



Whangarei
District Council



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Your Elected Members

AS AT 30 JUNE 2022



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MIHI

Tēnei au ka piki ngā paringa pā tūwatawata,
pā maioro o Maunga Parihaka, kia kite atu
ngā hapū me ngā maunga tapu e.

Ka huri whakaterāwhiti ko taku aro ki te
kapua hōkaia ki rūnga Maunga Rangitihī.

Ka rere atu au ki te kohu tatao ana i ngā
kōhatu teitei o Maunga Manaia.

Ka whakarērea te pou o te whare kia tau iho
rā ki runga Maunga Rangiora.

Ka huri whakautā au kia rere atu ki runga
Otaika ka tau ki Te Toetoe.

Ka hoki whakatehauāuru ki Maunga
Tangihua, ki Maunga Whatitiri.

Ka huri whakararo taku titiro ki a Ngāti
Kahu, ngā uri a Torongare, ko Hurupaki, ko
Ngārārātunua, ko Parikiore ngā maunga e.

Ka haere whakaterāwhiti ki Maunga
Maruata me Maunga Pukepoto.

Tēnei ka hoki ki Maunga Parihaka, kātahi au
ka tau iho e

Ko te wehi kia Ihowa, te timatanga o te
whakaaro nui, tona ingoa ki a whakapainga

Kia rātou kua wehe ki tua o te Arai, moe mai
ra koutou, haere haere haere atu ra.

Hoki ngā kōrero ki a tatou te hunga ora

Ngā mihi o te wā kia tatou katoa.

Tēnā koutou, tēnā koutou, tēnā koutou
katoa

Here I climb the embankments of the great
fortress Mt Parihaka that I may see my
tribal kinfolk and their sacred mountains.

Eastward does my gaze turn to the clouds
pierced by Mt Rangitihī.

Now I fly onwards to the mists suspended
above the lofty peaks of Mt Manaia.

I flee the post of the house to land upon Mt
Rangiora.

Then I fly inland passing over Otaika to
alight at Te Toetoe.

Then I go westward to Mt Tangihua and to
Mt Whatitiri.

There I look northward to Ngāti Kahu
the descendants of Torongare Hurupaki,
Ngārārātunua and Parikiore are their
mountains.

I turn eastward again, now to Mt Maruata
and to Mt Pukepoto.

And so, I return to Mt Parihaka to where my
journey began and now it ends.

Acknowledgements to the lord the
beginning of wisdom, his name shall
blessed.

To those that have departed, may you all
rest eternally, farewell to you all.

I return to us the living and greet us all at
this time.

Greetings to you all.



STATEMENT OF COMPLIANCE AND **RESPONSIBILITY**

HE KUPU TAUKĪ MŌ TE TAUTUKU ME TE HAEPAPA

FOR THE YEAR ENDED 30 JUNE 2022

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

Responsibility

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

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

Council believes the annual financial statements and statements of service performance for the year ended 30 June 2022 fairly reflect our financial position and operations.

Vince Cocurullo

Mayor

Simon Weston

Chief Executive

Whangārei, 23 March 2023



MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE

HE KUPU NĀ TE KOROMATUA ME TE MANAHAUTŪ

This year our District, not to mention the nation, continued to deliver services and projects while adapting to COVID-19 implications, lockdowns, economic and logistical challenges.

The ways many of us (Council, businesses, government departments, schools, local organisations, families) carry out our functions had to change – probably enduringly, but we all still aimed to keep productivity and efficiency high.

Looking back, 2021-2022 was a year for addressing complex and controversial issues, completing long awaited projects, starting new ones and planning the years to come.

Capital projects in our core areas of transport, water provision and waste management included the \$30 million Whau Valley Water Treatment Plant, securing much of the District's drinking water supply for the next 50 years or so. Long-standing problems with sewer capacity were addressed with new sewer mains in the Maunu and Kauika areas and the Quarry Gardens received major repairs to damage caused by the previous year's July floods.

At a local level Waipu's new skatepark and activity zone was completed with significant input from the community, and locals enjoyed opening the completed Waipu River walkway on a fine day in June. Whangārei Heads Road users welcomed the redesign and sealing of the pull-over area at Tamaterau, and a new parking area and toilets were installed at Abbey Caves.

In the city, Pūtahi Park's opening at the Town Basin was the culmination of many years of plans and physical works. Timed to coincide with opening of the Hundertwasser Art Centre nearby, it opened in March giving children a good couple of months to enjoy the splash park's fountains. It would be fair to say the park, complete with accessible play equipment, has been a huge success. The transformation of Pohe Island from former landfill to a major urban park continued, with visible progress on the BMX track, the bike shelter area and the new destination playground which is due to be opened in a few months.

In the inner city we used tactical urbanism strategies – painted footpath, plantings and a raised pedestrian area to create a more pedestrian-friendly connection between the Rose Street Bus Terminal and James Street. In May 2022 the Rose Street Bus Terminal and the area between it and lower Bank Street was realigned and repaved. New bus shelters and an elevated pedestrian crossing were installed across lower Bank Street. These projects align

with the Whangārei City Centre Plan, and the \$1 million Rose Street Bus Hub upgrade was part of Council's Public Transport Improvement Programme for the City.

Urban Shared Path work funded by the Ministry of Business, Innovation & Employment (MBIE) Regional Economic Development Funding continued in Raumanga and planning was completed for the second and third stages of the Kamo Shared path.

In the transport area our congestion relief work continued as we started building a second bridge (parallel to the existing one) on Port Road, spanning the Hāhā (Limeburners) Creek and laying the groundwork for a major intersection upgrade Port Road / Kioreroa Road intersection this coming year. Funded by MBIE, the improvements will provide two traffic lanes in each direction and a shared path extension.

We rehabilitated 4.3km of our sealed road network and resealed 77km of the sealed network. Irvine, Waiotoi and Sandford Roads received 2.2km of new seal extension. We put in 994m of new footpaths and 1.1km of cycleways/shared paths.

Work on our new Civic Centre on the former RSA site on Rust Ave moved ahead at pace and the project was a finalist in the 2021 Building Nations Beacon Awards, nominated for the procurement process on the Whangārei Civic Centre project, which focused on community objectives including an 80% minimum local contractor requirement.

It is always at the forefront of our minds as we go about our day-to-day works that we are providing services and developing the assets our community has said it wants. Communication is key to deciding what should be done, when to do it, how it will be funded and keeping people informed with progress. It is a two-way process and formal consultation is one of the processes we use.

In September 2021 we received more feedback on a consultation than we ever have before - 5000 submissions in all. We sought feedback on the Oruku Multi-events Centre, a proposal for ratepayers to allocate up to \$70 million towards the project in a bid to secure \$60 million in COVID-19 recovery funding from central government. The public sentiment was against that and funding was not allocated. Since then another organisation has shown interest in the proposal and is seeking to pursue it in a smaller form.

Government's Three Waters Reform proposal was another topic of keen public interest. The proposal would see the District's water assets and services incorporated into an entity to control water from Auckland's southern boundary to Cape Reinga. Council took a strong stand against the reform, joining other lobbying councils campaigning as "Communities 4 Local Democracy". We also, along with other councils, challenged government in the High Court. A recent decision of the Court declined to make the formal declarations sought by the councils.

Within the 2021-22-year, history was made when Council appointed its first Council-Māori co-governance committee. The committee of Councillors and hapū representatives was given full delegation to set the strategic direction for and then to adopt the Whangārei Housing Strategy.

In March 2022, we also were informed that we would have a new, District-wide Māori Ward with two Councillors in the 2022 elections. Achieving Māori representation through our ward structure followed years of work leading up to Council's decision in November 2020 to introduce the wards.

April brought another high-profile public consultation, this time over options to pursue if the Whangārei Airport at Onerahi should need to close. We suggested one of three potential locations should be investigated further and asked the public which they preferred. We doubled the consultation period to two months at public request and received 610 submissions. In September Council decided to proceed with investigations of the Site 9 at Ruatangata.

On a smaller scale, placemaking plans to enhance and develop Tikipunga's and Hikurangi's unique qualities for the next 20-30 years were adopted and we began consulting Waipu and Parua Bay about their plans. Another topic for public input around this time was the review of Waipu, Bream Bay and Langs Beach speed limits as part of Government's Road to Zero plan.

A surprisingly hot community topic during the year was cat control. The issue generated a large volume of submissions during consultation on the Annual Plan and the Animal Bylaw review – ultimately resulting in more resources allocated to education and funding for a “snip and chip” programme through local vets and the SPCA.

At the same time, work on our Climate Change adaptation as a region continued, bylaws were developed, reviewed and monitored, resource consents and building permits were issued and monitored, district and community developments and funding continued along with all the back-of-office work needed to run a well organised Council.

This is a sample of all the work undertaken - it is impossible to even scratch the surface in this introduction – fortunately you can read on for more detail throughout this Annual Report.

This report is a reflection on the final year of the last term of the 2019-22 Council and we acknowledge the service of its Mayor and Councillors. We also pay tribute to those who left us during the October elections: Mayor Sheryl Mai, Deputy Mayor Greg Innes, Infrastructure Committee Chair Greg Martin, Strategy, Planning and Development Committee Chair Shelley Deeming, councillors Tricia Cutforth and Anna Murphy.

Thank you to everyone, the public, ratepayers, contractors, businesses, residents and staff for their contribution to making the District a great place.

Vince Cocurullo

Mayor



Simon Weston

Chief Executive





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ABOUT US AND THIS REPORT

HE KUPU TAUKĪ MŌ TE TAUTUKU ME TE HAEPAPA

Welcome

This 2021-22 Annual Report sets out what Whangarei District Council (Council) has achieved in the past financial year (from 1 July 2021 to 30 June 2022), why these things were done, how well we did them, what they cost and how they were paid for.

It communicates our performance in year one of the 2021-31 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:

HOW WE PERFORMED

An overview of our financial and service performance for the year.

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 2021-31 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 2022.

GENERAL INFORMATION

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

Governance structure

As at 30 June 2022

Mayor

HWM Sheryl Mai

Deputy Mayor

Cr Greg Innes

Councillors

Cr Gavin Benney	Cr Jayne Golightly
Cr Vince Cocurullo	Cr Phil Halse
Cr Nicholas Connop	Cr Greg Martin
Cr Ken Couper	Cr Anna Murphy
Cr Tricia Cutforth	Cr Carol Peters
Cr Shelley Deeming	Cr Simon Reid

Committees of the Whole

COMMUNITY DEVELOPMENT COMMITTEE

Chair Cr Gavin Benney and all Elected Members

INFRASTRUCTURE COMMITTEE

Chair Cr Greg Martin and all Elected Members

STRATEGY, PLANNING AND DEVELOPMENT COMMITTEE

Chair Cr Shelley Deeming and all Elected Members

RISK AND AUDIT COMMITTEE

Independent Chair John Isles and all Elected Members

Specialist committees

COMMERCIAL PROPERTY COMMITTEE

Deputy Mayor Greg Innes

DISTRICT LICENSING COMMITTEE

Chair Commissioner

CIVIC HONOURS SELECTION COMMITTEE

Chair Cr Vince Cocurullo

CE REVIEW COMMITTEE

Chair HWM Sheryl Mai

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

Chair Cr Shelley Deeming

Māori Partnership

TE KĀREAREA STRATEGIC PARTNERSHIP STANDING COMMITTEE

Chair Cr Phil Halse – Whangarei District Council

Chair Len Bristowe – Hapū

Members: HWM Sheryl Mai

Councillors: Gavin Benney, Ken Couper, Greg Innes, Anna Murphy, Carol Peters, Simon Reid and Phil Halse.

Eight mandated hapū representatives: Delaraine Armstrong, Mike Kake, Tame TeRangi, Jared Pitman, Mira Norris, Aorangi Kawiti, Deborah Harding and Len Bristowe.

HOUSING STRATEGY COUNCIL CO-GOVERNANCE SUBCOMMITTEE

Chair Cr Gavin Benney – Whangarei District Council

Chair Aorangi Kawiti – Hapū

Councillors: Gavin Benney, Ken Couper and Carol Peters

Hapū representatives: Janelle Beazley, Aorangi Kawiti and Waimarie Bruce King

Organisational structure



Group entities

COUNCIL CONTROLLED ORGANISATIONS

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

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

The Local Government Act 2002 defines a CCO as either:

A company:

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

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

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

Council has an interest in seven organisations that meet these definitions:

- Hatea Art Precinct Trust
- Northland Events Centre (2021) Trust
- Whangārei District Airport
- Northland Regional Landfill Limited Partnership
- Whangārei Waste Ltd
- Springs Flat Contractors Ltd
- Local Government Funding Agency.

The Local Government Funding Agency is a CCO by nature of many local authorities jointly having at least 50 per cent shareholding. There are 31 shareholders, of which Council is one.

Each of these organisations are required to complete a Statement of Intent (SOI), unless an exemption under the Local Government Act 2002 has been granted. Under the Act if an entity is exempt then it is not a CCO. Whangārei Waste Ltd, Northland Events Centre (2021) Trust, and Springs Flat Contractors Ltd are exempt organisations.

COUNCIL CONTROLLED TRADING ORGANISATIONS

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

Council has one CCTO: the Northland Regional Landfill Limited Partnership.

Council Organisations

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

LOCAL GOVERNMENT FUNDING AGENCY

The Local Government Funding Agency (LGFA) is not a subsidiary of Council. It is a separate entity, jointly owned by the Crown and 30 local authorities, including Council. The LGFA raises debt funding either domestically and/or offshore in either New Zealand dollars or foreign currency and provides debt funding to New Zealand local authorities.

Council and Māori working in partnership

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

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

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

TE KĀREAREA

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

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

Te Kārearea has the following vision, mission and principles:

Te pae tawhiti/vision

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

Te kaupapa/mission

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

Nga tikanga/principles

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

Te Kārearea was established as a Standing Committee in September 2020. The committee is made up of eight hapū representatives and eight councillors. Meetings are held monthly, alternating between meetings in chambers and meetings on marae.

MĀORI WARDS

On 25 March 2021, Council voted to establish a Māori ward for the 2022 and 2025 elections. The establishment of one District-wide Māori Ward was determined by Council and our hapū partners, Te Huinga and Te Kārearea Strategic Partnership Standing Committee as the best option for representation of Māori across our District.

Establishing a Māori ward for our District will:

- help bring forward the views and aspirations of whānau, hapū and iwi on Council matters
- ensure local decision-making is fairer and more inclusive
- represent a sector of the community that is currently not represented at the Council table
- provide stronger Māori representation as Whangārei District continues to learn more about its heritage and history.

HOUSING STRATEGY COUNCIL CO-GOVERNANCE SUBCOMMITTEE

The Whangārei Housing Strategy is the first co-governance arrangement between Council and hapū representatives in Whangārei District. Council agreed to establish a Housing Strategy Council Co-governance Subcommittee to oversee the development of the Strategy and with the delegation to adopt the Strategy.

The Strategy represents a historic step in Te Tiriti o Waitangi partnership between Whangārei District Council and ngā hapū o Whangārei. The Co-governance Subcommittee is significant because both parties have entered the arrangement voluntarily. This sets the tone for positive and a stronger relationship between hapū and Council and demonstrates how shared decision making can work in a manner more closely aligned with Te Tiriti o Waitangi.



HOW WE PERFORMED

TE ĀHUA O Ā MĀTOU MAHI

Our performance at a glance

We have achieved an operating surplus, while managing our operations effectively. Central government funding continues to impact our financial results, as well as our operations. Programmes and workstreams have had to flex to react to central government funding initiatives to ensure we get the best outcome for our community.

OUR FINANCIAL STRATEGY TARGETS

The Financial Strategy in the 2021-31 Long Term Plan contains a set of financial parameters that Council works within. The tables below shows Council's performance against the targets set for the 2021-22 financial year:

Targets	Parameter	Actual Performance	Result
Achieve a balanced budget	=>100%	108%	✓
Limit rates revenue (excluding water) to maximum of 70% of total revenue	<=70%	42%	✓
External net debt no higher than 175% of total revenue	<=175%	70%	✓

FINANCIAL PRUDENCE BENCHMARKS

Financial prudence benchmarks are used to disclose Council's financial performance in relation to various measures and limits. Some of these are set by Council, while others are prescribed by legislation. The table below shows Council's performance against these benchmarks for the 2021-22 financial year. More detailed results are contained on pages 24 to 28.

Benchmark	Result
Rates (income) affordability benchmark	
Rates (increases) affordability benchmark	
Debt affordability benchmark	
Balance budget benchmark	
Essential services benchmark	
Debt servicing benchmark	
Debt control benchmark	
Operations control benchmark	

69% OF NON-FINANCIAL TARGETS MET COMPARED WITH 68% LAST YEAR

49 of 71 non-financial targets were met and 100% of the targets were measured.

Performance improved or stayed the same for 54% of measures over the course of the year, compared to 66% last year and 48% in the 2019-2020 year.

Community Property, District Planning, Flood Protection, Resource Consents, Stormwater, Strategy, Venues & Events and Democracy and Assurance all achieved 100% of their annual targets.

Only six activity groups achieved lower results than last year.

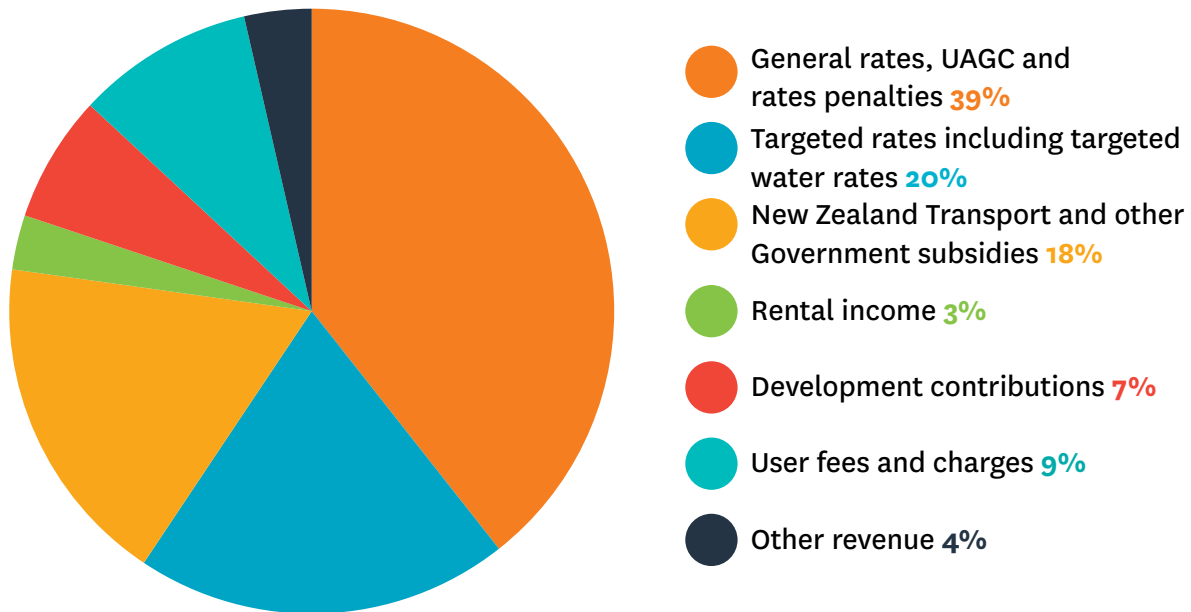
Residents identified transportation, promoting the District, tourism and economic development, and solid waste as the three most important forward planning priorities.

