed in Council's Revenue and Financing Policy:

If because of storm damage, infrastructure assets need repair, an option for funding this (so as not to impact on the capital works programme for the year), is utilising debt, if there is projected headroom under the net core debt cap for the year. If it is determined that there is no headroom under the net core debt cap, then Council will look to defer operational and capital expenditure planned in the year to accommodate funding the repairs and renewals required.

Council will review existing work programmes and capital works priorities to get our District's assets back in order.

Northland Events Centre Trust – governance arrangements

On 23 July 2020, Council considered options for the future governance arrangements of the Northland Events Centre. During this Council meeting, council endorsed a new ‘full trust’ approach as the preferred option. Under this option the Trust would govern and hold management responsibilities.

An indicative implementation pathway has been prepared, with a detailed implementation plan currently being developed. The form the new trust will take is yet to be determined.

Te Tai Tokerau Worker Redeployment Package

In May 2020 Whangarei District Council entered into a funding agreement with the Ministry of Business Innovation and Employment (MBIE) as part of central government’s response to COVID-19. Under this agreement Te Tai Tokerau will receive \$9.32 million (plus GST, if any).

Whangarei District Council is acting as the principal in this arrangement. Funds will be received by Whangarei District Council and distributed as detailed within the agreement to Far North District Council, Northland Regional Council, Kaipara District Council, and New Zealand Transport Agency as well as to Whangarei District Council itself. Whangarei District Council’s share of funding is \$2.78 million.

For further information refer to Note 3, page 134 of the 2019-20 Annual Report.

Flood Damage

As referred to above, our District experienced an extreme weather event in July 2020, causing widespread flooding and damage to roads, parks and the District’s wastewater and stormwater systems. In response to this, in August 2020 Government allocated Whangarei District Council and Far North District Council an additional \$2 million each to help support “worker redeployment and associated capital expenditure to address flood damage in Northland related to roads, culverts and drains and associated infrastructure”.

This additional funding has been incorporated by way of a variation to the afore mentioned Te Tai Tokerau Worker Redeployment funding agreement. This brings Whangarei District Council’s share of funding to a total of \$4.78 million.

Funding for shovel ready projects

In July 2020 central government announced that Whangarei District Council would receive \$16 million for its mixed transport construction programme. This will provide a safer network of transport paths throughout Whangārei city, including a contribution to upgrading the Port Nikau bridge, and urban cycleways.

This funding is not yet contractually agreed and is subject to contract negotiations, therefore values are subject to change.

Note 31: Explanation of major variances against budget

Key financial information	Actual 2020 \$'000	Budget 2020 \$'000	Comments
Statement of comprehensive revenue and expense			
Total revenue	159,947	161,680	<p>Total revenue was lower than budget by \$1.7m:</p> <ul style="list-style-type: none"> • development contributions were \$1.6m higher than budget, reflective of the continuing growth in the region • subsidies and grants was \$6.3m lower than budget due to subsidies not received from NZTA re the COVID-19 lockdown period, and lower than budgeted BBLOA reticulation payments • fees and charges revenue were \$0.5m lower than budget due to COVID-19 reducing services provided • interest received was \$0.5m higher than budget due to pre-funding future debt repayments • vested asset income was higher than budget by \$6.0m due to the conservative nature of the budget • an unbudgeted investment property revaluation loss of \$1.6m was due to COVID-19 reducing the value of some investment properties • rates revenue was \$0.8m lower than budgeted • other revenue was \$0.6m lower than budgeted.
Total expenses	155,858	147,561	<p>Total operating expenses were higher than budget by \$8.3m:</p> <ul style="list-style-type: none"> • personnel costs were \$1.6m lower than budget due to vacancies and a recruitment freeze put in place due to COVID-19 • depreciation and amortisation was \$0.8m higher than budget due to the previous year's infrastructure revaluations • unbudgeted loss on derivatives of \$3.0m due to falling interest rates • unbudgeted losses on disposal of other assets of \$2.4m which are not budgeted due to the uncertainty regarding timing of asset disposals • other expenses were \$3.7m higher than budgeted due to an increase in professional services, contractors and consultants.
Surplus/(deficit)	4,089	14,119	

