

Version for Adoption



Whangarei
District Council

2017 ANNUAL REPORT 18

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Welcome

This 2017-18 Annual Report sets out what Whangarei District Council (Council) has achieved in the past financial year (from 1 July 2017 to 30 June 2018), 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 three of the 2015-25 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 2015-25 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 2018.

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 2018

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 for the year ended 30 June 2018, fairly reflect our financial position and operations.



Sheryl L Mai
Mayor



Rob Forlong
Chief Executive

Whangārei, 27 September 2018



Part One

Introduction



Message from the Mayor

What a busy year it's been for Council. We've carried out a huge amount of work across the District – maintaining and improving roads, water, wastewater and stormwater infrastructure as well as our parks and reserves. It's also been a busy year for making plans with work going on behind the scenes across all areas of Council to make sure we are well set up for the future.

Our Long Term Plan (LTP) 2018-28 is effectively our blueprint for the next ten years, detailing all the major projects and work we will carry out. My favourite part of the LTP process was getting out and about in the community and hearing about your dreams and aspirations for our beautiful District during our early engagement phase. Altogether we received over 1,400 items of feedback and 687 formal submissions which helped guide us as we put together the Plan.

Revitalising the heart of our District got a step closer by the finalising of the new City Centre Plan which is all about creating a vibrant and attractive central city. While Council can't and shouldn't do this alone – the private sector needs to play their part – by having a plan we ensure we are spending our resources in the best possible way, improving connectivity between the city centre, waterfront and other shopping precincts while working towards a clear vision for the future.

We also adopted a new Waste Management and Minimisation Plan which aims to reduce the amount of rubbish going to landfill. Globally we are facing a rubbish crisis as the world struggles to cope with the downside of our love affair with plastic packaging. While some of the solution sits with Central Government – who are to be commended for their phasing out of single use plastic bags – we all need to take some responsibility as consumers for our contribution to this mounting problem. I was heartened to see that recycling amounts increased once more this year which shows our community are already on the right track.

Where possible we try to take advantage of Government subsidies to get work done and make ratepayer's money stretch further. The installation of energy-saving LED street lights is one example of this and I am pleased to say that over half of our lights have been replaced this year, with the rest due to be replaced during the next financial year thanks to an ongoing subsidy. Another example is the Kamo shared path, also partly funded by Government subsidies.

Another highlight this year was the work completed in our parks and reserves. Whangārei can be hugely proud of these – they are truly world class – which was shown with Parihaka Scenic Reserve and Maunu Cemetery winning national prizes. Our work this year ranged from building new walking tracks, replacing playgrounds and upgrading sportsfields to installing new lighting on the Loop Walkway for safety and to increase the hours that people can use it.

We have once more proven we can successfully attract international sporting events with our hosting of the ICC U19 World Cup, hosting teams from Ireland, Afghanistan, Pakistan and Sri Lanka.

Our multi-use Northland Events Centre was put to good use for an eclectic mix of events including the annual fireworks display, Christmas Festival, fabulous Fritter Festival, Ngāpuhi Festival and Toi Ngāpuhi Māori Arts Exhibition and the Six60 concert. Other community events included Matariki Whānau Festival, International Rally of Whangārei, ANZAC Day and Black Caps v West Indies.

Finally our recent customer satisfaction survey further confirms to us what we heard during our LTP consultation, that your top three priorities for Council spending are: improving road quality and safety; investing and maintaining core services; and protecting and enhancing our natural environment. We kept our focus firmly on these key issues, and will continue to do so.

**Her Worship the Mayor
Sheryl Mai**



Message from the Chief Executive

Our District continues to grow in population and thrive economically. This is great news as it means more jobs and opportunities for our people. Whangārei is increasingly seen as a very attractive place to live, work and do business. We have a very positive future ahead of us.

For Council it also means one of our biggest challenges is how we manage this growth in a sustainable way. When I look at both the financial and non-financial results for this Annual Report I feel proud to say that we are meeting this challenge well.

While some other councils around the country are grappling with high debt and struggling to maintain their infrastructure, Whangārei District is in a good position. While we do have some growing pains, overall we are coping well with significant population increases. In terms of our water and wastewater infrastructure – we have some of the best in the country – our future drinking water supply will be further safeguarded with the construction of the new Whau Valley water treatment plant. Detailed plans for this have been completed this year and tenders will go out shortly. Meanwhile our new Tarewa Park wastewater tank is nearly finished – the last of \$60 million in upgrades to reduce the risk of untreated sewage entering our harbour during storms.

Councillors have also voted through the LTP process to increase funding for stormwater by 53% over the next 10 years which means an extra \$34 million will be spent on this important but largely unseen infrastructure.

In some parts of the District, population growth is putting strains on our roads and this will increasingly be an issue in years to come. We have responded by completing a large amount of roading work in the past year, including resealing 92km (8.8%) of our sealed roads, and completing a 2.6km seal extension on Wright Rd.

As our District grows other forms of transport are going to be increasingly important and this year we made great progress on the Kamo shared path for cyclists and pedestrians. As I write this, the section between Rust Ave in the central city and Manse St in Regent is due to open any day and the section through to Kamo Rd is also not far from completion.

Financially, we had a successful 2017-18 financial year, resulting in an excellent operating surplus before non-cash adjustments (\$12.9 million against the \$3.2 million budgeted) and debt well within the conservative limits set by our Council.

Sound financial planning, together with a prudent approach to spending throughout the year, meant we could fund our works programmes without taking on more debt. With a number of uncompleted projects carried forward to next year our closing net debt stayed at the same level as last year and was \$37.6 million lower than budget, allowing us to make net interest savings of \$1.3 million.

Our strong financial management has resulted in another AA rating from international credit rating agency Standard and Poors.

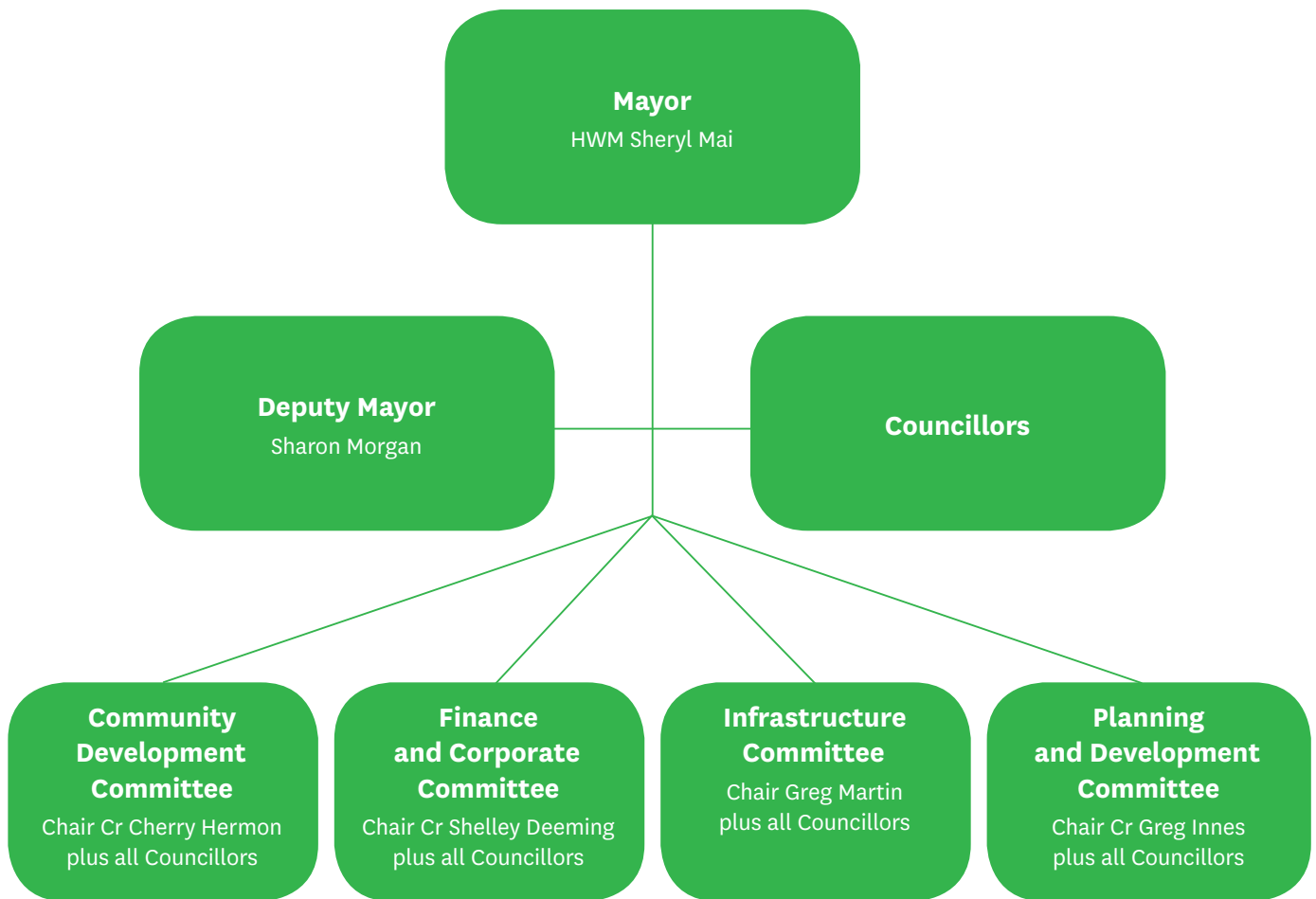
Looking back on 2017-18 it has been a good year of solid progress and achievements. There is never room for complacency though and we will be continuing to keep our focus on maintaining and investing in core services while continuing our high levels of service for our community.



Chief Executive
Rob Forlong

A handwritten signature in black ink, appearing to read 'Rob Forlong', with a horizontal line extending to the right.

Council structure – political



Specialist committees

District Licensing Committee

Chair Commissioner

Airport Noise Management Consultative Committee

Chair Independently Appointed

Audit and Risk Committee

Chair Deputy Mayor Sharon Morgan

Civic Honours Selection Committee

Chair Cr Crichton Christie

CE Review Committee

Chair HWM Sheryl Mai

Exemptions and Objections Subcommittee

Chair Cr Greg Innes

Community Funding Committee

Chair Cr Crichton Christie

Māori Liaison

Te Kārearea Strategic Partnership Forum

Co-Chair HWM Sheryl Mai

Mayor and Councillors



Mayor Sheryl Mai

All communications to Her Worship go to the Mayor's personal assistant.
Phone 09 430 4200
Email mayor@wdc.govt.nz



Councillor Sue Glen

Okara Ward
Home 09 436 2181
Mobile 027 292 8420
Email Cr.Glen@wdc.govt.nz



Deputy Mayor Sharon Morgan

Mangakahia – Maungatapere Ward
Mobile 027 443 4679
Email Cr.Morgan@wdc.govt.nz



Councillor Gavin Benney

Denby Ward
Mobile 021 256 0126
Email Cr.Benney@wdc.govt.nz



Councillor Stuart Bell

Okara Ward
Mobile 021 625 115
Email Cr.Bell@wdc.govt.nz



Councillor Phil Halse

Bream Bay Ward
Home 09 430 2251
Mobile 027 303 5671
Email Cr.Halse@wdc.govt.nz



Councillor Crichton Christie

Denby Ward
Home 09 430 2848
Mobile 027 392 2289
Email Cr.Christie@wdc.govt.nz



Councillor Cherry Hermon

Okara Ward
Home 09 437 1197
Mobile 021 529 929
Email Cr.Hermon@wdc.govt.nz



Councillor Vince Cocurullo

Okara Ward
Home 09 438 8834
Mobile 021 438 952
Email Cr.Cocurullo@wdc.govt.nz



Councillor Greg Innes

Whangarei Heads Ward
Mobile 027 495 3382
Email Cr.Innes@wdc.govt.nz



Councillor Tricia Cutforth

Denby Ward
Mobile 027 287 0366
Email Cr.Cutforth@wdc.govt.nz



Councillor Greg Martin

Hikurangi – Coastal Ward
Home 09 433 5629
Mobile 027 283 6147
Email Cr.Martin@wdc.govt.nz



Councillor Shelley Deeming

Bream Bay Ward
Home 09 432 3779
Mobile 027 275 7330
Email Cr.Deeming@wdc.govt.nz



Councillor Anna Murphy

Hikurangi – Coastal Ward
Home 09 434 3009
Mobile 022 649 8730
Email Cr.Murphy@wdc.govt.nz

Council structure – organisational



Group entities

Council Controlled Organisations

Whangarei District Council (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, Whangarei Art Museum Trust and Northland Events Centre Trust are exempt entities.

Council Controlled Trading Organisations

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

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

Council Organisations

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

Our performance at a glance

We have managed our operations effectively, met our financial targets and achieved an operating surplus.

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

- Our 'core operating surplus' (before various non-cash adjustments) for the year was \$9.7 million better than budget.
- Net external debt this year reduced by \$7.9 million, from \$120.5 million to \$112.6 million.
- While our debt was less than planned, it will be required in future years to complete scheduled projects. The lower debt has allowed us to make net interest savings of \$1.4 million this year.

We have achieved all six of our financial targets

Target	Result
Achieve a balanced budget	Achieved
Limit rates revenue to maximum of 70% of total revenue	Achieved
Net debt no higher than 150% of total revenue	Achieved
Maintain net interest costs at less than 25% of rates revenue	Achieved
Net debt per capita level below \$2,150	Achieved
Provide sufficient cash surpluses without asset sales to fund planned capital expenditure	Achieved

We have achieved all of our Financial Prudence Benchmarks

Benchmark	Result
Rates affordability benchmarks	Achieved
Debt affordability benchmarks	Achieved
Balance budget benchmark	Achieved
Essential services benchmark	Achieved
Debt servicing benchmark	Achieved
Debt control benchmark	Achieved
Operations control benchmark	Achieved

We have met 51 of our 69 non-financial targets (74%)

- 100% of targets were met in the Water, Flood Protection and Control Works, Libraries, Resource Consents, Community Services, Parks and Recreation, and Venues and Events areas.
- Performance improved or was maintained against 54% of our targets.
- The Resident Satisfaction Survey shows that overall satisfaction with Council has decreased from 91% in 2017 to 86%. This decrease is attributed to the change in survey methodology which has resulted in a more representative sample of the District.
- We acknowledge that there is room for improvement in some activities and believe that initiatives in place for the next financial year will continue to improve performance going forward.

Financial performance

Operating result – before accounting adjustments

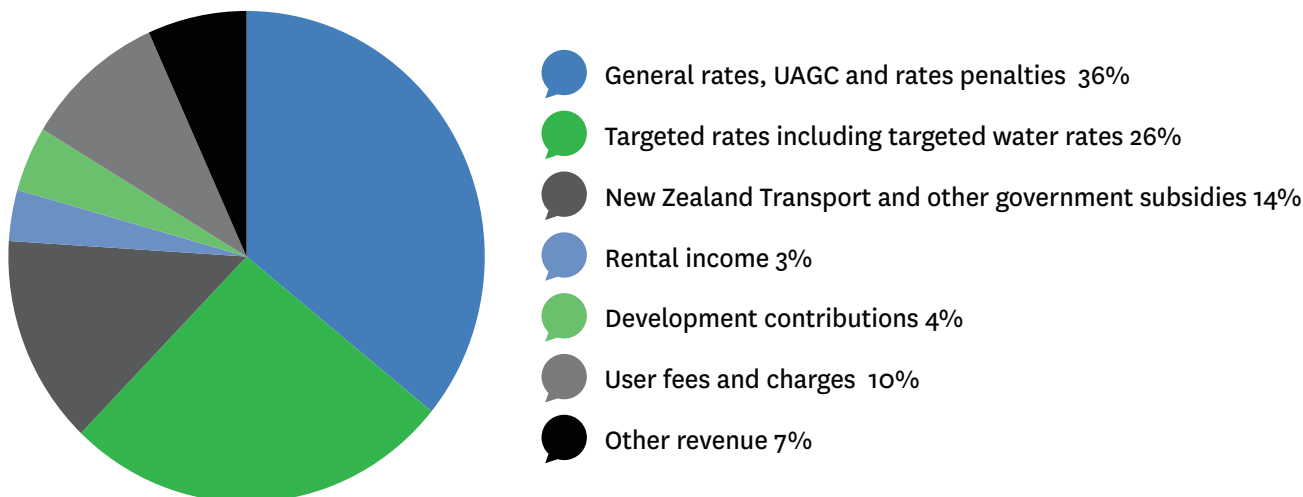
Confirming Council's financial position at the end of the financial year is a two-step process. First establishing the core operating results (income less expenses), then applying additional accounting adjustments as required by the International Public Sector Accounting Standards (IPSAS).

The 2017-18 year has achieved a core operating surplus of \$12.9 million against a budgeted operating surplus of \$3.2 million resulting in a favourable variance of \$9.7 million.

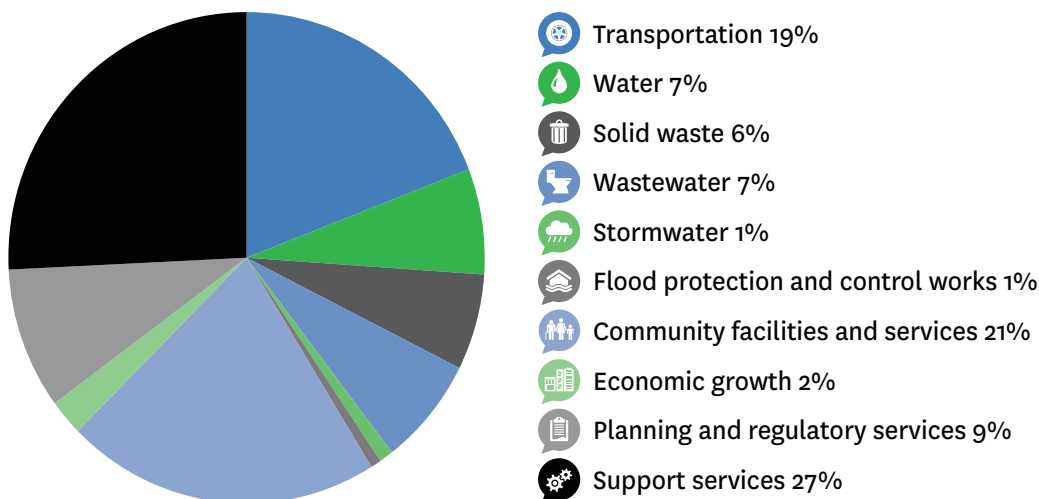
	Actual (millions)	Budget (millions)	Variance (millions)
Operating result – before non-cash adjustments			
Operational revenues	147.8	140.5	
Operational costs	(134.9)	(137.3)	
Operating surplus – before non-cash adjustments	12.9	3.2	9.7

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

Council's sources of funding and revenue



Council's operational expenditure by activity



*Figures are calculated using the Funding Impact Statements.

Operating result – 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. The table below shows that after making these adjustments, there is a total operating surplus of \$19.7 million, a variance of \$14.0 million (including accounting adjustments) when compared to the budget surplus of \$5.7 million.

	Note	Actual (millions)	Budget (millions)	Variance (millions)
Operating surplus – before non-cash adjustments		12.9	3.2	9.7
Add: Income from vested assets	6	10.2	2.5	7.7
Add: Investment property revaluation	6	3.3	-	3.3
Add: Other adjustments		0.4	-	0.4
Less: Loss on disposal of assets	8	(4.8)	-	(4.8)
Less: Revaluation of debt instruments (SWAPs)	8	(0.8)	-	(0.8)
Less: Other provisions	22	(1.5)	-	(1.5)
Total non-cash adjustments		6.8	2.5	4.3
Operating surplus/(deficit)		19.7	5.7	14.0

Vested assets

Council recognised income of \$10.2 million from vested assets. Vested assets are infrastructure such as roading, water, wastewater and stormwater assets, which are created as part of commercial or private developments. These assets are transferred to Council at the completion of the development.

Investment property revaluation

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

Loss on disposal of assets

Council recognised a total loss on disposal of assets of \$4.8 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 \$0.8 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 never actually realised unless the swap is terminated early. This process can create large swings in value from year to year. These movements do not have a cash impact on Council and net out to zero on expiry. Full disclosure of this year's movements has been made in note 28.

Other provisions

Council made a provision of \$1.5 million for weathertightness claims.

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 \$21.0 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

Closing external net debt for the 2017-18 financial year, was budgeted to be \$150.2 million. Actual closing debt was \$37.6 million lower at \$112.6 million. This positive variance can largely be attributed to the following:

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

Credit rating remains AA

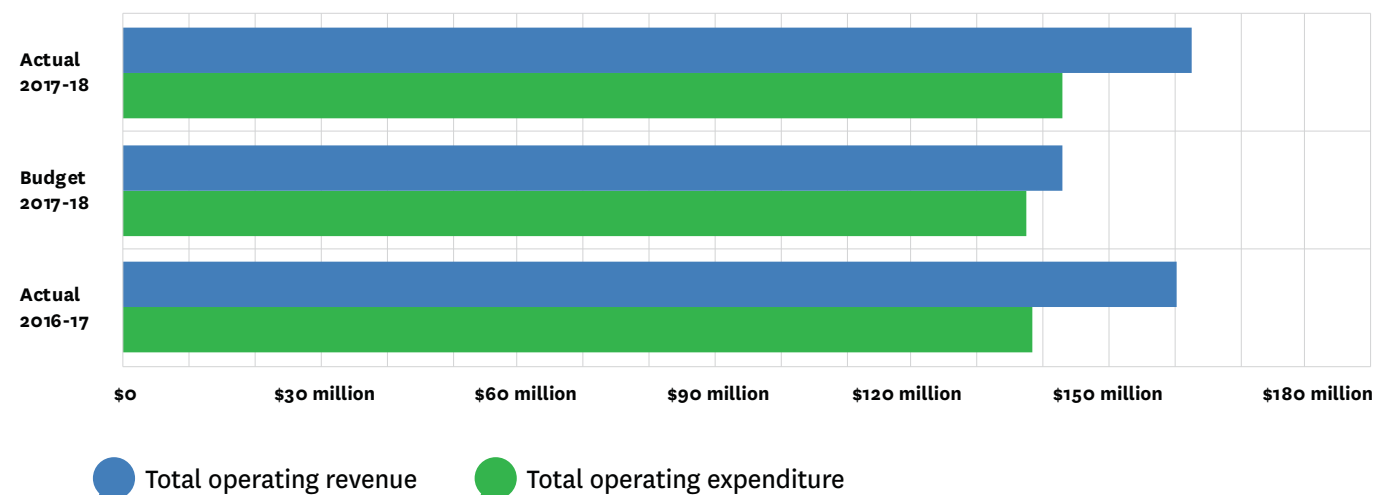
- In May 2018, Standard and Poors reconfirmed Council's credit rating as AA, with a credit rate outlook of 'stable'. This was primarily in recognition of our continued strong financial management and very strong budgetary flexibility.
- Standard and Poors' independent evaluation compares our financial 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 rating is at the highest level in the New Zealand local government sector.

Water reserve

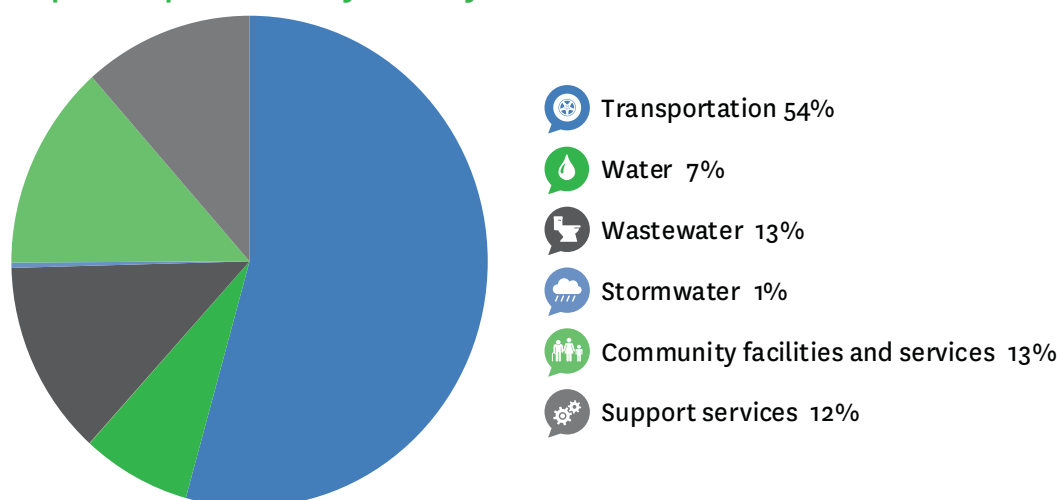
The Water Reserve reflects a surplus of water revenue, mainly volume usage based targeted rates, over and above operating and capital water expenditure. During the year, the water reserve increased by \$4.8 million from \$26.9 million to end at \$31.7 million. Due to significant water projects (including the new Whau Valley water treatment plant), this reserve is expected to be used by year seven of the 2018-28 Long Term Plan.

Financial details

Total operating expenditure and revenue



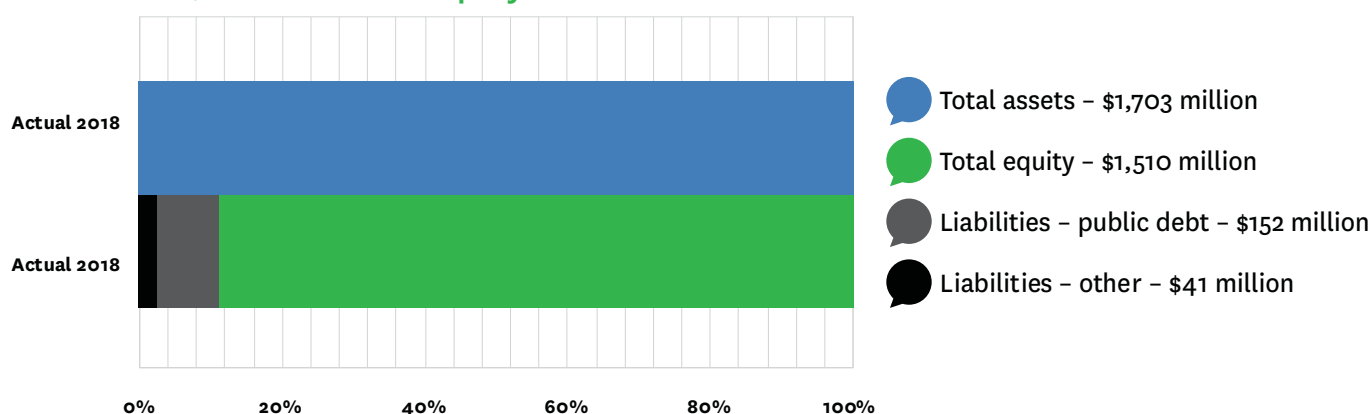
Capital expenditure by activity – total \$48.0 million



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

*Figures are calculated using the Funding Impact Statements.

Total assets, liabilities and equity



Our Financial Strategy

The Financial Strategy in the 2015-25 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	Target 2017-18	Achieved	Current Performance
Achieve a balanced budget	=> 100%	Yes	103%
Limit rates income (excluding water) to maximum of 70% of total revenue	<= 70%	Yes	48.4%
External net debt no higher than 150% of total revenue	< 150%	Yes	69.3%
Maintain net interest costs at less than 25% of rates revenue	< 25%	Yes	7.0%
External net debt per capita level below \$2,150 (89,700 population)	< \$2,150	Yes	\$1,255

Financial Prudence Benchmarks

Annual report disclosure statement for year ending 30 June 2018

What is the purpose of this statement?