Financial Performance

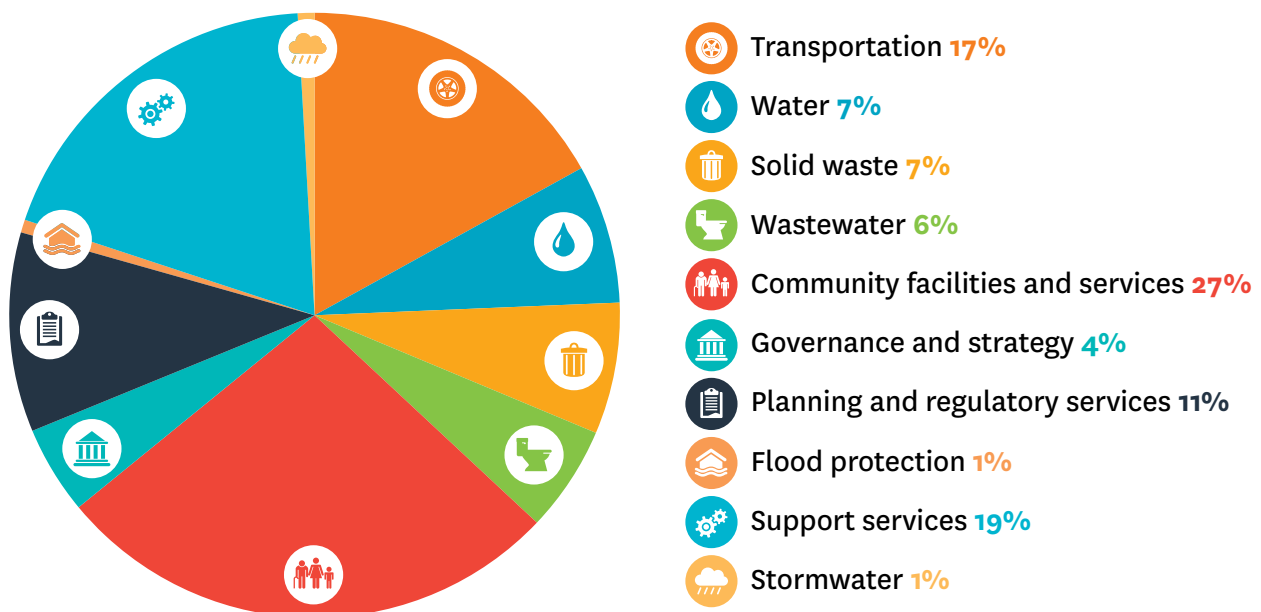
The following charts show operating revenue and expenses excluding accounting adjustments:

COUNCIL'S SOURCES OF FUNDING AND REVENUE

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



COUNCIL'S OPERATIONAL EXPENDITURE BY ACTIVITY



*Figures are calculated using the Funding Impact Statements.

OPERATING RESULT – BEFORE ACCOUNTING ADJUSTMENTS

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

The 2021-22 year has achieved a core operating surplus of \$25.4 million against a budgeted operating surplus of \$31.9 resulting in an unfavourable variance of \$6.5 million.

	Millions (\$)		
	Actual	Budget	Variance
Operating result - before non-cash adjustments			
Operational revenues	187.4	194.6	(7.2)
Operational costs	162.0	162.7	0.8
Operating surplus - before non-cash adjustments	25.4	31.9	(6.5)

The majority of this unfavourable variance is due receiving less subsidies and grants revenue than was budgeted for in the 2022 Annual Plan. These subsidies are contingent on the delivery of various projects. Where projects have not been completed, the associated revenue will be received and recognised once the work has been completed – in future financial years.

OPERATING RESULT – INCLUDING ACCOUNTING ADJUSTMENTS

Having established the core operating result, several accounting adjustments that do not impact on our cashflow or debt are made in accordance with accounting standards. After making these adjustments, Council has a total operating surplus of \$59.5 million, a variance of \$19.4 million (including accounting adjustments) when compared to the budgeted surplus of \$40.1 million.

		Millions (\$)		
	Note	Actual	Budget	Variance
Operating surplus - before non-cash adjustments		25.4	31.9	(6.5)
Add: Income from vested assets	6	15.0	8.2	6.8
Add: Investment property revaluation	6	9.0	0.0	9.0
Add: Revaluation of debt instruments (SWAPs)	6	18.2	0.0	18.2
Less: Loss on disposal of assets	8	(8.0)	0.0	(8.0)
Total non-cash adjustments		34.2	8.2	26.0
Operating surplus/(deficit)		59.6	40.1	19.5

Vested assets

Council recognised income of \$15 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 \$9 million.

Loss on disposal of assets

Council recognised a total loss on disposal of assets of \$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 \$18.2 million revaluation gain of debt instruments (swaps). Council purchases swaps to provide a 'corridor of certainty' for the short-to-long term funding of its operations and capital programme. Swaps allow us to lock-in interest rates for several years ahead. We are required to revalue these on an annual basis based on financial market movements. These value movements reflect the difference between current floating rates and the long-term fixed rates our swaps provide. If the value goes up we disclose a gain and if the value goes down we disclose a loss, although these are not realised unless the swap is terminated early. This process can create large swings in value from year to year.

TOTAL COMPREHENSIVE INCOME

After the Operating Surplus is calculated, we recognise another category of items that go towards our Total Comprehensive Income position. This is the movement in the Asset Revaluation Reserve, which was an increase of \$308.3 million for the year. This reflects the theoretical movement in the value of our property, plant and equipment assets, which can never be realised as cash but is disclosed under IPSAS requirements. This process enables a better understanding of the value of Council's asset network, which assists us in developing plans for future asset renewal and allows us to calculate annual depreciation charges with more accuracy.

EXTERNAL NET DEBT

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

	Million (\$)
Gross External Debt	192.0
Less:	
Term Deposits	17.0
Bank Cash Balances	15.0
Total cash and deposits	32.0
Net External Debt	160.0

- Closing external net debt for the 2021-22 financial year, was budgeted to be \$182 million. Actual closing net debt was \$22 million lower at \$160 million.

This favourable variance can largely be attributed to the following:

- actual opening net debt being less than budgeted
- unspent capital works compared to the Annual Plan due to projects being carried forward into the 2022-23 financial year.

CREDIT RATING REMAINS AA+

- S&P Global reconfirmed Council's credit rating as AA+. This was primarily in recognition of our continued strong financial management and very strong budgetary flexibility.
- The outlook on Council's long-term rating remains negative, which indicates that Council's rating may decrease over the coming years. This is due to the ambitious capital programme budgeted in Council's 2021-31 Long Term Plan, as well as uncertainties related to the Three Waters reform.
- S&P Global's independent evaluation compares our financial policies and practices, budgetary performance, liquidity, debt and revenue drivers against local government peers domestically and internationally.
- Re-achieving this rating continues to affirm the approach Council has taken to financial management, indicating that we are in a sound financial position, supported by a clear financial strategy and strong financial management.

TARGETED RATE RESERVES

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 \$4.1 million (net) from \$19.8 million to end at \$23.9 million. Due to significant Water projects, if all capital works are completed this reserve is expected to be used by year three (2023-24) of the 2021-2031 Long Term Plan.

Wastewater Reserve

The Wastewater Reserve reflects a surplus of wastewater revenue, mainly targeted rates, over and above operating and capital wastewater expenditure. This reserve has a closing balance of \$13.4 million at 30 June 2022. The 2021-31 Long Term Plan see this reserve continue to grow across the 10 years to fund significant capital projects that will be required in the future.

Three Waters Reform

The New Zealand Government is implementing a water services reform that is intended to ensure all New Zealanders have safe, clean and affordable water services. This will be achieved by establishing four publicly owned water services entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand from 1 July 2024.

The reform will be enacted by three pieces of legislation:

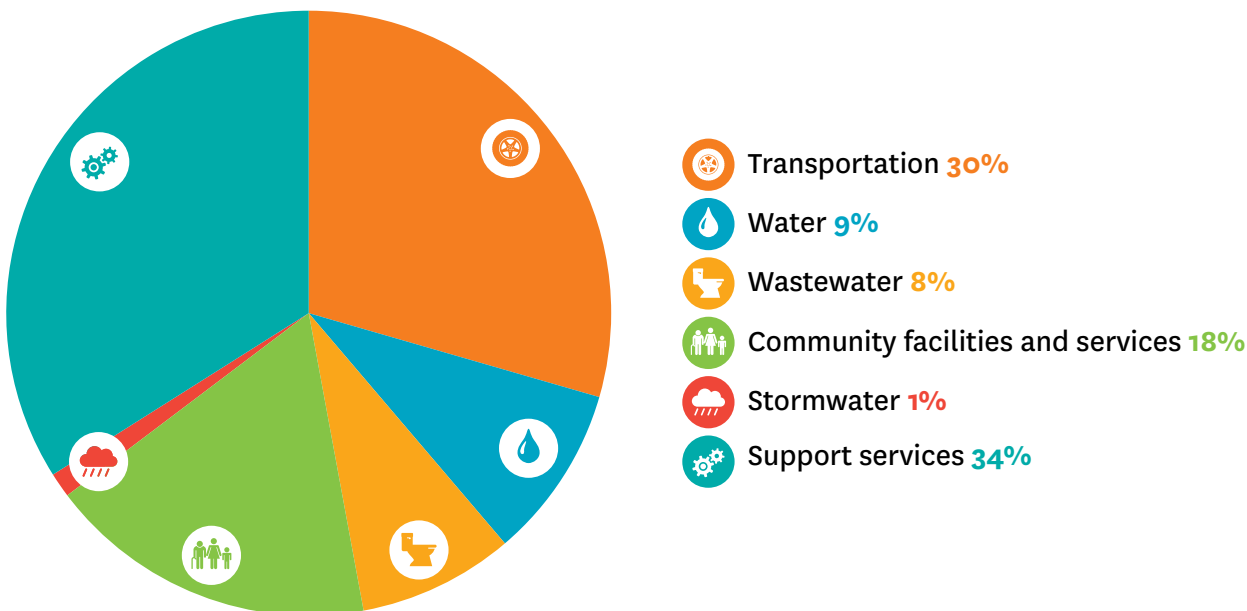
- The Water Services Entities Act 2022: this contains the water entities’ ownership, governance and accountability arrangements. This act received royal assent on 14 December 2022.
- The Water Services Legislation Bill: this provides water services entities with the necessary legislative functions, responsibilities, and powers to be fully operational from the ‘go live’ date on 1 July 2024. This is currently at select committee stage and was open for public submissions until 12 February 2023.
- Water Services Economic Efficiency and Consumer Protection Bill: this will provide the economic regulation and consumer protection framework for water services. It is also currently at select committee stage and was open for public submissions until 12 February 2023.

The impact of this reform will mean that Whangarei District Council will no longer deliver three waters services or own the assets required to deliver these services. Until the above bills receive royal assent, the financial impact of the transfer on Whangarei District Council remains uncertain.

CAPITAL PROJECTS

2022 has seen another year of significant capital projects completed, however Council continues to face an ongoing challenge to complete our ambitious capital works programme. This is due to a number of factors such as contractor capacity, physical resources, changing circumstances, central government funding, and a desire to make sure community views are properly considered.

Capital expenditure by activity – total \$87.1 million



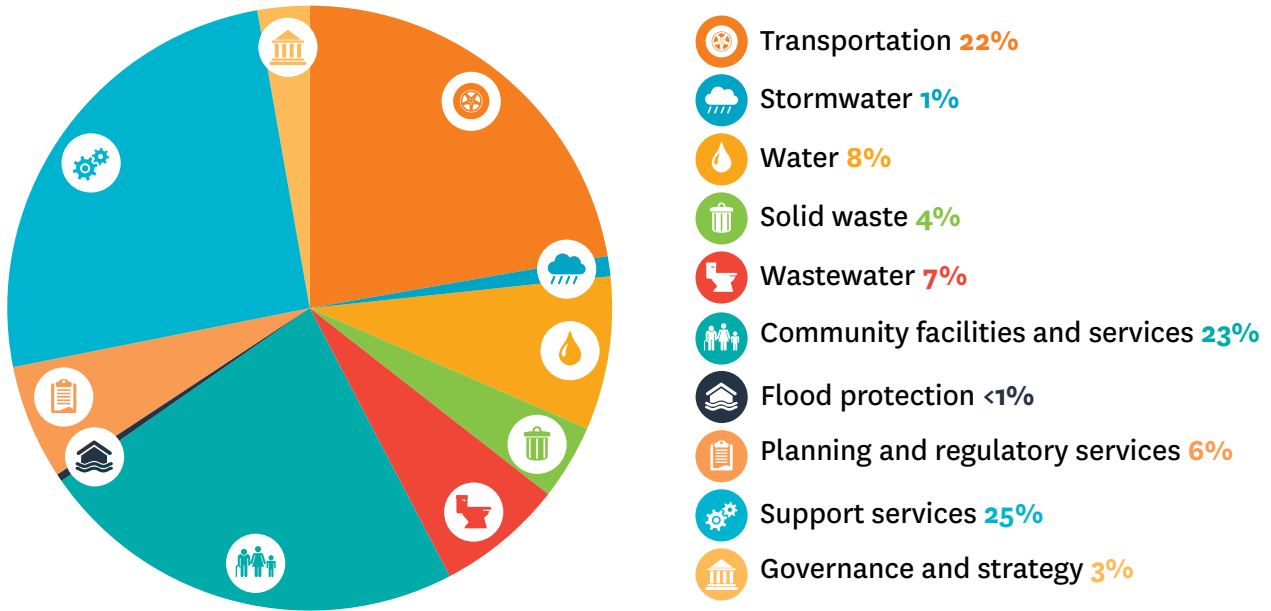
Although Planning and Regulatory and Governance and Strategy had a small amount of capital expenditure, it represented less than 1% of total capital expenditure and does not appear on the above graph due to rounding. Solid Waste and Flood Protection had no capital expenditure.

*Figures are calculated using the Funding Impact Statements.

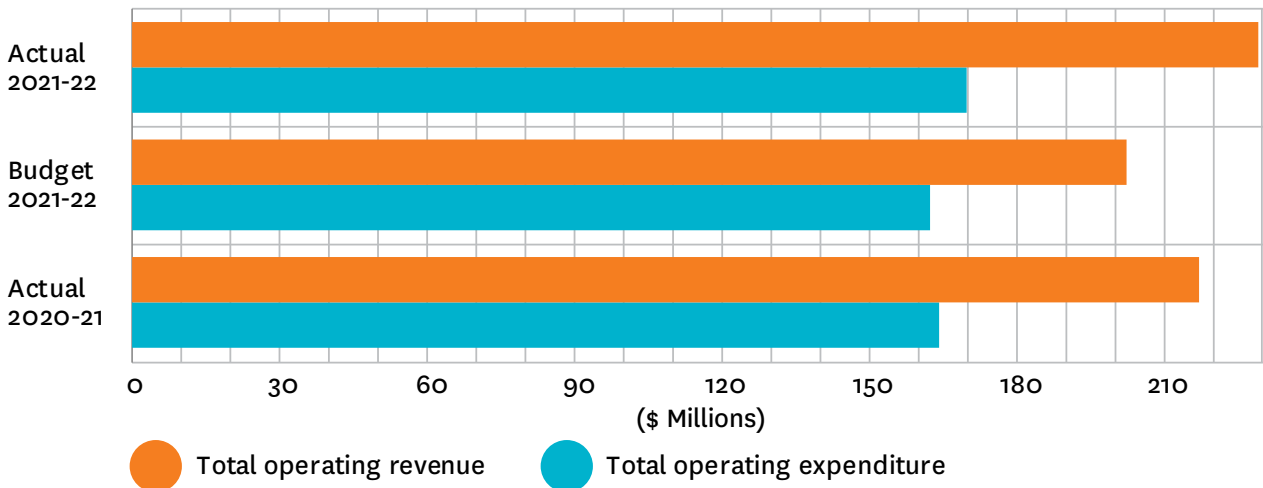
Financial Summary

TOTAL EXPENDITURE

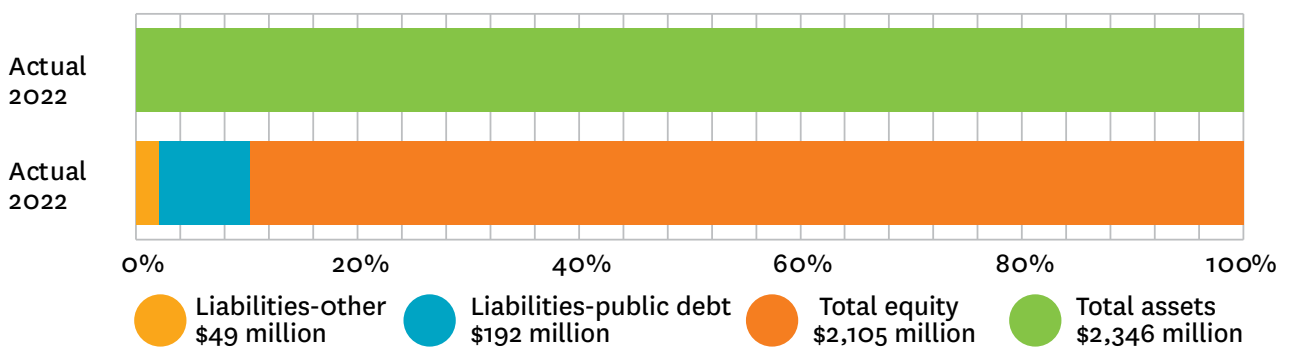
This chart represents Council's total expenditure by activity and combines the operational expenditure and capital expenditure as per the charts above.