Key financial information	Actual 2020 \$'000	Budget 2020 \$'000	Comments
Statement of financial position			
Total assets	1,883,263	1,793,844	<p>Total assets are higher than budget by \$89.4m:</p> <ul style="list-style-type: none"> • cash and cash equivalents are \$33.2m above budget due to additional deposits from short term debt not yet required • debtors and receivables are \$2.8m above budget mainly due to COVID-19 and Councils relief response to it • other financial assets are \$1.2m below budget mainly due to a larger than budgeted \$0.9 million cash distribution from NRLLP • intangible assets are \$2.7m above budget due to an unbudgeted software purchase <p>Property, plant and equipment is \$51.2m above budget:</p> <ul style="list-style-type: none"> • Council's opening balance for year two of the LTP was \$79.0m above budget, largely due to roading and infrastructure revaluations • capital expenditure was \$12.0m less than budget due to timing of completion of projects • Council 2019-20 actuals were less than budget due to the revaluation of Council infrastructure assets being \$15.0m under budget.
Total liabilities	(208,317)	(184,792)	<p>Total liabilities are higher than budget by \$23.5m:</p> <ul style="list-style-type: none"> • payables and deferred revenue are \$5.0m higher than budget mainly due to a \$4.6m increase in intangible asset accruals • non current derivative financial instruments are \$9.0m over budget due to unrealised revaluation losses • borrowings are \$10.0m over budget due to additional borrowing to cover potential cash shortfalls due to COVID-19.
Net assets	1,674,946	1,609,052	

Key financial information	Actual 2020 \$'000	Budget 2020 \$'000	Comments
Cash flow statement			
Net cash flows from operating activities	47,248	52,356	<p>Net cash flows from operating activities was lower than budget by \$5.7m:</p> <ul style="list-style-type: none"> • other revenue including development contributions were higher than budget by \$1.0m • rates received were lower than budget by \$1.0m • fees and charges received were lower than budget by \$3.2m. • subsidies and grants were lower than budget by \$6.1m due subsidies not received from NZTA re the COVID-19 lockdown period • interest received was higher than budget by \$0.5m due to pre-funding future capital expenditure • payments to suppliers and employees were \$3.2m lower than budget.
Net cash flows from investing activities	(50,416)	(76,489)	<p>Net cash flows from investing activities was lower than budget by \$26.7m:</p> <ul style="list-style-type: none"> • purchase and development of fixed assets was lower than budget by \$15.1m due to deferred capital works • proceeds from sale of fixed assets were higher than budget by \$1.5m due to the sale of investment properties and other assets • receipts from investments & loans which was higher than budget by \$10.1m due term deposits maturing.
Net cash flows from financing activities	9,998	-	<p>Net cash flows from financing activities was higher than budget by \$10.0m due to borrowings to cover possible cash shortfalls due to COVID-19.</p>
Net (decrease)/ increase in cash, cash equivalents, and bank overdrafts	6,830	(24,133)	

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 Whangārei 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	2020	2019
		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 2020 \$'000	Actual 2019 \$'000
Council's interest in the Joint Venture		
Current assets	236	222
Non-current assets	2,152	2,221
Total assets	2,388	2,443
Current liabilities	90	49
Non-current liabilities	-	-
Revenue	314	315
Expenses	411	388

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 Whangārei 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	2020	2019
		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 2020 \$'000	Actual 2019 \$'000
Council's interest in the Joint Venture		
Current assets	1,215	1,213
Non-current assets	16,783	16,124
Current liabilities	2,071	4,359
Non-current liabilities	5,946	3,658
Revenue	5,589	5,443
Expenses	4,155	4,446