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

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

Rates affordability benchmarks

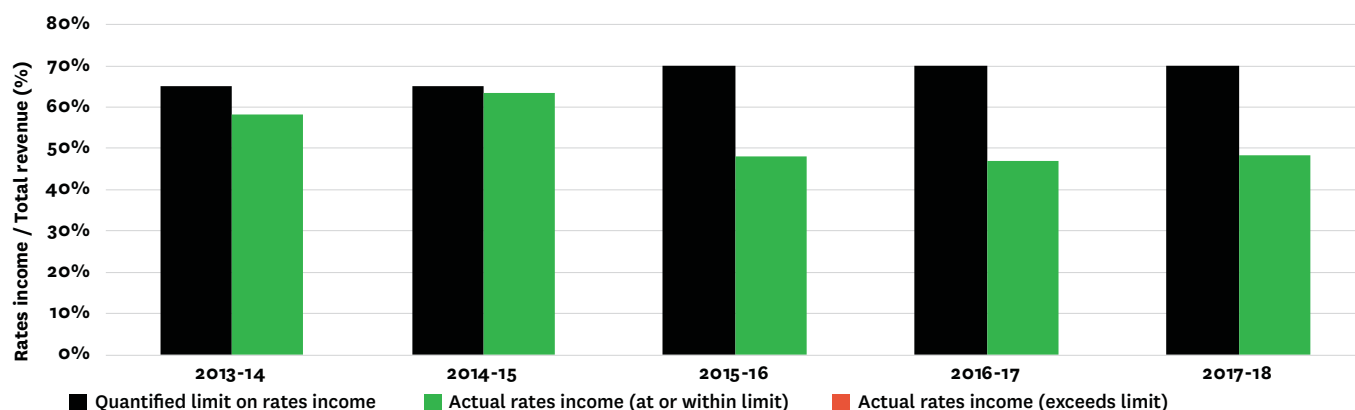
Council meets the rates affordability benchmark if:

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

Rates (income) affordability

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

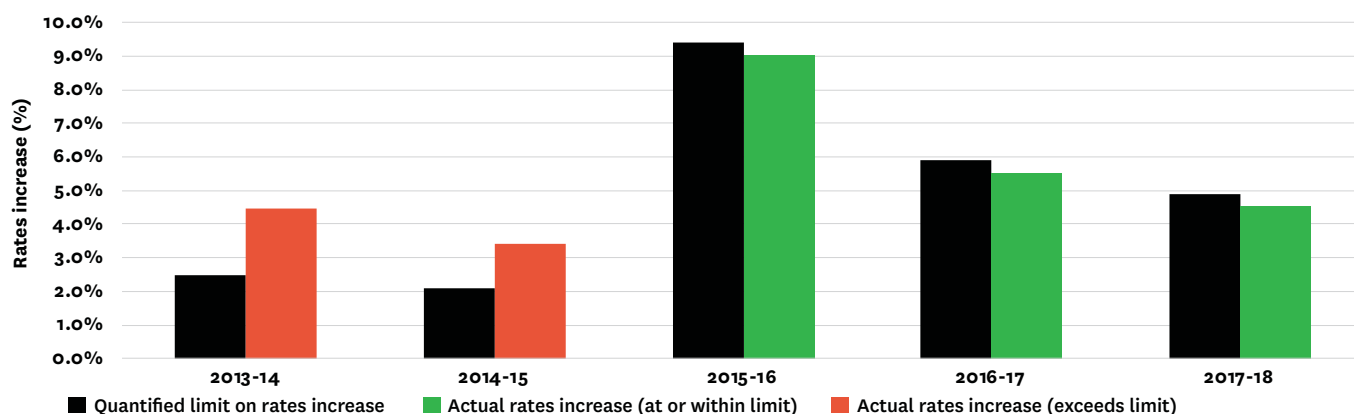
Prior to the 2015-16 year this benchmark included water rates and the benchmark was 65% of total revenue.



Rates (increases) affordability

The following graph compares Council's actual general rates increases with a quantified limit on rates increases contained in the Financial Strategy included in Council's Long Term Plan. The quantified limit for the 2017-18 year was that the general rates increase should not exceed LGCI plus 3% (prior to the 2015-16 year the quantified limit was that the general rates increase should not exceed LGCI). Council has achieved this benchmark.

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



Debt affordability benchmarks

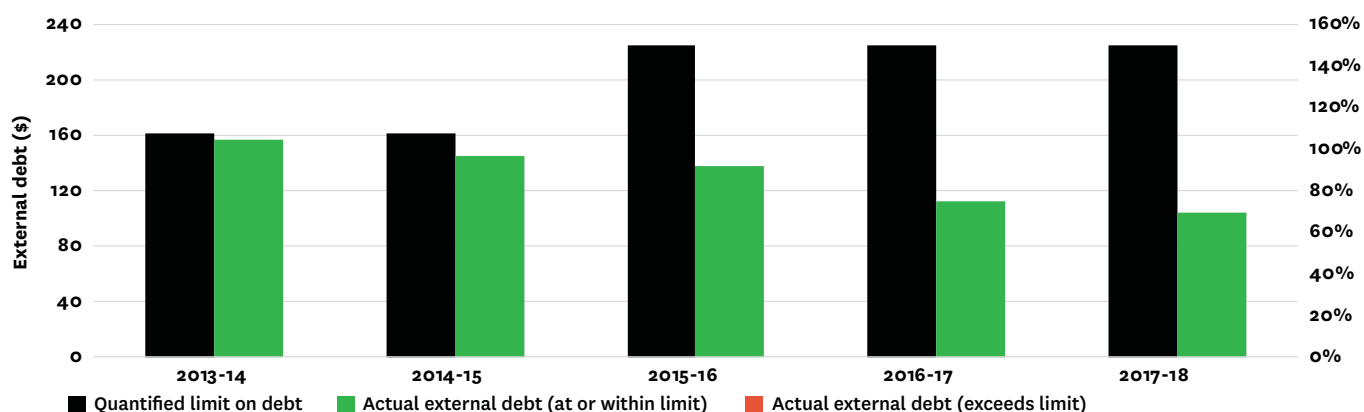
Council meets the debt affordability benchmarks if its actual borrowing is within each quantified limit on borrowing.

External net debt

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

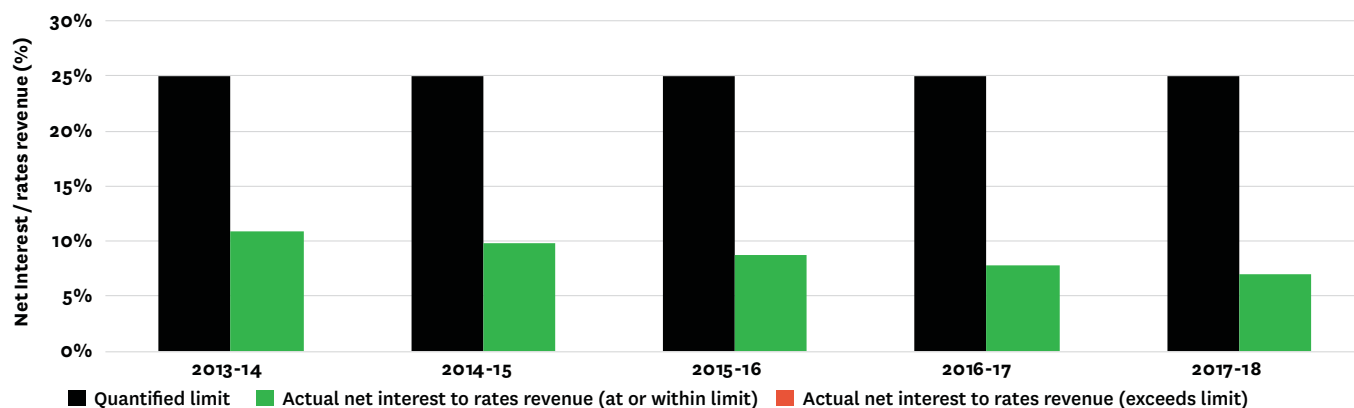
- The quantified limit prior to the 2015-16 year was that external debt be no higher than \$161.5 million (left hand axis). This benchmark was amended in Council's 2015-25 Long Term Plan.
- The quantified limit as contained in the 2015 Financial Strategy was that external net debt be no higher than 150% of total revenue (right hand axis).

Council has achieved this benchmark.



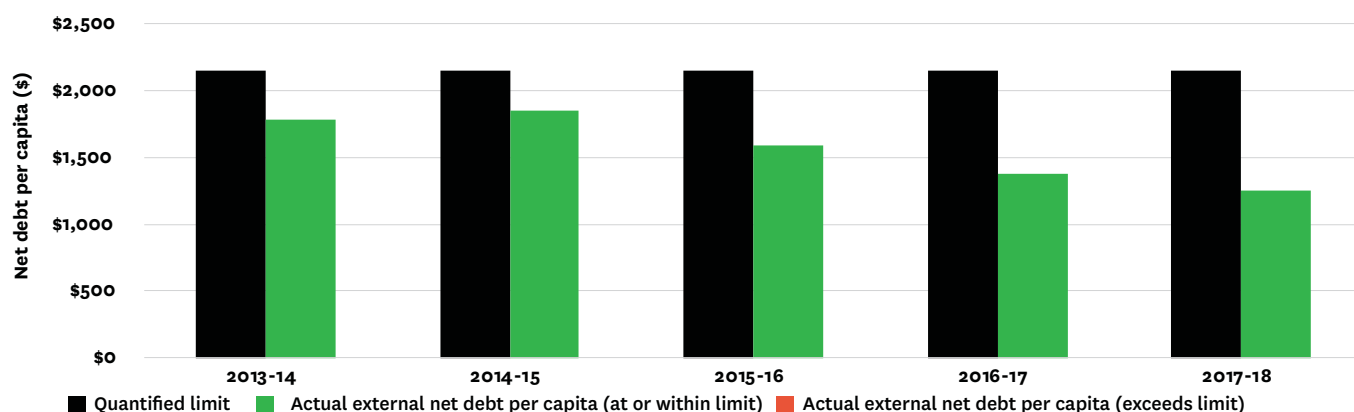
Net interest to rates revenue

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

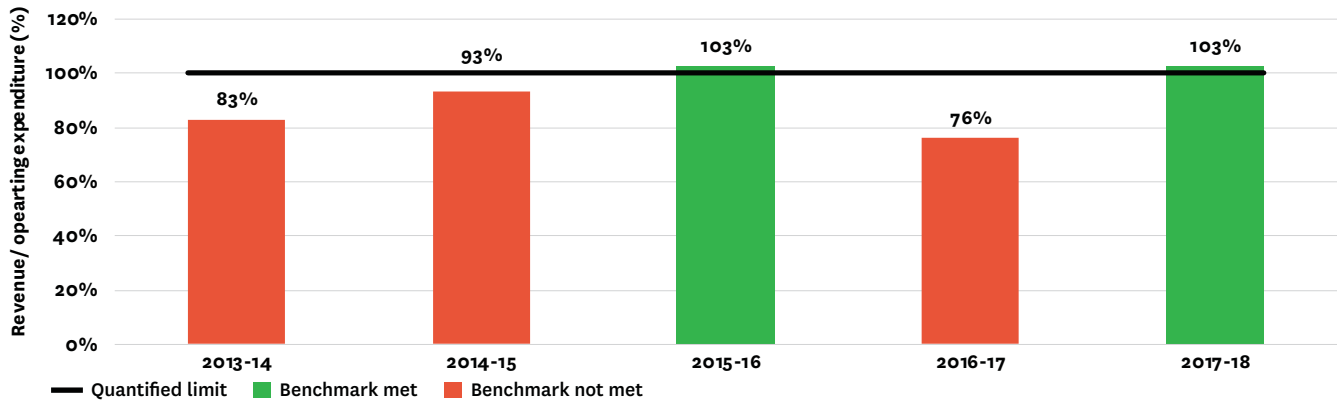
The following graph compares Council's actual external net debt with a quantified limit on borrowing contained in the Financial Strategy included in the Long Term Plan. The quantified limit is that net debt per capita be less than \$2,150. In 2017-18 the population of Whangārei estimated by Statistics New Zealand using census data was 89,700. Council has achieved this benchmark.



Balanced budget benchmark

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

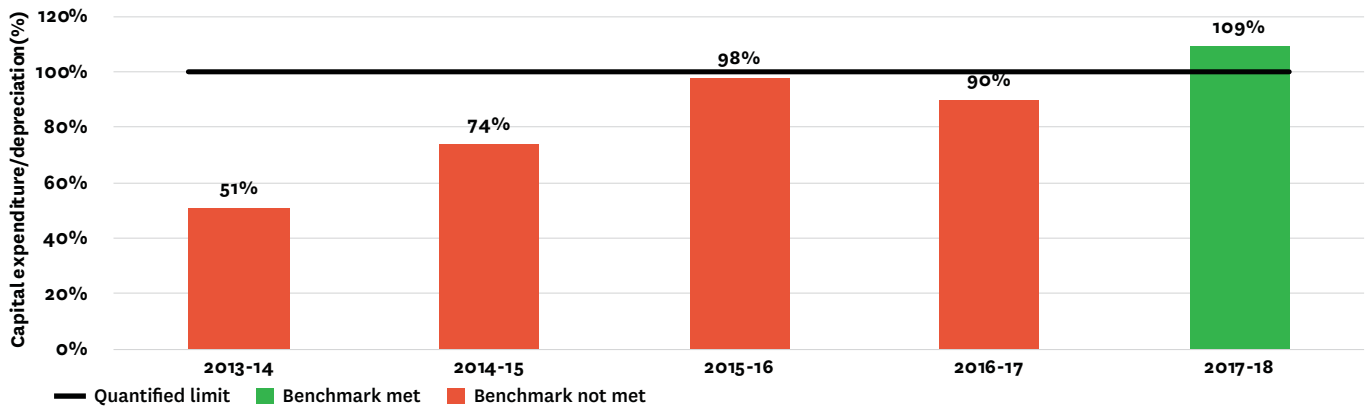
Council has achieved this benchmark.



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

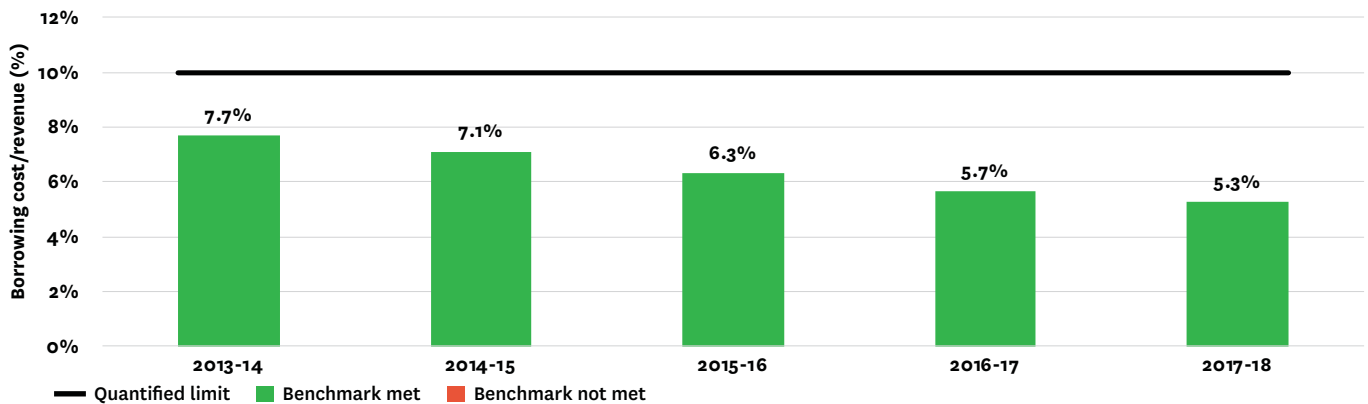
Essential services benchmark

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.



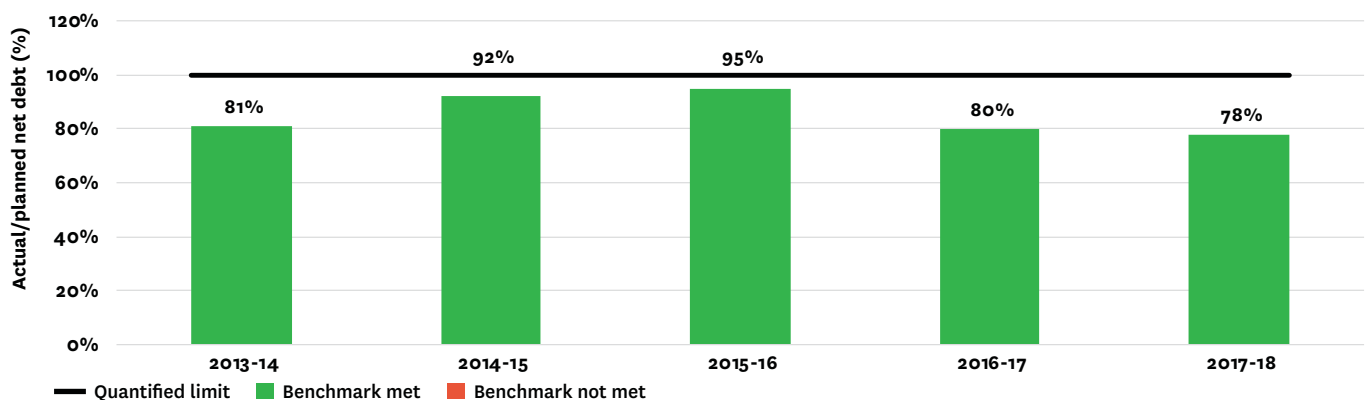
Debt servicing benchmark

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 is projected to grow, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue. Council has achieved this benchmark for a number of years.



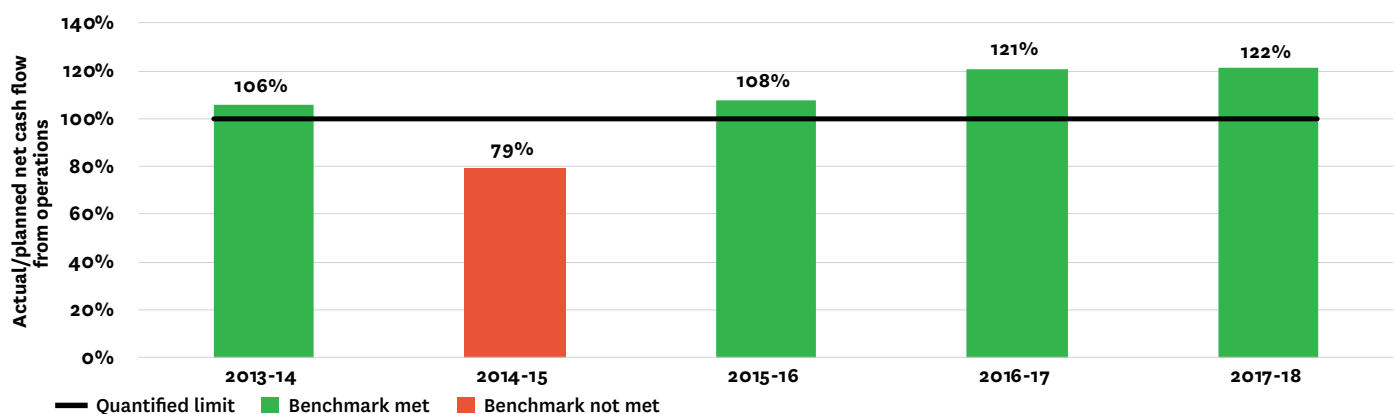
Debt control benchmark

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



Operations control benchmark

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



Non-financial performance

Significant deliveries

A summary of some of our key achievements for the 2017-18 year are listed below. For a more detailed description of our performance in each activity area see pages 29 to 79 of this report.

Core services

- We have resealed 8.8% (92km) of the sealed network and completed 2.6km of seal extension on Wright Rd while new footpaths were built at Austin Rd and Pipiwai Rd
- We took advantage of a Government subsidy to replace more than half of the District's street lights with new efficient and cost saving LED technology
- We continued with the construction of the Kamo shared path which once complete will provide a dedicated cycle and pedestrian link between the central city and Kamo.
- We carried out wastewater work across the District including completing Stage 1 of the Hikurangi Sewer upgrade and repairing and improving a previously damaged main sewer line at Langs Beach allowing for future growth in the area
- Recycling levels have significantly increased this year showing community attitudes towards recycling and waste reduction continue to improve
- We completed many improvements at our parks and reserves including upgrades to sportsfields at Horahora and Otaika, Parihaka walking tracks, resealing carparks and replacing equipment at a number of playgrounds

Planning for the future

- Our plans to transform the city centre into a vibrant and attractive focal point for our District got underway with the adoption of the Whangārei City Centre Plan
- Detailed design is underway for the new Whau Valley water treatment plant to replace the existing plant built in the 1950's. Contractor selection is expected to take place at the end of this year with construction starting next year. This work will future-proof our supply of fresh drinking water.
- The Waste Management and Minimisation Plan was adopted setting out how we will progress efficient and effective waste management and minimisation across the District

Partnering with community

- Northland Events Centre was used for several high-profile events supported by Council including Ngāpuhi Festival and Toi Ngāpuhi Māori Arts Exhibition, Fritter Festival and the Six60 concert. Other community events included Matariki Whanau Festival, International Rally of Whangārei, ANZAC Day, Wild Kiwi and Black Caps v West Indies.
- We adopted the Community Development framework, outlining a fresh approach to how Council will partner with our communities
- With the guidance of tangata whenua we produced a new Whangārei Cultural Guide and video, telling the unique stories and legends of Whangārei Terenga Paraoa. Alongside this our Whangārei Visitor Guide was enhanced to showcase more attractions and activities to a wider audience
- Both the Camping in Public Places Bylaw and Animal Bylaw were adopted, providing clarity around the rules and regulations for freedom campers and animal owners

Resident satisfaction survey

Changes to the survey

As per prior years, a resident satisfaction survey was undertaken to collect opinion on Council performance. Previous surveys have only used landline-based telephone calling to survey residents. However, due to the declining use of landlines, and changes in how people communicate and engage in general, this year the survey included an additional online survey sample along with the landline survey. Combining online and landline survey methods resulted in changes to the resident sample:

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

Residents priorities

In line with 2018-28 LTP engagement and submissions, respondent's top three priorities for spend were:

- Improving road quality and safety
- Investing in and maintaining core services
- Protecting, maintaining and enhancing our natural environment

These spend priorities were also reflected in the services that residents placed importance on. The top four priorities were:

- Overall importance of District beaches and coastal facilities
- Continuity of water supply
- Kerbside recycling collection
- Road quality (sealed and unsealed)

Survey results

This year sees a slight decrease across a number of measures compared to last year. The results from the measures that have decreased are more aligned with results seen in 2016. As an example, ratings for safety of roads in the District have decreased this year from last year's results, however are still higher than results seen in 2016 and prior years.

Service level performance

Of the 69 Levels of Service targets – 51 were achieved and 18 were not achieved.

Overall, 74% of targets were achieved.

Performance improved or stayed the same for 54% of measures over the course of the year, compared to 53% the previous year.

Water, Flood Protection and Control Works, Libraries, Resource Consents, Community Services, Parks and Recreation, and Venues and Events – all achieved 100% of their annual targets.

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

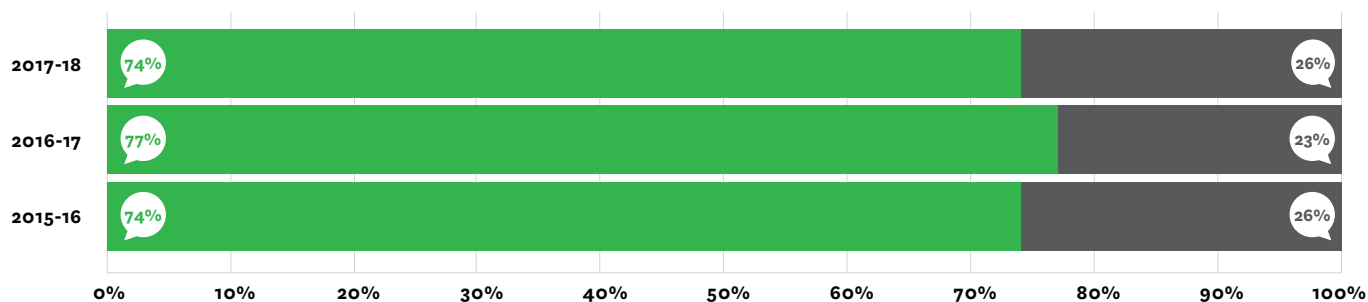
In a few cases measures carry an unrealistic target, or the target measure itself does not accurately reflect performance expectations. These were reviewed as part of the 2018-28 Long Term Plan.

More information about performance for each activity can be found in pages 29 to 79 of this report.

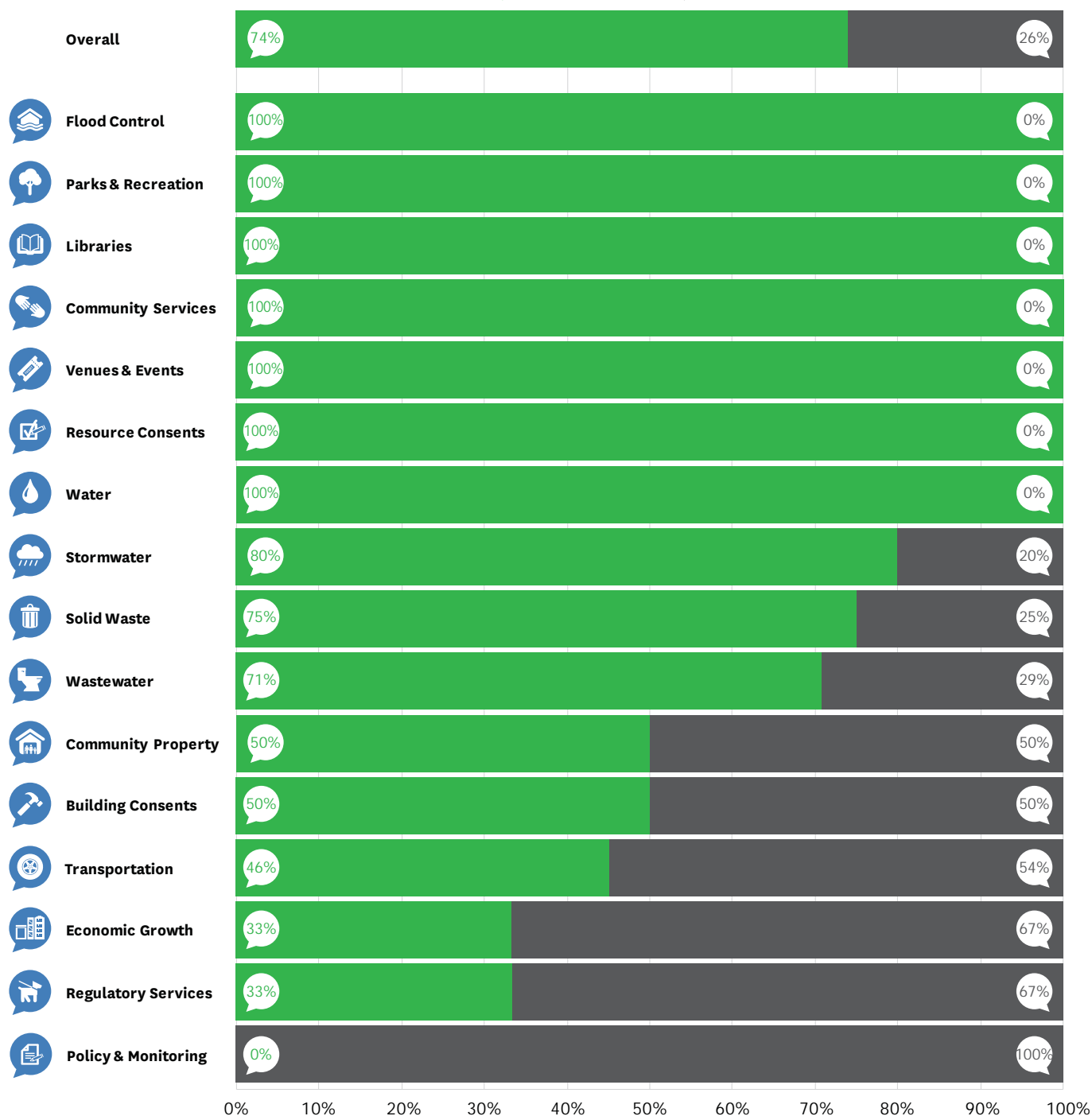
Overall non-financial performance

The following graphs summarise our overall performance.