TOTAL EXPENDITURE AND REVENUE



TOTAL ASSETS, LIABILITIES AND EQUITY



Financial prudence benchmarks

ANNUAL REPORT DISCLOSURE STATEMENT FOR YEAR ENDING 30 JUNE 2022

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

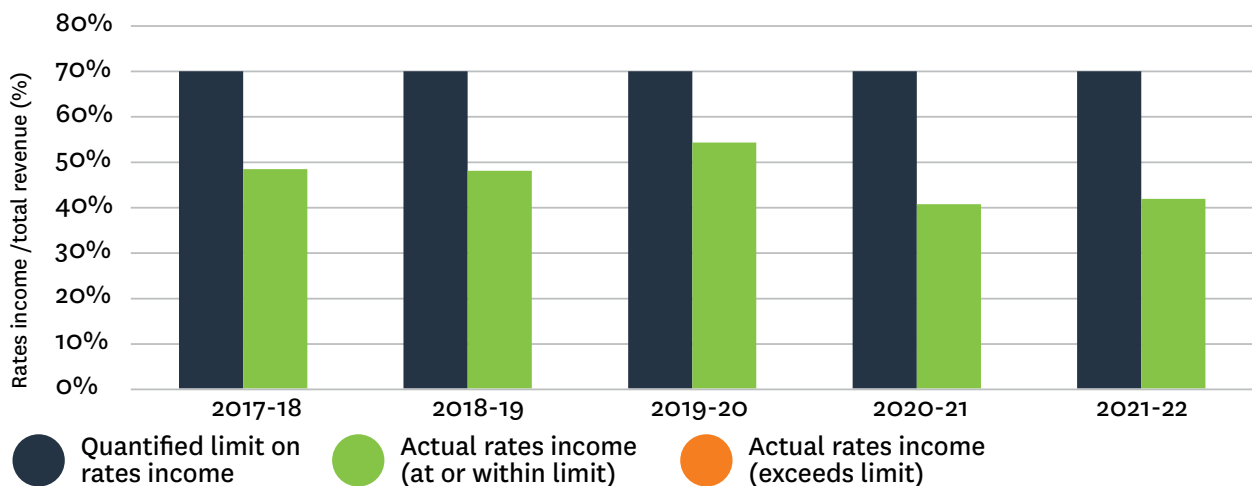
Council meets the rates affordability benchmark if:

- 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

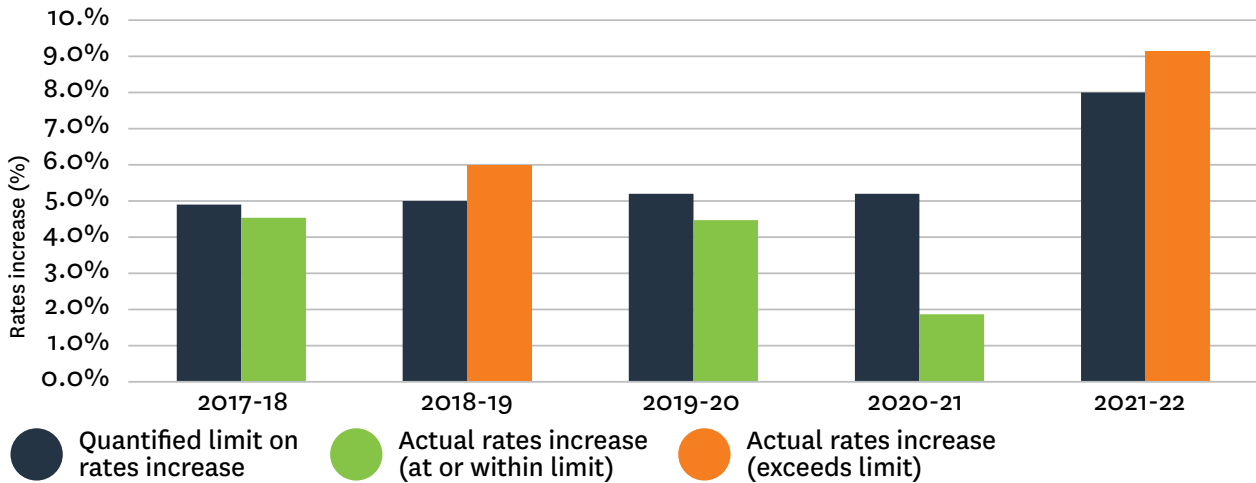
The following graph compares Council's actual rates with a quantified limit on rates contained in the Financial Strategy included in Council's Long Term Plan. In the graph below, actual rates income (excluding water) is within the rates income limit of 70% of total revenue.

Council has achieved this benchmark.



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 2021-22 year was that the general rates increase should not exceed LGCI plus 5.5%. Council has not achieved this benchmark.



2021-22: The increase applied to our rates was as per the Financial Strategy. However, the impact of changes to our policy for penalties has resulted in higher rates revenue overall compared to the previous year. In addition, write-off of rates arrears of Māori freehold land was much higher in 2021 due to the legislated changes to the rating of whenua Māori.

2018-19: Rates were set using property information held as at 5 June 2018, and the increase to the total rates set was within the benchmark limit to rates. However, the benchmark calculation in this report is based on revenue received rather than the rates set. Actual revenue was subject to additional movements, such as the addition of high value rating units, and both positive and negative adjustments in discounts and penalties applied. The total impact of these movements saw more rates revenue received than was anticipated, meaning the benchmark was not met this year.

Debt affordability benchmark

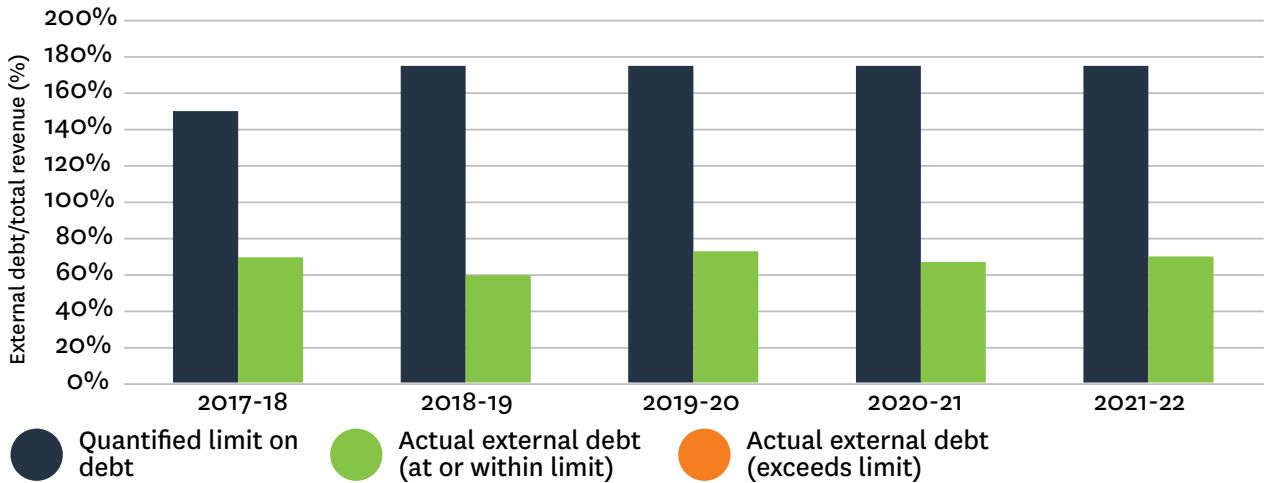
Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

EXTERNAL NET DEBT

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

- The quantified limit in the 2021-22 year was that external net debt be no higher than 175% of total revenue.

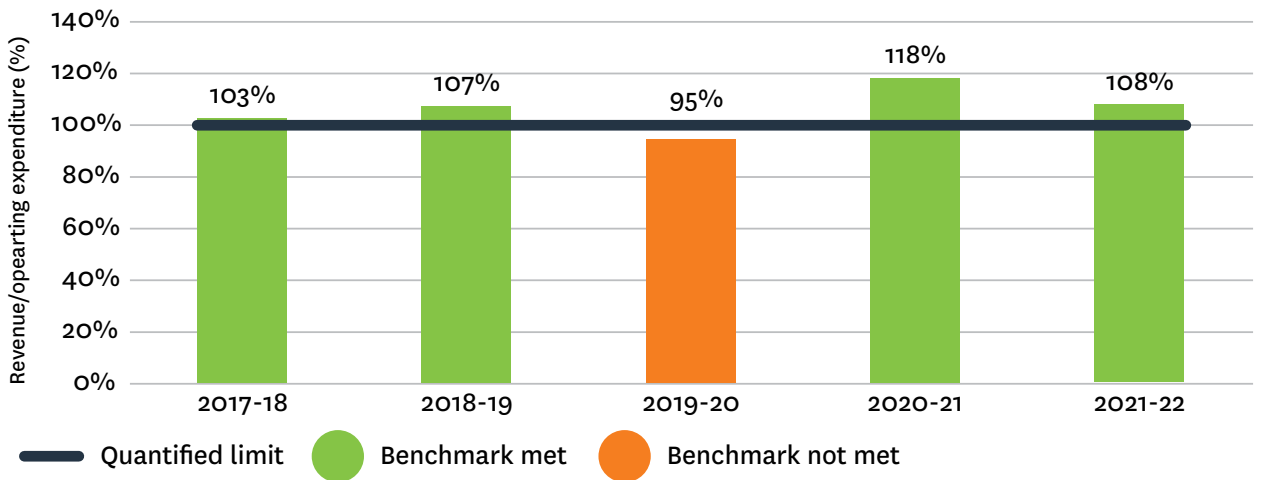
Council has achieved this benchmark.



Balanced budget benchmark

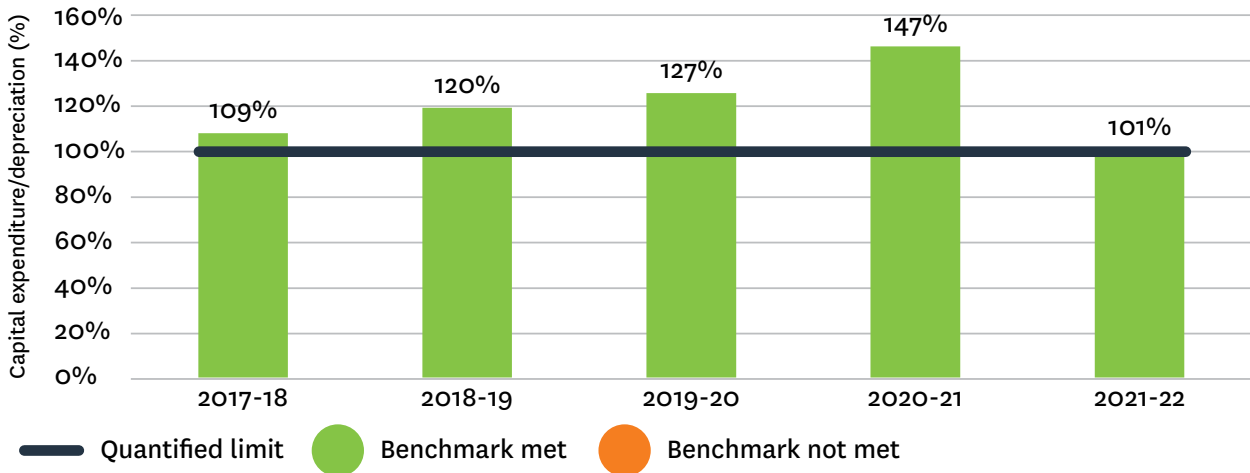
The following graph displays Council's actual revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant and equipment) as a proportion of actual operating expenses (excluding losses on derivative 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.



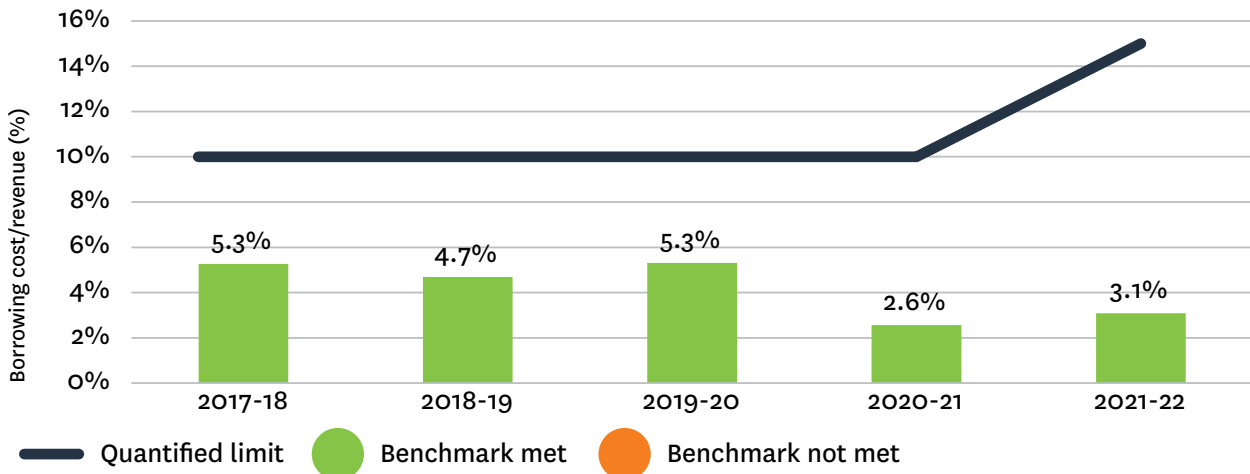
Essential services benchmark

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

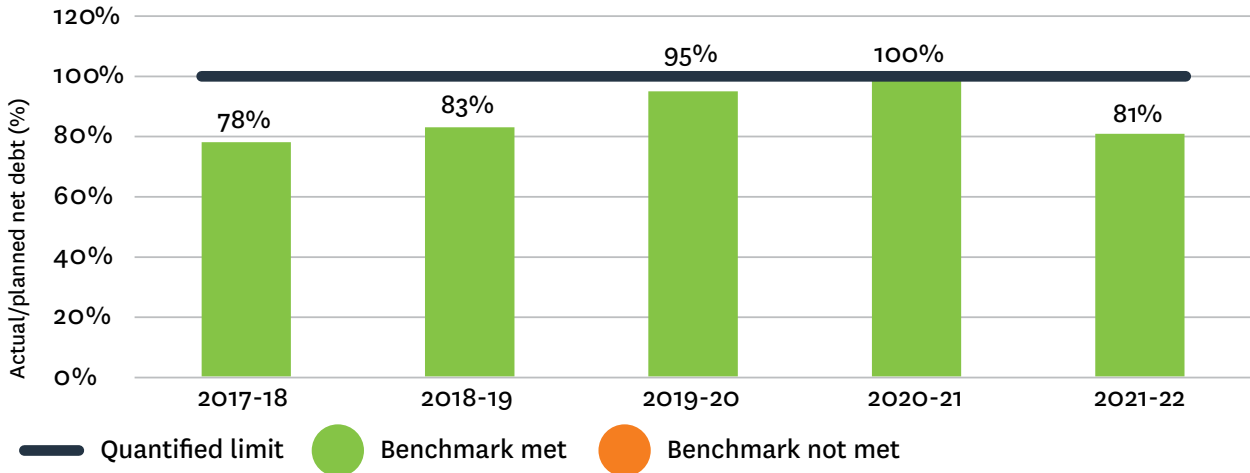
The following graph displays Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant and equipment). Because Statistics New Zealand projects Council's population will grow faster than the national population is projected to grow, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue. Council has achieved this benchmark for a number of years.



2021-22: The benchmark increased from 10% to 15% for the 2021-22 financial year because Whangarei is now considered to be a high-growth local authority. This is in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014.

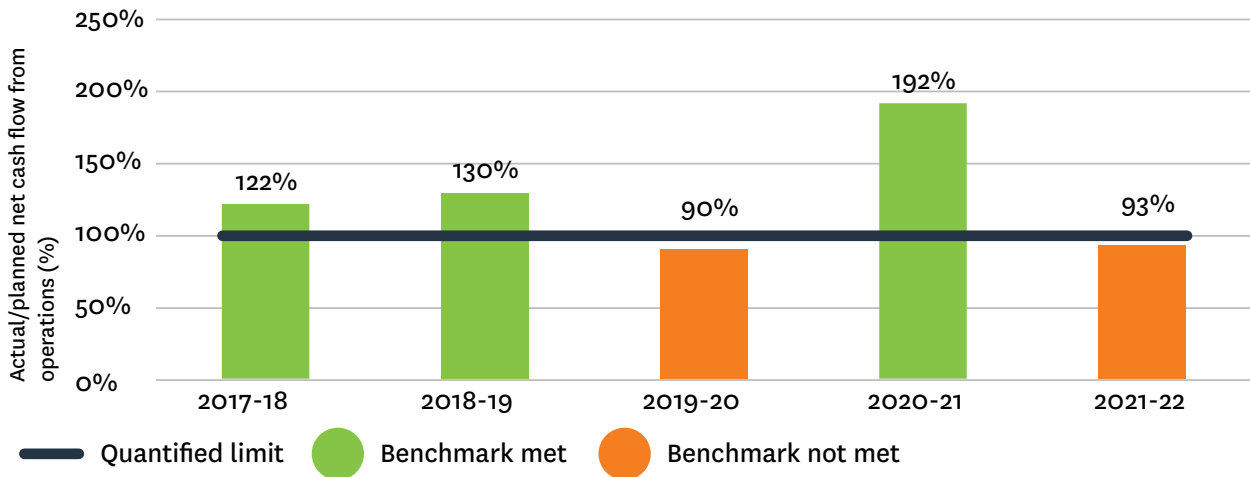
Debt control benchmark

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



Operations control benchmark

This graph shows Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. Council meets the operations control benchmark if actual net cash flow from operations equals or is greater than planned net cash flow from operations. Council has not achieved this benchmark.



2021-2022: The 2022 budget included an ambitious transportation programme, which included subsidy revenue from Waka Kotahi. Due to delays in delivering the Transportation programme subsidy revenue received was less than budgeted, and has been carried forward to the 2023 financial year.

2019-2020: COVID-19 significantly impacted Council's revenue during the last quarter of the financial year. Minimal roading activity was able to be undertaken during lockdown. This resulted in roading programmes being deferred to the 2020-21 financial year. NZTA subsidies attached to these projects have also been carried forward, which resulted in reduced subsidy revenue for the 2019-20 financial year.

Non-financial performance

SIGNIFICANT WORKS AND ACHIEVEMENTS

Improving our cycleway and shared path network

The final stages of the Raumanga Shared Path, funded by the Ministry of Business, Innovation and Employment, were designed and constructed started. Planning was completed for the final stage of Kamo Shared Path, which will take the path right through to Kamo Village.

The world's first GiraGlob®, an art-covered interactive seating pod was installed on the Hātea Loop, near Bascule Park.

Port Road bridge widening project

Significant progress was made in widening the Port Road Bridge over Hāhā (Limeburners Creek), which will minimise congestion in this increasingly busy part of the city.