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	
			2020	2019
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 Whangārei 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.	100%	100%
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 Whangārei District.	Controlling	

Note 34: Report of Council Controlled Organisations Performance

Council Controlled Organisations

NORTHLAND REGIONAL LANDFILL LIMITED PARTNERSHIP

Objective	Result 2020	Result 2019
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.	Achieved	Not applicable
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 2020	Result 2019	Comment			
				Actual 2020	Budget 2020	Actual 2019
1 To operate to financial budget	Target not met	Target met	Revenue	\$627,024	\$754,874	\$630,390
	Target met	Target not met	Expenditure	\$821,469	\$833,758	\$775,119
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	Main focus this year has been implementation of SMS which was completed successfully in December 2019. CAA does not undertake audits every year but our own independent auditor audits us against the CAA rules.			

Performance Target	Result 2020	Result 2019	Comment
3 To conduct a survey of airport users and determine their views on Airport facilities and future facility developments.	Target met	Target met	A small customer survey was carried out post the COVID-19 restart. Sample was small however satisfaction levels with the airport facilities and overall impression was very high.
4 Engage third party quality auditor to report each June	Target met	Target met	G Goodman consultant carried out an audit in June of this year. Because it was so soon after COVID-19 this was done online via zoom with screen sharing.
5 To implement necessary changes to Health and Safety policy/procedures to address any changes to legislation.	In progress	In progress	This really is an ongoing process. To keep abreast of any new requirements in work place safety to ensure that we carry out best practice. SMG has formalised much of the OSH type requirements within those systems.
6 To explore economic development opportunities.	In progress	In progress	We have attracted new tenants, (2 new hangars being built), still exploring getting a flying school started. COVID-19 has knocked growth potential back. In fact some rental car operators are down sizing or closing altogether.

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

Independent Auditor's Report

To the readers of Whangarei District Council's annual report for the year ended 30 June 2020

The Auditor General is the auditor of Whangarei District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor General has appointed me, Carl Wessels, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 19 November 2020. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 117 to 219:
 - present fairly, in all material respects:
 - » the District Council and Group's financial position as at 30 June 2020; and
 - » the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on pages 41 to 42, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long term plan;
- the non financial performance on pages 27 to 115:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2020, including:
 - » the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - » the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand;

- the statement about capital expenditure for each group of activities on pages 48 to 115, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long term plan; and
- the funding impact statement for each group of activities on pages 48 to 115, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 21 to 26, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long term plan and annual plans.

Emphasis of matter – impact of Covid 19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid 19 on the District Council as set out in the Covid 19 Financial Impacts section on pages 117 to 118 to the financial statements and page 29 of the performance information. We draw specific attention to the following matter due to the significant level of uncertainty caused by Covid 19:

INVESTMENT PROPERTY

Note 15 on page 155 describes the greater degree of uncertainty highlighted by the valuer, related to estimating the fair values of the Council's Investment property.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's Long term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the non financial performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 20 and 224 to 228, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, 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.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed. Other than these engagements, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.

Carl Wessels
Audit New Zealand
On behalf of the Auditor General
Auckland, New Zealand
19 November 2020

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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 Whangārei 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.

Index

A

Abbreviations and acronyms, 225
Auditor's Report, 221

C

Camera Obscura, 8
Central City Revitalisation Plan, 9
Chief Executive, 7, 9, 12
Civic Centre, 9
Climate change, 8, 9, 27, 37, 96, 98
Community outcomes, 37
Council activities, 94
 Community facilities and services, 77
 Community development, 85
 Community property, 83
 Customer services, 90
 Libraries, 81
 Parks and recreation, 77–91
 Venues and events, 88
Flood protection, 73–74
Planning and regulatory services, 101
 Building control, 105
 District planning, 101
 Health and bylaws, 107
 Resource consents, 103
Solid waste, 58–60
Stormwater, 68–70
Support services, 112, 112–113
 Capital projects, planning and development engineering, 112
 Communications, 113
 Financial services, 112
 Information services, 112
 People and capability, 112
Transportation, 43–47
Wastewater, 63–65
Water, 50–55
Council committees, 10
 CE Review Committee, 10
 Civic Honours Selection Committee, 10
 Commercial Property Committee, 10
 Community Development Committee, 10
 District Licensing Committee, 10