Overall service performance by year ● Achieved ● Not achieved



Overall service performance by activity ● Achieved ● Not achieved



Comparative performance results

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

Activity	2017-18 Measures	2017-18 Achieved	2017-18 Not Achieved	2016-17 Achieved	Comment
1. Transportation	13 measures 6 achieved	46%	54%	62%	2017-18 has seen a significant increase in the % of road crashes with a roading contributing factor. Safety remains a significant issue for WDC and still requires a focused effort to reach these targets. The increasing trend has been picked up through our asset management plan and additional safety funding allocated to address this increase. Quality and rehabilitation of sealed road, response times to customer service requests, length of walking and cycling tracks built and management of peak hour traffic flows are also areas where Council have an opportunity to improve delivery.
2. Water	12 measures 12 achieved	100%	0%	75%	All performance targets met.
3. Solid Waste	4 measures 3 achieved	75%	25%	75%	The one target which was not achieved was largely due to this new performance measure not taking into account population growth. A revised measure is needed to accurately portray performance in this area. Despite this, the community's overall satisfaction with solid waste services has improved markedly.
4. Wastewater	7 measures 5 achieved	71%	29%	86%	As per 2016-17 results, performance for this year has remained constant with one measure dropping slightly below the desired outcome. The residents satisfaction with the wastewater remained steady and aligns with Council's investment to reduce storm-related wastewater spills.
5. Stormwater	5 measures 4 achieved	80%	20%	100%	One flooding event was recorded, during the financial year, relating to a failure of the stormwater network. In this instance, the road vehicle crossing design resulted in a lowered kerb. This allowed stormwater runoff from the road to channel down a right-of-way. Council are currently investigating how to address this flooding issue. This event resulted in one stormwater measure not being achieved.
6. Flood Control	2 measures 2 achieved	100%	0%	100%	All performance targets met.
7. Community Facilities and Services					
Parks and Recreation	6 measures 6 achieved	100%	0%	100%	All performance targets met.
Libraries	2 measures 2 achieved 0 not measured	100%	0%	100%	All performance targets met.
Community Property	2 measures 1 achieved	50%	50%	100%	The small drop in occupancy rates is due to the increase in unit refurbishments and delays due to unavailability of contractors to commence work.
Community Services	3 measures 3 achieved	100%	0%	100%	All performance targets met.
Venues and Events	2 measures 2 achieved	100%	0%	100%	All performance targets met.

Activity	2017-18 Measures	2017-18 Achieved	2017-18 Not Achieved	2016-17 Achieved	Comment
8. Economic Growth	3 measures 1 achieved	33%	67%	67%	Although two of our targets were not achieved, we did achieve positive GDP growth of 2.6% for the 2017-18 financial year and the positive aspects of population growth in the District continue to contribute to the social, cultural, environmental and economic wellbeing of the community.
9. Planning and Regulatory					
Policy and Monitoring	1 measure 0 achieved	0%	100%	0%	As per the 2016-17 results, this performance measure was not achieved due to the statutory requirement to review the District Plan in a 10-year period. Council is undertaking a rolling review of the plan, which has not been completed within the 10-year period since the District Plan became operative on 3 May 2007. All plan changes continue to be researched, proposed, consulted and reported on in accordance with the statutory requirements of the RMA.
Resource Consents	2 measures 2 achieved	100%	0%	100%	All performance targets met.
Building Compliance	2 measures 1 achieved	50%	50%	50%	The industry has continued to see growth and growth-related activity during the financial year. To assist with the timely processing of building consents, Council has successfully recruited staff to fill vacancies, as well as engaging with overflow contractors to improve processing cycle times. From January 2018 to June 2018, Council has regularly reached 98 % -100 % compliance and this has been reported to the Planning and Development Committee.
Regulatory Services	3 measures 1 achieved	33%	67%	33%	As per the 2016-17 results, the lower than desirable performance of this function relates to the environmental health and compliance functions. An increase in workload due to the implementation of the Food Act 2014 has seen some verification schedules required by the Act not met. Likewise, an increasing workload relating to the monitoring of resource consent conditions meant that monitoring schedules were not met. In both areas, staff resourcing reviews are underway with the aim of ensuring that performance measures are met.




















Part two

Our work in detail



About this section

Whangarei District Council (Council) work is grouped into nine key activities in this Annual Report.

Activity number	Group of Activities	Activity
1	 Transportation	Transportation
2	 Water	Water
3	 Solid Waste	Solid Waste
4	 Wastewater	Wastewater
5	 Stormwater	Stormwater
6	 Flood Protection and Control Works	Hikurangi Swamp
7	 Community Facilities and Services	 Parks and Recreation
		 Libraries
		 Community Property
		 Community Services
		 Venues and Events
8	 Economic Growth	Economic Growth
9	 Planning and Regulatory Services	 Policy and Monitoring
		 Resource Consents
		 Building Compliance
		 Regulatory Services
	 Support Services	

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.

Information in this section

The information provided about each of the nine activities 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 2017-18 year (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.

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 2015-25 Long Term Plan (LTP).

Our Community Outcomes

All Council's work and activities are guided by five 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.

Easy and safe to move around



There is a range of private and public transport options including walkways and cycleways. Our travel times are predictable and our transport network is well managed, safe and efficient.

A growing, resilient economy



We have more successful businesses and more jobs. Skilled people are attracted to our District to work, live, play, visit and invest.

Our economy is vibrant and education and career opportunities match the region's needs.

Clean, healthy and valued environment



As our District grows, our natural and created environment is protected, maintained and enhanced to reflect our Sense of Place, mauri and identity.

Our harbour, foreshore and waterways are clean and healthy.

Vibrant and healthy communities



Our communities are safe, we have a strong sense of identity and belonging. We value and enhance our culture by working together to make a difference.

Our District is full of life, activities and opportunities. Young people feel they belong, our leaders are nurtured and communities and Māori assist in shaping the direction of 'our place'.

Well managed growth



The city centre provides a strong heart for our District – it is vibrant and attractive, supporting the District's growth. We have a variety of connected public spaces that enhance how we live.

In our District, existing settlements are consolidated and we ensure that new residential areas are sustainable. Our infrastructure is aligned to our growth and there is variety both in type and location of housing.

Service delivery

This report details 30 levels of service with 69 associated performance measures and targets.

Of these measures, 20 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. The annual Resident Satisfaction Survey is a telephone-based survey (using computer assisted telephone interviewing) conducted by independent market research company Versus Research Limited. The questions asked remain static throughout the first three years of the current Long Term Plan.

Interviewing is carried out over a two-week period. Respondents are selected at random with a sample size of 400 giving a maximum margin of error of +/- 4.8% at the 95% confidence interval. The survey records responses on a scale of one to 10, with results of five to 10 being an indicator of satisfaction.

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.

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 for Whangarei District Council

	2016-17 Annual Plan \$'000	2016-17 Annual Report \$'000	2017-18 Annual Plan \$'000	2017-18 Actual \$'000
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties	51,020	50,429	53,564	53,005
Targeted rates	37,316	38,564	38,796	39,009
Subsidies and grants for operating purposes	6,575	6,678	6,629	6,436
Fees and charges	20,073	22,058	21,112	14,214
Interest and dividends from investments	691	1,743	1,508	2,676
Local authorities fuel tax, fines, infringement fees and other receipts	3,797	3,700	3,076	9,493
Total Operating Funding	119,472	123,172	124,685	124,833
Applications of Operating Funding				
Payments to staff and suppliers	83,629	85,187	88,561	87,359
Finance costs	8,086	7,798	8,009	7,731
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	91,715	92,985	96,570	95,090
Surplus / (Deficit) of Operating Funding	27,757	30,187	28,115	29,743
Sources of Capital Funding				
Subsidies and grants for capital expenditure	11,006	10,882	13,312	15,764
Development and financial contributions	3,000	6,912	3,028	6,339
Increase / (decrease) in debt	9,353	9,948	18,314	(10,000)
Gross proceeds from sale of assets	-	5,460	-	322
Other dedicated capital funding	-	-	-	-
Lump sum contributions	49	194	53	-
Total Sources of Capital Funding	23,408	33,396	34,707	12,425
Applications of Capital Funding				
Capital expenditure				
to meet additional demand	4,182	1,616	4,628	3,659
to improve levels of service	11,316	7,153	13,669	17,640
to replace existing assets	36,496	29,819	43,697	26,675
Increase / (decrease) in reserves	(829)	24,995	828	(5,806)
Increase / (decrease) of investments	-	-	-	-
Total Applications of Capital Funding	51,165	63,583	62,822	42,168
Surplus / (Deficit) of Capital Funding	(27,757)	(30,187)	(28,115)	(29,743)
Funding Balance	-	-	-	-



1. Transportation

What we do and why

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.

Potential effects

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

During 2017-18 we continued with the construction of the Kamo shared path project.

Our capital renewals programme included rebuilding 8.2km (0.8% of the sealed road network), and resealing 92km (8.8% of the sealed road network). Major bridge upgrades were completed on Wilson Road bridges, Matapouri, Ngunguru Road, Doctors Hill Road and Ararua Road. The pedestrian bridge on Ruakaka Beach Road was also replaced.

We also completed 2.6km of seal extension on Wright Rd to provide dust control for the houses along this road. Completion of the final 4km of Wright Rd is programmed for 2018-19. New footpath construction was completed on Austin Rd and Pipiwai Rd.

We took advantage of a Government subsidy to replace all the District's street lights with new LED technology. The new LED units will provide over 50% power savings, reduced maintenance costs and a longer life span. So far 3600 of our 6600 street lights have been replaced. The continuation of the subsidy until 2021 means we will be able to complete this project during 2018-19.

Contribution to Community Outcomes

● High contribution

● Medium contribution



Easy and safe to move around

Transportation provides a roading and footpath network for both commercial and residential purposes. Roads are built and maintained with a focus on the safety of the road user.



Growing resilient economy

The primary transport network (roads) is the key support for the District's economic activities. This includes commercial use, private use to get to and from local businesses, and domestic and international visitors.



Well managed growth

Growth is supported through appropriate planning mechanisms to ensure the provision of sufficient and appropriate transport networks for the existing and growth communities.

How we performed

● Local Government Mandatory Performance Measure (MPM)

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

Performance measure	Result												
<p>1.1.1 Percentage of road accidents with contributing roading factors. (Target: less than 9%)</p> <p>Not achieved</p> <p>2017 has seen a significant increase in the % of road crashes with a roading contributing factor. The increasing trend has been picked up through our asset management plan and additional safety funding allocated to address this increase.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>18.0%</td><td>9%</td></tr><tr><td>2016-17</td><td>3.0%</td><td>9%</td></tr><tr><td>2015-16</td><td>6.5%</td><td>9%</td></tr></table>	Year	Actual	Target	2017-18	18.0%	9%	2016-17	3.0%	9%	2015-16	6.5%	9%
Year	Actual	Target											
2017-18	18.0%	9%											
2016-17	3.0%	9%											
2015-16	6.5%	9%											
<p>1.1.2 The change from the previous financial year in the number of fatalities and serious injury crashes on local road network, expressed as a number. (Target: 0)</p> <p>Not Achieved</p> <p>Safety remains a significant issue for WDC and still requires a focused effort to reach this target.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>3</td><td>0</td></tr><tr><td>2016-17</td><td>-6</td><td>0</td></tr><tr><td>2015-16</td><td>11</td><td>0</td></tr></table>	Year	Actual	Target	2017-18	3	0	2016-17	-6	0	2015-16	11	0
Year	Actual	Target											
2017-18	3	0											
2016-17	-6	0											
2015-16	11	0											
<p>1.1.3 Residents' satisfaction with the roading network. (Target: 61%)</p> <p>Achieved</p> <p>This result combines the satisfaction levels of both sealed and unsealed roads per the annual Residents' Survey. Overall the combined result has increased from 2017. 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 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.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>70%</td><td>61%</td></tr><tr><td>2016-17</td><td>71%</td><td>61%</td></tr><tr><td>2015-16</td><td>58.5%</td><td>61%</td></tr></table>	Year	Actual	Target	2017-18	70%	61%	2016-17	71%	61%	2015-16	58.5%	61%
Year	Actual	Target											
2017-18	70%	61%											
2016-17	71%	61%											
2015-16	58.5%	61%											

Performance measure	Result												
<p>1.1.4 The average quality of ride on a sealed local road network, measured by smooth travel exposure. (Target: 87%)</p> <p>Not achieved</p> <p>The result has been a decrease from 2016-17 year. This indicates the smooth travel of the network is deteriorating and the customer is experiencing a rougher ride. This may be 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 the worst roads being fixed.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>83%</td><td>87%</td></tr><tr><td>2016-17</td><td>86%</td><td>87%</td></tr><tr><td>2015-16</td><td>86%</td><td>87%</td></tr></table>	Year	Actual	Target	2017-18	83%	87%	2016-17	86%	87%	2015-16	86%	87%
Year	Actual	Target											
2017-18	83%	87%											
2016-17	86%	87%											
2015-16	86%	87%											
<p>1.1.5 The percentage of the sealed local road network that is resurfaced. (Target: 8%)</p> <p>Achieved</p> <p>As noted last year the backlog continues to be cleared. The forward work programme shows a total reduction in length to be resurfaced over next three years which will start to match the steady state target of 8% per annum which was achieved this year.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>8%</td><td>8%</td></tr><tr><td>2016-17</td><td>12%</td><td>8%</td></tr><tr><td>2015-16</td><td>11%</td><td>8%</td></tr></table>	Year	Actual	Target	2017-18	8%	8%	2016-17	12%	8%	2015-16	11%	8%
Year	Actual	Target											
2017-18	8%	8%											
2016-17	12%	8%											
2015-16	11%	8%											
<p>1.1.6 The percentage of the sealed local road network that is rehabilitated. (Target: 1.2%)</p> <p>Not achieved</p> <p>This year saw an expensive urban project, rural works with significant portions of resilience works (slip repairs) resulting in more expensive rehabilitations reducing the amount that could be undertaken.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>0.8%</td><td>1.2%</td></tr><tr><td>2016-17</td><td>0.8%</td><td>1.2%</td></tr><tr><td>2015-16</td><td>0.5%</td><td>1.2%</td></tr></table>	Year	Actual	Target	2017-18	0.8%	1.2%	2016-17	0.8%	1.2%	2015-16	0.5%	1.2%
Year	Actual	Target											
2017-18	0.8%	1.2%											
2016-17	0.8%	1.2%											
2015-16	0.5%	1.2%											
<p>1.1.7 The average quality of ride on the unsealed local road network, measure by the % of road as smooth travel. (Target: 75%)</p> <p>Achieved</p> <p>The significant improvement in the unsealed smooth ride is a combination of two factors; there has been a change in survey equipment and methodology which has yielded a more accurate result of the network smooth ride; and a focus on grading at the optimal time of the year and application of specific aggregate blends on identified trouble spots.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>88%</td><td>75%</td></tr><tr><td>2016-17</td><td>56%</td><td>75%</td></tr><tr><td>2015-16</td><td>56%</td><td>75%</td></tr></table>	Year	Actual	Target	2017-18	88%	75%	2016-17	56%	75%	2015-16	56%	75%
Year	Actual	Target											
2017-18	88%	75%											
2016-17	56%	75%											
2015-16	56%	75%											
<p>1.1.8 The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the timeframe specified in the LTP. (Target: 95%)</p> <p>Not achieved</p> <p>Customer requests relating to roading and footpaths are high. Council will continue to monitor this and investigate options to deal with the increase in work load to bring this measure back on target.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>94%</td><td>95%</td></tr><tr><td>2016-17</td><td>95%</td><td>95%</td></tr><tr><td>2015-16</td><td>98%</td><td>95%</td></tr></table>	Year	Actual	Target	2017-18	94%	95%	2016-17	95%	95%	2015-16	98%	95%
Year	Actual	Target											
2017-18	94%	95%											
2016-17	95%	95%											
2015-16	98%	95%											

1.2 We will support alternative transport methods.

Performance measure	Result												
<p>1.2.1 The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or LTP). (Target: ≥ 80% in fair or better condition)</p> <p>Achieved</p> <p>Improvements to the footpaths have continued into 2017-18 which has resulted in the percentage of footpath in good condition remaining high.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>95%</td><td>80%</td></tr><tr><td>2016-17</td><td>95%</td><td>80%</td></tr><tr><td>2015-16</td><td>95%</td><td>80%</td></tr></table>	Year	Actual	Target	2017-18	95%	80%	2016-17	95%	80%	2015-16	95%	80%
Year	Actual	Target											
2017-18	95%	80%											
2016-17	95%	80%											
2015-16	95%	80%											
<p>1.2.2 Residents' satisfaction with footpaths in the urban area. (Target: 74%)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>80%</td><td>74%</td></tr><tr><td>2016-17</td><td>85%</td><td>74%</td></tr><tr><td>2015-16</td><td>77%</td><td>74%</td></tr></table>	Year	Actual	Target	2017-18	80%	74%	2016-17	85%	74%	2015-16	77%	74%
Year	Actual	Target											
2017-18	80%	74%											
2016-17	85%	74%											
2015-16	77%	74%											
<p>1.2.3 Length (km) of walking and cycling dedicated network built each year. (Target: 1.8km)</p> <p>Not achieved</p> <p>Kamo shared path has been under construction and was not fully open to use in 2017-18. The length of path reported next year will account for all of Kamo shared path.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>0</td><td>1.8</td></tr><tr><td>2016-17</td><td>0</td><td>1.8</td></tr><tr><td>2015-16</td><td>2.4</td><td>1.8</td></tr></table>	Year	Actual	Target	2017-18	0	1.8	2016-17	0	1.8	2015-16	2.4	1.8
Year	Actual	Target											
2017-18	0	1.8											
2016-17	0	1.8											
2015-16	2.4	1.8											
<p>1.2.4 Residents' satisfaction with street lighting in urban areas. (Target: 82%)</p> <p>Achieved</p> <p>The near completion LED conversion and Twin Coast discovery upgrade has had a significant positive impact on the residents' satisfaction with street lighting.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>87%</td><td>82%</td></tr><tr><td>2016-17</td><td>87%</td><td>82%</td></tr><tr><td>2015-16</td><td>81%</td><td>82%</td></tr></table>	Year	Actual	Target	2017-18	87%	82%	2016-17	87%	82%	2015-16	81%	82%
Year	Actual	Target											
2017-18	87%	82%											
2016-17	87%	82%											
2015-16	81%	82%											

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

Performance measure	Result												
<p>1.3.1 Residents' satisfaction with the way the District is managing its morning and evening traffic flows.</p> <p>(Target: 70%)</p> <p>Not achieved</p>	<table><thead><tr><th>Fiscal Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2017-18</td><td>60%</td><td>70%</td></tr><tr><td>2016-17</td><td>54%</td><td>70%</td></tr><tr><td>2015-16</td><td>63%</td><td>70%</td></tr></tbody></table>	Fiscal Year	Actual	Target	2017-18	60%	70%	2016-17	54%	70%	2015-16	63%	70%
Fiscal Year	Actual	Target											
2017-18	60%	70%											
2016-17	54%	70%											
2015-16	63%	70%											

What it cost

	2016-17 LTP \$'000	2017-18 LTP \$'000	2017-18 Actual \$'000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	14,509	15,327	15,074
Targeted rates	39	39	34
Subsidies and grants for operating purposes	6,351	6,703	6,369
Fees and charges	1,791	1,799	1,346
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	2,471	2,520	1,318
Total Operating Funding	25,161	26,388	24,141
Applications of Operating Funding			
Payments to staff and suppliers	15,014	15,847	14,601
Finance costs	4,075	4,228	4,581
Internal charges and overheads applied	1,292	1,347	957
Other operating funding applications	-	-	-
Total Applications of Operating Funding	20,381	21,422	20,139
Surplus / (Deficit) of Operating Funding	4,780	4,966	4,002
Sources of Capital Funding			
Subsidies and grants for capital expenditure	12,737	11,354	14,004
Development and financial contributions	822	830	2,510
Increase / (decrease) in debt	(1,365)	5,518	2,435
Gross proceeds from sale of assets	5,250	-	246
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	17,444	17,702	19,195
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	1,938	2,499	3,008
to improve levels of service	5,198	4,434	10,930
to replace existing assets	14,326	13,623	12,120
Increase / (decrease) in reserves	762	2,112	(2,861)
Increase / (decrease) of investments	-	-	-
Total Applications of Capital Funding	22,224	22,668	23,197
Surplus / (Deficit) of Capital Funding	(4,780)	(4,966)	(4,002)
Funding Balance	-	-	-

Operating expenditure variance explanation

Local authorities fuel tax, fines, infringement fees and other receipts is unfavourable due to a reclassification of operational recoveries to payments to staff and suppliers.

Capital expenditure variance explanation

Subsidies and grants for capital expenditure are favourable against LTP due to the LED lighting upgrade project which has an 85% NZTA subsidy. This was originally budgeted in the LTP in 2019-20. Total capital expenditure is also higher than budget due to this project as well as additional money for cycleways brought in to the 2017-18 Annual Plan.



2. Water

What we do and why

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.

Potential effects

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 reduce some of these environmental impacts.

Key achievements

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

Progress has been made towards the new Whau Valley water treatment plant which will replace the existing plant built in the 1950's. Detailed design is underway with contractor selection expected at the end of 2018 and construction starting in 2019.

We completed numerous asset renewal projects during the year, including the replacement of water mains in Albany Road, Kent Road and Tikorangi Place. We also replaced 500 metres of old cast iron pipe from Maunu Springs. Nearly 1000 water meters were renewed as part of our ongoing meter replacement programme. Two of our reservoirs also had maintenance work carried out as part of the reservoir rehabilitation programme of works.

A new Activity Management Plan for Water Services was completed detailing several important projects to be undertaken over the next ten years.

Contribution to Community Outcomes

● High contribution

● Medium contribution



A growing, resilient economy

The water activity provides water to the District, supporting commercial, industrial and agricultural activities. The supply of water is managed and planned in such a way to continue supply in times of drought and emergencies.



Vibrant and healthy communities

The provision of clean, potable water is fundamental to healthy communities.



Well managed growth

Growth is supported by appropriate planning ensuring the provision of sufficient and appropriate water supplies for existing and future communities.

How we performed

● Local Government Mandatory Performance Measure (MPM)

2.1 Council will provide safe drinking water with adequate pressure to the residents of the District connected to the water supply system.

Performance measure	Result												
<p>2.1.1 Whangarei District’s water quality will comply with the Ministry of Health’s Drinking Water Standard for New Zealand requirements for bacterial monitoring. (Target: 100%)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>100%</td><td>100%</td></tr><tr><td>2016-17</td><td>98.8%</td><td>100%</td></tr><tr><td>2015-16</td><td>100%</td><td>100%</td></tr></table>	Year	Actual	Target	2017-18	100%	100%	2016-17	98.8%	100%	2015-16	100%	100%
Year	Actual	Target											
2017-18	100%	100%											
2016-17	98.8%	100%											
2015-16	100%	100%											
<p>2.1.2 The extent to which Council’s drinking water supply complies with a. part 5 of the drinking water standards (bacteria compliance criteria); and b. part 5 of the drinking water standards (protozoal compliance criteria). (Target: 100%)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>100%</td><td>100%</td></tr><tr><td>2016-17</td><td>0%</td><td>100%</td></tr><tr><td>2015-16</td><td>100%</td><td>100%</td></tr></table>	Year	Actual	Target	2017-18	100%	100%	2016-17	0%	100%	2015-16	100%	100%
Year	Actual	Target											
2017-18	100%	100%											
2016-17	0%	100%											
2015-16	100%	100%											
<p>2.1.3 Residents’ satisfaction with the water supply. (Target: 95%)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>95%</td><td>95%</td></tr><tr><td>2016-17</td><td>97%</td><td>95%</td></tr><tr><td>2015-16</td><td>98%</td><td>95%</td></tr></table>	Year	Actual	Target	2017-18	95%	95%	2016-17	97%	95%	2015-16	98%	95%
Year	Actual	Target											
2017-18	95%	95%											
2016-17	97%	95%											
2015-16	98%	95%											
<p>2.1.4 The total number of complaints received by Council about any of the following: a. drinking water clarity b. drinking water taste c. drinking water odour d. drinking water pressure or flow e. continuity of supply; and f. the LA’s response to any of these issues expressed per 1000 connections to the LA’s networked reticulation system. (Target: less than 17)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>14</td><td>17</td></tr><tr><td>2016-17</td><td>12</td><td>17</td></tr><tr><td>2015-16</td><td>13</td><td>17</td></tr></table>	Year	Actual	Target	2017-18	14	17	2016-17	12	17	2015-16	13	17
Year	Actual	Target											
2017-18	14	17											
2016-17	12	17											
2015-16	13	17											

Performance measure	Result												
<p>2.1.5 The number of water main breaks (distribution and riders) per 100km of pipe per year will not increase beyond the benchmarked figure set.</p> <p>(Target: less than 30)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>30</td><td>30</td></tr><tr><td>2016-17</td><td>32.4</td><td>30</td></tr><tr><td>2015-16</td><td>29.2</td><td>30</td></tr></table>	Year	Actual	Target	2017-18	30	30	2016-17	32.4	30	2015-16	29.2	30
Year	Actual	Target											
2017-18	30	30											
2016-17	32.4	30											
2015-16	29.2	30											
<p>2.1.6 Where Council 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 Council received notification to the time service personnel reach the site</p> <p>(Target: less than 60 minutes)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>27</td><td>60</td></tr><tr><td>2016-17</td><td>26</td><td>60</td></tr><tr><td>2015-16</td><td>21</td><td>60</td></tr></table>	Year	Actual	Target	2017-18	27	60	2016-17	26	60	2015-16	21	60
Year	Actual	Target											
2017-18	27	60											
2016-17	26	60											
2015-16	21	60											
<p>(b) resolution of urgent callouts: from the time Council received notification to the time that service personnel confirm resolution of the fault or interruption</p> <p>(Target: less than four hours)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>91 mins</td><td>240 mins</td></tr><tr><td>2016-17</td><td>63 mins</td><td>240 mins</td></tr><tr><td>2015-16</td><td>56 mins</td><td>240 mins</td></tr></table>	Year	Actual	Target	2017-18	91 mins	240 mins	2016-17	63 mins	240 mins	2015-16	56 mins	240 mins
Year	Actual	Target											
2017-18	91 mins	240 mins											
2016-17	63 mins	240 mins											
2015-16	56 mins	240 mins											
<p>(c) attendance for non-urgent callouts from the time that Council receives notification to the time that service personnel reach the site; and</p> <p>(Target: less than 12 hours)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>125 mins</td><td>720 mins</td></tr><tr><td>2016-17</td><td>120 mins</td><td>720 mins</td></tr><tr><td>2015-16</td><td>134 mins</td><td>720 mins</td></tr></table>	Year	Actual	Target	2017-18	125 mins	720 mins	2016-17	120 mins	720 mins	2015-16	134 mins	720 mins
Year	Actual	Target											
2017-18	125 mins	720 mins											
2016-17	120 mins	720 mins											
2015-16	134 mins	720 mins											
<p>(d) resolution of non-urgent callouts: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.</p> <p>(Target: less than 24 hours)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>216 mins</td><td>1440 mins</td></tr><tr><td>2016-17</td><td>60 mins</td><td>1440 mins</td></tr><tr><td>2015-16</td><td>54 mins</td><td>1440 mins</td></tr></table>	Year	Actual	Target	2017-18	216 mins	1440 mins	2016-17	60 mins	1440 mins	2015-16	54 mins	1440 mins
Year	Actual	Target											
2017-18	216 mins	1440 mins											
2016-17	60 mins	1440 mins											
2015-16	54 mins	1440 mins											

2.2 Water supply is managed in a sustainable manner, and in times of emergency there is adequate water supply available.

Performance measure	Result												
<p>2.2.1 The amount of raw water available as a percentage of predicted demand during drought conditions. (Target: 83%)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>93%</td><td>83%</td></tr><tr><td>2016-17</td><td>95%</td><td>83%</td></tr><tr><td>2015-16</td><td>95%</td><td>83%</td></tr></table>	Year	Actual	Target	2017-18	93%	83%	2016-17	95%	83%	2015-16	95%	83%
Year	Actual	Target											
2017-18	93%	83%											
2016-17	95%	83%											
2015-16	95%	83%											
<p>2.2.2 The percentage of real water loss from Council's networked reticulation system (including a description of the methodology used to calculate this). (Target: less than 25%)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>21.7%</td><td>25%</td></tr><tr><td>2016-17</td><td>20%</td><td>25%</td></tr><tr><td>2015-16</td><td>21%</td><td>25%</td></tr></table>	Year	Actual	Target	2017-18	21.7%	25%	2016-17	20%	25%	2015-16	21%	25%
Year	Actual	Target											
2017-18	21.7%	25%											
2016-17	20%	25%											
2015-16	21%	25%											
<p>2.2.3 The average consumption of drinking water per day per resident within the Whangarei District. (Target: less than 500 litres)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>440</td><td>500</td></tr><tr><td>2016-17</td><td>446</td><td>500</td></tr><tr><td>2015-16</td><td>405</td><td>500</td></tr></table>	Year	Actual	Target	2017-18	440	500	2016-17	446	500	2015-16	405	500
Year	Actual	Target											
2017-18	440	500											
2016-17	446	500											
2015-16	405	500											

What it cost

	2016-17 LTP \$'000	2017-18 LTP \$'000	2017-18 Actual \$'000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	13,461	13,884	14,435
Subsidies and grants for operating purposes	-	-	-
Fees and charges	328	336	133
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	824	731	1,439
Total Operating Funding	14,613	14,951	16,007
Applications of Operating Funding			
Payments to staff and suppliers	6,008	6,309	6,965
Finance costs	-	-	-
Internal charges and overheads applied	2,290	2,368	2,091
Other operating funding applications	-	-	-
Total Applications of Operating Funding	8,298	8,677	9,056
Surplus / (Deficit) of Operating Funding	6,315	6,274	6,951
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	553	558	1,428
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	553	558	1,428
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	-	-	418
to replace existing assets	8,530	10,759	3,130
Increase / (decrease) in reserves	(1,662)	(3,927)	4,831
Increase / (decrease) of investments	-	-	-
Total Applications of Capital Funding	6,868	6,832	8,379
Surplus / (Deficit) of Capital Funding	(6,315)	(6,274)	(6,951)
Funding Balance	-	-	-

Operating expenditure variance explanation

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

Capital expenditure variance explanation

Development and financial contributions are favourable against LTP due to increased development activity. Total capital expenditure is favourable against LTP primarily due to delays in the Whau Valley new water treatment plant project.