The new bridge has a new shared walking and cycle path that provides safe access for pedestrians and cyclists accessing the port area. The project has also enabled Council to secure additional funding to construct an associated roundabout at the intersection of Port and Kioreroa Roads.

Civic Centre

Work continued on the new civic building on the old RSA site on Rust Ave. The building will provide a welcoming, inclusive and easily accessible customer experience for Whangārei residents and is due to open in early 2023.

Civic Precinct

We planned landscaping improvements to the area surrounding the new Civic Centre (including around the Central Library, Old Library, and Lovers Lane) to ensure there is a cohesive civic precinct that connects the surrounding public spaces and facilities. Plans have been signed off to replace Lovers Lane Bridge, which connects Second Ave to the Civic Centre, Central Library and Rust Ave (which will link the Kamo and Raumanga Shared Paths) along with stormwater assets in the area.

Funding for community

Investment in community funding continued along with Community Led Project budgets in Tikipunga, Maungatapere, Raumaunga, Waipu and Onerahi.

Ngunguru road safety improvements

Work began installing three new, raised pedestrian crossings in the busy Ngunguru coastal area in time for the 2022-23 summer. The project included a raised crossing near the northern intersection of Kopipi Crescent, a raised zebra crossing by the shops and a raised crossing at the Shoebridge Crescent intersection.

Skateparks and playgrounds

We gathered feedback from the local community on what they'd like to see in the upcoming refresh of the Hikurangi skatepark, a new skatepark at Parua Bay and a new playground at Raumanga Valley Road. Funding was also allocated to a playground at Ōakura.

Pohe Island development

Many elements of the William Fraser Memorial Park on Pohe Island Master Plan were delivered. The old BMX track on Pohe Island was sealed and reopened as an easy bike, skate and scooter track. New/upgraded facilities included the 800m circuit track, pump track and the Bike Park building, which can be booked for events and includes lighting, power and toilets. Building advanced on the Pohe Island destination playground which is due to be completed at the end of 2022.

Sportsfields

We continued working with the Ministry of Education to develop a community sportsfield at Parua Bay. Work also progressed on plans for two new fields at Ruakākā and providing further support to the Tikipunga Football Hub.

Rugby World Cup 2021

Preparation was made for Whangārei and Auckland to co-host the Rugby World Cup 2021. To prepare for the event, improvements were made to the Northland Events Centre pitch and new \$3.38 million lights that meet international broadcasting standards were installed along with a new 46m² screen, a new scoreboard and sound system. Cobham carpark had a full upgrade with new pedestrian connections and landscaping.

Pūtahi park

The long-planned and eagerly awaited, \$5.2 million Pūtahi Park, featuring lawns, play equipment, a new boardwalk, tiered seating and a water park opened in March and proved an instant hit with families. A new mural by Flox was created next to the new boardwalk, facing the Hātea River.

Visitor destinations

Funding from the Tourism Infrastructure Fund enabled a new carpark and toilets to be built at Abbey Caves.

In partnership with Te Whānau a Rangiwahakaahu hapū, sand replenishment and other improvement works were completed at Matapōuri Beach, and plans were made for more work in the coming year.

The pull-in bay by Tamaterau Beach was sealed and made safer with water quality treatment, landscaping improvements, and new artworks adorning the bus shelter. Further upgrades to the beach and hall carpark are planned.

At Quarry Gardens the stream erosion suffered during a large flood event was fixed, in preparation for carpark and access upgrades.

City centre revitalisation

The first of a series of inner-city revitalisation projects included a tactical urbanism project on Vine Street to improve pedestrian flows to and from the bus station into the City Centre, and changes to John and Dent Streets to improve connections to the Town Basin.

Walkways and tracks

The Tikipunga walkway was extended from Tikipunga Sports Park to Vinegar Hill and Gillingham Rd to Totara Parklands, extending the 56km of Council's walking tracks, and increasing low-cost opportunities for residents to enjoy nature and healthy activity.

Three waters stimulus fund

With \$11.78 million of funding from the Department of Internal Affairs, many extra three waters projects were delivered or brought forward to provide increased resilience during droughts. A second stage of works at Whau Valley Water Treatment Plant was completed. Design advanced on the Poroti Water Treatment Plant upgrades. Watermain renewals were completed at Kamo Rd, Rewarewa Rd, Whareora Rd and along SH1 between Portland and Maungakarama Roads. New water filling points were constructed at Ruakākā, Kauri, and Maungatapere, while the Whangārei filling point was upgraded. Wastewater treatment plants at Ngunguru, Ōakura and Hikurangi were upgraded to improve discharge quality.

Stormwater

This year we invested \$1.1 million on stormwater lines and manhole renewals to help meet the challenges of climate change and to improve water quality.

Wastewater

At Ruakākā wastewater treatment plant two oxidation ponds were reconfigured and new aerators were installed to increase treatment capacity. A new inlet screen and aerator were fitted at the Ngunguru wastewater treatment plant, efforts were made to reduce ammonia levels and a technology review of current plant and future treatment and capacity options was completed.

At the Hikurangi plant a new inlet screen was installed along with new "curtains" to reduce short-circuiting in the aeration basin. Filtration plant membrane failures were investigated.

The resource consent renewal application for the Kioreroa Road wastewater treatment plant was lodged with the Northland Regional Council in December 2021.

One Tree Point's Pump Station was upgraded, the 4.5 km long Ruakākā rising main renewal was designed and tendered and work began. CCTV Investigations were completed in the Heretaunga catchment with mains upgrades completed along Heretaunga Drive, providing more capacity. At Waipu the rising main between the river and the plant inlet works was renewed.

Drinking water

The new \$30 million Whau Valley Water Treatment Plant was completed and commissioned, enhancing Whangārei City's main water supply for future decades.

A two-year project to upgrade the controls of all treatment plants and pump stations was also completed in 2022. The upgraded SCADA (Supervisory Control and Data Acquisition)

system provided better control and monitoring of our treatment systems as required to meet enhanced drinking water standards and rules.

Airport location study

Council agreed that factors outside its control could put domestic passenger services at the existing Onerahi Airport at risk in future, and that the best way to provide certainty for the District was to protect a suitable new site for a future airport, if needed.

In August 2022, Council confirmed that it will further investigate Site 9 at Ruatangata, near Kokopu Road, as its preferred location for a future Whangārei District airport.

Animal bylaw updates

Changes were introduced to ensure cats in Whangārei District must now be microchipped and desexed as part of changes to our Animals Bylaw. The change comes as a response to requests from the community and animal and wildlife groups over several years.

New animal shelter

Council has approved funding and entered into an agreement with a local supplier for the construction of a new animal shelter (dog pound) at a new site on Kioreroa Road. This new facility will replace our existing dog pound, which is ageing and often at capacity. Once completed this facility will offer increased capacity for dogs and smaller farm animals in a modern and animal welfare compliant environment.

First region-wide climate adaptation strategy adopted

Te Tai Tokerau councils celebrated a unique milestone in April after the adoption of New Zealand's first region-wide climate adaptation strategy.

The Te Tai Tokerau Climate Adaptation Strategy was developed by Climate Adaptation Te Tai Tokerau (CATT), a joint council working group, under the governance of the Joint Climate Change Adaptation Committee. The Strategy was formally adopted in April by the Northland Regional Council, Whangarei District Council, Kaipara District Council and Far North District Council, in a move that will allow the alignment of climate adaptation work across Northland.

Online customer requests

Council has upgraded our customer request system, allowing customers to report issues 24/7 on any device and provides increased management and scheduling of requests with automatic notifications.

Over 56,000 requests were logged after the system was introduced in October 2021, and we are now able to easily view and filter all requests by group, department, category etc. This gives us clear visibility of problem areas, and of teams that are performing well. We have plans for further improvements and increased functionality under phase two of this project.

Building consents applications online

To meet legislative requirements and enable internal and external management of building consents online, the Objective Alpha One project was initiated and went live in September 2021. The goals for this project were to capture consent data to allow for easier reporting and management of building consents. The system also needed to be easy enough for external customers to use as a self-service product without any training. Alpha One provided this and is a software tool used by many councils throughout New Zealand. The second phase of this project allowing full integration with our records has started.

Telephony as a service

We replaced an end of life, traditional PABX telephone system which (because of its age) posed a security risk. The team migrated critical areas dependent on the old system to the new telephony platform within three months. We modernised our way of working by moving to the Cloud, allowing Customer Services staff to work efficiently and effectively whether at their desk, away from their desk or out of the office. The project was delivered successfully within the deadline and met all deliverables with minimal disruption to the business.

RESIDENT SATISFACTION SURVEY

Our resident satisfaction survey is undertaken on a regular basis to collect community feedback on Council performance. We continued to contact residents using telephone landlines and online techniques, with samples taken across the year rather than surveying at a single point in time. This sampling methodology gives a broader representation of community views across the year and can incorporate how seasonal variances impact on the community's perception of the services and facilities we provide. For example, the use of our parks and playgrounds in the summer vs winter or how wet weather impacts our roads and stormwater infrastructure.

Results from this year's survey indicate a general increase in satisfaction when compared with the 2020-21 year. This is exemplified by the overall performance rating where 56% of respondents were either satisfied or very satisfied with Council's performance. This is a 3% improvement over the previous result. There were however interesting age-related differences with those under 40 years of age less likely (45%) than those 40-59 years (57%) and those 60+ years (62%) to indicate they were satisfied or very satisfied.

Notable results include:

- A significant increase to 22% of respondents (up from 16%) either satisfied or very satisfied with the management of peak traffic flows.
- Increases in the satisfaction ratings for street lighting, parking in the CBD and shared paths and the cycling network.
- Satisfaction with flow and pressure, with the overall water supply, the sewage system, stormwater and drainage service and public toilets all increasing.
- There were increases in satisfaction with kerbside rubbish and recycling, transfer stations, the Re:Sort facility and litter control.
- 40% of respondents rated Council's relationship with Māori positively, up 5% from the previous result.

- Usage of virtually all the District's community facilities and services showed increases.
- Library usage was up with a significant increase to 75% of respondents (up from 63%) satisfied or very satisfied with the range of services on offer. Range of facilities (66%), offerings for different ages (64%) and range of online books (39%) all increased.
- Concern with the effects of climate change remained steady with a slight increase to 38%.
- 64% of respondents indicated they had adopted new techniques to decrease their impact on the local environment. The most common techniques adopted were recycling/reusing and composting.

The survey asks residents for their opinions on the forward planning priorities for Council. These provide guidance on focus areas and this year the items that gained the most support included:

- Transportation was again considered the most important priority with 48% of respondents choosing this. The three key reasons for this were the quality of repairs, congestion on the roads and the safety of pedestrians and other road users.
- Promoting the District, tourism and economic development rose from 7% to 10%, perhaps not surprising in the post-COVID-19 world.
- Solid waste rounded out the top three with 7%.

The majority of respondents (91%) believe making Whangārei safer is the most important community outcome. Unsurprisingly this is reinforced by responses to the Safety in the District questions where significantly less respondents (72%, down from 78%) felt safe in the District while 35%, down from 43%, expressed overall satisfaction with Council initiatives to promote safety.

SERVICE LEVEL PERFORMANCE

Overall, 69% of service performance targets were achieved. This is up from 68% in 2020-21 and 63% in 2019-20.

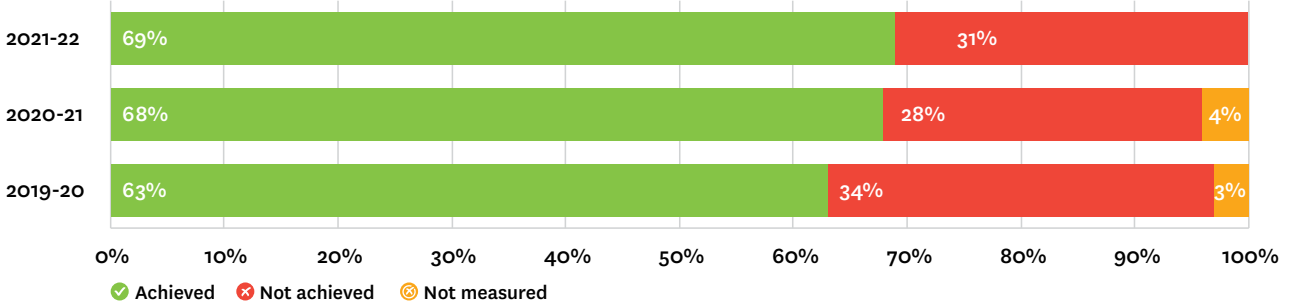
These are summarised on the next few pages with more information about performance for each activity found in pages 38-140 of this report.

All our levels of service and targets were set in the 2021-31 Long Term Plan, which can be viewed on www.wdc.govt.nz.

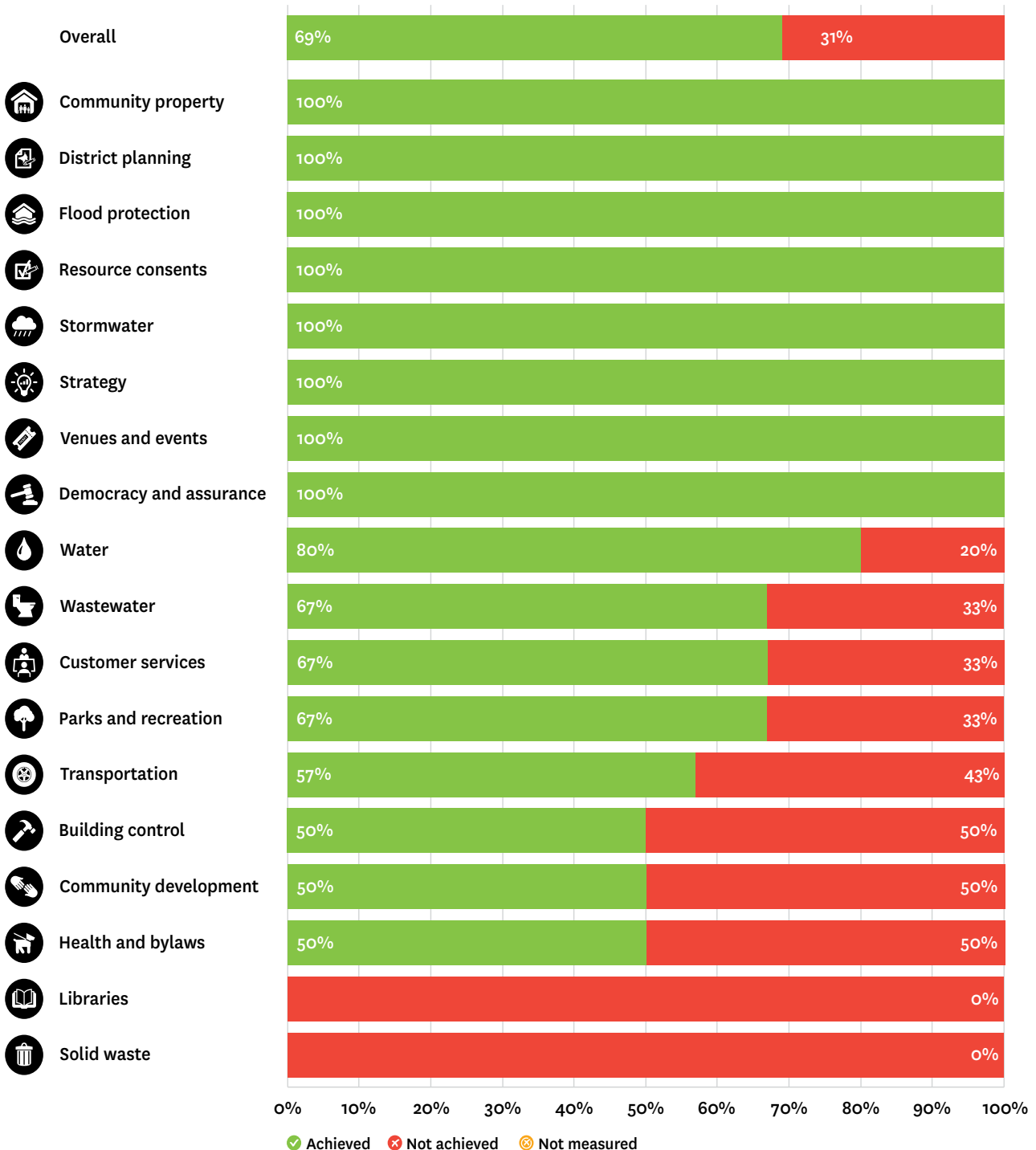
OVERALL NON-FINANCIAL PERFORMANCE

The following graphs summarise our overall performance.

Overall service performance by year











































Overall service performance by activity




















Comparative performance results


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









Activity	2021-22 Measures	2021-22 Achieved	2021-22 Not Achieved	2020-21 Achieved
 Transportation	7 measures 4 achieved	 57%	 43%	 38%
 Water	15 measures 12 achieved	 80%	 20%	 81%
 Solid waste	5 measures 0 achieved	 0%	 100%	 20%
 Wastewater	6 measures 4 achieved	 67%	 33%	 86%
 Stormwater	6 measures 6 achieved	 100%	 0%	 100%
 Flood protection	2 measures 2 achieved	 100%	 0%	 100%
 Community facilities and services				
 Parks and recreation	6 measures 4 achieved	 67%	 33%	 67%
 Libraries	2 measures 0 achieved	 0%	 100%	 100%
 Community property	2 measures 2 achieved	 100%	 0%	 100%
 Community development	2 measures 1 achieved	 50%	 50%	 34%
 Venues and events	2 measures 2 achieved	 100%	 0%	 0%
 Customer services	3 measures 2 achieved	 67%	 33%	 75%

Activity	2021-22 Measures	2021-22 Achieved	2021-22 Not Achieved	2020-21 Achieved
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 Planning and regulatory

 District planning	1 measure 1 achieved	 100%	 0%	 100%
 Resource consents	3 measures 3 achieved	 100%	 0%	 33%
 Building control	2 measures 1 achieved	 50%	 50%	 50%
 Health and bylaws	4 measures 2 achieved	 50%	 50%	 75%

 Governance and Strategy

 Democracy and assurance	2 measures 2 achieved	 100%	 0%	 50%
 Strategy	1 measure 1 achieved	 100%	 0%	 100%



OUR WORK IN DETAIL

HE TAIPITOPITO MŌ Ā MĀTOU MAHI

About this section

WHAT DOES THIS SECTION INCLUDE?

- what we do
- identified effects on the community
- which community outcomes the activity primarily contributes to
- each activity's contribution to the four well-beings
- the key achievements of the reporting year
- levels of service (what Council provides and to what extent)
- the performance measures, targets and results for 2021-22 (how you will be able to tell whether we have done what we said we would do – noting we provide comments where we have not achieved a set target, or the results require further explanation)
- where appropriate, an explanation of any variance in the operational and capital expenditure budgets from that planned.