Infrastructure Committee, 10
Risk and Audit Committee, 10
Strategy, Planning and Development Committee, 10
 Exemptions and Objections Subcommittee (of Strategy, Planning & Development Committee), 10
Te Kārearea Strategic Partnership Forum, 10
Council Controlled Organisations (CCOs), 13, 218
 Northland Events Centre Trust, 13, 192, 210, 211, 217
 Whangarei Art Museum Trust, 13, 192, 210, 217
 Whangarei District Airport, 13, 129, 153, 215, 218
 Whangarei Waste Ltd, 13, 217
Council Controlled Trading Organisations (CCTOs), 13
 Northland Regional Landfill Limited Partnership, 13, 129, 153, 180, 216, 217, 218, 219
Council departments, 12
 Building Control, 12
 Business Support, 12, 113
 Civil Defence, 12
 Communications, 12
 Community Development, 12
 Customer Services, 12
 Democracy and Assurance, 12
 District Development, 12
 District Plan, 12
 Finance, 12
 Health and Bylaws, 12
 ICT, 12
 Infrastructure Development, 12
 Infrastructure Planning and Capital Works, 12
 Libraries, 12
 Māori Relationships, 12
 Parks and Recreation, 12
 People and Capability, 12

- Revenue, 12
- RMA Consents, 12
- Strategy, 12
- Transportation (service provided via Northland Transportation Alliance), 12
- Venues and Events Whangārei, 12
- Waste and Drainage, 12
- Water Services, 12
- Councillors. *See* Elected Members
- Council Organisations, 13
 - Whangārei Quarry Gardens Trust, 13, 217
- COVID-19, 7, 8
- Credit rating, 9, 18, 152, 204

D

- Debt, 14
- Deputy Mayor, 10
- Drought, 7, 8, 39, 50, 52, 53, 54

E

- Economic Recovery Response, 7
- Elected Members, 10, 11

F

- Financial information, 116–219
 - Financial statements, 119
 - Reserve funds, 124
 - Statement of Cash Flows, 123
 - Statement of Changes in Equity, 120
 - Statement of Comprehensive Revenue and Expense, 119
 - Statement of Financial Position, 121
- Financial prudence benchmarks, 21
- Financial targets, 14

G

- Glossary, 226
- Governance structure, 10

H

- Hikurangi sewer upgrades, 8, 27, 63
- Hundertwasser Wairau Māori Arts Centre, 146, 197, 217

M

- Māori, 94
- Māori partnership, 10, 33

- Mayor, 9, 10
- Message from the Chief Executive, 7

N

- New Town Basin Park, 9
- New Water Treatment Plant, 8, 50
- Non-financial performance, 27

O

- Organisational structure, 12

P

- Pensioner housing, 83
- Potter Park, 8

R

- Recycling. *See* Solid waste
- Rolling Ball Clock, 8
- Ruakākā Wastewater Treatment Plant, 9
- Rubbish. *See* Solid waste
- Rugby World Cup, 9, 88

S

- Shared path network, 8, 27, 28, 39, 43
- Statement of Compliance and Responsibility, 5
- Summary Funding Impact Statement, 41

T

- Te Kārearea, 33
- Te Kārearea Strategic Partnership Forum, 10





Private Bag 9023, Whangārei 0148, New Zealand

Forum North Building, Rust Avenue, Whangārei

Ruakākā Service Centre, Takutai Place, Ruakākā

P +64 9 430 4200

mailroom@wdc.govt.nz | www.wdc.govt.nz

[Facebook.com/WhangareiDC](https://www.facebook.com/WhangareiDC)