3. Solid waste

What we do and why

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.

Potential negative effects

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

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

Key achievements

Northland Regional Landfill Limited Partnership (NRLLP), a 50:50 partnership between Council and Northland Waste Limited, has had another successful year. Waste diversion initiatives at Re:sort are having good results and transfer stations are operating well. Stage two of the landfill has been filled and we have started filling stage three, with the design of stage four underway. Good trading results were achieved and distributions made to partners.

Customer satisfaction with rubbish and recycling collections has improved again, while satisfaction with litter collections remains the same.

EcoSolutions continues to deliver waste minimisation lessons to school children and provide support to schools' waste minimisation programmes.

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

We have adopted the Waste Management and Minimisation Plan which aims to reduce the amount of waste going to landfill.

We have completed further investigations into landfill gas management at Pohe Island. Their recommendations have been peer reviewed and a plan implemented.

Contribution to Community Outcomes

● High contribution

● Medium contribution



Clean, healthy and valued environment

Reliable collection and cleaning reduces pollution while recycling services ensure excess waste to landfill is limited.



Vibrant and healthy communities

A clean environment contributes to District pride and the wellbeing of our residents and visitors.

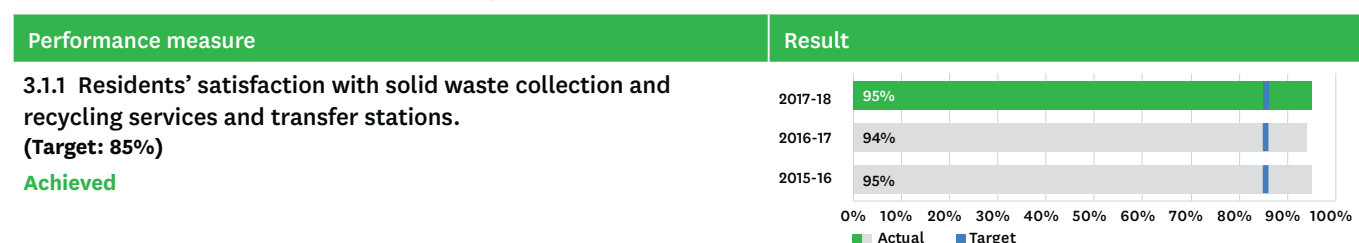


Well managed growth

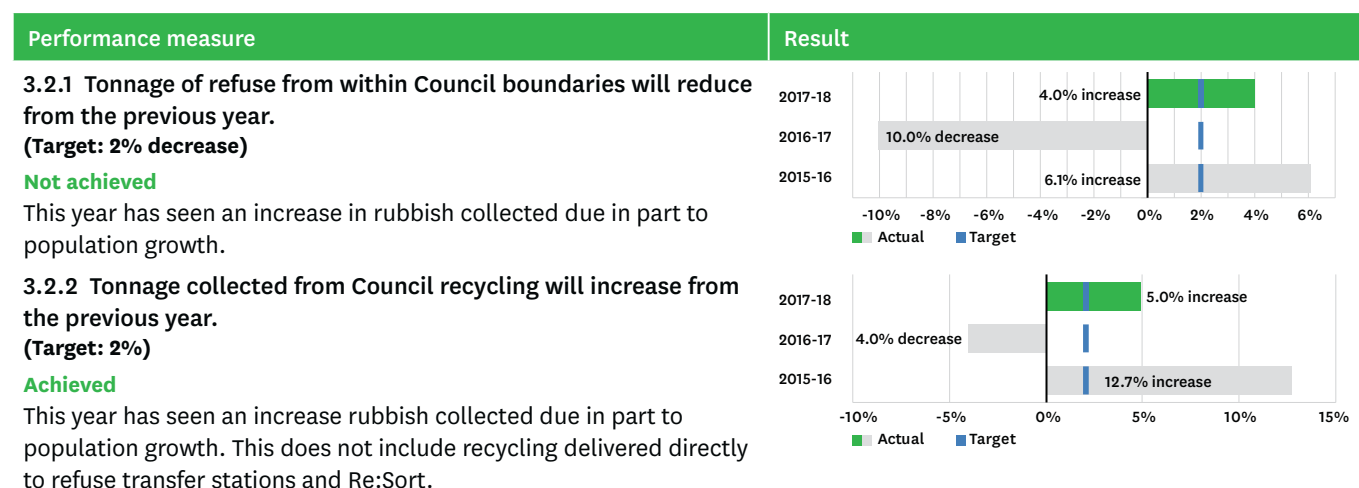
Growth is supported through appropriate planning mechanisms to ensure the provision of sufficient and appropriate solid waste collection and disposal and recycling systems for the existing and growth communities.

How we performed

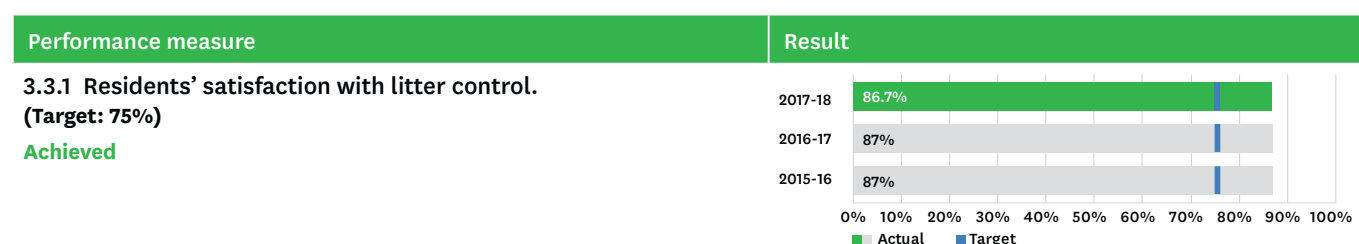
3.1 Council will provide kerbside refuse and recycling collection services to all properties in the District and transfer stations will be operated throughout the District.



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



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



What it cost

	2016-17 LTP \$'000	2017-18 LTP \$'000	2017-18 Actual \$'000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	6,256	6,478	6,473
Subsidies and grants for operating purposes	-	-	-
Fees and charges	3,171	3,251	2,897
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	5	5	420
Total Operating Funding	9,432	9,734	9,790
Applications of Operating Funding			
Payments to staff and suppliers	6,286	6,443	6,010
Finance costs	615	470	326
Internal charges and overheads applied	310	323	150
Other operating funding applications	-	-	-
Total Applications of Operating Funding	7,211	7,236	6,486
Surplus / (Deficit) of Operating Funding	2,221	2,498	3,304
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase / (decrease) in debt	(1,943)	(2,480)	(3,292)
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	(1,943)	(2,480)	(3,292)
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	278	17	-
to replace existing assets	-	-	12
Increase / (decrease) in reserves	-	1	-
Increase / (decrease) of investments	-	-	-
Total Applications of Capital Funding	278	18	12
Surplus / (Deficit) of Capital Funding	(2,221)	(2,498)	(3,304)
Funding Balance	-	-	-

Operating expenditure variance explanation

Fees and charges are unfavourable against LTP due to revenue received for waste minimisation being reclassified to local authorities fuel tax, fines, infringement fees and other receipts.

Capital expenditure variance explanation

No material variances.



4. Wastewater

What we do and why

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

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

Potential negative effects

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

Key achievements

The Tarewa overflow tank is close to completion and once finished will divert and treat wastewater under high-flow conditions. We expect this to significantly reduce the number of sewage overflows and further improve water quality in our harbour.

Rama Rd irrigation upgrade is close to completion, which will increase the capacity of the Ruakaka treatment plant disposal area allowing us to meet consent conditions.

We have replaced and improved an old and damaged rising sewer main at Langs Beach allowing for future growth in the area.

Hikurangi Sewer upgrade Stage 1 is complete, improving network capacity.

Contribution to Community Outcomes

● High contribution

● Medium contribution



Clean, healthy and valued environment

By treating wastewater to agreed standards, discharges from wastewater treatment plants have no detrimental environmental impact.



Vibrant and healthy communities

Appropriate collection, treatment and disposal of sewage assists our community to be healthy by avoiding exposure to potential health risks.



Well managed growth

Growth is supported through appropriate planning ensuring the provision of appropriate wastewater systems for current and future communities.

How we performed

Local Government Mandatory Performance Measure (MPM)

4.1 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 resource consents for discharge from Council’s sewerage system measured by the number of:</p> <p>a. abatement notices</p> <p>b. infringement notices</p> <p>c. enforcement orders</p> <p>d. convictions</p> <p>(Target: 0) Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>0</td><td>0</td></tr><tr><td>2016-17</td><td>0</td><td>0</td></tr><tr><td>2015-16</td><td>0</td><td>0</td></tr></table>	Year	Actual	Target	2017-18	0	0	2016-17	0	0	2015-16	0	0
Year	Actual	Target											
2017-18	0	0											
2016-17	0	0											
2015-16	0	0											
<p>4.1.2 The number of dry weather sewerage overflows from Council’s sewerage system, expressed per 1000 sewerage connections to that sewerage system.</p> <p>(Target: less than 1.35) Not achieved</p> <p>2017-18 has seen higher than usual rainfall. This has resulted in an increase in reported sewer and pump station overflows. Council are working to reduce infiltration issues through projects such as the Tarewa high-flow treatment tank and Hikurangi upgrades and I&S surveys.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>2.40</td><td>1.35</td></tr><tr><td>2016-17</td><td>2.22</td><td>1.35</td></tr><tr><td>2015-16</td><td>2.24</td><td>1.35</td></tr></table>	Year	Actual	Target	2017-18	2.40	1.35	2016-17	2.22	1.35	2015-16	2.24	1.35
Year	Actual	Target											
2017-18	2.40	1.35											
2016-17	2.22	1.35											
2015-16	2.24	1.35											
<p>4.1.3 Residents’ satisfaction with sewerage reticulation, treatment and disposal services.</p> <p>(Target: 70%)</p> <p>Not achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>69%</td><td>70%</td></tr><tr><td>2016-17</td><td>75%</td><td>70%</td></tr><tr><td>2015-16</td><td>70%</td><td>70%</td></tr></table>	Year	Actual	Target	2017-18	69%	70%	2016-17	75%	70%	2015-16	70%	70%
Year	Actual	Target											
2017-18	69%	70%											
2016-17	75%	70%											
2015-16	70%	70%											
<p>4.1.4 The number of complaints received by Council about any of the following:</p> <p>a. sewage odour</p> <p>b. sewerage system faults</p> <p>c. sewerage system blockages; and</p> <p>d. the TA’s response to issues with its sewerage system</p> <p>expressed per 1000 connections to the TA’s sewerage system</p> <p>(Target: less than 20) Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>19</td><td>20</td></tr><tr><td>2016-17</td><td>8.1</td><td>20</td></tr><tr><td>2015-16</td><td>7.7</td><td>20</td></tr></table>	Year	Actual	Target	2017-18	19	20	2016-17	8.1	20	2015-16	7.7	20
Year	Actual	Target											
2017-18	19	20											
2016-17	8.1	20											
2015-16	7.7	20											
<p>4.1.5 Where Council attends to sewerage overflows resulting from a blockage or other fault in Council’s sewerage system, the following median response times measured:</p> <p>(a) attendance time: from the time that Council receives notification to the time that service personnel reach the site; and</p> <p>(Target: less than 60 minutes)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>30</td><td>60</td></tr><tr><td>2016-17</td><td>30</td><td>60</td></tr><tr><td>2015-16</td><td>31</td><td>60</td></tr></table>	Year	Actual	Target	2017-18	30	60	2016-17	30	60	2015-16	31	60
Year	Actual	Target											
2017-18	30	60											
2016-17	30	60											
2015-16	31	60											
<p>(b) resolution time: from the time that Council receives notification to the time that services personnel confirm resolution of the blockage or other fault.</p> <p>(Target: less than seven hours)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>1.55</td><td>7</td></tr><tr><td>2016-17</td><td>1.8</td><td>7</td></tr><tr><td>2015-16</td><td>1.5</td><td>7</td></tr></table>	Year	Actual	Target	2017-18	1.55	7	2016-17	1.8	7	2015-16	1.5	7
Year	Actual	Target											
2017-18	1.55	7											
2016-17	1.8	7											
2015-16	1.5	7											

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><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2017-18</td><td>80%</td><td>75%</td></tr><tr><td>2016-17</td><td>82%</td><td>75%</td></tr><tr><td>2015-16</td><td>89%</td><td>75%</td></tr></tbody></table>	Year	Actual	Target	2017-18	80%	75%	2016-17	82%	75%	2015-16	89%	75%
Year	Actual	Target											
2017-18	80%	75%											
2016-17	82%	75%											
2015-16	89%	75%											

What it cost

	2016-17 LTP \$'000	2017-18 LTP \$'000	2017-18 Actual \$'000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	16,815	17,180	17,226
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,066	1,093	1,173
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	616	625	299
Total Operating Funding	18,497	18,898	18,698
Applications of Operating Funding			
Payments to staff and suppliers	5,306	5,522	5,646
Finance costs	1,901	1,406	1,503
Internal charges and overheads applied	1,369	1,415	863
Other operating funding applications	-	-	-
Total Applications of Operating Funding	8,576	8,343	8,012
Surplus / (Deficit) of Operating Funding	9,921	10,555	10,686
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	1,292
Development and financial contributions	660	666	1,370
Increase / (decrease) in debt	(682)	(8,399)	(9,112)
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	(22)	(7,733)	(6,450)
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	41	42	319
to improve levels of service	349	315	4,041
to replace existing assets	9,577	2,319	1,798
Increase / (decrease) in reserves	(68)	146	(1,922)
Increase / (decrease) of investments	-	-	-
Total Applications of Capital Funding	9,899	2,822	4,236
Surplus / (Deficit) of Capital Funding	(9,921)	(10,555)	(10,686)
Funding Balance	-	-	-

Operating expenditure variance explanation

No material variances.

Capital expenditure variance explanation

Subsidies and grants for capital expenditure are favourable due to termination of a private developer agreement. Total capital expenditure is unfavourable against LTP due to completion of projects originally budgeted in the 2016-17 year.



5. Stormwater

What we do and why

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.

Potential negative effects

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

Work has continued on the development and implementation of Catchment Management Plans.

A Whangarei District Catchment Management Strategy, setting the direction for stormwater planning and GIS data analysis is under development.

To address the current large backlog of work, a programme of projects has been developed ready to go to tender and implementation of this will begin next year.

Contribution to Community Outcomes

● High contribution

● Medium contribution



A growing resilient economy

Effective stormwater infrastructure allows the District's economic activities to continue to operate in all but extreme storm events.



Clean, healthy and valued environment

Environmental impacts of stormwater runoff are managed through resource consents and impacts of development are reduced through Catchment Management Plans and Environmental Engineering Standards.



Vibrant and healthy communities

Effective stormwater infrastructure reduces the risk of health issues arising from ponding water and flooding.



Well managed growth

Growth is supported by planning to ensure sufficient and appropriate stormwater systems for the existing and future communities.

How we performed

Local Government Mandatory Performance Measure (MPM)

5.1 Council will provide a stormwater network that minimises flood risks and environmental impacts.

Performance measure	Result												
5.1.1 Compliance with Council’s resource consents for discharge from the stormwater system, measured by the number of: a. abatement notices b. infringement notices c. enforcement orders d. convictions (Target: 0) Achieved We have had one request to rectify contaminated stormwater discharge from NRC. We are currently working to reduce sediment discharge into the stormwater network in question.	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>0</td><td>0</td></tr><tr><td>2016-17</td><td>0</td><td>0</td></tr><tr><td>2015-16</td><td>0</td><td>0</td></tr></table>	Year	Actual	Target	2017-18	0	0	2016-17	0	0	2015-16	0	0
Year	Actual	Target											
2017-18	0	0											
2016-17	0	0											
2015-16	0	0											
5.1.2 Residents’ satisfaction with stormwater drainage service. (Target: 70%) Achieved	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>74%</td><td>70%</td></tr><tr><td>2016-17</td><td>74%</td><td>70%</td></tr><tr><td>2015-16</td><td>68%</td><td>70%</td></tr></table>	Year	Actual	Target	2017-18	74%	70%	2016-17	74%	70%	2015-16	68%	70%
Year	Actual	Target											
2017-18	74%	70%											
2016-17	74%	70%											
2015-16	68%	70%											
5.1.3 The number of complaints received by Council about the performance of its stormwater system, expressed per 1000 properties connected to Council’s stormwater system. (Target: less than 400)* Achieved <i>*Note: in the LTP this is expressed as 400 properties across the District.</i>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>6.8</td><td>400</td></tr><tr><td>2016-17</td><td>2.1</td><td>400</td></tr><tr><td>2015-16</td><td>1.9</td><td>400</td></tr></table>	Year	Actual	Target	2017-18	6.8	400	2016-17	2.1	400	2015-16	1.9	400
Year	Actual	Target											
2017-18	6.8	400											
2016-17	2.1	400											
2015-16	1.9	400											
5.1.4 (a) The number of flooding events that occur in the Whangarei District; and (b) For each flooding event the number of habitable floors affected. Expressed per 1000 properties connected to Council’s stormwater system. (Target: 0) Not achieved <i>Note: Only calls to Council were recorded but calls to Fire and Emergency New Zealand and to other agencies were not captured in this measure.</i> One flooding event was recorded, during the financial year, relating to a failure of the stormwater network. In this instance, the road vehicle crossing design resulted in a lowered kerb. This allowed stormwater runoff from the road to channel down a right-of-way. Council are currently investigating how to address this flooding issue.	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>0.07</td><td>0</td></tr><tr><td>2016-17</td><td>0</td><td>0</td></tr><tr><td>2015-16</td><td>0</td><td>0</td></tr></table>	Year	Actual	Target	2017-18	0.07	0	2016-17	0	0	2015-16	0	0
Year	Actual	Target											
2017-18	0.07	0											
2016-17	0	0											
2015-16	0	0											
5.1.5 The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site. (Target: less than one hour) Achieved	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>19</td><td>60</td></tr><tr><td>2016-17</td><td>32</td><td>60</td></tr><tr><td>2015-16</td><td>36</td><td>60</td></tr></table>	Year	Actual	Target	2017-18	19	60	2016-17	32	60	2015-16	36	60
Year	Actual	Target											
2017-18	19	60											
2016-17	32	60											
2015-16	36	60											

What it cost

	2016-17 LTP \$'000	2017-18 LTP \$'000	2017-18 Actual \$'000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	1,782	1,890	2,112
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	6	6	-
Internal charges and overheads recovered	755	779	-
Local authorities fuel tax, fines, infringement fees and other receipts	95	95	-
Total Operating Funding	2,638	2,770	2,112
Applications of Operating Funding			
Payments to staff and suppliers	742	816	952
Finance costs	-	-	-
Internal charges and overheads applied	1,260	1,303	991
Other operating funding applications	-	-	-
Total Applications of Operating Funding	2,002	2,119	1,943
Surplus / (Deficit) of Operating Funding	636	651	169
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	-	-	-
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	636	652	-
to replace existing assets	-	-	169
Increase / (decrease) in reserves	-	(1)	-
Increase / (decrease) of investments	-	-	-
Total Applications of Capital Funding	636	651	169
Surplus / (Deficit) of Capital Funding	(636)	(651)	(169)
Funding Balance	-	-	-

Operating expenditure variance explanation

Internal charges and overheads recovered is favourable is due to a change in the allocation method.

Capital expenditure variance explanation

Total capital expenditure is favourable due to internal resourcing constraints.



6. Flood protection and control works

What we do and why

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.

Potential negative effects

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

A project proposal to restore one sacrificial pocket for improved flood mitigation and ecological outcomes is currently being prepared.

A project to restore an oxbow waterway near Whakapara marae is also underway.

Contribution to Community Outcomes

● High contribution

● Medium contribution



A growing resilient economy

Flood protection work provides protection to pastoral farming land and provides resilience following flood events to an area of highly productive land.

How we performed

Local Government Mandatory Performance Measure (MPM)

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 are maintained, repaired and renewed to the key standards defined in the local authority's relevant planning documents (such as its Asset Management Plan, annual works programme or LTP). (Target: Yes) Achieved	Yes (2016-17: Yes)
6.1.2 No infringement or abatement notices issued by Northland Regional Council in relation to the Scheme consent. (Target: 0) Achieved	Zero infringement or abatement notices issued (2016-17: 0)

What it cost

	2016-17 LTP \$'000	2017-18 LTP \$'000	2017-18 Actual \$'000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	959	1,036	1,041
Subsidies and grants for operating purposes	-	-	-
Fees and charges	73	75	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1	1	70
Total Operating Funding	1,033	1,112	1,111
Applications of Operating Funding			
Payments to staff and suppliers	735	781	667
Finance costs	109	100	57
Internal charges and overheads applied	-	-	9
Other operating funding applications	-	-	-
Total Applications of Operating Funding	844	881	733
Surplus / (Deficit) of Operating Funding	189	231	378
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase / (decrease) in debt	(189)	(126)	(378)
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	(189)	(126)	(378)
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	-	-	-
to replace existing assets	30	105	-
Increase / (decrease) in reserves	(30)	-	-
Increase / (decrease) of investments	-	-	-
Total Applications of Capital Funding	-	105	-
Surplus / (Deficit) of Capital Funding	(189)	(231)	(378)
Funding Balance	-	-	-

Operating expenditure variance explanation

No material variances.

Capital expenditure variance explanation

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.



Parks and recreation

What we do and why

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

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

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

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

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

Potential negative effects

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 2017-18 year Council:

- completed upgrades at Horahora sportsfield and stage 1 of the Otaika sportsfield's development
- upgraded the Hikurangi tennis courts to multi-use hardcourts including provision for lighting in the future
- upgraded three high profile tracks at Parihaka Scenic Reserve (Hokianga/Dobbie, Drummond and Ross track) principally to the SNZHB 8630:2004 walking track standard
- after inspection and condition assessment the following carparks and accessway were resealed; Boswell St Hall grounds, Tikipunga Domain Sports ground, Horahora Sports ground, One Tree Point Reserve, Barge Park accessway, Whangarei Theatre Company, Marist carpark, Maunu Cemetery
- replaced playground equipment at Tait St, Ruakaka Recreation Centre, Amber Dr, and Shearwater Reserve
- installed additional area lighting along the Hatea Loop for safety and to extend the hours of use

Contribution to Community Outcomes

● High contribution

● Medium contribution



Easy and safe to move around

Council provides walking and cycling tracks for both recreational and transportation purposes. Tracks and open spaces are planned with a focus on community safety.



A growing resilient economy

Providing suitable recreation and leisure opportunities attracts new residents as well as visitors to the District.



Clean, healthy and valued environment

We carry out work that supports the environment such as weed, pest and animal control, as well as working closely with other agencies to support their environmental protection programmes.



Vibrant and healthy communities

Providing recreation and leisure opportunities such as sports parks and playgrounds allows our communities to engage in healthy activities as well as enjoy positive experiences in the natural environment. Major facilities provide central points of contact for various community groups and clubs.

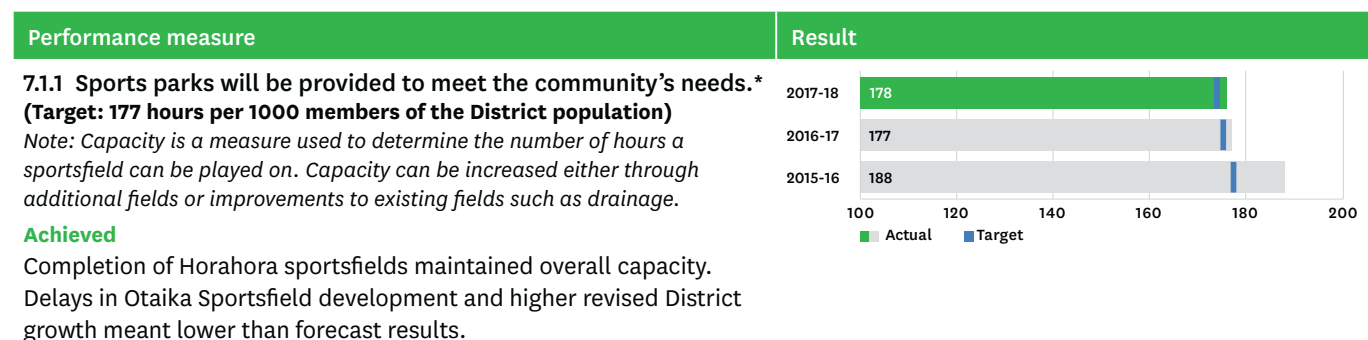


Well managed growth

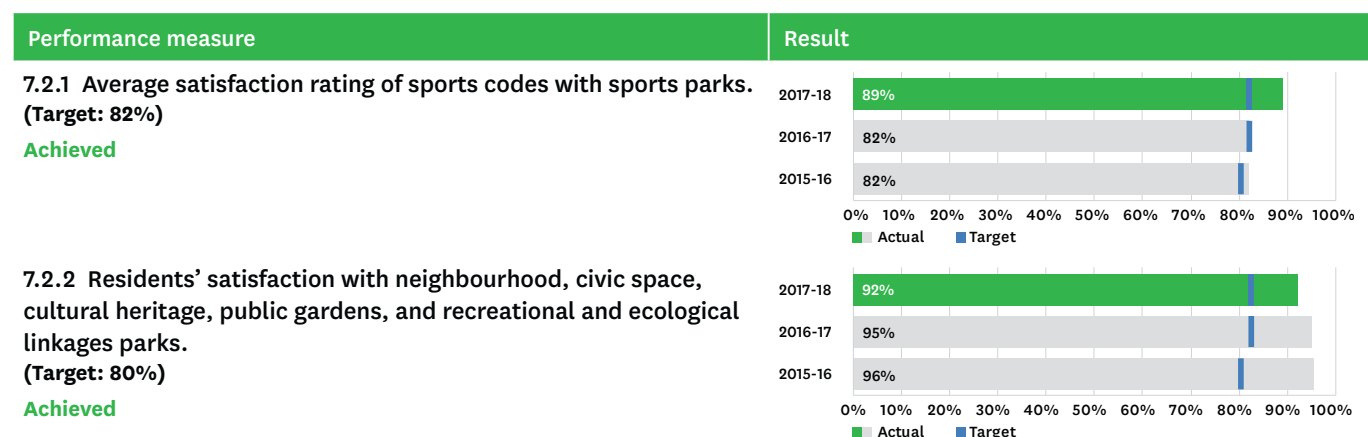
Growth is supported by appropriate planning ensuring sufficient and appropriate recreation and leisure opportunities exist for current and future communities.