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

For more detailed information on the performance measures, associated targets and background information on the levels of service, please refer to the relevant sections of the 2021-31 Long Term Plan (LTP).

OUR ACTIVITIES

The work that Council does has been grouped into 10 key activities.

Activity	What it covers
 1. Transportation	Integrated transport system, public transport infrastructure, walking and cycling, carparking
 2. Water	Water quality and safety and resilience of supply
 3. Solid Waste	Waste minimisation, collection and disposal
 4. Wastewater	Wastewater network and treatment
 5. Stormwater	Stormwater management and freshwater quality and catchment planning
 6. Flood Protection	Hikurangi Flood Protection Scheme
 7. Community Facilities and Service	
 Parks and Recreation	Sports and active recreation, playgrounds, walking tracks, natural areas, cemeteries and public toilet facilities
 Libraries	Public libraries
 Community Property	Pensioner housing and community halls
 Community Development	Community-led development, grants and community funding, community safety and advisory groups
 Venues and Events	Council-owned venues and events
 Customer Services	Contact centres and visitor information centre
 Civil Defence	Civil defence response

Activity	What it covers
 8. Planning and Regulatory Services	
 District Planning	District Plan
 Resource Consents	Resource consents and consent monitoring
 Building Control	Building control, Project Information Memorandums and Land Information Memorandums
 Health and Bylaws	Environmental health and bylaw enforcement
 9. Governance and Strategy	
 Democracy and Assurance	Democracy, legal support and assurance and risk
 Strategy	Strategy development, place-based planning, statutory policies and bylaws and corporate planning
 Māori Relationships	Relationships with hapū and iwi
 District Development	Economic development, destination marketing and commercial property
 10. Support Services	Finance services, rates and revenue, people and capability, information and communications technology (ICT), communications and business support

OUR COMMUNITY OUTCOMES

Everything Council does is guided by our four Community Outcomes – these are based on what our community tells us is most important to them.



Efficient and resilient core services

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



Positive about the future

- the District has productive land, people and a thriving City Centre
- there is a fair urban/rural balance
- Council has clear, simple documents and rules
- the District embraces new technology and opportunities.



Caring for the environment

- communities work to keep the environment clean and healthy
- access to the coast is protected
- open spaces in parks and streets are places where nature thrives
- the District is positively adapting to climate change.



Proud to be local

- the District is neat, tidy and looks attractive
- public areas feel and are safe
- there is always something to do and see
- there are opportunities for people of all abilities, ages and life stages to be active
- all of our cultures are valued and celebrated.

THE FOUR WELL-BEINGS

The four well-beings are outlined within the Local Government Act 2002. It sets out that as a council we play a broad role in promoting social, economic, environmental and cultural well-being of our communities. Each well-being is described below.



Social well-being

Involves individuals, their families, whanau, hapū, iwi, and a range of communities being able to set goals and achieve them, such as education, health, the strength of community networks, financial and personal security, equity of opportunity, and rights and freedoms.



Economic well-being

Looks at whether the economy can generate the employment and wealth necessary to provide many of the requirements that make for social well-being, such as health, financial security, and equity of opportunity.



Environmental well-being

Considers whether the natural environment can sustainably support the activities that constitute healthy community life, such as air quality, fresh water, uncontaminated land, and control of pollution.



Cultural well-being

Looks at the shared beliefs, values, customs, behaviours and identities reflected through language, stories, visual and performing arts, ceremonies and heritage that make up our communities.

Summary Funding Impact Statement

\$'000

	2020-21 Annual plan	2020-21 Annual report	2021-22 LTP	2021-22 Actual
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties	60,878	59,409	73,194	73,762
Targeted rates	42,906	42,961	37,839	37,439
Subsidies and grants for operating purposes	6,415	27,191	8,071	14,955
Fees and charges	12,953	16,978	16,315	17,777
Interest and dividends from investments	1,216	1,909	1,696	2,311
Local authorities fuel tax, fines, infringement fees and other receipts	7,125	11,993	9,333	9,883
Total Operating Funding	131,493	160,441	146,448	156,127
Applications of Operating Funding				
Payments to staff and suppliers*	95,568	112,549	109,251	107,310
Finance costs	7,687	4,981	5,588	5,671
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	103,255	117,530	114,839	112,981
Surplus / (Deficit) of Operating Funding	28,238	42,911	31,610	43,146
Sources of Capital Funding				
Subsidies and grants for capital expenditure	15,317	17,446	41,083	18,472
Development and financial contributions	2,990	8,112	7,078	12,717
Increase / (decrease) in debt	22,000	20,000	33,317	20,000
Gross proceeds from sale of assets	-	780	-	1,388
Other dedicated capital funding	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	40,307	46,338	81,477	52,577

\$000

	2020-21 Annual plan	2020-21 Annual report	2021-22 LTP	2021-22 Actual
Applications of Capital Funding				
Capital expenditure				
to meet additional demand	11,439	14,710	26,233	9,929
to improve levels of service	32,039	32,690	70,428	35,579
to replace existing assets	45,769	42,681	35,900	41,639
Increase / (decrease) in reserves*	(20,702)	(19,398)	(19,474)	8,576
Increase / (decrease) of investments	-	18,566	-	-
Total Applications of Capital Funding	68,545	89,249	113,087	95,723
Surplus / (Deficit) of Capital Funding	(28,238)	(42,911)	(31,610)	(43,146)
Funding Balance	-	-	-	-

* The comparatives have been restated to reflect a change in accounting policy. Refer to 'Software as a service (SaaS) arrangements' in the Basis of preparation section.

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, Community Facilities and Services and Support Services. A number of major infrastructure activities are funded by targeted rates. Movements in internal debt are allocated evenly between Transportation and 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.

Reconciliation between Statement of Comprehensive Revenue and Expenditure and Whole of Council Funding Impact Statement

	\$000			
	2020-21 Annual plan	2020-21 Annual report	2021-22 LTP	2021-22 Actual
Surplus / (deficit) after taxation per Statement of Comprehensive Revenue and Expenditure	3,048	53,051	40,079	59,462
Items recognised as revenue in the Statement of Comprehensive Revenue and Expenditure and as capital expenditure funding sources in the Summary Funding Impact Statement:				
Subsidies and grants for capital expenditure	(15,317)	(17,446)	(41,083)	(18,472)
Development and financial contributions	(2,990)	(8,112)	(7,078)	(12,717)
Non-cash items recognised in the Statement of Comprehensive Revenue and Expenditure and not included in the Summary Funding Impact Statement:				
Depreciation and amortisation*	46,564	44,450	47,891	49,218
Vested asset revenue	(3,067)	(6,803)	(8,199)	(15,017)
Investment property revaluation gains	-	(15,553)	-	(9,004)
Gains on derivatives	-	(8,139)	-	(18,250)
Gains on property sales	-	(1,032)	-	(60)
Loss on assets disposed of	-	1,700	-	7,977
Other items	-	795	-	9
Surplus / (Deficit) of Operating Funding per Council Summary Funding Impact Statement	28,238	42,911	31,610	43,146

* The comparatives have been restated to reflect a change in accounting policy. Refer to 'Software as a service (SaaS) arrangements' in the Basis of preparation section.



1. Transportation

WHAT WE DO

The ease of movement of people and goods is of critical importance to our 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 and has been identified by our Council as one of the key strategic drivers for our Long Term Plan.

Strategically, as a core service it is important that our transport network is efficient and provides choice. As our District continues to grow, walking, cycling and public transport infrastructure 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, maintaining and rehabilitating all roads (except State Highways) in a financially responsible manner.

IDENTIFIED EFFECTS ON THE COMMUNITY

Transportation activities contribute to various negative environmental effects including water quality, air quality, noise and safety-related issues. However, all activities are undertaken in accordance with environmental standards. We invest in walking and cycling across the District to help reduce some of these impacts.

KEY ACHIEVEMENTS

Council continued with the construction of the Urban Shared Path programme. Construction continued on the Raumanga shared path using the Ministry of Business, Innovation & Employment (MBIE) Regional Economic Development Funding. The construction of the next stages are programmed for 2022-23 financial year as is the final stage of the Kamo Shared path.

Another major intersection upgrade project commenced at the Port Road/Kioreroa Road intersection, which included bridge widening (also funded by MBIE). This is a continuation of the congestion relief programme that has been undertaken across the urban areas of Whangārei in recent years. Progress on this and many other Council projects has been delayed by the pandemic but completion of stage 1 of this project is due by November 2022. Stage 2 of this project, the construction of a roundabout at this intersection has commenced.

Council completed a \$1 million upgrade of the Rose St Bus Hub, including new bus shelters and pedestrian safety improvements. This is part of Council's Public Transport Improvement Programme, which includes providing bus lanes on major arterials.





Council continued with the capital renewals programme during the year, rehabilitating 4.3km (0.41% of the sealed road network), and resealing 77km (7.2%) of carriageway on the sealed network.

This year 2.2km of new seal extension were completed on Irvine, Waiotoi and Sandford Rds.

In addition, 994m of new footpaths and 1.1km of cycleways/shared paths were also constructed during this year.





CONTRIBUTION TO THE FOUR WELL-BEINGS

A well-functioning, safe and integrated transport system makes an important contribution across all four well-beings:

Key Transportation functions	Contribution to social, economic, environmental, and cultural well-being
<p data-bbox="172 786 464 882">INFRASTRUCTURE FOR PUBLIC TRANSPORT, WALKING AND CYCLING</p> 	<p data-bbox="555 786 1406 864">Active transport improves health (physical and mental) which supports social well-being.</p> <p data-bbox="555 887 1289 965">Reduction in pollution and greenhouse gas emissions contributes to our environmental well-being.</p> <p data-bbox="555 987 1390 1059">More travel options for people to get to work, education and services supports both social and economic well-being.</p>
<p data-bbox="172 1099 464 1160">INTEGRATED TRANSPORT SYSTEM</p> 	<p data-bbox="555 1099 1406 1263">Transportation is aligned with and supports growth and development. Provides access to places of work and education. Access to community assets and places of cultural importance including marae.</p>
<p data-bbox="172 1312 501 1373">FREIGHT NETWORK AND THE MOVEMENT OF GOODS</p> 	<p data-bbox="555 1312 1406 1424">Ease and efficient movement of goods supports economic activity. This also supports existing local businesses and helps attract new businesses to our District.</p>
<p data-bbox="172 1525 501 1554">SAFE TRANSPORT OPTIONS</p> 	<p data-bbox="555 1525 1406 1603">Reduced accidents and death which supports all four well-beings.</p> <p data-bbox="555 1626 1406 1738">A safer transport system will encourage more people to walk and cycle which supports social, environmental and economic well-being.</p>

CONTRIBUTION TO COMMUNITY OUTCOMES



Community Outcomes	Contribution to Community Outcomes
High contribution	
EFFICIENT AND RESILIENT CORE SERVICES 	<p>Provide a transportation network that enables a range of transport options to facilitate easy and safe travel around our District.</p> <p>Transport networks are managed and planned in a way that ensures they align with our District's growth and are supplied in an efficient way.</p>
POSITIVE ABOUT THE FUTURE 	<p>Our transport network is of strategic importance to our future prosperity. Our transport networks are used by residents to travel to and from work, by business to transport goods and by visitors to travel around our District.</p>
PROUD TO BE LOCAL 	<p>Maintenance of our local streets helps our District look neat and tidy. The quality design of our streets can make our District safe and more attractive.</p>
Medium contribution	
CARING FOR THE ENVIRONMENT 	<p>Future transport infrastructure will recognise the need to adapt to effects of climate change.</p> <p>Walking and cycling can help to protect our environment.</p>

HOW WE PERFORMED

Levels of Service

- Mandatory performance measures
- ✔ Achieved
- ✘ Not achieved
- ✘ Not measured
- 🎯 Target differs from current year

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

- PERFORMANCE MEASURE 1.1.1** The change from the previous financial year in the number of fatalities and serious injury crashes on local road network, expressed as a number.*

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≤0	✘ +4	✔ -3	✔ -8

Driver speed and judgement continues to be a significant contributor to this statistic. This is an area where further investigation is required. We also continue to work with stakeholder organisations such as waka Kotahi, Road Safe Northland and the Police to help find ways to reduce this trend.

- PERFORMANCE MEASURE 1.1.2** The average quality of a ride on a sealed local road network, measured by smooth travel exposure.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥85%	✔ 85%	✘ 85% 🎯 ≥87%	✘ 84% 🎯 ≥87%

The result is similar to the previous year, but against a lower target. The annual result has been impacted by the non-completion of the previous year's reseal and rehabilitation programmes due to the COVID-19 lockdown. However, the current result indicates the smooth travel of the network is still deteriorating and customers are experiencing a rougher ride. This may be as a result of funding being targeted to the roads in the worst condition and not solely focused on roughness as a driver to rehabilitate roads. This aligns satisfaction with quality of sealed roads as people are seeing only the worst roads being fixed.



PERFORMANCE MEASURE 1.1.3 The percentage of the sealed local road network that is resurfaced.



2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥9%	7.2%	11.1% ≥8%	7.4% ≥8%

As noted last year, a backlog of work continues to be cleared. The forward work programme shows a total reduction in length to be resurfaced over the next three years. Eventually this will start to match the steady state target of 9% per annum, which was again almost achieved this year. Completion of this year's programme was impacted by the COVID-19 lockdown and some of the programme works have been deferred to the next construction season.

PERFORMANCE MEASURE 1.1.4 The maintenance of the roads meet Council's level of service targets as specified in our road maintenance contracts.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥85%	91.1%	New	New

PERFORMANCE MEASURE 1.1.5 The percentage of the sealed local road network that is rehabilitated.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥0.4%	0.4%	0.5% ≥0.6%	0.3% ≥0.6%

This year again saw more urban streets treated plus a shift towards more funding to address a reseal backlog. Urban streets are treated with asphaltic concrete, which is a more expensive surface. This has resulted in a reduced programme being planned and completed. Some works were carried forward from last year as a result of the COVID-19 lockdown. However, final completed works meets the intended target.

- PERFORMANCE MEASURE 1.1.6** The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds ¹ within the time frame specified in the LTP.²

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥95%	76.9%	78%	86%

The new maintenance contracts have performance measures focused on the responsiveness and satisfaction of customer requests. These performance criteria, and use of Council’s Customer Relationship Management system, drive contractor delivery. Achievement is slightly down on last year and still below target. Our contractors have been impacted by COVID-19 and staff shortages during the last year. However, we will continue to monitor this and investigate options to deal with the increase in work load to bring this measure back on target.

1.2 We will support alternative transport methods.

- PERFORMANCE MEASURE 1.2.1** The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its Annual Plan, Activity Management Plan, Asset Management Plan, annual works programme or LTP).

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥90% in fair or better condition	99%	99.5% ≥80%	99% ≥80%

¹ A response constitutes either:

- the physical work requested has been inspected and carried out to completion, or
- the physical work has been inspected and put on a programme to be completed at a later specified date, or
- the request has been reviewed, a decision that no further work is required, and the customer informed.

² The time periods used are the response periods required of Council’s maintenance contractors specified in their contracts:

- 2 working days for the contractor to acknowledge the customer request
- 15 working days for the contractor to investigate, action and close off the request.

This is the requirement for the measure in the LTP.

WHAT TRANSPORTATION COST



	\$000		
	2020-21 LTP	2021-22 LTP	2021-22 Actual
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	17,048	17,956	23,014
Targeted rates	-	68	65
Subsidies and grants for operating purposes	6,838	7,664	14,777
Fees and charges	1,401	1,748	1,665
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	651	705	1,071
Total Operating Funding	25,938	28,141	40,592
Applications of Operating Funding			
Payments to staff and suppliers	14,692	16,945	17,215
Finance costs	4,265	2,112	2,548
Internal charges and overheads applied	1,081	1,266	1,803
Other operating funding applications	-	-	-
Total Applications of Operating Funding	20,039	20,323	21,566
Surplus / (Deficit) of Operating Funding	5,899	7,818	19,026
Sources of Capital Funding			
Subsidies and grants for capital expenditure	11,932	30,700	9,750
Development and financial contributions	2,089	2,972	5,484
Increase / (decrease) in debt	8,264	(4,081)	(11,326)
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	22,285	29,591	3,908

\$000

	2020-21 LTP	2021-22 LTP	2021-22 Actual
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	4,146	18,764	2,584
to improve levels of service	4,375	14,720	11,105
to replace existing assets	17,461	18,206	11,919
Increase / (decrease) in reserves	2,202	(14,281)	(2,674)
Increase / (decrease) of investments	-	-	-
Total Applications of Capital Funding	28,184	37,409	22,934
Surplus / (Deficit) of Capital Funding	(5,899)	(7,818)	(19,026)
Funding Balance	-	-	-

Operational variance explanations

General rates, uniform annual general charges, rates penalties are higher than the LTP as total council including transport had less capital expenditure which results in more general rates being available to fund the transport activity. Subsidies and grants for operating purposes are favourable due to increased revenue from central government.

Capital variance explanations

Subsidies and grants for capital expenditure are unfavourable due to the late finalisation of the NZTA budget. The NZTA approved plan was available late in the first quarter of this financial year which resulted in total capital expenditure also being lower than budget. The decrease in debt was due to increased general rates funding and the hold on capital projects due to late availability of NZTA approved funding.



2. Water



WHAT WE DO

We provide fresh, clean, healthy water to our District. This core service is essential for the well-being of our District. Our water supply provides water for households to drink and use and it 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 the necessary Ministry of Health standards. We also ensure our water supply is resilient to change through water efficiency programmes and infrastructure upgrades.

Increased periods of drought in the future have the potential to impact on Whangārei's water supply. At the same time our population and its demand for water is likely to continue to grow. Climate change risk assessments will inform adaptive planning and designs in our asset's development and upgrades.

IDENTIFIED EFFECTS ON THE COMMUNITY



Provision of water can contribute to various negative environmental effects through the extraction of water from bores and dams. However, all activities are undertaken in accordance with environmental standards. We will invest in new technology and methods to assist in reducing some of these environmental impacts.

KEY ACHIEVEMENTS




Water Services continued to produce high quality water from all of our seven water treatment plants. All plants have both chlorine and UV disinfection to ensure full compliance with the New Zealand Drinking Water Standards and the proposed Drinking Water Quality Assurance Rules 2022. The completion of the Whau Valley water treatment plant upgrade project in 2021 has provided a more resilient water supply to the Whangārei city residents. Heavy rainfall events in 2022 were effectively managed by the new plant and peak demands are now more easily met. Focus now turns to the Poroti water treatment plant upgrade, which is currently in the design phase. This project will provide drought resilience to the city supply. A number of asset renewals were completed during the year, including water mains on State Highway 1, Rewa Rewa Road and Kamo Road.