How we performed

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



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



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

Performance measure	Result												
7.3.1 Hectares of open space land transformed.** (Target: 1.2 hectares) Achieved The conversion of undeveloped land at Otaika for two new sportsfields accounts for this area.	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>1.8</td><td>1.2</td></tr><tr><td>2016-17</td><td>2.4</td><td>1.2</td></tr><tr><td>2015-16</td><td>0.1</td><td>1.2</td></tr></table>	Year	Actual	Target	2017-18	1.8	1.2	2016-17	2.4	1.2	2015-16	0.1	1.2
Year	Actual	Target											
2017-18	1.8	1.2											
2016-17	2.4	1.2											
2015-16	0.1	1.2											
7.3.2 Residents' perception that Council is making sufficient investment in developing a strong sense of space for the District and its communities. (Target: 70%) Achieved	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>93%</td><td>70%</td></tr><tr><td>2016-17</td><td>70%</td><td>70%</td></tr><tr><td>2015-16</td><td>74%</td><td>70%</td></tr></table>	Year	Actual	Target	2017-18	93%	70%	2016-17	70%	70%	2015-16	74%	70%
Year	Actual	Target											
2017-18	93%	70%											
2016-17	70%	70%											
2015-16	74%	70%											

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

Performance measure	Result												
7.4.1 Residents' satisfaction with cemeteries. (Target: 90%) Achieved	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>95%</td><td>90%</td></tr><tr><td>2016-17</td><td>94%</td><td>90%</td></tr><tr><td>2015-16</td><td>96%</td><td>90%</td></tr></table>	Year	Actual	Target	2017-18	95%	90%	2016-17	94%	90%	2015-16	96%	90%
Year	Actual	Target											
2017-18	95%	90%											
2016-17	94%	90%											
2015-16	96%	90%											

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

** This measure relates to tracks constructed on, or connecting, reserve land in addition to any walk and cycleway tracks funded by the transportation activity.

What we do and why

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.

Potential negative effects

No potential negative effects have been identified for Libraries.

Key achievements

Use of the library remains steady with 795,406 items borrowed over the past year, an average of 66,283 per month, and 40,354 visits.

The 100% customer satisfaction survey result shows customers appreciate the service they receive at our libraries and the resources available to them.

While physical visits remain comparable with previous years online visits to the website increased by 85% from the previous year to 126,111.

The installation of RFID (radio frequency identification) has been completed and 60% of items are now borrowed through the self-check machines. RFID means all customer transactions are conducted from the information desks and the circulation desk has been converted to a public area where people can sit and use their own devices to use the recently introduced free WiFi.

We continue to focus on the delivery of high quality events and activities relevant to all sections of the community. One of the most successful initiatives was the Spring into Summer lecture series which attracted large audiences to listen to world class speakers such as photographer Kim Westerskov.

Contribution to Community Outcomes

● High contribution

● Medium contribution



A growing resilient economy

Libraries contribute significantly to an educated community which supports a growing resilient economy. A high standard of community facilities such as libraries assists in attracting new people to the District.



Vibrant and healthy communities

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

How we performed

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

Performance measure	Result												
7.5.1 Percentage of population who have used a library in the past year. (Target: 60%) Achieved	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>63%</td><td>60%</td></tr><tr><td>2016-17</td><td>62%</td><td>60%</td></tr><tr><td>2015-16</td><td>56%</td><td>60%</td></tr></table>	Year	Actual	Target	2017-18	63%	60%	2016-17	62%	60%	2015-16	56%	60%
Year	Actual	Target											
2017-18	63%	60%											
2016-17	62%	60%											
2015-16	56%	60%											
7.5.2 Residents' satisfaction with the resources (books, magazines etc.) the library service provides. (Target: 95%) Achieved	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>99%</td><td>95%</td></tr><tr><td>2016-17</td><td>96%</td><td>95%</td></tr><tr><td>2015-16</td><td>100%</td><td>95%</td></tr></table>	Year	Actual	Target	2017-18	99%	95%	2016-17	96%	95%	2015-16	100%	95%
Year	Actual	Target											
2017-18	99%	95%											
2016-17	96%	95%											
2015-16	100%	95%											

What we do and why

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.

Potential negative effects

No potential negative effects have been identified for Community Property.

Key achievements

Occupancy rates and demand remain high for our pensioner housing units. On average 20-25 applicants are waiting for units to become available at any one time and are placed as soon as possible. Delays this year have mainly been caused by the numbers of units requiring refurbishments and contractor scheduling. A procurement process has been completed resulting in a panel of contractors being appointed to carry out programmed maintenance and refurbishments. The contract will begin 1 July 2018 and will reduce delays over the next five years.

The Asset Management programme developed in 2015 has continued with a further 13 units being upgraded, 12 unit re-roofs and the completion of re-cladding of the last Bloomfield PI units.

The 2017-18 tenant survey showed pleasing results in overall satisfaction and in areas such as affordability, accessibility and tenancy management. Some areas to focus on in the future are improvements in safety, security and parking.

Contribution to Community Outcomes

● **High contribution** ● **Medium contribution**

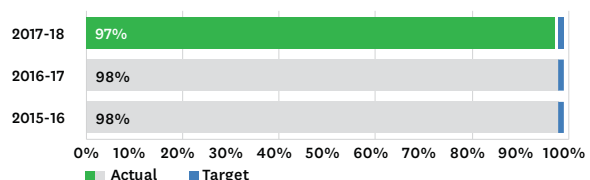
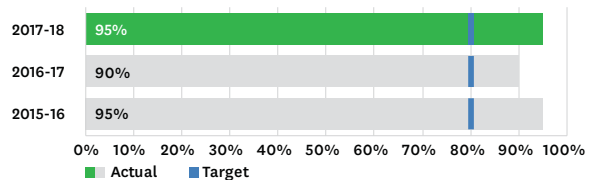


Vibrant and healthy communities

The provision of pensioner housing supports our elderly population. Community halls contribute to the foundation of the community by giving people a place to meet and feel connected.

How we performed

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

Performance measure	Result												
7.6.1 Percentage occupancy rate of pensioner housing. (Target: 98%) Not achieved The small drop in occupancy rates is due to the increase in unit refurbishments and delays due to unavailability of contractors to commence work. It has also been noted that some villages are more difficult to re-tenant due to their locations resulting in longer vacancies between tenants.	 <table><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2017-18</td><td>97%</td><td>98%</td></tr><tr><td>2016-17</td><td>98%</td><td>98%</td></tr><tr><td>2015-16</td><td>98%</td><td>98%</td></tr></tbody></table>	Year	Actual	Target	2017-18	97%	98%	2016-17	98%	98%	2015-16	98%	98%
Year	Actual	Target											
2017-18	97%	98%											
2016-17	98%	98%											
2015-16	98%	98%											
7.6.2 Pensioner housing residents' satisfaction with the standard of accommodation. (Target: 80%) Achieved This is a very pleasing increase; endorsing our refurbishment and maintenance programme we have been working through this year. Tenants being very satisfied with the resulting standard of work and quality of accommodation.	 <table><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2017-18</td><td>95%</td><td>80%</td></tr><tr><td>2016-17</td><td>90%</td><td>80%</td></tr><tr><td>2015-16</td><td>95%</td><td>80%</td></tr></tbody></table>	Year	Actual	Target	2017-18	95%	80%	2016-17	90%	80%	2015-16	95%	80%
Year	Actual	Target											
2017-18	95%	80%											
2016-17	90%	80%											
2015-16	95%	80%											

What we do and why

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

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

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

Potential negative effects

No potential negative effects have been identified for Community Services.

Key achievements

The most significant achievement this year has been our adoption of the community development framework; heralding a new period of working in partnership with communities on the needs, challenges and aspirations they have identified as being important. This will result in greater investment in funding and community led development supporting the District as a whole.

During the year we received 126 applications for grant funding and distributed over \$1.8 million of grants, concessions and loans.

Other work for the year included a review of Council's grants strategy, building closer relationships with key community amenities in the District as well as administering the annual Civic Honours awards.

The addition of Community Development Advisers to work with communities of people, place and interest, alongside our advisory groups work will support progress toward our vision of a vibrant, attractive and thriving District.

Contribution to Community Outcomes

● High contribution

● Medium contribution



Clean, healthy and valued environment

The promotion of graffiti removal as well as community development work in identified communities enhances our physical environment.



Vibrant and healthy communities

Our work is based on the support and creation of vibrant and healthy communities.

How we performed

7.7 Council will promote and support community safety.



7.8 Council will support the 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 and accessibility sector issues.





Venues and events Whangarei

What we do and why

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.

Potential negative effects

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

Key achievements

Key highlights for the 2017-18 year include the Ngāpuhi Festival and Toi Ngāpuhi Māori Arts Exhibition, Fritter Festival and a sold out Six60 concert at Northland Events Centre.

We delivered the Matariki Whānau Festival as well as supporting the International Rally of Whangārei, ANZAC Day, Wild Kiwi and Black Caps v West Indies. Other festival programmes we coordinated were the Endless Summer Festival and the Whangārei Festival of Motorsport.

Both Northland Events Centre and Forum North hosted many community and commercial bookings including performances, meetings, weddings, expos, conferences and functions.

Contribution to Community Outcomes

High contribution

Medium contribution



A growing resilient economy

Attracting events supports our economy by enhancing revenue streams, including spending from outside the District.



Vibrant and healthy communities

Varied and numerous events in the District support communities to participate and engage at both the local and District level, which further supports social cohesion.

How we performed

7.10 Our venues will encourage high use and satisfaction levels.

Performance measure	Result												
<p>7.10.1 Number of attendees over all facilities. (Target: 67%)</p> <p>Achieved</p>	<table><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2017-18</td><td>75%</td><td>67%</td></tr><tr><td>2016-17</td><td>65%</td><td>67%</td></tr><tr><td>2015-16</td><td>60%</td><td>67%</td></tr></tbody></table>	Year	Actual	Target	2017-18	75%	67%	2016-17	65%	67%	2015-16	60%	67%
Year	Actual	Target											
2017-18	75%	67%											
2016-17	65%	67%											
2015-16	60%	67%											
<p>7.10.2 Satisfaction with quality of venues and events. (Target: 80%)</p> <p>Achieved</p>	<table><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2017-18</td><td>92%</td><td>80%</td></tr><tr><td>2016-17</td><td>96%</td><td>80%</td></tr><tr><td>2015-16</td><td>92%</td><td>80%</td></tr></tbody></table>	Year	Actual	Target	2017-18	92%	80%	2016-17	96%	80%	2015-16	92%	80%
Year	Actual	Target											
2017-18	92%	80%											
2016-17	96%	80%											
2015-16	92%	80%											

What it cost

	2016-17 LTP \$'000	2017-18 LTP \$'000	2017-18 Actual \$'000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	23,672	25,008	24,595
Targeted rates	-	-	-
Subsidies and grants for operating purposes	59	60	67
Fees and charges	2,139	2,191	705
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	545	561	2,702
Total Operating Funding	26,415	27,820	28,069
Applications of Operating Funding			
Payments to staff and suppliers	16,309	16,622	16,875
Finance costs	4,328	4,662	4,483
Internal charges and overheads applied	5,184	5,368	4,930
Other operating funding applications	-	-	-
Total Applications of Operating Funding	25,821	26,652	26,288
Surplus / (Deficit) of Operating Funding	594	1,168	1,781
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	157
Development and financial contributions	104	105	1,031
Increase / (decrease) in debt	1,805	9,284	349
Gross proceeds from sale of assets	5,250	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	7,159	9,389	1,537
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	275
to improve levels of service	2,267	4,395	1,657
to replace existing assets	4,724	4,053	4,493
Increase / (decrease) in reserves	762	2,109	(3,107)
Increase / (decrease) of investments	-	-	-
Total Applications of Capital Funding	7,753	10,557	3,318
Surplus / (Deficit) of Capital Funding	(594)	(1,168)	(1,781)
Funding Balance	-	-	-

Operating expenditure variance explanation

Fees and charges are unfavourable against LTP due to reclassification of rental revenue to local authorities fuel tax, fines, infringement fees and other receipts.

Capital expenditure variance explanation

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



8. Economic growth

What we do and why

We encourage people to live, work, play and invest in our District to improve our District's income (Gross Domestic Product or GDP). We invest in economic development to provide local economic leadership in collaboration with key partners such as central government, the community and industry, ultimately to improve people's standard of living with better employment opportunities, amenities, facilities and improved wellbeing.

Potential negative effects

Economic growth which leads to increased industrial activity may cause some negative effect on our environment. These potential environmental impacts are addressed and mitigated by provisions within our District Plan.

Key achievements

A new Whangārei Cultural Guide and video telling the unique stories and legends of Whangārei Terenga Paraoa were produced in partnership with tangata whenua and industry.

The Whangārei Visitor Guide has been increased by 12 pages to 60 enabling us to showcase more of our attractions and activities to a wider audience. The guide, and where possible other publications, are now printed on 100% recycled paper.

Photoshoots by a variety of photographers, focused on different locations and themes, have greatly strengthened our promotional image stock.

Contribution to Community Outcomes

● High contribution

● Medium contribution



A growing resilient economy

Attracting more visitors improves economic growth.



Vibrant and healthy communities

Economic growth enriches people's lives through employment and business opportunities.

How we performed

8.1 Council will promote and provide a service which encourages, enables and facilitates economic activity leading to economic growth in the District.

Performance measure	Result												
<p>8.1.1 Whangarei District's GDP growth compared to the average of like regional economies.</p> <p>(Target: 2% higher than other G9 councils)</p> <p>Not achieved</p> <p>Whilst we maintained positive GDP growth of 3.7%, factors outside the control of Council such as commodity prices in the primary industry impacted on our ability to achieve 2% higher growth than comparable Territorial Authorities.</p>	<table><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2017-18</td><td>0.6%</td><td>2.0%</td></tr><tr><td>2016-17</td><td>0.9%</td><td>2.0%</td></tr><tr><td>2015-16</td><td>-0.8%</td><td>2.0%</td></tr></tbody></table>	Year	Actual	Target	2017-18	0.6%	2.0%	2016-17	0.9%	2.0%	2015-16	-0.8%	2.0%
Year	Actual	Target											
2017-18	0.6%	2.0%											
2016-17	0.9%	2.0%											
2015-16	-0.8%	2.0%											

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

Performance measure	Result												
<p>8.2.1 Visitor spend on bookings through the Whangārei visitor centres will show an increase each year. (Target: 2%)</p> <p>Not achieved</p> <p>There are several reasons for the decline in bookings for this period. These include:</p> <ul style="list-style-type: none">• the challenging summer weather which limited visitor activity• technological advancements which have enabled travelers to make their own bookings via personal mobile devices.	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>-16%</td><td>2%</td></tr><tr><td>2016-17</td><td>15%</td><td>2%</td></tr><tr><td>2015-16</td><td>19%</td><td>2%</td></tr></table>	Year	Actual	Target	2017-18	-16%	2%	2016-17	15%	2%	2015-16	19%	2%
Year	Actual	Target											
2017-18	-16%	2%											
2016-17	15%	2%											
2015-16	19%	2%											
<p>8.2.2 Total visitor guest nights in the Whangarei District will show an increase in each year. (Target: 2%)</p> <p>Achieved</p> <p>For the year ended 30 June 2018, Whangarei District achieved an increase of 4% guest night growth which is ahead of the Northland Region's average of +1.6% and the national average of +2.4%. A buoyant business economy, with related commercial travel and the large maintenance shutdown at NZ Refining, where staff and contractor numbers increased from approximately 500 to 1,200, will have contributed to an increase in guest nights in the Whangarei District.</p> <p>Whangārei achieved a 5.5% increase in June 2018 which is against the trend of most regions of New Zealand that experienced a drop-off for that month; the national average decline for June 2018 was -1.8%. This drop was expected following the boost that British and Irish Lions followers gave to us in June 2017.</p> <p>The commencement of construction of the Hundertwasser Art Centre and the release of details for a planned hotel development for Whangārei are significant factors that will drive future visitor growth.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>4.0%</td><td>2%</td></tr><tr><td>2016-17</td><td>13.6%</td><td>2%</td></tr><tr><td>2015-16</td><td>-9.3%</td><td>2%</td></tr></table>	Year	Actual	Target	2017-18	4.0%	2%	2016-17	13.6%	2%	2015-16	-9.3%	2%
Year	Actual	Target											
2017-18	4.0%	2%											
2016-17	13.6%	2%											
2015-16	-9.3%	2%											

What it cost

	2016-17 LTP \$'000	2017-18 LTP \$'000	2017-18 Actual \$'000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	2,633	2,687	1,262
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	219
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,166	1,189	1,887
Total Operating Funding	3,799	3,876	3,368
Applications of Operating Funding			
Payments to staff and suppliers	2,291	2,335	2,118
Finance costs	363	363	261
Internal charges and overheads applied	1,119	1,152	903
Other operating funding applications	-	-	-
Total Applications of Operating Funding	3,773	3,850	3,282
Surplus / (Deficit) of Operating Funding	26	26	86
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	-	-	-
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	5	5	-
to improve levels of service	-	-	-
to replace existing assets	20	21	86
Increase / (decrease) in reserves	1	-	-
Increase / (decrease) of investments	-	-	-
Total Applications of Capital Funding	26	26	86
Surplus / (Deficit) of Capital Funding	26	26	86
Funding Balance	-	-	-

Operating expenditure variance explanation

Local authorities fuel tax, fines, infringement fees and other receipts are favourable against budget due to increased profit share from the Northland Regional Landfill Limited Partnership.

Capital expenditure variance explanation

No material variances.



9. Planning and regulatory services

We undertake planning, monitoring and enforcement activities in order to 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 outcomes of these functions are important in ensuring our District remains attractive and that our communities thrive.



Policy and monitoring

What we do and why

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.

Potential negative effects

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

There has been significant progress in the ongoing review of our District Plan. The following plan changes have become operative:

- Rezoning Living 1 and 3 Environments around Whangārei City (Plan Change 86B).
- Papakainga provisions (Plan Change 94B)
- Genetically Modified Organisms provisions (Plan Change 131)

Decisions have been notified for the Rural, Coast, Landscapes and Minerals plan changes. This forms a significant component of our District Plan. A number of matters are under appeal and these will be worked on through 2018-19.

Public feedback on changes to the urban zones, transport, open space and three waters is currently being received. The plan change for Notable and Public Trees has been publicly notified for submission. These plan changes will be continued in 2019.

The Bylaw review programme has delivered the following bylaws:

- Camping in Public Spaces Bylaw which gives clarity around the rules for Freedom Campers.
- Animals Bylaw which provides rules for the keeping of animals
- Traffic and Parking Bylaw which manages parking and traffic issues including the framework to establish and regulate parking spaces

The Whangārei City Centre Plan was adopted in December 2017, this sets out a clear vision and actions to transform our City Centre. This was swiftly followed by work on the City Core Precinct Plan which adds more detail around the specific projects and land uses needed to support the vision of the Whangārei City Centre Plan.

We have met our statutory requirements under the National Policy Statement on Urban Development Capacity, by delivering an assessment of the demand for housing and business land along with our short, medium and long term capacity to meet that demand. This work will inform a review of our existing Whangārei District Growth Strategy: Sustainable Futures 30/50.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**



Easy and safe to move around

Planning activities ensure appropriate support and planning for all transportation types throughout the District.



A growing resilient economy

Effective planning enables the sustainable and economic development of the District.



Clean, healthy and valued environment

The District Plan is a key vehicle for environmental protection in the District.



Vibrant and healthy communities

The support of planning functions, such as urban design and crime prevention through environmental design (CPTED), supports positive living environments for our communities.



Well managed growth

The Sustainable Futures 30/50 Growth Strategy is a key tool used by Council to support well-managed growth.

How we performed

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

Performance measure	Result												
<p>9.1.1 Plan changes are researched, proposed, consulted and reported on as required by Council in accordance with the relevant statutory requirements.</p> <p>(Target: 100%)</p> <p>Not achieved</p> <p>Under section 79 of the RMA Council must review every district plan provision within a 10 year period. The District Plan became operative on 3 May 2007. The rolling review of the District Plan is continuing to review the Plan content with all Plan changes individually complying with the RMA requirements and timeframes.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>45%</td><td>100%</td></tr><tr><td>2016-17</td><td>35%</td><td>100%</td></tr><tr><td>2015-16</td><td>100%</td><td>100%</td></tr></table>	Year	Actual	Target	2017-18	45%	100%	2016-17	35%	100%	2015-16	100%	100%
Year	Actual	Target											
2017-18	45%	100%											
2016-17	35%	100%											
2015-16	100%	100%											

What we do and why

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.

Potential negative effects

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

Key achievements

Resource consent applications decreased by 9% from the previous year with a total of 602 applications received, compared with 660 the previous year. While a reduction on the previous year the level of business remains high with an overall increase of 55% over the last five years.

Changes to the Resource Legislation Amendment Act have been implemented affecting notification processes, introducing shorter consenting times for some categories of activities and introducing new permitted activity types that previously required consent. Processes have been successfully updated, along with fees and charges to meet the new requirements. Level of service goals have been met with approximately one third of applications being processed by external contractors.

Contribution to Community Outcomes

● High contribution

● Medium contribution



Clean, healthy and valued environment

The resource consent process secures the long-term maintenance and protection of significant stands of bush, outstanding landscapes and other natural features that contribute to a valued environment.

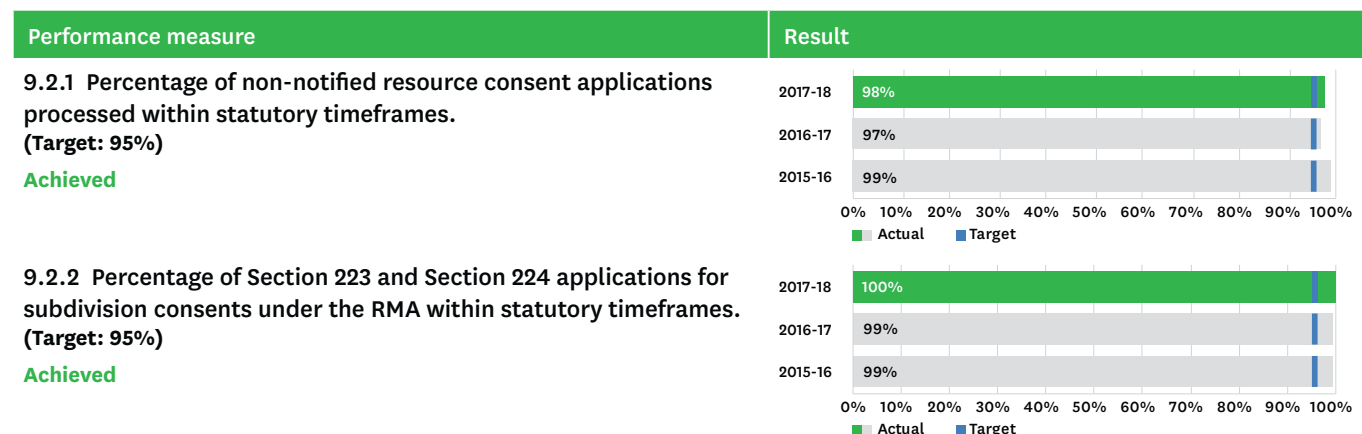


Vibrant and healthy communities

Ensuring compliance with District Plan rules and conditions of resource consents contributes to the community's enjoyment of life while protecting our physical environment.

How we performed

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



What we do and why

Building compliance ensures that buildings in our District are designed and constructed to 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 wellbeing.

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 wellbeing of the public.

We are also required under new legislation to identify earthquake prone buildings and ensure building owners meet their responsibilities.

Potential negative effects

Negative effects from not administering the related statutes can include dangerous and insanitary public use and non-compliant houses. Not issuing building consents and failing to meet the requirements of accreditation may result in a loss of confidence and our accreditation as a building consent authority.

Key achievements

This year we have continued to see a strong residential sector performance with more new houses being built. The department has continued to deliver inspections on time and keep ahead of the demand cycle.

The department has successfully achieved building consent accreditation and embarked on several initiatives to improve compliance to timeframes. The use of contractors in times of high demand has become an important part in the process and has ensured better compliance with statutory timeframes.

Contribution to Community Outcomes

● High contribution

● Medium contribution



Clean, healthy and valued environment

Building controls ensure there is no adverse impact on our waterways and natural environment.



Vibrant and healthy communities

Ensuring that our homes are constructed for durability and good health supports our communities.



Well managed growth

Building compliance ensures that both commercial and residential buildings are durable for future residents.

How we performed

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

Performance measure	Result												
9.3.1 Percentage of building consent applications processed within statutory timeframes. (Target: 96%) Not achieved There has continued to be an increase in business activity in this area. Council has now successfully recruited staff to fill vacancies and engaged with overflow contractors to improve processing timeframes.	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>73%</td><td>96%</td></tr><tr><td>2016-17</td><td>82%</td><td>96%</td></tr><tr><td>2015-16</td><td>94%</td><td>96%</td></tr></table>	Year	Actual	Target	2017-18	73%	96%	2016-17	82%	96%	2015-16	94%	96%
Year	Actual	Target											
2017-18	73%	96%											
2016-17	82%	96%											
2015-16	94%	96%											
9.3.2 Percentage of inspections completed within two days. (Target: 95%) Achieved The department has continued to focus on inspection delivery within this timeframe. This has been identified as a critical requirement for the building industry for productivity.	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2017-18</td><td>96%</td><td>95%</td></tr><tr><td>2016-17</td><td>98%</td><td>95%</td></tr><tr><td>2015-16</td><td>99%</td><td>95%</td></tr></table>	Year	Actual	Target	2017-18	96%	95%	2016-17	98%	95%	2015-16	99%	95%
Year	Actual	Target											
2017-18	96%	95%											
2016-17	98%	95%											
2015-16	99%	95%											

What we do and why

Council undertakes monitoring and enforcement across a wide cross-section of statutes focusing 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.

Potential negative effects

Failure to effectively enforce and monitor can lead to significant adverse environmental, health and nuisance issues across our District.

Key achievements

The Food Act 2014 came into force in March 2016. Over the last few years, the Environmental Health team has worked tirelessly to implement the newly required registration and verification processes for food businesses.

We have now gained approval from MPI to be able to verify our District's food businesses who are required to operate either under a Food Control Plan or a National Program.

We adopted a Provisional Local Alcohol Policy under the Sale and Supply of Alcohol Act 2012. Elements of this have been appealed with hearings likely to take place at the end of this year.

Our contractor, Armourguard, provides around the clock enforcement services for dog and stock control, parking and bylaw enforcement and excessive noise. This contract began in September 2016, and will be reviewed by September 2019.

Contribution to Community Outcomes

● High contribution

● Medium contribution



Clean, healthy and valued environment

The enforcement of bylaws and consent conditions ensures that our environment is protected.



Vibrant and healthy communities

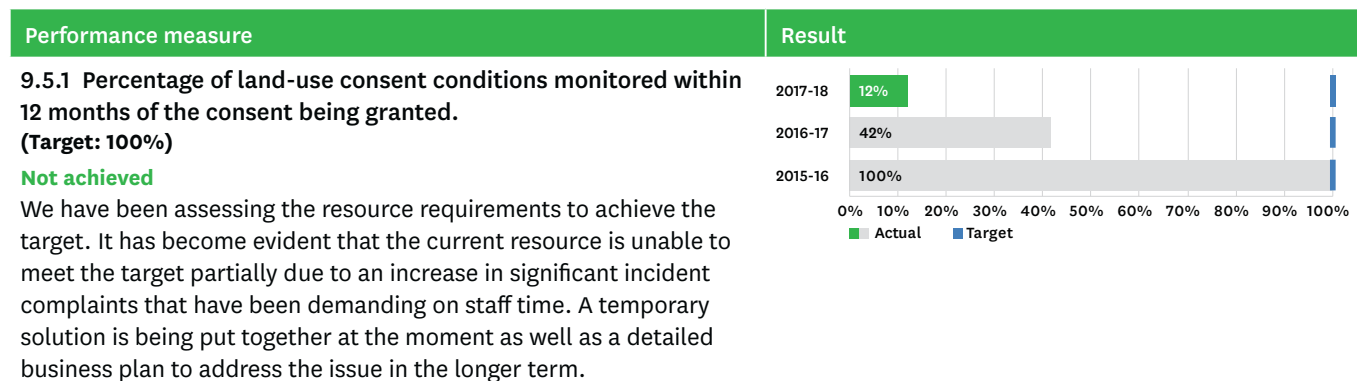
Auditing of food safety in food businesses ensures that food is safe to eat and the health of the community protected.

How we performed

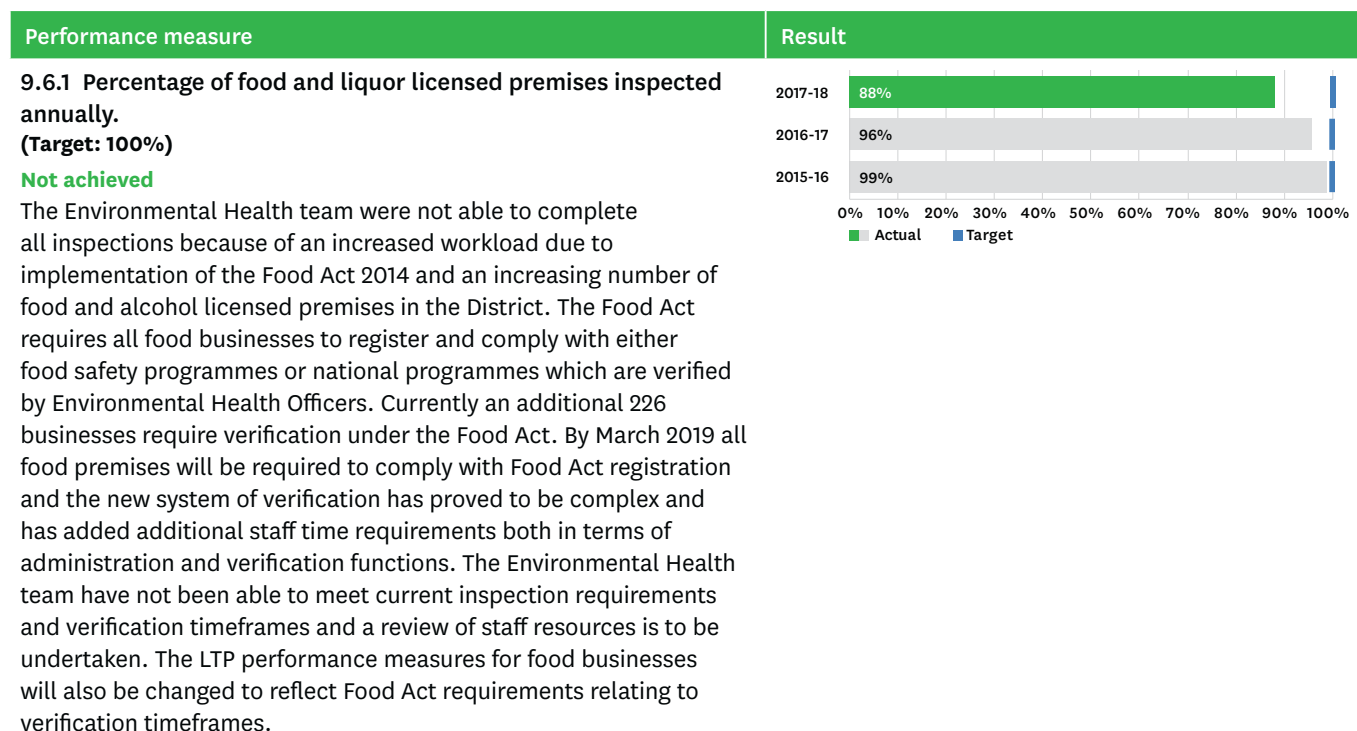
9.4 Council will ensure responses to complaints relating to parking, excessive noise, dogs, stock and bylaws are carried out within contracted timeframes.



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



9.6 Council will protect, promote and monitor public health in the areas of food premises and liquor licensing.



What it cost

	2016-17 LTP \$'000	2017-18 LTP \$'000	2017-18 Actual \$'000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	7,776	8,203	6,270
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	6,615	7,033	7,365
Internal charges and overheads recovered	2,225	2,297	3,452
Local authorities fuel tax, fines, infringement fees and other receipts	1,869	1,892	1,424
Total Operating Funding	18,485	19,425	18,511
Applications of Operating Funding			
Payments to staff and suppliers	9,274	9,828	9,348
Finance costs	-	-	-
Internal charges and overheads applied	9,211	9,597	9,163
Other operating funding applications	-	-	-
Total Applications of Operating Funding	18,485	19,425	18,511
Surplus / (Deficit) of Operating Funding	-	-	-
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	-	-	-
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	-	-	-
to replace existing assets	-	-	-
Increase / (decrease) in reserves	-	-	-
Increase / (decrease) of investments	-	-	-
Total Applications of Capital Funding	-	-	-
Surplus / (Deficit) of Capital Funding	-	-	-
Funding Balance	-	-	-

Operating expenditure variance explanation

Internal charges and overheads recovered and internal charges and overheads applied are favourable against LTP due to a change in the allocation process as a result of the restructure.

Capital expenditure variance explanation

No material variances.



10. Support services

Our support services assist our nine activity areas in delivering the best possible services to the community.

Māori Relationships

The Resource Management Act 1991 (RMA) and the Local Government Act 2002 (LGA) place obligations on Council to establish formal, meaningful and sustainable relationships with whānau, hapū and iwi representatives and Māori organisations in the District. Our team supports Council to meet these obligations.

To achieve the objectives in the Long Term Plan and Annual Plan, we work across Council providing advice and training to assist Council staff and Councillors to build their own meaningful and trusting relationships with Māori. We also provide advice on all matters relating to Māori dynamics and tikanga.

We provide secretariat services and wider support to Council's Strategic Partnership Forum, Te Kārearea, made up of Councillors and mandated hapū representatives of Whangārei.

One of Council's key forums has been Te Kārearea, the strategic partnership between Whangārei hapū representatives (Te Huinga) and Whangārei District Council representatives. The purpose of Te Kārearea is to enable hapū and Council to work closely together to achieve the agreed vision 'He Whenua Rangatira – Whangārei, a District of prosperity, well-being and empowered communities'. Monthly meetings alternate between Marae and Council Chambers. The first part of each Marae meeting was allocated to the community to contribute to decision making by raising their issues of importance. A register of issues has been held including reporting back to the community. These included roading, signage, rubbish, rates, water management and quality, footpaths, resource management matters, Papakainga, Marae funding, wastewater, flooding, Annual Plan, civil defence, community consultation and early engagement.

We also have in place a number of processes to provide opportunities for Māori to contribute to the decision-making processes of Council and have undertaken a range of associated activities throughout the year. They include kanohi ki te kanohi/face to face meetings of individuals, whānau, hapū and iwi and Māori organisations; engagement and consultation hui often in relation to legislative processes set out in the LGA and RMA e.g. Papakainga and Coastal Plan changes; electronic communications via email and social media; Council's tangata whenua website 'Te Whariki Tangata' which has linked Council information and services of interest to the Māori community; and a variety of print communications.

Civil Defence

Civil Defence provides emergency management services for the District. A comprehensive emergency management plan is in place focused around the four phases of the emergency management continuum, known as the four Rs (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.

Customer Services

Customer Services is the first point of contact for our ratepayers, residents and visitors.

Whether meeting customers face to face in one of our service centres or using other communication channels including email, phone and social media this team strives to provide easy to understand information in a timely way. Customer Services also aims to identify ways of providing future services which meet and exceed changing community requirements and customer expectations.

Financial Services

Financial Services plays a key role supporting the organisation to manage and use its financial resources on a day-to-day basis, as well as in the long-term. It aims to provide Council with effective strategy, planning and use, monitoring and reporting of its financial and business resources.

Revenue brings together rates, water billing, accounts receivable and receipting functions in one team. The team ensures an efficient administration and maintenance of property records by ensuring property information and the Rating Information Database 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 follow up of overdue amounts ensures arrears are kept to a minimum.

People and Capability

This team works across the business supporting and leading through day-to-day transactions, including recruitment and payroll, to longer-term strategic matters such as employee development and change management. Their vision is twofold: to have the right people motivated, engaged and delivering, and to attract the right people into our business.

Information Services

Information Services supports both the technical and information requirements of Council. From the desktop systems to the management of data and documentation, the service provides accurate and up-to-date information and readily available technology to ensure all data Council holds can be easily stored and accessed, while meeting legislative requirements. Council's website plays a vital role as an interactive service for providing extensive resources of public information, documents and publications, consultations and GIS mapping (including District Plan and hazard overlays).

The service 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 faster access to information.

Democracy and Assurance

Democracy and Assurance assists in organisation-wide decision-making and accountability.

This covers core statutory functions of Council such as meetings, hearings, workshops, agendas and elections under the legal and democracy arm, managing risk and assurance activities for Council such as the insurance programme, providing sound legal advice, and overseeing Council Organisations and Council Controlled Organisations.

Property (Commercial)

The commercial component of Property is responsible for all Council-owned properties held as investments and able to provide a commercial return to Council, and includes a mix of strategic and non-strategic sites. Strategic investment portfolio properties will generally not be sold. Non-strategic properties may be sold, provided due process is followed.

Council-owned forest land has been purchased and planted as a strategic opportunity to assist with water catchments and return funds on mature trees.

Capital Projects, Planning and Development Engineering

The Capital Projects, Planning, and Development Engineering functions provide technical and administrative support to Council's Infrastructure Group. This includes design, planning, contract and general administration, asset management systems and databases and project and contract management. They also provide engineering support to Resource Consents.

What it cost

	2016-17 LTP \$'000	2017-18 LTP \$'000	2017-18 Actual \$'000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	513	637	5,140
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	4,217	4,288	376
Internal charges and overheads recovered	21,256	22,101	21,742
Local authorities fuel tax, fines, infringement fees and other receipts	2,574	2,912	6,092
Total Operating Funding	28,560	29,938	33,350
Applications of Operating Funding			
Payments to staff and suppliers	22,518	22,641	25,823
Finance costs	289	586	2
Internal charges and overheads applied	2,199	2,303	5,137
Other operating funding applications	-	-	-
Total Applications of Operating Funding	25,006	25,530	30,962
Surplus / (Deficit) of Operating Funding	3,554	4,408	2,388
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	311
Development and financial contributions	-	-	-
Increase / (decrease) in debt	4,915	5,248	-
Gross proceeds from sale of assets	-	-	76
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	4,915	5,248	387
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	128	26	57
to improve levels of service	2,424	1,898	594
to replace existing assets	5,914	7,735	4,867
Increase / (decrease) in reserves	3	(3)	(2,743)
Increase / (decrease) of investments	-	-	-
Total Applications of Capital Funding	8,469	9,656	2,775
Surplus / (Deficit) of Capital Funding	(3,554)	(4,408)	(2,388)
Funding Balance	-	-	-

Operating expenditure variance explanation

Fees and charges are unfavourable against LTP due to reclassification of rental revenue to local authorities fuel tax, fines, infringement fees and other receipts. Payments to staff and suppliers is unfavourable against LTP due to the \$3 million grant paid towards the Hundertwasser Wairau Māori Arts Centre originally budgeted as capital expenditure. Internal charges and overheads applied are unfavourable against LTP due to a change in the allocation process as a result of the restructure.

Capital expenditure variance explanation

Capital expenditure is favourable due to delays in the Council premises project as well as the \$3 million grant paid towards the Hundertwasser Wairau Māori Arts Centre originally budgeted as capital expenditure. This is partially offset by the unbudgeted purchase of the RSA site.

Part three

Financial statements and information



Financial statements

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2018		Council			Group	
	Note	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Revenue						
Rates	2	92,016	92,376	89,002	92,016	89,002
Development contributions		6,339	3,028	6,839	6,339	6,839
Subsidies and grants	3	22,200	19,941	17,555	24,853	17,557
Fees and charges	4	14,214	14,654	13,962	14,214	13,962
Interest revenue	5	1,330	394	883	1,379	911
Other revenue	6	25,106	11,516	31,488	27,549	32,330
Share of profit / (loss) from joint ventures		1,304	1,075	765	1,344	765
Total revenue		162,509	142,984	160,494	167,694	161,366
Expenses						
Personnel costs	7	25,770	27,744	25,174	25,907	25,503
Depreciation and amortisation	19	38,662	41,329	37,043	38,757	37,212
Finance costs	5	7,731	8,059	7,789	7,731	7,789
Other expenses	8	70,635	60,174	109,659	67,554	109,279
Total expenses		142,798	137,306	179,665	139,949	179,783
Surplus/(deficit) before tax		19,711	5,678	(19,171)	27,745	(18,417)
Income tax expense	9	-	-	-	277	50
Surplus/(deficit) after tax		19,711	5,678	(19,171)	27,468	(18,467)
Other comprehensive revenue and expense						
Items that will not be reclassified to surplus/(deficit)						
Gain / loss on infrastructure revaluations	25	12,996	-	(13,478)	12,996	(13,478)
Gain / loss on other asset revaluations	25	7,997	-	(5)	7,997	(5)
Adjustment to investment in joint venture		-	-	878	-	(617)
Total comprehensive income		40,704	5,678	(31,776)	48,461	(32,567)

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

The Accounting Policies and Notes on pages 87 - 164 form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2018		Council			Group	
	Note	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Opening balance as at 1 July		1,469,214	1,512,981	1,500,991	1,470,284	1,502,902
Total comprehensive revenue and expense		40,704	5,678	(31,776)	48,461	(32,567)
Dividends paid		-	-	-	-	(52)
Balance at 30 June	25	1,509,916	1,518,659	1,469,214	1,518,741	1,470,284

The Accounting Policies and Notes on pages 89-150 form part of these financial statements.

Statement of Financial Position

As at 30 June 2018

		Council			Group	
	Note	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Assets						
Current assets						
Cash and cash equivalents	10	29,420	281	21,542	33,772	23,197
Debtors and receivables	11	15,154	18,093	15,175	15,248	15,289
Derivative financial instruments	20	-	-	1	-	1
Other financial assets	13	10,576	266	20,607	10,576	20,607
Other current assets	12	711	716	822	712	823
Assets held for sale	14	1,546	-	-	1,546	-
Total current assets		57,407	19,356	58,147	61,854	59,917
Non-current assets						
Derivative financial instruments	20	7	-	64	7	64
Other financial assets:						
Investment in CCOs and similar entities	13	10,923	9,358	10,119	8,816	8,000
Investment in other entities	13	3,137	4,215	3,424	3,068	3,343
Property, plant and equipment	17	1,571,275	1,613,362	1,536,582	1,576,102	1,539,776
Intangible assets	18	4,996	6,632	5,353	4,996	5,353
Forestry assets	16	891	800	787	891	787
Investment properties	15	53,965	53,225	51,496	53,965	51,496
Total non-current assets		1,645,194	1,687,592	1,607,825	1,647,845	1,608,819
Total assets		1,702,601	1,706,948	1,665,972	1,709,699	1,668,736

Statement of Financial Position

As at 30 June 2018

		Council			Group	
	Note	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Liabilities						
Current liabilities						
Payables and deferred revenue	21	22,679	20,744	18,829	20,241	20,091
Derivative financial instruments	20	304	382	395	304	395
Current borrowings	23	29,000	29,000	30,000	29,000	30,000
Employee benefits liabilities	24	2,377	2,262	2,380	2,385	2,385
Provisions	22	1,602	358	105	1,602	105
Total current liabilities		55,962	52,746	51,709	53,532	52,976
Non-current liabilities						
Derivative financial instruments	20	11,881	12,009	11,073	11,881	11,073
Non-current borrowings	23	123,000	121,477	132,000	123,000	132,000
Employee benefits liabilities	24	352	365	355	352	355
Provisions	22	1,389	1,103	1,465	1,389	1,465
Payables and deferred revenue	21	101	589	156	101	156
Deferred tax liability		-	-	-	703	427
Total non-current liabilities		136,723	135,543	145,049	137,426	145,476
Total liabilities		192,685	188,289	196,758	190,958	198,452
Net assets		1,509,916	1,518,659	1,469,214	1,518,741	1,470,284
Equity						
Accumulated funds	25	892,987	855,622	873,057	901,326	873,717
Other reserves	25	74,697	67,412	72,374	75,183	72,784
Asset revaluation reserve	25	542,232	595,625	523,783	542,232	523,783
Total equity		1,509,916	1,518,659	1,469,214	1,518,741	1,470,284

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

The Accounting Policies and Notes on pages 87 - 164 form part of these financial statements.

Cash Flow Statement

For the year ended 30 June 2018

	Council			Group	
	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Cash flows from operating activities					
Receipts from rates revenue	92,975	91,669	89,358	92,975	89,358
Subsidies and grants received	21,707	19,792	18,635	23,998	19,780
Other revenue including development contributions	16,735	14,353	16,977	17,909	17,150
Fees and charges received	14,833	12,722	14,573	14,833	14,573
Interest received	1,341	394	828	1,390	854
Dividends received	41	540	94	41	94
Payments to suppliers and employees	(86,169)	(88,181)	(81,526)	(85,245)	(81,383)
Interest paid	(7,812)	(8,009)	(7,744)	(7,812)	(7,743)
GST (net)	(1,052)	-	-	(1,055)	-
Net cash flow from operating activities	52,599	43,280	51,195	57,034	52,683
Cash flows from investing activities					
Proceeds from sale of fixed assets	324	-	5,287	324	5,287
Receipts from investments and loans	20,531	-	300	20,531	399
Purchase and development of fixed assets	(46,410)	(61,994)	(40,840)	(48,136)	(41,957)
Purchase of investments and loans provided	(10,000)	-	(20,320)	(10,000)	(20,320)
Net cash flow from investing activities	(35,555)	(61,994)	(55,573)	(37,281)	(56,591)
Cash flows from financing activities					
Proceeds from borrowing	50,000	18,314	60,000	50,000	60,000
Loan repayments received	834	-	291	822	341
Dividends paid	-	-	-	-	(52)
Repayment of borrowings	(60,000)	-	(50,052)	(60,000)	(50,055)
Loans granted	-	-	-	-	-
Dividends paid	-	-	-	-	-
Net cash from financing activities	(9,166)	18,314	10,239	(9,178)	10,234
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	7,878	(400)	5,861	10,575	6,326
Cash, cash equivalents, and bank overdrafts at the beginning of the year	21,542	681	15,681	23,197	16,871
Cash, cash equivalents, and bank overdrafts at the end of the year	29,420	281	21,542	33,772	23,197

The net GST paid and received with Inland Revenue is classified within payments to suppliers and employees.

During the period property, plant and equipment totalling \$nil (2017: \$nil) was acquired by means of finance leases.

The Accounting Policies and Notes on pages 87 - 164 form part of these financial statements.

Reconciliation of net surplus/ (deficit) to net cash flow from operating activities

For the year ended 30 June 2018	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Surplus/(deficit) after tax	19,711	(19,171)	27,468	(18,467)
Share of associate's surplus	(1,304)	(765)	(1,304)	(765)
Depreciation and amortisation expense	38,662	37,043	38,757	37,212
Property, plant, and equipment impairment	-	-	-	-
Net vested and found assets	(10,219)	(10,208)	(10,219)	(10,208)
(Gains)/losses in fair value of investments	(3,564)	(3,347)	(3,564)	(3,347)
Other non-cash items	823	1,805	823	1,849
Change in fair value of derivatives	776	(6,304)	776	(6,304)
(Gain)/loss in value of Community Loans	(546)	-	(546)	-
Total non-cash items	24,628	18,224	24,723	18,437
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant, and equipment	4,465	47,461	4,465	47,461
Receipts from joint ventures	-	300	-	300
Total items classified as investing or financing activities	4,465	47,761	4,465	47,761
Add/(less) movements in working capital items				
(Inc)/Dec in debtors and other receivables	19	1,695	(154)	1,493
(inc)/Dec in other current assets	110	(134)	110	(134)
Inc/(Dec) in creditors and other payables	2,173	2,444	(1,351)	3,225
Inc/(Dec) in provisions	1,497	166	1,497	166
Inc/(Dec) in deferred tax liability	-	-	276	-
Inc/(Dec) in employee entitlements	(4)	210	-	202
Net movement in working capital items	3,795	4,381	378	4,952
Net cash inflow/(outflow) from operating activities	52,599	51,195	57,034	52,683

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Note 1: Statement of accounting policies for the year ended 30 June 2018

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 2018. The financial statements were authorised for issue by Council on 27 September 2018.

1.2 Basis of preparation

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

Statement of compliance

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

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

Presentation currency and rounding

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

Standards issued and not yet effective that have been early adopted

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

Standards issued and not yet effective that have not been early adopted

Interest in other entities

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

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

Financial Instruments

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

- new financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost

- a new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses

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

Changes in accounting policies

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

Summary of significant accounting policies

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

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

1.3 Basis of consolidation

Subsidiaries

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

This capacity exists where:

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

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

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

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

Joint venture

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

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

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

1.4 Revenue

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

Revenue may arise from exchange or non-exchange transactions. Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value

(primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

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

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

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

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

Development and financial contributions

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

1.5 Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

1.6 Budget Figures

The budget figures are those approved by Council in its 2017-18 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 2018:

- 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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
General rates	54,923	52,266	54,923	52,266
Less internal rates on Council properties	(1,448)	(1,398)	(1,448)	(1,398)
Total general rates revenue	53,475	50,868	53,475	50,868
Targeted rates:				
Wastewater rates	17,500	16,950	17,500	16,950
District-wide refuse management	6,643	6,450	6,643	6,450
Metered water supply	13,320	13,721	13,320	13,721
Hikurangi swamp	1,041	959	1,041	959
Water rates	835	811	835	811
Roading scheme	34	34	34	34
Total targeted rates	39,373	38,925	39,373	38,925
Rate remissions	(1,411)	(1,372)	(1,411)	(1,372)
Rate penalties	579	581	579	581
Total rates, excluding targeted water supply rates	92,016	89,002	92,016	89,002

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 2018 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council	
	Actual 2018 \$'000	Actual 2017 \$'000
Rates	92,016	89,002
Internal rates	1,448	1,398
Lump sum contributions	-	54
Total annual rates income	93,464	90,454

Rating base information

The number of rating units within Council's District at the end of the year was 43,829 (June 2017: 43,415).

The total capital value of rating units within Council's District at the end of the year was \$20,759,050,600 (June 2017: \$20,413,808,255).

The total land value of rating units within Council's district at the end of the year was \$9,921,457,170 (June 2017: \$9,830,463,070).

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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
New Zealand Transport Agency roading subsidies	20,373	17,431	20,373	17,431
Other grants	535	64	535	64
Wastewater	1,292	60	1,292	60
Subsidiaries	-	-	2,653	2
Total subsidies and grants	22,200	17,555	24,853	17,557

At balance date, there are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2017: \$nil).

Note 4: Fees and charges

Accounting policies

Building and resource consent revenue

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

Sale of goods

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

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Building and resource consent charges	6,290	6,400	6,290	6,400
Sale of goods	2,576	2,516	2,576	2,516
Other fees and charges	3,517	3,220	3,517	3,220
Parking fees	1,269	1,298	1,269	1,298
Landfill charges	562	528	562	528
Total fees and charges	14,214	13,962	14,214	13,962

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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Interest revenue				
Interest revenue:				
- cash and term deposits	1,316	867	1,318	870
- community loans	3	3	3	3
- other	11	13	58	38
Total interest revenue	1,330	883	1,379	911
Finance costs				
Interest expense:				
- discount unwind on provision(note 22)	63	50	63	50
- interest on bank borrowings	3,984	4,182	3,984	4,182
- interest paid on derivatives	3,684	3,557	3,684	3,557
Total finance costs	7,731	7,789	7,731	7,789
Net finance costs	6,401	6,906	6,352	6,878

Note 6: Other revenue

Accounting policy

Vested or donated physical assets

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

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

	Note	Council		Group	
		Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Forestry asset revaluation	16	235	226	235	226
Traffic and parking infringements		1,108	967	1,108	967
Rental revenue		4,973	5,033	4,973	5,033
Investment property revaluation gains	15	3,329	3,347	3,329	3,347
Donations and bequests		1	5	2,640	358
Lump sum contributions		-	54	-	54
Other		3,660	4,433	3,464	4,922
Petrol tax		670	647	670	647
Found assets		-	1,279	-	1,279
Vested assets		10,219	8,929	10,219	8,929
Dividend revenue		41	94	41	94
Fair value gains		546	19	546	19
Gain on property sales		324	151	324	151
Gain on derivatives		-	6,304	-	6,304
Total other revenue		25,106	31,488	27,549	32,330

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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Salaries and wages	25,046	24,412	25,182	24,738
Other personnel costs	98	116	99	119
Defined contribution plan employer contributions	613	593	613	593
Increase/(decrease) in employee entitlements/ liabilities	13	53	13	53
Total personnel costs	25,770	25,174	25,907	25,503

Remuneration

Key management personnel remuneration

	Council			
	Full time equivalent members 2018	Full time equivalent members 2018	Actual 2018 \$'000	Actual 2017 \$'000
Elected members				
Remuneration	14	14	829	813
Executive leadership team, including the Chief Executive				
Remuneration	6	5	1,432	1,410
Total key management personnel remuneration	20	19	2,261	2,223

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 \$334,904 (2017: \$330,500).

Elected Members

	Council	
	Actual 2018 \$'000	Actual 2017 \$'000
Current Elected Members		
Mayor – MAI	140	138
Councillor – BELL	49	48
Councillor – BENNEY*	26	-
Councillor – CHRISTIE	49	48
Councillor – COCURLLO	49	33
Councillor – CUTFORTH	49	48
Councillor – DEEMING	62	58
Councillor – GLEN	49	48
Councillor – HALSE	49	48
Councillor – HERMON	61	54
Councillor – INNES	62	58
Councillor – MARTIN	62	58
Councillor – MORGAN	62	59
Councillor – MURPHY	50	33
Previous Elected Members		
Councillor – BRETHERTON	-	15
Councillor – GOLIGHTLY**	10	33
Councillor – MCLACHLAN	-	15
Councillor – WILLIAMSON	-	19
Total elected representatives' remuneration	829	813

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

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

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

* Councillor Benney was sworn in 14/12/17

** Councillor Golightly resigned 6/9/17

Employees

	Number of employees	
	2018	2017
< \$60,000	205	217
\$60,000 - \$79,999	100	90
\$80,000 - \$99,999	43	45
\$100,000 - \$119,999	20	13
\$120,000 - \$159,999	7	9
\$160,000 - \$239,999	7	6
\$240,000 - \$339,999	1	1
Total employees	383	381

Total remuneration includes non-financial benefits provided to employees.

At balance date, Council employed 297 (2017: 292) full-time employees, with the balance of staff representing 53 (2017: 57) 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 2018, Council made three severance payments to employees totalling \$20,500 (2017: nil and \$nil). The value of each of the severance payments was \$1,500, \$9,000, and \$10,000.

Note 8: Other expenses

Accounting policy

Grant expenditure

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

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

Operating leases

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

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Fees to Audit New Zealand for audit of Council's financial statements	197	194	228	228
Fees to Audit New Zealand for the review of the debenture trust deed	4	4	4	4
Fees to Audit New Zealand for the audit of Council's Long Term Plan 2018-28.	121	-	121	-
Councillor remuneration	830	814	830	814
Electricity costs	3,012	2,899	3,012	2,899
Impairment of receivables	(237)	48	(237)	48
Impairment of loans receivable	(500)	500	(500)	500
Operating lease expense	869	725	869	725
Repairs and maintenance expenses	2,397	2,239	2,558	2,412
Loss on derivatives	776	-	776	-
Insurance premiums	719	764	724	776
General grants	5,780	2,852	2,509	1,756
Property, plant and equipment impairment	-	-	-	-
Software expenses	1,832	1,871	1,832	1,871
Loss on assets disposed of	4,789	8,712	4,789	8,712
Loss on assets divested*	-	38,900	-	38,900
Bad debts written off	567	53	567	54
Professional fees and consultants	5,410	4,210	5,410	4,210
Legal fees	1,251	1,070	1,260	1,071

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Contractors	31,125	33,612	31,133	33,619
Other expenses	11,693	10,192	11,669	10,680
Total other expenses	70,635	109,659	67,554	109,279

*The 2016/17 loss on assets divested was a result of the declaration of Loop, Otaika Valley and Mangakahia Roads becoming State Highway 15, a total of 55.3kms. These assets had a net book value of \$38.9 million and were divested to NZTA for no consideration, resulting in a loss of \$38.9 million.