CONTRIBUTION TO THE FOUR WELL-BEINGS

Water quality and resilience makes an important contribution across all four well-beings:






Key Water functions	Contribution to social, economic, environmental, and cultural well-being
<p>WATER QUALITY AND SAFETY</p> 	<p>Safe drinking water is essential for community health across the District.</p> <p>Environmental standards help protect environmental and cultural well-being.</p>
<p>RESILIENCE OF SUPPLY</p> 	<p>A resilient supply helps support community health and well-being, particularly in periods of drought. Resilience is also necessary to support our economic, industrial and agricultural activities.</p> <p>Water efficiency and limiting water takes can support cultural, environmental and economic well-being.</p>

CONTRIBUTION TO COMMUNITY OUTCOMES

Community Outcomes	Contribution to Community Outcomes
High contribution	
<p>EFFICIENT AND RESILIENT CORE SERVICES</p> 	<p>The provision of water is a core service. It supports our economic, industrial and agricultural activities.</p> <p>Water is supplied in a planned, managed and efficient way to ensure it aligns with our District's growth.</p>
<p>CARING FOR THE ENVIRONMENT</p> 	<p>The management of our water supply can support a clean and healthy environment through initiatives such as water conservation.</p>
<p>POSITIVE ABOUT THE FUTURE</p> 	<p>New technology will be used to monitor the quality of our drinking water.</p> <p>The provision of water to appropriate locations across urban and rural areas of our District enables productivity.</p>

HOW WE PERFORMED

Levels of Service

-  Mandatory performance measures
-  Achieved
-  Not achieved
-  Not measured
-  Target differs from current year

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

PERFORMANCE MEASURE 2.1.1 Whangārei District’s four water supply areas have approved Water Safety Plans as determined by a Ministry of Health drinking water assessor.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
4	 4	 4	 2

Our current water safety plans are now being reviewed or updated to meet requirements specified by the new Water Services Act 2021. The Drinking Water Assessors no longer approve plans and only the new regulator (Taumata Arowai) will review them in the future.

PERFORMANCE MEASURE 2.1.2 Compliance with the 2005 New Zealand Drinking Water Standards’ requirements for bacterial monitoring.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
100%	 99.7%	 100%	 100%

The Bream Bay drinking-water zone did not achieve compliance with laboratory monitoring requirements due to exceeding the maximum interval between samples on one occasion in March 2022.

PERFORMANCE MEASURE 2.1.3 Residents satisfaction with the water quality provided by Council (Recorded through the Residents Survey).

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥90%	 95%	 91%  ≥95%	 92%  ≥95%



PERFORMANCE MEASURE 2.1.4 The extent to which the local authority’s drinking water supply complies with:

- (a) part 4 of the drinking water standards (bacteria compliance criteria), and
- (b) part 5 of the drinking water standards (protozoal compliance criteria).

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
Fully complies	✗ Doesn't comply	✓ 100%	✓ 100%

The Bream Bay drinking-water zone did not achieve compliance with laboratory monitoring requirements due to exceeding the maximum interval between samples on one occasion in March 2022.

PERFORMANCE MEASURE 2.1.5 The total number of complaints received by the local authority (LA) 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.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≤17	✓ 15	✓ 14.42	✓ 9

Slight increase from previous year but still within target.

PERFORMANCE MEASURE 2.1.6 Where the LA attends a callout in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:

2.1.6 (a) attendance for urgent callouts: from the time the LA received notification to the time service personnel reach the site

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≤ less than 1hr	✓ 33 mins	✓ 26 mins	✓ 35 mins

2.1.6 (b) resolution of urgent callouts: from the time the LA received notification to the time that service personnel confirm resolution of the fault or interruption

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≤ less than 4hrs	✓ 1.6hrs	✓ 1.7hrs	✓ 1.9hrs

2.1.6 (c)

attendance for non-urgent callouts: from the time that the LA receives notification to the time that the LA receives notification to the time that service personnel reach the site; and

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≤ less than 12hrs	✓ 1.5hrs	✓ 1.4hrs	✓ 2.5hrs

2.1.6 (d) resolution of non-urgent callouts: from the time that the LA receives notification to the time that service personnel confirm resolution of the fault or interruption.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≤ less than 24 hrs	✓ 3hrs	✓ 3hrs	✓ 4hrs

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

PERFORMANCE MEASURE 2.2.1 Residents satisfaction with the water flow and pressure provided by Council. (Recorded through the Residents Survey).

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥90%	✓ 94%	✗ 92% 🎯 ≥95%	✗ 93% 🎯 ≥95%

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

PERFORMANCE MEASURE 2.3.1 Whangārei City Water Supply Area can meet a one in 50-year drought (based on 2009-10 event data adjusted for growth and losses).

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥81%	✓ 85%	✓ 89% 🎯 ≥79%	✓ 84% 🎯 ≥79%

PERFORMANCE MEASURE 2.3.2 Water restrictions imposed due to drought (less than one in 50 years).

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
0	✓ 0	✓ 0	✗ Yes



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

PERFORMANCE MEASURE 2.4.1 Residents in our District annually adopt water conservation techniques in their homes and/or businesses. (Recorded through the Residents Survey).

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥65%	46%	56%	54%

It has been a very wet year in the District. Water conservation has not been required and no publicity has been undertaken.

PERFORMANCE MEASURE 2.4.2 The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this). WaterNZ Benchloss

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≤ Less than 25%	24.8%	23%	24%

PERFORMANCE MEASURE 2.4.3 The average consumption of drinking water per day per resident within the territorial authority district.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≤ Less than 500 litres	414 litres	419 litres	459 litres

This number doesn't include the additional population over the seasonal holiday periods.

WHAT WATER COST

	\$000		
	2020-21 LTP	2021-22 LTP	2021-22 Actual
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	15,344	15,692	15,116
Subsidies and grants for operating purposes	-	-	-
Fees and charges	177	191	225
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	842	520	895
Total Operating Funding	16,363	16,403	16,236
Applications of Operating Funding			
Payments to staff and suppliers	7,492	8,386	8,664
Finance costs	-	-	-
Internal charges and overheads applied	2,591	2,378	2,442
Other operating funding applications	-	-	-
Total Applications of Operating Funding	10,083	10,764	11,106
Surplus / (Deficit) of Operating Funding	6,279	5,639	5,130
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	4,820	3,689
Development and financial contributions	1,007	1,564	3,287
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	1,007	6,384	6,976



\$000

2020-21
LTP

2021-22
LTP

2021-22
Actual

Applications of Capital Funding

Capital expenditure

to meet additional demand	2,662	3,001	1,545
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to improve levels of service	3,118	2,842	4,005
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to replace existing assets	4,447	4,314	2,522
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Increase / (decrease) in reserves	(2,940)	1,866	4,034
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Increase / (decrease) of investments	-	-	-
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Total Applications of Capital Funding	7,286	12,023	12,106
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Surplus / (Deficit) of Capital Funding	(6,279)	(5,639)	(5,130)
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Funding Balance	-	-	-
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Operational variance explanations

No material variances.

Capital variance explanations

No material variances.



3. Solid waste

WHAT WE DO

We collect, process, dispose of and recycle solid waste in our District. Whangarei District Council is bound by legislation to ensure that our solid waste is managed in an effective and efficient manner reducing any potential environmental impact and protecting the public health.

Council's responsibilities for solid waste management come from the Waste Minimisation Act 2008. The District's Waste Management and Minimisation Plan was adopted by Council in 2017. The vision statement in the Plan is: "To deliver community benefits and work towards zero waste to landfill. Whangārei businesses and households will be provided with efficient and effective waste minimisation and management services that recognise waste as a resource."

Waste management and minimisation play an important role for the ongoing sustainability of our District. Waste minimisation, as part of broader sustainability outcomes, was identified as a key priority for our Long Term Plan. Our aim is to provide Whangārei District with efficient, effective and safe solid waste services, which reduce the quantity of waste generated and discarded, protect public health and protect the environment.

As individuals, communities, companies and governments develop new approaches to managing waste and resources, Council will need to continue to support and influence these developments and react to the changes in the market or in legislation.

IDENTIFIED EFFECTS ON THE COMMUNITY

Waste can have negative effects on air, land and water. To mitigate 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 mitigate negative effects, Council has a reliable collection service and transfer station network available across our District.

KEY ACHIEVEMENTS



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

EcoSolutions has continued to deliver waste minimisation lessons to school children and provide support to events and community groups to assist them with their waste minimisation programmes. The Waste Minimisation Fund was made available to support waste minimisation activities in the District.



CONTRIBUTION TO THE FOUR WELL-BEINGS

The management of solid waste plays an important contribution across all four well-beings:






Key Solid Waste functions	Contribution to social, economic, environmental, and cultural well-being
<p>WASTE MINIMISATION</p> 	<p>Waste minimisation and recycling help reduce the potential adverse effects of waste on our environment.</p> <p>Waste minimisation and circular economy principles can have positive economic, social and cultural outcomes.</p>
<p>WASTE COLLECTION AND DISPOSAL</p> 	<p>Safe collection and disposal of waste supports community health and environmental outcomes.</p> <p>The management of waste is an important service for local businesses and industry contributing to economic well-being.</p>

CONTRIBUTION TO COMMUNITY OUTCOMES

Community Outcomes	Contribution to Community Outcomes
High contribution	
<p>CARING FOR THE ENVIRONMENT</p> 	<p>Waste minimisation, recycling and waste collection limits potential adverse effects on our environment.</p>
<p>PROUD TO BE LOCAL</p> 	<p>A clean environment across our District is vital to our well-being as well as our attractiveness to visitors and investors.</p>
Medium contribution	
<p>EFFICIENT AND RESILIENT CORE SERVICES</p> 	<p>Council and its partners provide waste management infrastructure and services for the District including providing a network of rubbish and recycling transfer stations and landfill.</p>

HOW WE PERFORMED

Levels of Service

-  Mandatory performance measures
-  Achieved
-  Not achieved
-  Not measured
-  Target differs from current year

3.1 Council will provide kerbside waste and recycling collection services and transfer stations will be operated throughout our District.

PERFORMANCE MEASURE 3.1.1 Residents' satisfaction with solid waste collection and recycling services and transfer stations (Recorded through the Residents Survey).



2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥85%	 84%	 86%	 83%

While it is disappointing not to have met the target, the customer satisfaction rates have increased again in the last year which is encouraging.

3.2 Council will foster waste minimisation by supporting recycling and waste reduction practices.

PERFORMANCE MEASURE 3.2.1 To reduce waste disposed of to landfill to below 500 kg per person.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
<500kg	 589kg	 572kg	 New

The amount of waste sent to landfill from the District has exceeded the target. Increases have been recorded in the amount of biosolids and commercial waste streams. Council has provided more resources targeting waste minimisation and it is hoped that future years will see a decrease in the amount disposed of to landfill per person.

PERFORMANCE MEASURE 3.2.2 To recycle at least 35% of waste collected at the roadside from households.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥35%	 32%	 34.62%	 34.92%

Despite introducing the collection of plastic type 5, there has been a continued decline in overall recycling tonnage collected due to falls in the amount of paper and card being presented at the kerb.

PERFORMANCE MEASURE 3.2.3 Council will recycle, compost or reuse at least 50% of materials at transfer stations.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥50%	46%	46.6%	New

It is anticipated that product stewardship schemes introduced next year will help to increase diversion rates at rural transfer stations.

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

PERFORMANCE MEASURE 3.3.1 Residents satisfaction with litter control.
(Recorded through the Residents Survey).

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥75%	72%	70%	67%

The level of satisfaction is disappointing; however, it has improved in the last year which is encouraging. COVID-19 has caused various interruptions to service delivery and it is hoped that these will not be so severe in the next year.

WHAT SOLID WASTE COST

	\$000		
	2020-21 LTP	2021-22 LTP	2021-22 Actual
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	2,144	1,528
Targeted rates	7,112	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	3,052	2,563	2,781
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	384	656	594
Total Operating Funding	10,547	5,363	4,903
Applications of Operating Funding			
Payments to staff and suppliers	7,178	8,245	8,183
Finance costs	54	25	20
Internal charges and overheads applied	168	131	199
Other operating funding applications	-	-	-
Total Applications of Operating Funding	7,400	8,401	8,402
Surplus / (Deficit) of Operating Funding	3,147	(3,038)	(3,499)
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase / (decrease) in debt	(3,094)	-	-
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	(3,094)	-	-



\$000

2020-21
LTP2021-22
LTP2021-22
Actual**Applications of Capital Funding**

Capital expenditure

to meet additional demand

-

-

-

to improve levels of service

53

-

-

to replace existing assets

-

51

-

Increase / (decrease) in reserves

-

(3,089)

(3,499)

Increase / (decrease) of investments

-

-

-

Total Applications of Capital Funding**53****(3,038)****(3,499)****Surplus / (Deficit) of Capital Funding****(3,147)****3,038****3,499****Funding Balance****-****-****-*****Operational variance explanations***

No material variances.

Capital variance explanations

No material variances.



4. Wastewater

WHAT WE DO

Wastewater management is a core service that keeps our communities safe, healthy and clean. Strategically, this is an essential service for the overall well-being of our community.

Collectively, our population produces a large amount of wastewater every year. Our job is to maintain and manage the 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 well-being of our communities and of the environment.

Our wastewater network comprises wastewater systems and treatment plants and processes wastewater from over 23,000 connections across our District.

Increasing average temperatures and changes to rainfall patterns will increase pressure on the wastewater network and treatment infrastructure. Coastal hazards will also impact Council's low-lying assets in the wastewater network. We also understand we have a responsibility to manage these risks and protect the natural environment and communities. Our climate change risk assessment will inform adaptation opportunities in our wastewater activities.



IDENTIFIED EFFECTS ON THE COMMUNITY

Sewage discharges to air, land and water pollute the receiving environment and public health. Council has invested in targeted programmes to prevent and mitigate the effects of treated and untreated sewage discharges. Compliance with resource consent conditions ensures adverse effects to the environment are avoided, mitigated or remedied.

KEY ACHIEVEMENTS

Ruakākā Waste Water Treatment Plant: The two oxidation ponds have been converted from operating in series to operating in parallel. Each pond has a new aerator. Both of these improvements increase treatment capacity.

Ngunguru Waste Water Treatment Plant: A new inlet screen has been installed and a new aerator has been fitted. A Membrane Aerated Biofilm Reactor trial was completed to see if elevated ammonia levels could be reduced. A technology review of the current plant and future treatment and capacity options has been completed.

Hikurangi Waste Water Treatment Plant: A new inlet screen has been installed. New "curtains" have been installed in the aeration basin to reduce short circuiting. Investigations have been completed into the cause of failings of the membrane filtration plant and a solution is currently being implemented in partnership with Northland Regional Council.

Kioreroa Road Waste Water Treatment Plant: A Resource Consent application for the operation of the wastewater treatment plant with Northland Regional Council(NRC) was

lodged in December 2021. This application is being assessed by NRC and has been notified. Council is working to resolve matters raised through submissions.



Work completed in the network:

- An upgrade to the One Tree Point Pump Station.
- The design and tendering process for the 4.5km long Ruakākā rising main renewal with physical works in progress.
- CCTV investigations in the Heretaunga catchment with mains upgrades completed along Heretaunga Drive.
- Upgrades to the existing rising main from the Waipu river to the plant inlet works.
- Ongoing monitoring of the Long Term Flow, which will be used to calibrate the Whangārei City catchment wastewater model.




Laboratory: The purchase and commissioning of a discreet analyser, which provides additional nutrient testing capability at the laboratory.

CONTRIBUTION TO THE FOUR WELL-BEINGS

The management of wastewater plays an important contribution across all four well-beings:

Key Wastewater functions	Contribution to social, economic, environmental, and cultural well-being
<p>WASTEWATER NETWORK</p> 	<p>The collection of wastewater is essential for the health of our communities as well as supporting economic activity.</p>
<p>WASTEWATER TREATMENT</p> 	<p>Safe treatment of wastewater that meets environmental, public health and Resource Management Act requirements is essential for both cultural and environmental outcomes.</p>






CONTRIBUTION TO COMMUNITY OUTCOMES

Community Outcomes	Contribution to Community Outcomes
High contribution	
<p>EFFICIENT AND RESILIENT CORE SERVICES</p> 	<p>The management of wastewater is a core service. It supports our communities, our commercial, industrial and agricultural activities and aligns with our District’s growth.</p> <p>Wastewater is managed and planned in a way that is efficient and is able to withstand large rainfall events.</p>
<p>CARING FOR THE ENVIRONMENT</p> 	<p>Managing wastewater to agreed standards, with discharges from wastewater treatment plants having no detrimental environmental impact.</p>
Medium contribution	
<p>POSITIVE ABOUT THE FUTURE</p> 	<p>New technology will be used at our wastewater treatment plants, including waste-to-energy processes.</p> <p>The management of wastewater in appropriate locations across urban and rural areas of our District enables productivity.</p>




HOW WE PERFORMED

Levels of Service


-  Mandatory performance measures
-  Achieved
-  Not achieved
-  Not measured
-  Target differs from current year

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

-  **PERFORMANCE MEASURE 4.1.1** Compliance with Territorial Authority (TA) resource consents for discharge from its sewerage system measured by the number of:
 - (a) abatement notices
 - (b) infringement notices
 - (c) enforcement orders, and
 - (d) convictions
 received by the territorial authority in relation those resource consents.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
0	 1	 0	 0

Council received an abatement notice for a breach of the odour consent at Kioreroa Waste water Treatment Plant

-  **PERFORMANCE MEASURE 4.1.2** The number of dry weather sewerage overflows from the TA's sewerage system, expressed per 1000 sewerage connections to that sewerage system.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≤1.35	 2.04	 ¹	

¹The previously reported prior year comparison has not been included as a meaningful count of dry weather overflows was not possible during that period due to COVID-19 restrictions.

PERFORMANCE MEASURE 4.1.3 Residents' satisfaction with the wastewater network and treatment (Recorded through the Residents Survey).