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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Components of tax expense				
Current tax	-	-	-	-
Deferred tax	-	-	277	50
Tax expense	-	-	277	50
Relationship between tax expense and accounting profit				
Surplus/(deficit) before tax	19,711	(19,171)	27,745	(18,417)

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Tax at 28%	5,519	(5,368)	7,769	(5,157)
Plus/(less) tax effect of:				
Non-deductible expenditure	-	-	18	15
Non-taxable income	(5,519)	5,368	(7,402)	5,395
Council share of NRLLP revenue	398	259	-	-
Deferred tax adjustment	-	-	-	-
Other adjustments	(398)	(259)	(108)	(203)
Tax expense	-	-	277	50

	PP&E	Other	Tax losses	Total
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets/(liabilities)				
Council				
Balance at 30 June 2016	-	-	-	-
Charged to surplus or deficit	-	-	-	-
Charged to other comprehensive revenue	-	-	-	-
Balance at 30 June 2017	-	-	-	-
Opening balance 1 July 2017	-	-	-	-
Charged to surplus or deficit	-	-	-	-
Charged to other comprehensive revenue	-	-	-	-
Balance at 30 June 2018	-	-	-	-
Group				
Balance at 30 June 2016	(1,534)	1	1,157	(376)
Charged to surplus or deficit	(55)	3	2	(50)
Credited (charged) to other comprehensive revenue	-	-	-	-
Balance at 30 June 2017	(1,589)	4	1,159	(426)
Opening balance 1 July 2017	(1,589)	4	1,159	(426)
Charged to surplus or deficit	(287)	(4)	14	(277)
Credited (charged) to other comprehensive revenue	-	-	-	-
Balance at 30 June 2018	(1,876)	-	1,173	(703)

Council (the parent) has an unrecognised deferred tax asset in relation to tax losses of \$3.3 million (2017: \$3.3 million) with a tax effect of \$0.9 million (2017: \$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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Cash on hand	8	6	8	6
Bank balances – HWMAC	-	-	3,886	1,409
Bank deposits	26,349	17,378	26,465	17,470
Bank balances	3,063	4,158	3,413	4,312
Total cash and cash equivalents	29,420	21,542	33,772	23,197

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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Sundry debtors	4,854	5,551	4,948	5,665
Accrued revenue	3,703	2,686	3,703	2,686
Rates receivable	6,754	7,333	6,754	7,333
Less provision for impairment	(157)	(395)	(157)	(395)
Total debtors and receivables	15,154	15,175	15,248	15,289

Exchange and non-exchange transactions

Receivables from exchange transactions of \$4.3 million (2017: \$4.5 million) include outstanding amounts for interest and fees and charges that have not been subsidised by rates.

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

Fair value

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

Assessment for uncollectability

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

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

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

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

	2018			2017		
	Gross \$'000	Impairment \$'000	Net \$'000	Gross \$'000	Impairment \$'000	Net \$'000
Council						
Current	9,743	-	9,743	9,780	-	9,780
30 days	462	-	462	400	-	400
60 days	800	-	800	695	-	695
90 days and over	4,306	(157)	4,149	4,695	(395)	4,300
Total	15,311	(157)	15,154	15,570	(395)	15,175
Group						
Current	9,813	-	9,813	9,787	-	9,787
30 days	476	-	476	506	-	506
60 days	801	-	801	695	-	695
90 days and over	4,315	(157)	4,158	4,696	(395)	4,301
Total	15,405	(157)	15,248	15,684	(395)	15,289

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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Individual provision for uncollectability	(45)	(111)	(45)	(111)
Collective provision for uncollectability	(112)	(284)	(112)	(284)
Total provision for impairment	(157)	(395)	(157)	(395)

An analysis of impaired debtors is as follows:

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
90 days and over	(157)	(395)	(157)	(395)
Total individual impairment	(157)	(395)	(157)	(395)

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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Inventories	-	196	-	196
Prepayments	711	626	712	627
Total other current assets	711	822	712	823

The write-down of inventory during the year was \$196,000 (2017 \$nil).

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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Current portion				
Short term deposit	10,000	20,000	10,000	20,000
Community loans	272	287	272	287
LGFA borrower notes	304	320	304	320
Total current portion	10,576	20,607	10,576	20,607
Non-current portion				
Investments held in CCOs and similar entities				
Investments held in CCOs and similar entities	10,923	10,119	8,756	7,940
Total investment CCOs and similar entities	10,923	10,119	8,816	8,000
Investment in other entities				
Community Loans	586	728	517	647
LGFA borrower notes	1,808	1,952	1,808	1,952
Shares held	743	744	743	744
Lease receivable	-	-	60	60
Total investment in other entities	3,137	3,424	3,068	3,343
Total non-current portion	14,060	13,543	11,884	11,343
Total other financial assets	24,636	34,150	22,460	31,950

Civic Assurance Limited

Shares held by Council: 63,524, \$96,000 (2017: 63,524, \$97,000) 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 (2017: 1,492,784, \$0.6 million).

Council is one of 30 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 \$8.594 billion (2017: \$7.946 billion).

Investments held in joint ventures and subsidiaries

- Council owns 100 shares (2017: 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 \$1.85 million (2017: \$1.9 million).
- Council's investment in the Northland Regional Landfill Limited Partnership is \$9.1 million (2017: \$8.2 million).

Impairment

There have been no impairments recognised during the year (2017: \$0.5 million against the loan to Stonehaven Trust).

Community loans

- The fair value of community loans is \$0.86 million (2017: \$1.0 million). Fair value has been determined using cash flows discounted using a weighted average cost of capital 5.06% (2017: 5.23%).
- The face value of community loans is \$0.92 million (2017: \$2.1 million).
- Movements in the carrying value of loans are as follows:

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Opening Balance at 1 July	1,015	1,789	934	1,790
Loans repaid during the year (principal and interest)	(720)	(312)	(708)	(394)
Impairment loss recognised during the year	-	(500)	-	(500)
Reversal of prior year impairment	500	-	500	-
Bad debt written off	(500)	-	(500)	-
Unwind of discount and interest charged	563	38	563	38
At 30 June	858	1,015	789	934

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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Non-current assets held for sale				
Opening balance	-	638	-	638
Transfers (to) / from investment properties	1,546	-	1,546	-
Disposals	-	(638)	-	(638)
Impairment loss	-	-	-	-
Total assets held for sale	1,546	-	1,546	-

Note 15: Investment properties

Accounting policy

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

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

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

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

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Opening Balance at 1 July	51,496	53,225	51,496	53,225
Additions from acquisitions	836	748	836	748
Fair value gains / (losses) on valuation	3,329	3,347	3,329	3,347
Disposals and transfers	(1,696)	(5,824)	(1,696)	(5,824)
Balance at 30 June	53,965	51,496	53,965	51,496

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

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

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Rental revenue	2,807	3,017	2,807	3,017
Direct operating expenses from investment property generating revenue	(1,030)	(1,564)	(1,030)	(1,564)
Direct operating expenses from investment property not generating revenue	(16)	(112)	(16)	(112)

Council has no contractual obligations for capital or operating expenditure for investment properties (2017:\$0.1 million).

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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Forestry assets	891	787	891	787
Balance at 30 June 2018	891	787	891	787

Council ownership of forestry assets

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

Forestry activities during the year

Whau Valley forest was harvested during the year and will be replanted in the 2018-19 financial year.

The tree crop value has increased by 20%, mainly because of significantly higher valued log prices and growth, the increase in value has been partly offset by the harvesting of Whau Valley forest.

Valuation assumptions

Independent registered valuers, Woodlands Pacific Consulting Limited, have valued Council's forestry assets as at 30 June 2018. The following significant valuation assumptions have been used in determining the fair value of forestry assets:

- log prices are based upon a six-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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Balance at 1 July	787	800	787	800
Gain/(losses) arising from changes in fair value	235	226	235	226
Decreases due to harvest	(131)	(239)	(131)	(239)
Balance at 30 June	891	787	891	787

Note 17: Property, plant and equipment

Accounting policy

Property, plant and equipment is initially recognised at cost.

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

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

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

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

Revaluation

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

Revaluations are accounted for on a class of asset basis.

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

Additions

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

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

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

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

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

Disposals

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

Subsequent measurement

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

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

Depreciation

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

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

Class of PP&E	Estimated useful life
Operating assets	
Land	Indefinite
Buildings	10-100
Strategic land	Indefinite
Strategic buildings	35-50
Pensioner housing – land	Indefinite
Pensioner housing – buildings	14-80
Library books	5
Motor vehicles	5
Office furniture and fittings	3-20
Plant and equipment	3-80
Infrastructural assets	
Land for roads*	Indefinite
Roading network	
Bridges	15-100
Carriageways	4-70
Formation	Indefinite
Culverts	35-80
Footpaths	10-55

Class of PP&E	Estimated useful life
Kerbs and channels	60
Street and road signs	15
Traffic services	15-40
Water	
Pipes	50-107
Plant and equipment	5-80
Treatment plant	60
Wastewater	
Pipes	30-101
Pumps and pump stations	20-100
Manholes	80-101
Treatment plant	15-100
Stormwater	
Pipes	11-125
Manholes	11-100
Parks and Recreation	
Walkways, reserves and sport	10-100
Restricted assets	
Heritage assets**	Indefinite
Parks and reserve land	Indefinite
Marina structures***	40-44

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

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

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

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

Impairment of property, plant and equipment

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

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

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

Value in use for non-cash-generating assets

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

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

Value in use for cash-generating assets

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

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

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

*Revaluation Surplus includes \$3.3 million of found assets.

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

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

Core infrastructure asset disclosures

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

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

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

Council 2017	Cost / revaluation 1-Jul-16 \$'000	Accumulated depreciation 1-Jul-16 \$'000	Carrying amount 1-Jul-16 \$'000	Current year additions \$'000	Net current year disposals \$'000	
Operating assets						
At cost and valuation						
Land	36,559	-	36,559	657	(215)	
Buildings	30,776	(7,854)	22,922	329	(513)	
Strategic land	1,849	-	1,849	-	(114)	
Strategic buildings	415	(75)	340	-	-	
Pensioner housing – land	4,055	-	4,055	-	-	
Pensioner housing – buildings	11,642	(596)	11,046	785	(350)	
Library books	8,544	(7,165)	1,379	552	-	
Motor vehicles	2,101	(1,370)	731	545	(34)	
Office furniture and fittings	10,790	(9,879)	911	898	(130)	
Plant and equipment (incl Forum North)	4,838	(3,005)	1,833	419	(8)	
Capital work in progress	967	-	967	4,696	(4,687)	
Total operating assets	112,536	(29,944)	82,592	8,881	(6,051)	
Infrastructure assets						
At cost and valuation						
Land for roads	33,983	-	33,983	495	-	
Roading	771,766	-	771,766	26,752	(41,215)	
Stormwater	192,801	(15,187)	177,614	6,959	(824)	
Flood protection	21,658	(670)	20,988	-	-	
Solid waste	1,396	(106)	1,290	18	(39)	
Wastewater	238,989	(14,136)	224,853	7,884	59	
Parks and recreation	32,110	(3,099)	29,011	8,037	(2,351)	
Water	199,507	(12,919)	186,588	6,727	(2,136)	
Library buildings	8,734	(469)	8,265	-	-	
Capital work in progress	29,796	-	29,796	31,504	(48,599)	
Total infrastructure assets	1,530,740	(46,586)	1,484,154	88,376	(95,105)	
Restricted assets						
At cost and valuation						
Reserve land	21,961	-	21,961	-	-	
Heritage assets	1,272	-	1,272	3	-	
Marina facilities	721	(249)	472	-	-	
Total restricted assets	23,954	(249)	23,705	3	-	
Total Council assets	1,667,230	(76,779)	1,590,451	97,260	(101,156)	

	Current year impairment charges \$'000	Current year depreciation \$'000	Reclassifications / transfers \$'000	Revaluation surplus \$'000	Cost / revaluation 30-Jun-17 \$'000	Accumulated depreciation 30-Jun-17 \$'000	Carrying amount 30-Jun-17 \$'000
	-	-	1,116	-	38,118	-	38,118
	-	(879)	8,534	-	39,668	(9,276)	30,392
	-	-	-	-	1,735	-	1,735
	-	(3)	-	-	415	(78)	337
	-	-	-	-	4,055	-	4,055
	-	(641)	-	-	12,026	(1,187)	10,839
	-	(501)	-	-	9,096	(7,666)	1,430
	-	(171)	(44)	-	2,156	(1,129)	1,027
	-	(454)	-	-	6,608	(5,383)	1,225
	-	(272)	-	-	5,046	(3,074)	1,972
	-	-	(584)	-	392	-	392
	-	(2,921)	9,022	-	119,315	(27,793)	91,522
	-	-	193	-	34,671	-	34,671
	-	(16,413)	(1,417)	277	739,750	-	739,750
	-	(3,281)	429	(125)	180,779	(7)	180,772
	-	(307)	-	1,784	22,466	(1)	22,465
	-	(37)	(227)	94	1,099	-	1,099
	-	(6,281)	(317)	(10,102)	216,112	(17)	216,095
	-	(1,628)	1,342	2,421	36,837	(5)	36,832
	-	(5,817)	(504)	(7,827)	177,045	(15)	177,030
	-	(84)	(8,181)	-	-	-	-
	-	-	(164)	-	12,537	-	12,537
	-	(33,848)	(8,846)	(13,478)	1,421,296	(45)	1,421,251
	-	-	130	-	22,090	-	22,090
	-	-	-	-	1,275	-	1,275
	-	(28)	-	-	721	(277)	444
	-	(28)	130	-	24,086	(277)	23,809
	-	(36,797)	306	(13,478)	1,564,697	(28,115)	1,536,582

Group 2017	Cost / revaluation 1-Jul-16 \$'000	Accumulated depreciation 1-Jul-16 \$'000	Carrying amount 1-Jul-16 \$'000	Current year additions \$'000	Net current year disposals \$'000	
Subsidiaries property, plant and equipment						
At cost and valuation						
Land	255	(98)	157	-	-	
Buildings	121	(57)	64	1,283	-	
Other plant and equipment	1,102	(462)	640	3	-	
Artworks	639	(85)	554	272	-	
Work in progress	892	-	892	613	(1,113)	
Total subsidiaries	3,009	(702)	2,307	2,171	(1,113)	
Total Group assets	1,670,239	(77,481)	1,592,758	99,431	(102,269)	

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	12,878	444	-	22,210
Other assets	164,152	4,094	2,188	326,999
Sewerage				
Treatment plants and facilities	30,734	500	-	49,710
Other assets	185,362	5,268	2,117	323,275
Stormwater	180,771	3,333	3,626	258,441
Flood Protection	22,465	-	-	40,766
Roads and footpaths	739,750	25,001	1,751	1,065,982
Total	1,336,112	38,640	9,682	2,087,383

Valuation

Infrastructure assets

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

Infrastructure assets (excluding roading)

Fair value is determined using market based evidence by an independent valuer. The most recent valuation is effective as at 30 June 2017. Council commissioned AECOM New Zealand Limited to 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.

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.

	Current year impairment charges \$'000	Current year depreciation \$'000	Reclassifications / Transfers \$'000	Revaluation surplus \$'000	Cost / revaluation 30-Jun-17 \$'000	Accumulated depreciation 30-Jun-17 \$'000	Carrying amount 30-Jun-17 \$'000
	-	-	-	-	255	(98)	157
	-	-	-	-	1,404	(57)	1,347
	-	(153)	-	-	1,105	(615)	490
	-	(16)	-	-	911	(101)	810
	-	-	-	-	390	-	390
	-	(169)	-	-	4,065	(871)	3,194
	-	(36,966)	306	(13,478)	1,568,762	(28,986)	1,539,776

- 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 2018. 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 2018 (2017: 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 \$820.4 million (2017: \$818.3 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 \$1.79 billion (2017: \$1.75 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 \$19 million (2017: \$36.7 million).

Assets	Book Value \$000	Replacement Cost \$000	Insured Value \$000	Insurance provided by Government schemes	Replacement Value of Self-Insured Assets \$000	Commentary
Operating Assets						
Land	42,048		-			Land is not insured due to the low risk of loss.
Motor Vehicles	1,076		1,920			
Other operating assets (excluding Land)	58,849		368,717			Total cover for Material Damage is \$368 million. This cover applies to assets classified as operating assets, some above ground infrastructure assets and restricted assets (excluding land).
Infrastructure Assets						
Land	34,671					Land is not insured due to the low risk of loss.
Roading	722,135	1,143,952	-	1,143,952		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 an earthquake or tsunami, could be subsidised by the New Zealand Transport Agency.
Bridges	27,528		16,886		13,764	50% (\$13.7 million) of the value of the Te Matau ā Pohe and Waiarohia bridges (Hatea Loop) is covered by Council insurance. Council also holds separate insurance cover valued at \$3.2 million for machinery breakdown. This cover specifically relates to the bridge lifting mechanisms for these two bridges.
Other Infrastructure	661,186	1,080,228	432,091	648,137	5,268	Total insurance cover for Infrastructure Assets is \$1.080 billion (replacement cost). Central Government funds 60% of the cost of replacing below ground water and wastewater networks damaged in a natural disaster. Council holds insurance for 40% of the replacement value. As noted under other operating assets, Council holds Material Damage insurance cover for \$369 million. This cover applies to assets classified as operating assets and above ground infrastructure assets.

Assets	Book Value \$'000	Replacement Cost \$'000	Insured Value \$'000	Insurance provided by Government schemes	Replacement Value of Self-Insured Assets \$'000	Commentary
Restricted Assets						
Land	22,090					Land is not insured due to the low risk of loss.
Restricted Assets (excluding Land)	1,691					Council's Material Damage insurance of \$369 million includes cover for these assets.
Total Assets covered by insurance contracts						
Forestry	891		787			
	1,572,165	2,224,180	820,401	1,792,089	19,032	

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 \$22.9 million (2017: \$12.9 million). Work in progress are capital projects that have not been capitalised into Council's asset management system at 30 June.

PPE work in progress by asset class is detailed below:

	Council Actual 2018 \$'000	Actual 2017 \$'000
Parks	3,891	2,874
Wastewater	5,863	5,516
Roading	10,474	3,165
Water	2,575	981
Other	115	392
Total work in progress	22,918	12,928

Note 18: Intangible assets

Accounting policy

Computer software

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

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

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

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

Easements

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

Carbon credits

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

After initial acquisition, NZUs 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 2016					
Cost or valuation	38	1,968	597	6,110	8,713
Accumulated amortisation and impairment	-	-	-	(5,517)	(5,517)
Net book amount	38	1,968	597	593	3,196
Additions	25	2,402	-	3,859	6,286
Transfers/disposals at cost	-	(3,884)	-	-	(3,884)
Fair value gain	-	-	1	-	1
Amortisation charge	-	-	-	(246)	(246)
Closing net book amount 30 June 2017	63	486	598	4,206	5,353
Additions	-	564	-	102	666
Transfers/disposals at cost	-	(485)	-	-	(485)
Fair value gain	-	-	107	-	107
Amortisation charge	-	-	-	(645)	(645)
Closing net book amount 30 June 2018	63	565	705	3,663	4,996
At 30 June 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

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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Directly attributable depreciation and amortisation expense by group of activity					
Transportation	17	18,134	16,443	18,134	16,443
Water	17	5,575	5,840	5,575	5,840
Solid Waste	17	41	37	41	37
Wastewater	17	6,261	6,296	6,261	6,296
Stormwater	17	2,765	3,281	2,765	3,281
Flood Protection	17	272	307	272	307
Community Facilities and Services	17	4,184	3,839	4,184	3,839
Economic Growth	17	14	12	14	12
Planning and Regulatory	17	47	67	47	67
Support Services	17	724	675	724	675
Subsidiaries	17	-	-	95	169
Total depreciation expense		38,017	36,797	38,112	36,966
Directly attributable amortisation expense by group of activity					
Support Services	18	645	246	645	246
Total amortisation expense		645	246	645	246
Total directly attributable depreciation and amortisation by group of activity		38,662	37,043	38,757	37,212

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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Current asset portion				
Interest rate swaps – fair value	-	1	-	1
Total current asset portion	-	1	-	1
Non-current asset portion				
Interest rate swaps – fair value	7	64	7	64
Total non-current asset portion	7	64	7	64
Current liability portion				
Interest rate swaps – fair value	304	395	304	395
Total current liability portion	304	395	304	395
Non-current liability portion				
Interest rate swaps – fair value	11,881	11,073	11,881	11,073
Total non-current liability portion	11,881	11,073	11,881	11,073

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 2018. 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 2018 for Council and the Group was \$237.5 million (2017: \$244.5 million). This is made up of:

- \$109.0 million of active derivative financial instruments hedging floating rates to fixed rates at rates between 3.85% to 5.99%.
- \$20.0 million of active derivative financial instruments hedging fixed rates to floating rates to reduce Council's fixed rate hedging.
- \$108.5 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 \$89.0 million.

Note 21: Payables and deferred revenue

Accounting policy

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

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Current portion				
Trade and other payables	4,441	1,795	1,650	1,575
Revenue in advance	2,614	3,131	2,624	4,561
Accrued expenses	9,912	8,562	10,255	8,614
Rates paid in advance	3,334	2,942	3,334	2,942
Deposits held	589	573	589	573
Accrued interest on borrowings	939	1,020	939	1,020
Retentions	850	806	850	806
Total current portion	22,679	18,829	20,241	20,091
Non-Current Portion				
Retentions	101	156	101	156
Total non-current portion	101	156	101	156
Total payables and deferred revenue	22,780	18,985	20,342	20,247

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

\$11.2 million (2017: \$10.6 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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Current portion				
Landfill aftercare	102	105	102	105
Other provisions	1,500	-	1,500	-
Total current portion	1,602	105	1,602	105
Non-current portion				
Landfill aftercare	1,389	1,465	1,389	1,465
Total non-current portion	1,389	1,465	1,389	1,465
Total provisions	2,991	1,570	2,991	1,570
Movement in provisions				
		Landfill aftercare \$'000	Other provisions \$'000	Total \$'000
Council and Group 2018				
Balance at 1 July 2017		1,570	-	1,570
Additional provisions made		(33)	1,500	1,467
Amounts utilised		(67)	-	(67)
Unused amounts reversed		(42)	-	(42)
Discount unwind (note 5)		63	-	63
Balance at 30 June 2018		1,491	1,500	2,991

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 2018 is \$1.5 million (2017: \$1.6 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 3.26% plus a margin of 70 basis points
- the September 2017 BERL inflation factor has been applied.

Other provisions

The Building Act 2004 imposes certain obligations and liabilities on local authorities relating to the issue of building consents and inspection of work done. At the date of these financial statements, there is a claim where the parties have agreed to attend mediation. If the matter is not able to be resolved via mediation, the claim is scheduled to be heard by the high court in the coming financial year. A provision for the estimated settlement cost has been created but the actual cost of settlement may vary from the amount of the provision.

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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Current portion				
Debentures	29,000	30,000	29,000	30,000
Total current portion	29,000	30,000	29,000	30,000
Non-current portion				
Debentures	123,000	132,000	123,000	132,000
Total non-current portion	123,000	132,000	123,000	132,000
Total borrowings	152,000	162,000	152,000	162,000

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 (2017: \$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 2017 \$'000	Loans repaid \$'000	Loans raised \$'000	Closing balance 30 June 2018 \$'000
Transportation	35,003	-	1,185	36,188
Community facilities and services	35,003	-	1,185	36,188
Total internal borrowings	70,006	-	2,370	72,376

	Opening balance 1 July 2016 \$'000	Loans repaid \$'000	Loans raised \$'000	Closing balance 30 June 2017 \$'000
Transportation	29,065	-	5,938	35,003
Community facilities and services	29,065	-	5,938	35,003
Total internal borrowings	58,130	-	11,876	70,006

Interest on internal borrowings

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Transportation	1,741	1,522	1,741	1,522
Community facilities and services	1,741	1,522	1,741	1,522
Total minimum lease payments	3,482	3,044	3,482	3,044

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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Current portion				
Accrued Pay	495	514	495	514
Annual leave	1,782	1,769	1,790	1,774
Loyalty and performance bonuses	100	97	100	97
Total current portion	2,377	2,380	2,385	2,385
Non-current portion				
Loyalty and performance bonuses	352	339	352	339
Gratuities	-	16	-	16
Total non-current portion	352	355	352	355
Total employee entitlements	2,729	2,735	2,737	2,740

Accrued annual leave is calculated at the full amount owing at 30 June each year based on current pay rates. The net increase of \$13,000 (2017: \$60,000 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 5.06% (2017: 5.23%). The increase in the value of the provision of \$16,000 (2017: \$6,000 decrease) 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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Ratepayers' equity				
Accumulated funds	892,987	873,057	901,326	873,717
Reserves and special funds	74,697	72,374	75,183	72,784
Asset revaluation reserve	542,232	523,783	542,232	523,783
Balance at 30 June 2018	1,509,916	1,469,214	1,518,741	1,470,284

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Accumulated funds				
Balance at 1 July	873,056	883,013	873,714	884,601
Adjustments and contributions to equity	-	878	-	(617)
Transfer (to) / from special purpose reserves	(2,324)	(12,280)	(2,400)	(12,365)
Transfers from asset revaluation reserves on disposal	2,544	20,617	2,544	20,617
Dividends	-	-	-	(52)
Total surplus/(deficit) after taxation	19,711	(19,171)	27,468	(18,467)
Balance 30 June	892,987	873,057	901,326	873,717

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Reserves and Special Funds				
Fishermen's levy	112	109	112	109
Trust funds	21	20	21	20
Community development fund 1	4,014	4,014	4,014	4,014
Community development fund 2	6,475	6,308	6,475	6,308
Community development fund 3	312	304	312	304
Art acquisitions	15	5	15	5
Clock purchases	51	51	51	51
AH Reed reserve	3	3	3	3
Leonard library reserve	257	296	257	296
General reserve	1,062	1,127	1,062	1,127
Property reinvestment reserve	30,395	33,139	30,395	33,139
Water reserve	31,719	26,888	31,719	26,888
Dog reserve	261	110	261	110
Sundry asset replacement reserve	-	-	486	410
Total reserves and special funds	74,697	72,374	75,183	72,784

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Asset revaluation reserve				
Balance at 1 July	523,783	557,883	523,783	557,883
Transfer to accumulated funds on disposal of assets	(2,544)	(20,617)	(2,544)	(20,617)
Revaluations gains / (losses) on infrastructure assets*	12,996	(13,478)	12,996	(13,478)
Revaluations gains / (losses) on other assets	7,997	(5)	7,997	(5)
Balance at 30 June	542,232	523,783	542,232	523,783

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

Reserve	Purpose	Balance 1-Jul-17 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30-Jun-18 \$'000
2018					
Fishermen's Levy	To fund maintenance and upgrading of marine facilities for use by commercial fishing vessels.	109	3	-	112
Trust funds	Bequests held for specific purpose.	20	1	-	21
Community development fund 1	To provide funding for land for reserves or community facilities on Council owned reserve land.	4,014	-	-	4,014
Community development fund 2	To provide funding for community facilities on non-Council reserve land.	6,308	167	-	6,475
Community development fund 3	To provide funding for performing art activities.	304	8	-	312
Art acquisitions	To fund acquisitions of artworks.	5	10	-	15
Clock purchases	To fund purchase of clocks for Claphams Clocks.	51	-	-	51
AH Reed Reserve	Residual balance.	3	-	-	3
Leonard Library Reserve	Bequest for the purchase of library books.	296	-	39	257
General Reserve	To fund operational grants committed but not paid	1,127	22	87	1,062
Property Reinvestment Reserve	To fund property purchases for a commercial return.	33,139	662	3,406	30,395
Water Reserve	Holds any surpluses for future funding of Water activities.	26,888	4,831	-	31,719
Dog Reserve	Holds any surpluses for future funding of Dog activities.	110	151	-	261
Total restricted reserves – 2018		72,374	5,855	3,532	74,697

Reserve	Purpose	Balance 1 July 2016 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30 June 2017 \$'000
2017					
Fishermen's Levy	To fund maintenance and upgrading of marine facilities for use by commercial fishing vessels.	106	3	-	109
Trust funds	Bequests held for specific purpose.	20	-	-	20
Community development fund 1	To provide funding for land for reserves or community facilities on Council owned reserve land.	3,982	32	-	4,014
Community development fund 2	To provide funding for community facilities on non-Council reserve land.	6,053	255	-	6,308
Community development fund 3	To provide funding for performing art activities.	286	18	-	304
Art acquisitions	To fund acquisitions of artworks.	8	-	3	5
Clock purchases	To fund purchase of clocks for Claphams Clocks.	51	-	-	51
AH Reed Reserve	Residual balance.	3	-	-	3

Reserve	Purpose	Balance 1 July 2016 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30 June 2017 \$'000
Leonard Library Reserve	Bequest for the purchase of library books.	337	8	49	296
Hihiaua Reserve	To reserve Council's grant for future funding of Hihiaua Cultural Centre Trust.	500	627	-	1,127
Property Reinvestment Reserve	To fund property purchases for a commercial return.	28,263	5,405	529	33,139
Water Reserve	Holds any surpluses for future funding of Water activities.	20,196	6,692	-	26,888
Dog Reserve	Holds any surpluses for future funding of Dog activities.	290	-	-180	110
Total restricted reserves – 2017		60,095	13,040	761	72,374

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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Roading	5,887	5,775	5,887	5,775
Parks	1,828	839	1,828	839
Waste	2,090	5,828	2,090	5,828
Library	487	952	487	952
Water	3,088	453	3,088	453
Information management	1,594	1,216	1,594	1,216
Other major projects	70	44	20,696	44
Total capital commitments	15,044	15,107	35,670	15,107

Operating leases as lessee

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

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Not later than one year	940	940	1,200	1,193
Later than one year and no later than two years	87	925	548	1,548
Later than two years and not later than five years	152	231	185	333
Total non-cancellable operating leases	1,179	2,096	1,933	3,074

Council

Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a minimum non-cancellable term of 36 to 45 months. The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is nil (2017: 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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Not later than one year	2,759	2,601	2,759	2,601
Later than one year and not later than two years	2,161	2,157	2,161	2,157
Later than two years and not later than five years	4,669	4,575	4,669	4,575
Later than five years	7,817	8,590	7,817	8,590
Total non-cancellable operating leases	17,406	17,923	17,406	17,923

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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Loan guarantees	250	250	257	257
Weathertightness	1,522	1,547	1,522	1,547
Total contingent liabilities	1,772	1,797	1,779	1,804

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) current claims registered with Weathertight Homes Resolution Service (WHRS) as at 30th June 2018. 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 2017-18 financial year:

- seven claims are accepted and registered by WHRS
- two claims have been settled but have not been removed from WHRS due to their process requirements; and
- one claim is being re-heard in the High Court and a provision has been established. Refer to Note 22.
- this leaves four claims that are current in the WHRS system with no claim value except the original build value from the date of original application

Council has allowed a contingency of \$1.52 million for weathertightness claims. This assumes the total to settle all claims at their estimated values, with no allowance made for contributions from the other parties or professional fees.