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥70%	 97%	 83%	 86%

- **PERFORMANCE MEASURE 4.1.4** The total number of complaints received by the TA about any of the following:
 - (a) sewage odour
 - (b) sewerage system faults
 - (c) sewerage system blockages; and
 - (d) the TA's response to issues with its sewerage system expressed per 1000 connections to the TA's sewerage system.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≤20	✓ 1.94	✓ 12.72	✓ 7.76

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

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

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≤1 hr	✓ 47 mins	✓ 36 mins	✓ 31 mins

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

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≤7 hr	✓ 2.2hrs	✓ 1.9hrs	✓ 1.7hrs



WHAT WASTEWATER COST

	\$000		
	2020-21 LTP	2021-22 LTP	2021-22 Actual
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	19,920	21,183	21,369
Subsidies and grants for operating purposes	-	69	-
Fees and charges	729	1,055	1,121
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	358	17	334
Total Operating Funding	21,007	22,324	22,824
Applications of Operating Funding			
Payments to staff and suppliers	6,209	5,406	6,620
Finance costs	-	-	-
Internal charges and overheads applied	974	998	2,107
Other operating funding applications	-	-	-
Total Applications of Operating Funding	7,183	6,404	8,727
Surplus / (Deficit) of Operating Funding	13,824	15,920	14,097
Sources of Capital Funding			
Subsidies and grants for capital expenditure	585	1,670	2,177
Development and financial contributions	1,207	1,490	2,685
Increase / (decrease) in debt	304	-	-
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	2,095	3,160	4,862

	\$000		
	2020-21 LTP	2021-22 LTP	2021-22 Actual
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	2,313	1,929	1,902
to improve levels of service	5,685	2,247	1,445
to replace existing assets	6,664	2,386	3,889
Increase / (decrease) in reserves	1,257	12,518	11,723
Increase / (decrease) of investments	-	-	-
Total Applications of Capital Funding	15,919	19,080	18,959
Surplus / (Deficit) of Capital Funding	(13,824)	(15,920)	(14,097)
Funding Balance	-	-	-



Operational variance explanations

No material variances.

Capital variance explanations

No material variances.



5. Stormwater

WHAT WE DO

Our stormwater network prevents flooding. 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 National Regional Plan
- adhering to the freshwater quality objectives of the Northland Regional Plan.

The appropriate management of stormwater is important to ensure the resilience of our communities and the success of our economy.

A changing climate will result in an increase in the number and severity of storms and rainfall events. These will put pressure on our stormwater networks. Our climate change risk assessment will help inform our investment in stormwater infrastructure.

IDENTIFIED EFFECTS ON THE COMMUNITY

Inadequate stormwater services have the potential to increase flood damage to property, incurring costs and elevated insurance premiums. This can be mitigated through 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 through resource consents for stormwater discharges being monitored for compliance against consent conditions. Catchment management plans and environmental engineering standards identify issues and specify treatment, respectively, in relation to the stormwater activities.

KEY ACHIEVEMENTS

The Stormwater Catchment Strategy project is progressing well with work completed on the overland flowpath mapping, which has been published to external GIS maps. Work continues on the development of an Impervious Area GIS Layer.



A CCTV programme for assessing the condition of stormwater infrastructure has been completed. This will provide valuable information for targeted renewal or upgrade projects.

A large diameter stormwater line was replaced at Murdoch Crescent and minor renewals were completed around the District.



Along the Lower Waiarohia Walkway Loop, Council began investigating how we can better manage the stormwater discharges from local sites directly to the waterway to improve water quality and reduce erosion in the Whangārei Harbour. Within the same area, Council began investigations into the capacity and condition of the existing stormwater infrastructure to check whether these are fit for purpose. Both components are part of the Blue Green Network Strategy.

CONTRIBUTION TO THE FOUR WELL-BEINGS


The management of stormwater makes an important contribution across all four well-beings:

Key Stormwater functions	Contribution social, economic, environmental, and cultural well-being
<p>STORMWATER MANAGEMENT</p> 	<p>The management of stormwater is essential to protect against flood damage. Flooding can cause loss of life and property. Therefore, this activity is essential in relation to all four well-beings.</p>
<p>FRESHWATER QUALITY AND CATCHMENT PLANNING</p> 	<p>Catchment planning supports our biodiversity and water quality and therefore our environmental and cultural well-being.</p> <p>A healthy water and marine environment also supports economic and social well-being, through tourism and water based activities.</p>

CONTRIBUTION TO COMMUNITY OUTCOMES






Community Outcomes	Contribution to Community Outcomes
High contribution	
<p>EFFICIENT AND RESILIENT CORE SERVICES</p> 	<p>The management of stormwater is a core service. It supports our communities, our commercial, industrial and agricultural activities and aligns with our District's growth.</p> <p>Stormwater is managed in a way that is efficient and climate change rainfall events and sea level rise is planned for.</p>
<p>CARING FOR THE ENVIRONMENT</p> 	<p>Investment into infrastructure and natural systems seeks to minimise environmental effects of stormwater run-off into our waterways.</p> <p>Stormwater water management through catchment management plans, resource consents and engineering standards mitigate and manage potential adverse environmental effects.</p>




Community Outcomes	Contribution to Community Outcomes
Medium contribution	
POSITIVE ABOUT THE FUTURE 	The management of stormwater in appropriate locations across urban and rural areas of our District enables productivity.

HOW WE PERFORMED

Levels of Service

-  Mandatory performance measures
-  Achieved
-  Not achieved
-  Not measured
-  Target differs from current year

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

-  **PERFORMANCE MEASURE 5.1.1** Compliance with the territorial authority's (TA) resource consents for discharge from its stormwater system, measured by the number of:


- (a) abatement notices
- (b) infringement notices
- (c) enforcement orders; and
- (d) convictions

received by the TA in relation to those resource consents.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
0	 0	 0	 1

PERFORMANCE MEASURE 5.1.2 Residents' satisfaction with stormwater drainage service (Recorded through the Residents Survey).

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥70%	 77%	 75%	 79%

-  **PERFORMANCE MEASURE 5.1.3** The number of complaints received by a TA about the performance of its stormwater system, expressed per 1000 properties connected to the TA's stormwater system.^c

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≤16	✓ 0.9	✓ 0.81	✓ 0.06

5.1.3 (a) The number of flooding events^a that occur in a TA district; and

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
0	✓ 0	✓ 0	✓ 0

5.1.3 (b) for each flooding event^a the number of habitable floors affected^b expressed per 1000 properties connected to the TA's stormwater system.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
0	✓ 0	✓ 0	✓ 0

PERFORMANCE MEASURE 5.1.4 The median response time to attend a flooding event, measured from the time that the TA receives notification to the time service personnel reach the site.^a

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≤1 hr	✓ 0 mins	✓ 0 mins	✓ 32 mins



Notes

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

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

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

WHAT STORMWATER COST

	\$000		
	2020-21 LTP	2021-22 LTP	2021-22 Actual
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	5,298	4,048	3,277
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total Operating Funding	5,298	4,048	3,277
Applications of Operating Funding			
Payments to staff and suppliers	1,574	1,250	1,036
Finance costs	-	-	-
Internal charges and overheads applied	1,250	1,232	1,126
Other operating funding applications	-	-	-
Total Applications of Operating Funding	2,823	2,482	2,162
Surplus / (Deficit) of Operating Funding	2,475	1,566	1,115
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	110	40
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	-	110	40

\$000

2020-21
LTP2021-22
LTP2021-22
Actual**Applications of Capital Funding**

Capital expenditure

to meet additional demand	-	199	10
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to improve levels of service	364	382	333
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to replace existing assets	2,110	1,095	812
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Increase / (decrease) in reserves	-	-	-
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Increase / (decrease) of investments	-	-	-
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Total Applications of Capital Funding	2,475	1,676	1,155
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Surplus / (Deficit) of Capital Funding	(2,475)	(1,566)	(1,115)
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Funding Balance	-	-	-
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***Operational variance explanations***

No material variances.

Capital variance explanations

No material variances.



6. Flood Protection

WHAT WE DO

The Hikurangi Flood Protection Scheme helps to 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 scheme area.

Increasing intensity of rainfall events and frequency of flooding will impact Council's flood protection and make farming increasingly unaffordable.

Funding of costly capital improvements or asset renewals, e.g. the replacement of pumps with fish 'friendlier' pumps remains a contentious issue. Pumps and pump stations are approximately 50 years old and a renewals strategy needs to be determined and agreed upon. It is estimated that these renewals/upgrades will cost upwards of \$40 million, which makes funding through targeted rates problematic. It is considered important that the entire funding and ownership model for the scheme is reviewed over the first couple of years of the LTP.

POTENTIAL SIGNIFICANT NEGATIVE EFFECTS


The scheme impacts on the native fish population, specifically tuna (eels), by presenting barriers to upstream and downstream migration and causing fish fatalities via the pumps. Tuna are of important cultural significance for Māori. To address this, Council is implementing an interim pump operation protocol in which pumps will not be switched on for a period prior to an event in order to allow hapū to manually relocate tuna. The Fishery Management Plan, prepared previously, is considered outdated and Council will be working with stakeholders including hapū, farmers, Department of Conservation and Fonterra to revise this Plan in order to better protect the native fish Taonga. In developing this approach Council has actively engaged with local iwi/hapū and other stakeholders on a wider catchment basis.

KEY ACHIEVEMENTS



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

CONTRIBUTION TO THE FOUR WELL-BEINGS

Flood protection makes an important contribution across all four well-beings:

Key Flood Protection functions	Contribution to social, economic, environmental, and cultural well-being
<p>FLOOD PROTECTION IN HIKURANGI SWAMP</p> 	<p>The management of floodwater maintains the economic activity associated with agriculture, which contributes to the wider economic well-being of the District.</p> <p>Working alongside hapū, farmers, DoC and Fonterra to update Fishery Management Plans and practices will protect native biodiversity and support cultural and environmental well-being outcomes.</p>






CONTRIBUTION TO COMMUNITY OUTCOMES

Community Outcomes	Contribution to Community Outcomes
High contribution	
<p>EFFICIENT AND RESILIENT CORE SERVICES</p> 	<p>Flood protection provides resilience for agricultural land in Hikurangi.</p>
<p>CARING FOR THE ENVIRONMENT</p> 	<p>Investment in flood protection assists in the improvements in water quality within the Kaipara Moana catchment.</p>






HOW WE PERFORMED

Levels of Service

-  Mandatory performance measures
-  Achieved
-  Not achieved
-  Not measured
-  Target differs from current year

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 6.1.1** That major flood protection and control works that are maintained, repaired and renewed to the key standards defined in the local authority’s relevant planning documents (such as its Activity Management Plan, Asset Management Plan, annual works programme or Long Term Plan).

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
Yes	 Yes	 Yes	 Yes

- PERFORMANCE MEASURE 6.1.2** The number of infringement or abatement notices issued by Northland Regional Council in relation to the scheme consent.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
0	 0	 0	 0

WHAT FLOOD PROTECTION COST

	\$000		
	2020-21 LTP	2021-22 LTP	2021-22 Actual
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	1,307	1,161	1,168
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	61	7	14
Total Operating Funding	1,368	1,168	1,182
Applications of Operating Funding			
Payments to staff and suppliers	786	528	811
Finance costs	-	-	-
Internal charges and overheads applied	9	9	-
Other operating funding applications	-	-	-
Total Applications of Operating Funding	795	537	811
Surplus / (Deficit) of Operating Funding	572	631	371
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase / (decrease) in debt	(572)	-	-
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	(572)	-	-



\$000

2020-21
LTP

2021-22
LTP

2021-22
Actual

Applications of Capital Funding

Capital expenditure

to meet additional demand

-

-

-

to improve levels of service

-

-

-

to replace existing assets

-

96

-

Increase / (decrease) in reserves

-

535

371

Increase / (decrease) of investments

-

-

-

Total Applications of Capital Funding

-

631

371

Surplus / (Deficit) of Capital Funding

(572)

(631)

(371)

Funding Balance

-

-

-

Operational variance explanations

No material variances.

Capital variance explanations

No material variances.



7. Community facilities and services

Community facilities and services are a key contributor our District's social, economic, environmental and cultural well-being. These facilities and services are also highly valued by our community and contribute to our vision of an inclusive, resilient and sustainable District.

This activity includes our:



Parks and Recreation



Libraries



Community Property



Community Development



Venues and Events



Customer Services



Civil Defence





Parks and Recreation

WHAT WE DO

Council provides parks and reserves for sport and recreation, landscapes and green places. We administer 2,122.88 hectares of land as open space, with an asset value of \$57.7 million. This includes:

- sportsfields, playgrounds and skateparks
- natural areas such as native bush, river and coastal margins and regenerating bushlands
- city parks, gardens, street trees and public art
- cemeteries
- public toilets.

Strategically, our objective is to create, operate, maintain, renew and dispose of assets to provide for existing and future users in the most cost-effective manner. Our Active Recreation and Sports Strategy sets out a pathway to ensure our community has access to and can participate in sports and recreation across our District.

The quality of our 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 that are used and appreciated by residents and visitors.

IDENTIFIED EFFECTS ON THE COMMUNITY

Any undersupply of public space could be detrimental to the wider community, particularly in urban areas. To address this, Council will regularly review our open space requirements to help guide the provision of public space.

KEY ACHIEVEMENTS

Over the past 12 months we continued upgrading our sports facilities with a new junior sports field and car park at Parua Bay and preliminary work started at Ruakākā for the two new fields. We upgraded the equestrian yards at Barge park. We completed the Waipu youth activity zones (skate parks).

Ready for the opening of Hundertwasser Art Centre with Wairau Māori Art Gallery, we completed Pūtahi Park along with renewed lighting, jetty and boardwalk. Seawalls were replaced at Beach Rd, Onerahi, Pyle Rd West, One Tree Point and Princes Rd, Ruakākā.

Further elements were added to the Bike Park, which now has a pump track, 800m circle circuit, and car parking to complement the international BMX circuit. The Frank Holman track was upgraded to make it safer for users.

To help implement the Active Recreation and Sports Strategy recommendations, a District Navigator position has been created. This resource has enabled us to complete specialist studies for future sports field needs.

Unfortunately, graffiti increased in our District at a time when we were changing our delivery arrangements from a not-for-profit to a contractual arrangement. We hope this will lead to improvements over the next year.





CONTRIBUTION TO THE FOUR WELL-BEINGS

The provision of Parks and Recreation makes an important contribution across all four well-beings:

Key Parks and Recreation functions	Contribution to social, economic, environmental, and cultural well-being
SPORTS AND ACTIVE RECREATION 	The provision of sports and active recreation facilities supports a healthy community. Sports hubs can also act as important community focal points.
WALKING TRACKS   	Walking tracks provide access to our natural environment and places of cultural importance. They also promote and support activity which benefits health and well-being.
NATURAL AREAS    	The management of natural areas plays an important role in maintaining biodiversity and managing pests and will ultimately be of benefit to our cultural and environmental well-being. Access to our natural areas can also have both economic and social well-being outcomes.
CEMETERIES  	The provision of cemeteries is an essential service and has important social and cultural outcomes.
PUBLIC TOILET FACILITIES  	Public toilet facilities are used by both our community and visitors. They play an important role in our social and economic well-being.








CONTRIBUTION TO COMMUNITY OUTCOMES

Community Outcomes	Contribution to Community Outcomes
High contribution	
<p>CARING FOR THE ENVIRONMENT</p> 	<p>Our Parks team supports community initiatives to improve biodiversity such as community planting days, as well as managing weeds and pests.</p> <p>Design and landscaping in our public spaces and streets enables nature to thrive.</p>
<p>PROUD TO BE LOCAL</p> 	<p>Maintenance of our parks and public spaces ensures our District looks neat and tidy. Our public spaces and parks are the venue for many community and cultural events and activities.</p> <p>Our parks, sports grounds and walking tracks provide opportunities for people to be active and healthy.</p>
Medium contribution	
<p>EFFICIENT AND RESILIENT CORE SERVICES</p> 	<p>The adequate provision of open space is needed to support the development of an attractive, vibrant and thriving community.</p> <p>Opportunities for walking and cycling are provided through public spaces.</p>
<p>POSITIVE ABOUT THE FUTURE</p> 	<p>Open space is distributed across our District, therefore contributing to a fair urban and rural balance.</p> <p>Population growth is supported through the provision of neighbourhood parks and reserves as part of new developments.</p>






HOW WE PERFORMED

Levels of Service

-  Mandatory performance measures
-  Achieved
-  Not achieved
-  Not measured
-  Target differs from current year

7.1 Council will provide and maintain recreational facilities to support and promote active recreation in the community through participation in both organised and informal recreational activities aligned with the Active Recreation and Sports Strategy.

PERFORMANCE MEASURE 7.1.1 Sportsparks will be provided to meet the community's needs by providing minimum hours available at a sportspark per 10,000 people during the winter season.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥180hrs	 177hrs	 181hrs  ≥201hrs	 174hrs  ≥201hrs

PERFORMANCE MEASURE 7.1.2 Percentage annual increase in community participation in active recreation and sports activities
(Recorded through the Residents Survey)




2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥1%	 2%	 New	 New

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

PERFORMANCE MEASURE 7.2.1 Residents' satisfaction with the range and quality of public spaces, including parks, reserves and playgrounds.
(Recorded through the Residents Survey).

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥90%	 94%	 New	 New

PERFORMANCE MEASURE 7.2.2 Residents have adequate access to a local recreational opportunities.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
0.9Ha/ 1000 people	 0.97Ha	 New	 New



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

PERFORMANCE MEASURE 7.3.1 Residents' satisfaction with cemeteries.
(Recorded through the Residents Survey).

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥90%	✔ 96%	✔ 96%	✔ 96%

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

PERFORMANCE MEASURE 7.4.1 Residents' satisfaction with public toilets
(Recorded through the Residents Survey).

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥75%	✘ 65%	✘ 67%	✔ 76%

While the result is disappointing, COVID-19 restrictions negatively impacted the ability to open and service toilets to agreed levels.



Libraries

WHAT WE DO

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

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

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

IDENTIFIED EFFECTS ON THE COMMUNITY


No potential negative effects have been identified for libraries.

KEY ACHIEVEMENTS

The major improvement to the delivery of library services was the decision of Council to abolish overdue fees across the entire collection. Previously only teens and junior collections were exempt from fines. There is a world- wide trend for libraries to move to fines free and we appreciate the support of our council in enabling us to be among the first in New Zealand to adopt this initiative. With the progressive reductions in COVID-19 restrictions we were able to restart our programme of events and activities with the school holiday programmes and Heritage Talks well received. We partner with Spark in providing the Skinny Jump service which offers subsidised broadband and free modems for those who find the cost of connecting to broadband a barrier. There is an ever-increasing demand for this service from all sections of the community.