Private Developer Agreement Termination

In April 2018 Council resolved to terminate an existing Private Developer Agreement. As part of this agreement Council expects to receive revenue of \$2.0 million on or before 1 December 2020 to remove an obligation on members to construct wastewater infrastructure.

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, being the latest date at which members can exercise the terms of the termination agreement.

Other Building Act Claims

There is a Ministry of Education claim against Carter Holt Harvey (CHH) and 50 councils (including WDC), for the alleged supply of faulty cladding products to schools. The claim against WDC is for five buildings in the District. The matter is currently before the Court and the claim has not yet been adequately quantified.

Large Commercial Development – Building Consent Claim

Council has been joined as a third party to a claim that relates to a large commercial development of car showrooms and workshops. It is alleged that the ground underneath the buildings has continued to settle since construction, causing significant damage. Council is alleged to have breached its statutory duty under the Building Act 2004 when issuing the building consents, conducting inspections and issuing the Code Compliance Certificate. The other parties to the claim are the engineers and the builders of the development. The claim is covered by Council's insurance and the value of the claim is yet to be quantified. It is unlikely that there will be further loss over the initial insurance claim (premium excess).

Unquantified contingent liabilities

There are various other claims that Council and the Group are currently contesting which have not being quantified due to the nature of the issues, the uncertainty of the outcome and/or the extent to which Council and the Group have a responsibility to the claimant.

Northland Events Centre Trust (NECT) underwrite

Council is responsible for underwriting any operating shortfalls in the NECT operations. This amounted to \$91,743 (2017: \$196,796). This amount cannot be quantified going forward.

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 \$8.594 billion (2017: \$7.946 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 Whangarei. Both these investigations were undertaken by Beca Ltd and their two reports were presented to Council in December 2014. The report to Council did confirm a number of short and medium term inadequacies of the existing airport and some options to partially deal with them. It also concluded that the Port Nikau site had a number of short comings as an alternative airport; the most significant being ground penetrations of

the obstacle limitation surfaces associated with a new airport. This would lead to real difficulties gaining regulatory approval for the Civil Aviation Authority.

Council resolved to proceed with Phase Two of the project which entailed the identification of a range of possible sites within the District, evaluation of those sites and the selection of a preferred site for further more detailed examination. Beca were awarded the Phase 2 Contract.

Since awarding the Phase Two contract, Beca have progressed through the agreed methodology having completed tasks relating to:

- project objectives
- site evaluation criteria
- identification of a long list of potential sites
- analysis of the long list to identify a short list of five sites
- further analysis of short listed sites

A short list of sites has been presented to Council. Work is being undertaken on the evaluation of those sites to determine the preferred location including planning and designation requirements.

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 Whangareī 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

Whangareī Art Museum Trust (WAMT), a CCO of Whangareī District Council, will operate the HWMAC on an on-going basis once the 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 crystallize its exposure and be relieved from any further obligations.

At this point, the second guarantor, WAMT will cover any remaining amount up to \$1.25 million, using any remaining funds from their \$1 million deposit with Westpac and a further cash bond of \$250 thousand.

Together these arrangements cover any potential losses up to the first \$1.25 million.

The remaining \$750 thousand of the \$2 million is covered by a guarantee from the Ngatiwai Trust Board.

Because the maximum amount payable in any single year is \$500 thousand, at the expiration of the seventh year the guarantors' total liability shall reduce from \$2.0 million to \$1.5 million (with a further \$500 thousand reduction each year thereafter).

Council is satisfied that these underwriting mechanisms are appropriate.

Tender process

A tender process for the HWMAC construction contract was held in at the end of 2017 and in early 2018. The construction contract has been awarded to Trigg Construction Limited. The building consent has been issued by Council. The tender process and the building consent process has determined a finalised project cost of \$29.09 million.

The land and the building

Council owns the land and the former Harbour Board building. The building is currently recognised by Council at a nil value because it requires seismic strengthening and is presently not habitable.

Extensive engineering for seismic strengthening being additional structural foundations to support HWMAC on the reclaimed land was required. As a result, it was determined it was not feasible to redevelop the building, so the building will be deconstructed.

Lease and ownership of the HWMAC structure

Council and WAMT have entered into a Lease for the HWMAC. The Lease has a nominal annual rental of \$1 and a lease term of 34 years and 11 months. The lease commenced on 11 June 2018 and expires on 11 May 2052. The portion of land being leased has not been subdivided and is part of a wider parcel owned by Council. It would have been Council's preference to lease the land in-perpetuity but under the Resource Management Act, 35 years is the maximum period that a lease can be issued for a sub parcel of land. WAMT will retain substantially all the risk and rewards incidental to ownership of the HWMAC building. Due to this control, WAMT will recognise the HWMAC building in it's financial statements.

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 is included in the 2017-18 financial statements.

Donations and contributions

At 30 June 2018, the total amount of money collected and held by WAMT combined with Council's contribution and the net pledges was \$29.2 million (including interest received of \$87k)

Category	Amount (\$'000)
Donations/Pledges	5,763
Council contribution	4,077
Pledges	19,306
	29,146

(1) Donations/pledges

This consists of two components:

- donations received: these are donations that have been received and treated as revenue. At 30 June 2018 the total amount of donations collected was: \$5.3 million
- pledges receivable: these are pledges that are receivable by WAMT. All conditions have been fulfilled, and are therefore recognised as revenue. At 30 June 2018 the total amount of pledges receivable was: \$403k .

(2) Council contribution

Council spent an initial sum of \$1.1 million between 2011 to 2013 on consents and other pre-project costs.

Council provided a total of \$2.977 million for funding of the development of the 'Old Harbour Board Development' in the 2015-25 Long Term Plan. This amount was recognised as a grant receivable from WDC at the end of June 2018.

This funding is factored in as part of the required funding for the project. At 30 June 2018 the total amount of Council funding was: \$4.1 million.

(3) Pledges

As all the conditions of the Referendum have been met and the project has commenced, remaining pledges are in essence unconditional, although subject to individual funding agreements. When money is received as part of an overall pledge amount it becomes a donation and recognised as revenue. Remaining pledges do not meet the definition of an asset so are not recorded as an asset of WAMT (as per IPSAS 23). Instead, pledges have been disclosed as a contingent asset in the below table (as per IPSAS 19).

Pledges have an element of uncertainty of collection so the collectability of pledges needs to be assessed. As at 30 June 2018 the pledges have been assessed and analysed as follows:

	Pledged \$'000	Collectability %	Net Pledge \$'000
Government	13,940	100	13,940
Local Government	1,500	100	1,500
Lotteries	1,750	100	1,750
Corporates	240	100	240
Charitable Trusts	1,557	100	1,557
Professional firms	102	100	102
General public	217	90	195
Total	19,306		19,284

(4) 'In kind' products and services

- There are in kind trade products and services that have been or will be donated to the overall project. All in kind trade products and services provided were of a minor nature and therefore have not been quantified.
- Professional services – various professional services in the form of time have and will continue to be donated to the overall project. These include, legal, accounting, project and other management, planning, architectural, design etc. As at 30 June 2018, material professional services to the value of \$261k have been quantified and 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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Financial assets				
Fair value through surplus or deficit – Held for trading				
Derivative financial instrument assets	7	65	7	65
Loans and receivables				
Cash and cash equivalents	29,420	21,542	33,772	23,197
Receivables	13,928	15,175	14,022	15,289
Other financial assets:				
- term deposits	10,000	20,000	10,000	20,000
- community loans	858	1,015	789	934
- LGFA borrower notes	2,112	2,272	2,112	2,272
Total loans and receivables	56,318	60,004	60,695	61,692
Fair value through the Statement of Comprehensive Revenue and Expense				
Other financial assets:				
- unlisted shares	743	744	743	744
Financial liabilities				
Fair value through Surplus or Deficit – Held for trading				
Derivative financial instrument liabilities	12,185	11,468	12,185	11,468
Financial liabilities at amortised cost				
Payables	16,832	12,912	14,384	12,744
Borrowings:				
- debentures	152,000	162,000	152,000	162,000
Total financial liabilities at amortised cost	168,832	174,912	166,384	174,744

(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 2018 – Council				
Financial assets				
Derivatives	-	-	-	-
Unlisted shares	743	-	743	-
Financial liabilities				
Derivatives	12,185	-	12,185	-
30 June 2017 – Council				
Financial assets				
Derivatives	1	-	1	-
Shares	744	-	744	-
Total financial assets	745	-	745	-
Financial liabilities				
Derivatives	11,468	-	11,468	-
30 June 2018 – Group				
Financial assets				
Derivatives	-	-	-	-
Unlisted shares	743	-	743	-
Financial liabilities				
Derivatives	12,185	-	12,185	-
30 June 2017 – Group				
Financial assets				
Derivatives	1	-	1	-
Shares	744	-	744	-
Total financial assets	745	-	745	-
Financial liabilities				
Derivatives	11,468	-	11,468	-

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.

Fair value interest rate risk

Council enters into a limited number of foreign transactions and therefore is exposed to minimal currency 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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Cash at bank and term deposits	29,420	21,542	33,772	23,197
Receivables	13,928	15,175	14,022	15,289
Community and related party loans	858	1,015	789	934
Short term deposits	10,000	20,000	10,000	20,000
Derivative financial instrument assets	7	65	7	65
Financial guarantees	250	250	257	257
Total credit risk	54,463	58,047	58,847	59,742

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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Counterparties with credit ratings				
Cash at bank and term deposits				
AA-	39,420	21,542	43,772	23,197
A+	-	20,000	-	20,000
Total cash at bank and term deposits	39,420	41,542	43,772	43,197
Derivative financial instrument assets				
AA-	7	65	7	65
Total derivative financial instrument assets	7	65	7	65
Counterparties without credit ratings				
Community and related party loans				
Existing counterparty with no defaults in the past	858	1,015	789	934
Total community and related party loans	858	1,015	789	934

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. (2017 \$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 2018				
Payables	16,832	16,832	16,731	101
Bank overdraft	-	-	-	-
Debentures	152,000	169,097	32,693	136,404
Financial guarantees	250	250	250	-
Total	169,082	186,179	49,674	136,505
Council 2017				
Payables	12,912	12,912	12,756	156
Bank overdraft	-	-	-	-
Debentures	162,000	180,572	33,816	146,756
Financial guarantees	250	250	250	-
Total	175,162	193,734	46,822	146,912
Group 2018				
Payables	14,384	14,384	14,283	101
Bank overdraft	-	-	-	-
Debentures	152,000	169,097	32,693	136,404
Financial guarantees	257	257	257	-
Total	166,641	183,738	47,233	136,505
Group 2017				
Payables	12,744	12,744	12,588	156
Bank overdraft	-	-	-	-
Debentures	162,000	180,572	33,816	146,756
Financial guarantees	257	257	257	-
Total	175,001	193,573	46,661	146,912

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 2018				
Net settled interest rate swaps	12,185	12,185	304	11,881
Council and Group 2017				
Net settled derivative liabilities	11,468	11,468	395	11,073

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 2018				
Cash and cash equivalents	29,420	29,420	29,420	-
Receivables	13,928	13,928	13,928	-
Net settled derivative assets	7	7	7	-
Other financial assets:				
- term deposits	10,000	10,263	10,263	-
- community loans	858	976	287	689
- LGFA borrower notes	2,112	2,517	359	2,158
Total	56,325	57,111	54,264	2,847
Council 2017				
Cash and cash equivalents	21,542	21,542	21,542	-
Receivables	15,175	15,175	15,175	-
Net settled derivative assets	65	65	65	-
Other financial assets:				
- term deposits	20,000	20,560	20,560	-
- community loans	1,015	2,141	306	1,835
- LGFA borrower notes	2,272	2,708	384	2,324
Total	60,069	62,191	58,032	4,159
Group 2018				
Cash and cash equivalents	33,772	33,772	33,772	-
Receivables	14,022	14,022	14,022	-

	Carrying amount \$'000	Contractual Cash flows \$'000	Less than one year \$'000	Greater than one year \$'000
Net settled derivative assets	7	7	7	-
Other financial assets:				
- term deposits	10,000	10,263	10,263	-
- community loans	789	906	274	632
- LGFA borrower notes	2,112	2,517	359	2,158
Total	60,702	61,487	58,697	2,790
Group 2017				
Cash and cash equivalents	23,197	23,197	23,197	-
Receivables	15,289	15,289	15,289	-
Net settled derivative assets	65	65	65	-
Other financial assets:				
- term deposits	20,000	20,560	20,560	-
- community loans	934	2,060	306	1,754
- LGFA borrower notes	2,272	2,708	384	2,324
Total	61,757	63,879	59,801	4,078

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.

	2018				2017			
	-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	(197)	-	394	-	(154)	-	307	-
Derivatives – held for trading	(122)	-	236	-	(398)	-	694	-
Financial liabilities								
Derivatives – held for trading	(3,621)	-	6,792	-	(3,279)	-	6,185	-
Borrowings:								
- secured loans	-	-	-	-	-	-	-	-
- debentures	760	-	(1,520)	-	795	-	(1,590)	-
Total sensitivity	(3,180)	-	5,902	-	(3,036)	-	5,596	-
Group								
Interest rate risk								
Financial assets								
Cash and cash equivalents	(219)	-	438	-	(116)	-	232	-
Derivatives – held for trading	(122)	-	236	-	(398)	-	694	-
Financial liabilities								
Derivatives – held for trading	(3,621)	-	6,792	-	(3,279)	-	6,185	-
Borrowings:								
- secured loans	-	-	-	-	-	-	-	-
- debentures	760	-	(1,520)	-	795	-	(1,590)	-
Total sensitivity	(3,202)	-	5,946	-	(2,998)	-	5,521	-

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: 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.

Group related party transactions

Northland Events Centre Trust (NECT)

Council is responsible for underwriting any operating shortfalls in NECT operations. Underwriting of \$92,000 (2017: \$197,000) was provided from Council to NECT. These amounts are disclosed in the Statement of Comprehensive Revenue and Expense. An amount of \$92,000 was outstanding at 30 June 2018 (2017: \$221,000).

Whangarei Art Museum Trust (WAMT)

WAMT received an annual operating grant (including a rent concession) from Council of \$513,000 (2017: \$483,000). Council also provided a grant of \$2.977 million towards the HWMAC project. An amount of \$3.011 million was outstanding at 30 June 2018 (2017: \$31,833).

Note 30: Events occurring after the balance date

There were no significant events after the balance sheet date (2017: nil).

Note 31: Explanation of major variances against budget

Key financial information	Actual 2018 \$'000	Budget 2018 \$'000	Comments
Statement of comprehensive revenue and expense			
Total revenue	162,509	142,984	Total revenue was higher than budget by \$22.6 million: <ul style="list-style-type: none"> • development contributions were \$3.3 million higher than budget. • subsidies and grants was \$2.2 million higher than budget. • interest received was \$0.9 million higher than budget due to prefunding future debt repayments. • vested and found asset income was higher than budget by \$11.0 million. • an unbudgeted investment property revaluation gain of \$3.3 million • an unbudgeted fair value gain of \$0.5 million • other revenue was \$1.1 million higher than budget
Total expenses	142,798	137,306	Total operating expenses were higher than budget by \$5.5 million: <ul style="list-style-type: none"> • personnel costs were \$2.0 million lower than budget • depreciation and amortisation was \$2.7 million lower than budget • general grants were higher than budget by \$2.3 million • unbudgeted losses on disposal of other assets of \$4.8 million. • professional fees and consultants were \$1.3 million higher than budget • contractor costs were \$0.9 million lower than budget • other expenses were \$2.8 million higher than budget, \$1.5 million of which related to weathertightness provisions
Surplus/(deficit)	19,711	5,678	
Statement of financial position			
Total assets	1,702,601	1,706,948	Total assets are lower than budget by \$4.3 million: <ul style="list-style-type: none"> • cash and cash equivalents are \$29.1 million above budget due to additional deposits from short term debt not yet required • other financial assets are \$10.3 million above budget due to prefunding of future debt that has been placed on term deposit • property, plant and equipment is \$42.1 million below budget due to carry forwards of capital expenditure and the loss on infrastructure asset revaluation in 2016-17 not available at the time of adopting the 2017-18 Annual Plan.
Total liabilities	(192,685)	(188,289)	Total liabilities are higher than budget by \$4.4 million: <ul style="list-style-type: none"> • payables and deferred revenue is \$1.9 million higher than budget due to the grant payable toward the Hundertwasser Wairau Māori Arts Centre • current provisions are \$1.2 million higher than budget due to an unbudgeted weathertightness provision.
Net assets	1,509,916	1,518,659	

Key financial information	Actual 2018 \$'000	Budget 2018 \$'000	Comments
Cash flow statement			
Net cash flows from operating activities	52,599	43,280	<p>Net cash flows from operating activities was higher than budget by \$9.3 million:</p> <ul style="list-style-type: none"> • development contributions were higher than budget by \$3.3 million. • receipts from rates revenue was higher than budget by \$1.3 million. • subsidies and grants were higher than budget by \$1.9 million due to additional NZTA subsidies. • interest received was higher than budget by \$0.9 million due to prefunding future debt repayments.
Net cash flows from investing activities	(35,555)	(61,994)	<p>Net cash flows from investing activities was lower than budget by \$26.4 million:</p> <ul style="list-style-type: none"> • purchase and development of fixed assets was lower than budget by \$15.6 million due to deferred capital works. • receipts from investments and loans was higher than budget by \$20.5 million due to maturity of term deposits undertaken as part of prefunding future debt requirements. • this is offset by purchase of investments and loans which was higher than budget by \$10.0 million due to new term deposits undertaken as part of prefunding future debt requirements.
Net cash flows from financing activities	(9,166)	18,314	<p>Net cash flows from financing activities was lower than budget by \$27.5 million due to budgeted borrowings not required as a result of carry forwards of capital expenditure.</p>
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	7,878	(400)	

Note 32: Joint ventures

Whangarei District Airport (WDA).

WDA is a joint venture between Council and the Ministry of Transport that provides airport and landing facilities for the use of visitors, residents, and ratepayers of the Whangarei District. WDA is incorporated in New Zealand. Council ownership is 100% of buildings and lighting, 50% interest of all other assets and liabilities and net surplus. WDA operates in New Zealand only. Pursuant to the Local Government Act 2002, WDA is Council-Controlled Organisation (CCO).

Name	Principal activity	2018	2017
		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.

	Actual 2018 \$'000	Actual 2017 \$'000
Council's interest in the Joint Venture		
Current assets	336	276
Non-current assets	2,185	2,264
Current liabilities	57	33
Non-current liabilities	-	-
Revenue	280	266
Expenses	323	279

Northland Regional Landfill Limited Partnership (NRLLP)

NRLLP is a joint venture between Council and Northland Waste Limited and operates under a limited partnership. The principal activity of the partnership is the development and provision of landfill facilities for the Whangarei District. Ownership is 50% interest in all assets and liabilities and net surplus. NRLLP is governed by the Companies Act 1993 and operates in New Zealand only. Pursuant to the LGA, NRLLP is a Council-Controlled Trading Organisation (CCTO).

Name	Principal activity	2018	2017
		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.

	Actual 2018 \$'000	Actual 2017 \$'000
Council's interest in the Joint Venture		
Current assets	752	583
Non-current assets	12,970	11,488
Current liabilities	2,984	2,712
Non-current liabilities	1,663	1,132
Revenue	4,758	4,267
Expenses	3,408	3,403

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	
			2018	2018
Springs Flat Contractors Limited (SFCL)	Companies Act 1993	SFCL is a limited liability shelf company. Council retains this company due to the unrealised tax losses held by SFCL.	100%	
Whangarei Art Museum Trust (WAMT)	Charitable Trusts Act 1957 of New Zealand	WAMT is a Charitable Trust and is operated by the Trustees of WAMT with the bulk of funding being received from Council. WAMT was established to maintain and display the District's art collection, the acquisition, collection, conservation and display of works of art; the promotion of the understanding, enjoyment and study of art in the Whangarei District and Northland region.	Controlling	
		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.		
		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).		
Northland Events Centre Trust (NECT)	Charitable Trusts Act 1957 of New Zealand	NECT is a charitable trust that operates and maintains a multi-purpose centre for sports bodies, arts, musical, social and cultural events. NECT is a fully controlled entity for financial reporting purposes. Whilst Council is not involved in the day to day operating activities, Council governs the financial management and benefits from its activities.	Controlling	
Whangarei Waste Limited (WWL)	Companies Act 1993	WWL is a partnership holding company for the Northland Regional Landfill Limited Partnership (NRLLP) joint venture between Council and Northland Waste Limited. WWL operates in New Zealand only.	50%	
Whangarei Quarry Gardens Trust (WQGT)	Charitable Trusts Act 1957 of New Zealand	WQGT is a charitable trust that operates a recreational facility. Council has a representative on the board of Trustees. WQGT was formed to develop the former metal quarry in Russell Road which is in Council ownership. WQGT has established a group of volunteers who assist in maintaining the grounds and have completed a master plan for the future development of the site as a horticultural and educational asset for the Whangarei District.	Controlling	

Note 34: Report of Council Controlled Organisations performance

Northland Regional Landfill Limited Partnership

	Result 2018	Result 2017
Council Controlled Organisations		
Northland Regional Landfill Limited Partnership		
Objective		
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 Re:Sort maintains ACC accreditation standards for its health and safety management system.	Achieved	Achieved
Ensure no serious harm incidents occur at all operational sites owned by NRLLP.	Achieved	Achieved
Ensure Re:Sort 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 2018	Result 2017	Comment			
					Actual 2018	Budget 2018	Actual 2017
1	To operate to financial budget	Target met	Target not met	Revenue	\$565,517	\$536,000	\$532,757
		Target met	Target met	Expenditure	\$645,698	\$564,002	\$557,363
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	A five-year certificate renewal was completed in May 2018.			
3	To conduct a survey of airport users and determine their views on Airport facilities and future facility developments.	Target met	Target met	A survey was carried out and completed in June 2018.			
4	To implement the new Civil Aviation Authority (CAA) requirement for a Safety Management System (SMS).	In progress	In progress	WDA management have attended CAA seminars on SMS and have now completed the implementation plan that the CAA has accepted. Deadline for final adoption is December 2019. Progress has already commenced on the implementation.			
5	Engage third party quality auditor to report each June	Target met	Target met	Because of certificate renewal the auditor requested to do the annual audit in February. The next audit will be held in June 2019. There may need to be other involvement as part of SMS implementation.			

	Performance Target	Result 2018	Result 2017	Comment
6	To implement necessary changes to Health and Safety policy / procedures to address any changes to legislation.	In progress	Target met	The SMS being implemented already has aspects that improve on practices in the Health and Safety environment. Eventually the two documents will be merged. An Airport safety committee has been formed as part of the SMS and this will bring tenant PBCU around the table with Health and Safety as a focus.
7	To explore economic development opportunities in attracting new business and job creation.	In progress	n/a	Several options have been explored. Car parking charges the obvious one but there is a plan of works / projects that can generate revenue.
8	Explore existing service providers and encourage expansion and investment	In progress	n/a	We have been in discussions with a couple of potential providers. One is a rental car company and the other is a small airline operator.

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 2018

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, Athol Graham, 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 27 September 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 80 to 164:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2018;
 - 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 page 32, 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 annual plan;
- the non-financial performance information on pages 24 to 78:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - 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; and
- the statement about capital expenditure for each group of activities on pages 37 to 78, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 33 to 78, 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 (LTP).

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 19 to 23, 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 LTP and annual plans.

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 annual 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 information, 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 8 to 18 and 24 to 28, 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 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have audited the District Council's 2018-28 long term plan, and 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.

Athol Graham
Audit New Zealand
On behalf of the Auditor General
Auckland, New Zealand

Part five

General information



Abbreviations and Acronyms

AMP

Activity or Asset Management Plan

BERL

Business and Economic Research Limited

CAA

Civil Aviation Authority

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

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

NZLGFA

New Zealand Local Government Funding Agency

LTP

Long Term Plan

NECT

Northland Events Centre Trust

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

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 increase 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 of which Council maintains at least 50% voting rights to 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

An increase in the cost to buy things and fall in what you can buy for a certain value of money. 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.

Level of service

Describes in measurable terms the standard of services that Council will provide for each activity undertaken.

Local Authority (LA)

A regional council or territorial authority

Local Government Act 2002 (LGA)

The key legislation that defines what Council's purpose and responsibilities are to the community and how they must be fulfilled and reported on.

Long Term Plan (LTP)

A 10-year plan adopted every three years that sets out the planned activities, budgets and service provision of Council.

Official Cash Rate (OCR)

The interest rate set by the Reserve Bank to meet the inflation target specified in the Policy Targets Agreement. The Agreement, dated September 2002, requires the Reserve Bank to keep inflation at between 1% and 3% per annum.

Operating expenditure

The category of expenditure incurred as a result of Council's normal business operations.

Penalty (rates)

A charge that is added to rates that remain outstanding after the due date for payment.

Rating unit

One Certificate of Title equals one rating unit which will receive one rates assessment.

Rates postponement

A postponement delays the payment of rates until a later time (such as when the property is eventually sold).

Rates remission

Policies to provide assistance in the form of rates relief to ratepayers who meet specific criteria.

Regional Council

A council charged with managing the natural resources of its region including water, soil and air. Our regional council is the Northland Regional Council which represents the communities of the Far North, Kaipara and Whangarei districts.

Special Consultative Procedure (SCP)

The procedure that councils are required to undertake in certain decision-making circumstances, as defined by the Local Government Act 2002 (section 83).

Strategic asset

An asset or group of assets that the local authority needs to retain to maintain its capacity to promote any outcome it considers important to the current or future well-being of the community.

Targeted rate

A rate collected to fund a specific activity. A rate that is targeted can only be used for the purpose of which it was collected. Targeted rates are only charged to people who will benefit from the activity.

Territorial Authority (TA)

A city council or a district council.

Uniform Annual General Charge (UAGC)

A rate of fixed dollar amount applied to all properties. This is not related to the value of the property.

Valuation

An estimation of a property's worth. Council carries out property revaluations every three years.

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Private Bag 9023, Whangārei 0148, New Zealand
Forum North Building, Rust Avenue, Whangārei
Ruakaka Service Centre, Takutai Place, Ruakaka
P: +64 9 430 4200 | F: +64 9 438 7632
E: mailroom@wdc.govt.nz | W: www.wdc.govt.nz
Facebook and Twitter: WhangareiDC