CONTRIBUTION TO THE FOUR WELL-BEINGS

The provision of and access to libraries makes an important contribution across all four well-beings:

Key Libraries functions	Contribution to social, economic, environmental, and cultural well-being
<p>PUBLIC LIBRARIES</p> 	<p>Libraries and their resources provide the community with free access to knowledge and services. This is a key contributor to social and cultural well-being. Learning and knowledge gained through the library can also contribute to economic and environmental outcomes.</p>








CONTRIBUTION TO COMMUNITY OUTCOMES

Community Outcomes	Contribution to Community Outcomes
High contribution	
PROUD TO BE LOCAL 	<p>Our libraries are key community facilities providing equitable access to life-long learning as well as fulfilling leisure and recreational needs.</p> <p>Access to information about our culture and heritage through the library can help promote positive cultural outcomes.</p>
Medium contribution	
POSITIVE ABOUT THE FUTURE 	<p>Our libraries embrace technology to improve the customer's access to information through initiatives such as providing internet access, e-books and self-service checkouts.</p>



HOW WE PERFORMED

Levels of Service

-  Mandatory performance measures
-  Achieved
-  Not achieved
-  Not measured
-  Target differs from current year

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

PERFORMANCE MEASURE 7.5.1 Percentage of population who have used a library in the past year.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥60%	 52%	 60%	 59%

Usage of the library facilities has been affected by the restrictions imposed by COVID-19.

PERFORMANCE MEASURE 7.5.2 Residents' satisfaction with the resources (books, magazines, etc.) the library service provides. (Recorded through the Residents Survey).

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥95%	 77%	 97%	 95%

COVID-19 has affected the result for this year.



Community property

WHAT WE DO

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

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

IDENTIFIED EFFECTS ON THE COMMUNITY



Poor quality of housing for elderly people can have negative effects on the health and well-being of the occupants. This is mitigated through funding for maintenance of the housing portfolio.

KEY ACHIEVEMENTS

The Asset Management programme initiated in 2015 continues with more pensioner units undergoing maintenance and enhancements including provisions under the Healthy Homes programme. Through this year, the Council-owned community halls have been rejuvenated with planned maintenance and upgrade initiatives. Council has successfully installed heat pumps into every pensioner unit providing both air conditioning in warmer months and effective warmth in the colder seasons for our elder citizens.



CONTRIBUTION TO THE FOUR WELL-BEINGS

Community property makes an important contribution to the social well-being of our community:

Key Community Property functions	Contribution social, economic, environmental, and cultural well-being
PENSIONER HOUSING 	The provision of rental housing for elderly people in our community contributes significantly to their health and well-being and this in turn has broad social well-being benefits for our District.
COMMUNITY HALLS 	Community halls are a social and cultural hub for communities across the District, particularly in rural and coastal areas.








CONTRIBUTION TO COMMUNITY OUTCOMES

Community Outcomes	Contribution to Community Outcomes
High contribution	
PROUD TO BE LOCAL 	Our community facilities ensure activities and facilities are available across our District for people of all abilities, ages and lifestyles.
Medium contribution	
POSITIVE ABOUT THE FUTURE 	Our community facilities are located across our District to ensure there is a fair urban and rural balance.




HOW WE PERFORMED

Levels of Service



-  Mandatory performance measures
-  Achieved
-  Not achieved
-  Not measured
-  Target differs from current year

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

PERFORMANCE MEASURE 7.6.1 Percentage occupancy rate of housing for elderly people.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥90%	 98%	 99.9%  ≥98%	 97%  ≥98%

PERFORMANCE MEASURE 7.6.2 Residents' satisfaction with the standard of housing for elderly people.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥80%	 91%	 97.4%  ≥82%	 91%  ≥82%



Community development

WHAT WE DO

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

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

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

IDENTIFIED EFFECTS ON THE COMMUNITY

No potential negative effects have been identified for community services.

KEY ACHIEVEMENTS

Community Development has progressed on several fronts this year. We have continued the mahi in our Community Led Project areas, including in Maungatapere with the trialling of Community Embedded Coordinators. This trial has proved successful in helping the group keep the mahi and momentum going; and we hope to extend this model of practice going forward. Waipu, Raumaunga, Onerahi and Tikipunga are all now moving forward at different rates in line with their respective community's plans; with some impressive and tangible outcomes being realised. An excellent example is the Waipu Riverside walk programme.

Our Community Funding Model has been enhanced and strengthened. Community success has seen greater levels of funding provided through our existing funding pools such as the Community Fund, the Community Facilities Fund and the District Amenities Fund. Funding is also available through new initiatives such as the Gen Z Fund, which we continue to develop in the interests of our rangatahi.

Our Community Emergency Recovery Fund (CERF) has again been used to good effect in relieving some of the ongoing pressures of COVID-19. Similarly, our emerging practice around participatory grant making for Resident & Ratepayers groups is showing encouraging collaboration between local groups to achieve positive outcomes.

We have trialled new ways of working with eBikes and eScooters, expanding our CitySafe operations and extending the reach of our prevention measures to support this. We are also actively seeking further support from schools and the Police in this area. Community



Development was successful this year in working with Police to secure over \$760,000 of funding from the “Proceeds of Crime Fund” that will enhance our Community Safety network’s effectiveness. This was identified as important by our various communities and emphasised in the results of the Youth Survey conducted this year by our Youth Advisory Group. This survey provided important insights to Council in relation to areas where more can be done such as in establishing safe youth places throughout the district and centrally.



The Community Department team also continue to support a wide range of other works including Civil Defence, Kai Ora and on developing a Regional Accessibility initiative. We’ve supported innovative events such as the Silver Festival and are preparing the new “Play Trailer” initiative to encourage active play at community and council events. Much has been done and much more can be achieved working alongside our community.

CONTRIBUTION TO THE FOUR WELL-BEINGS

Community development makes an important contribution to the social well-being of our community:






Key Community Development functions	Contribution to social, economic, environmental, and cultural well-being
<p>COMMUNITY LED DEVELOPMENT</p> 	<p>This programme provides opportunities for the community to lead projects and programmes in their own community. The process and outcomes can make a significant contribution to a community’s social well-being.</p>
<p>GRANTS AND COMMUNITY FUNDING</p> 	<p>Grants and funding enable the community to deliver projects which can have wide ranging social, cultural and economic benefits.</p>
<p>COMMUNITY SAFETY</p> 	<p>Community safety is largely focused on our City Centre. A safer City Centre can lead to lower crime rates, and also support economic activity and well-being.</p>
<p>ADVISORY GROUPS</p> 	<p>Advisory groups provide the key sectors of the community with the opportunity to engage directly with Council and inform decision making.</p>

CONTRIBUTION TO COMMUNITY OUTCOMES


Community Outcomes	Contribution to Community Outcomes
High contribution	
POSITIVE ABOUT THE FUTURE 	Through the Community Development Framework our communities will be involved across both rural and urban parts of our District.
PROUD TO BE LOCAL 	Community development enhances and strengthens our communities to ensure people feel safe and can participate in a range of events and opportunities.

HOW WE PERFORMED

Levels of Service

-  Mandatory performance measures
-  Achieved
-  Not achieved
-  Not measured
-  Target differs from current year

7.7 Council will support our District's social and cultural well-being through its involvement in activities and programmes which support and develop the community.

-  **PERFORMANCE MEASURE 7.7.1** Percentage of grant applicants who understand and are satisfied with the grants' application process.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥80%	 98.6%	 100%	 88%



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

- PERFORMANCE MEASURE 7.8.1** Effectiveness of Advisory Group engagement with Council to inform projects, programmes and District developments.
(Measured through the survey of participants in Advisory Group engagement projects.)

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥80%	 70%		 94.45%

Our results are lower than other years due a change of measure, which previously focused on the internal function of advisory groups. Our new measure will help staff to make adjustments to the feedback process to ensure that the advice is heard, considered and, where appropriate, incorporated into council mahi.



Venues and Events

WHAT WE DO

We provide venues for events in Whangārei. We also manage and produce events that contribute to the cultural and social fabric of our community. These venues and events form a prominent contribution to our District's attractiveness and vibrancy. This helps to create opportunities for residents and visitors who contribute to our District's economy.

Experience Local: Whangārei Events Strategy 2019-24 provides the strategic direction for events in our District based on the principles of experience, manaaki, outlook and know-how.

IDENTIFIED EFFECTS ON THE COMMUNITY

No potential negative effects have been identified for Venues and Events.

KEY ACHIEVEMENTS

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

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

Forum North Entertainment Centre continued to host a large number of community events delivered by local schools, promoters, dance groups, performers and artists. In addition, were a number of commercial events with a large number sold out. These opportunities aim to bring our communities together while facilitating local awareness and community spirit.

The Semenoff Stadium lease is ongoing and the venue has had an upgrade in facilities to make it ready for the Rugby World Cup 2021, which is being played in 2022 because of COVID-19.



Significant capital upgrades were carried out at both venues making these better suited to support our communities with future events.

CONTRIBUTION TO THE FOUR WELL-BEINGS

Our venues and events make an important contribution to the social, cultural and economic well-being of our community:

Key Venues and Events functions	Contribution to social, economic, environmental, and cultural well-being
VENUES 	Quality and appropriate venues are important to enable events to take place in our District and therefore contribute to our cultural and economic well-being.
EVENTS 	The wide range of events play an important role in promoting and celebrating our culture. Events also provide an opportunity for our communities to come together to enjoy a range of performances and art which supports social well-being.






CONTRIBUTION TO COMMUNITY OUTCOMES

Community Outcomes	Contribution to Community Outcomes
High contribution	
POSITIVE ABOUT THE FUTURE 	Venues and Events have a District focus, ensuring there is a fair balance between rural and urban areas.
Medium contribution	
PROUD TO BE LOCAL 	<p>Venues and Events provide a wide variety of activities to ensure there always something to see and do for both residents and visitors.</p> <p>Events can promote and celebrate our culture.</p>






HOW WE PERFORMED

Levels of Service

-  Mandatory performance measures
-  Achieved
-  Not achieved
-  Not measured
-  Target differs from current year

7.9 Our venues and events will deliver the outcomes of the Experience Local: Whangārei Events Strategy and will provide for customer satisfaction.

PERFORMANCE MEASURE 7.9.1 Percentage of Council delivered events that include two or more of the local experience categories (as per the Experience Local Whangārei Events Strategy 2019-24).

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥70%	 100%	 New	 New

No events were hosted between July 2021 - November 2021. The event hosted in December 2021 and all subsequent events included at least two or more local experience categories.

PERFORMANCE MEASURE 7.9.2 Customer satisfaction with the quality of Council venues. (Recorded through the Residents Survey of people who attended an event at a Council-run venue.)

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥80%	 100%	 46%	 89%

The provision of events was limited by COVID-19. Our venues have also undergone significant structural changes meaning that the nature and focus of events provided changed along with the staff. The process of providing feedback forms to capture feedback also dropped off as a result of staff changes. Feedback forms have been re-initiated since May 2022 when events started again and numbers were getting back to normal.



Customer Services

WHAT WE DO

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

A satisfactory customer experience and access to the right information is essential for our District to be inclusive, resilient and sustainable.

IDENTIFIED EFFECTS ON THE COMMUNITY






No potential negative effects have been identified for Customer Services.

KEY ACHIEVEMENTS

Despite the challenges of COVID-19 we have maintained a strong level of customer service for our communities. We have enabled a shift to more online and phone based services through technology and resource capability. We have consolidated our visitor information services to one main i-SITE at Tarewa. We have continued to see good visitor numbers through our Claphams National Clock Museum, despite borders being closed to our international travellers.



CONTRIBUTION TO THE FOUR WELL-BEINGS

Customer services makes an important contribution to the four well-beings of our District:

Key customer service functions	Contribution to social, economic, environmental, and cultural well-being
<p>CUSTOMER SERVICE (CONTACT CENTRE)</p>    	<p>Customer service requests are an important mechanism for the community to let Council know of problems in the District and this can support all four of the well-beings.</p>
<p>CUSTOMER SERVICE (VISITOR INFORMATION CENTRE)</p> 	<p>Providing information and guidance to the visitors of our District is important to promote and support our tourism sector. This in turn supports the economic well-being of the District.</p>








CONTRIBUTION TO COMMUNITY OUTCOMES

Community Outcomes	Contribution to Community Outcomes
High contribution	
PROUD TO BE LOCAL 	Our Customer Services are a key point of contact with our community. This interface enables us to work with the community to ensure our District is inclusive, resilient and sustainable.
Medium contribution	
POSITIVE ABOUT THE FUTURE 	Customer Services assists the community to do business and to understand our documents, rules and processes.




HOW WE PERFORMED

Levels of Service

-  Mandatory performance measures
-  Achieved
-  Not achieved
-  Not measured
-  Target differs from current year




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

PERFORMANCE MEASURE 7.10.1 Contact centre service calls answered in under 20 seconds.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥85%	 79.02%	 85%	 87%

There have been many staff shortages in the Contact Centre over the last year, due to sickness and also difficulty in recruitment. Consequently there have been times when our service level has not been achieved.

PERFORMANCE MEASURE 7.10.2 Wait time for walk-in customers.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
No more than six mins	 1.07 mins	 1.73 mins	 2.92 mins

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

PERFORMANCE MEASURE 7.11.1 Visitors' satisfaction with the service provided by the information consultants at our information centre.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥80%	✓ 100%	✓ 86% ⊗ ≥75%	✓ 100% ⊗ ≥75%





Civil Defence

WHAT WE DO

The Civil Defence Emergency Management Act sets out how civil defence should be managed around New Zealand. Whangarei District Council is part of the Northland Region Civil Defence Emergency Management (CDEM) Group that manages Civil Defence activities. The other Northland councils and agencies such as the police and fire service, are all members of this group.

The CDEM Group works together to:

- reduce the potential effects of hazards;
- promote community and Council readiness (preparedness) to respond to emergencies; and
- help the community to recover after an event.

The higher risk emergency events for our community include:

- **Flooding:** River flooding caused by localised heavy rain/thunderstorms. A changing climate is likely to make such events more frequent, as well as more severe.
- **Tsunami:** A locally generated tsunami resulting in 10-15m inundation above sea level has the potential to cause significant damage, though the probability is very low.
- **Electricity failure:** The network has single points of vulnerability with the potential to cause widespread loss of service.
- **Human pandemic:** We have experience the impact of COVID-19 and this risk of future pandemics is acknowledged as a key risk.

IDENTIFIED EFFECTS ON THE COMMUNITY

Negative effects could be associated with failure to implement the Northland Civil Defence Emergency Management Plan. This could result in negative impacts to our community during and following an emergency.

KEY ACHIEVEMENTS


Community response groups have been re-established in Hikurangi and Parua Bay bringing the total to 17 active groups within the Whangārei District.

Multiple staff training sessions have been delivered – increasing Whangarei District Council’s capability to respond to emergency events.


Updated natural hazard information is included in early drafts of plan changes to the Whangārei District Plan relating to Natural Hazards (Coastal hazards, Land Instability, Flooding, and Mining hazards). These would inform regulatory planning processes.

CONTRIBUTION TO THE FOUR WELL-BEINGS

Civil Defence makes an important contribution to all four well-being:

Key Civil Defence functions	Promotion of social, economic, environmental, and cultural well-being
<p>CIVIL DEFENCE RESPONSE</p> 	<p>Civil Defence response to an emergency can save lives and enable quicker recovery, which is important to the overall well-being of communities impacted by an event.</p> <p>Our ability to recover and support our communities is crucial for our economy.</p>

CONTRIBUTION TO COMMUNITY OUTCOMES

Community Outcomes	Contribution to Community Outcomes
High contribution	
<p>PROUD TO BE LOCAL</p> 	<p>A co-ordinated emergency response and recovery is key to our community and economy and can support greater resilience.</p>



WHAT COMMUNITY FACILITIES AND SERVICES COST

	\$000		
	2020-21 LTP	2021-22 LTP	2021-22 Actual
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	27,760	29,296	37,550
Targeted rates	-	-	-
Subsidies and grants for operating purposes	63	72	133
Fees and charges	1,014	815	682
Internal charges and overheads recovered	2,642	2,467	2,384
Local authorities fuel tax, fines, infringement fees and other receipts	3,233	2,530	2,911
Total Operating Funding	34,713	35,180	43,660
Applications of Operating Funding			
Payments to staff and suppliers	24,770	29,124	28,041
Finance costs	5,872	3,029	3,544
Internal charges and overheads applied	9,189	8,086	7,679
Other operating funding applications	-	-	-
Total Applications of Operating Funding	39,831	40,239	39,264
Surplus / (Deficit) of Operating Funding	(5,118)	(5,059)	4,396
Sources of Capital Funding			
Subsidies and grants for capital expenditure	772	3,183	2,185
Development and financial contributions	649	1,050	1,261
Increase / (decrease) in debt	15,125	9,865	4,787
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	16,547	14,098	8,233

\$000

	2020-21 LTP	2021-22 LTP	2021-22 Actual
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	42	1,809	3,444
to improve levels of service	3,525	15,194	7,246
to replace existing assets	5,659	6,317	4,613
Increase / (decrease) in reserves	2,202	(14,281)	(2,674)
Increase / (decrease) of investments	-	-	-
Total Applications of Capital Funding	11,429	9,039	12,629
Surplus / (Deficit) of Capital Funding	5,118	5,059	(4,396)
Funding Balance	-	-	-

Operational variance explanations

General rates, uniform annual general charges, rates penalties are higher than the LTP as less general rates funding was required for other activities leaving a greater portion to fund this activity.

Capital variance explanations

Capital expenditure is less than the LTP primarily due to timing delays with the Old Municipal building, pensioner housing and Pohe Island redevelopment.

Debt and reserves vary against the LTP due to the other variances such as delays in project spend and higher general rates funding.





8. Planning and Regulatory Services

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



Maintenance and review of the District Plan.



Issuing resource consents and ensuring they meet required conditions.



Issuing building consents and Project Information Memorandums and Land Information Memorandums



Providing health and alcohol licences and monitoring and enforcing bylaws such as animal and noise control, health, liquor and parking.

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

The outcomes of these functions are important in ensuring our District is inclusive, resilient and sustainable.



District Planning

WHAT WE DO

As Whangārei continues to grow, it is important that we appropriately manage the District’s resources. Council’s District planning function delivers planning outcomes and environmental regulation through the RMA.

Our District Plan manages how and where our District develops. It is therefore essential to ensuring our District is inclusive, resilient and sustainable through good design and protecting our valuable natural environment.

IDENTIFIED EFFECTS ON THE COMMUNITY


Lack of appropriate planning controls can lead to adverse environmental effects. This is mitigated through adherence to the RMA and an ongoing review of our District Plan.

KEY ACHIEVEMENTS

During this year the focus has been on resolving the remaining appeals to the Urban and Services Plan Change package - with only two outstanding by the end of this year. In addition the department has held early engagement with the community on the draft Natural Hazards, Esplanade Areas and Hazardous Substances plan changes. This early feedback process ran over March and April 2022 and received 120 pieces of feedback. This has enabled the department to refine and further develop the plan changes. It is intended that these will be publicly notified in the 2022-2023 year. The department reviewed and wrote a submission for Council on the National Policy Statement on Indigenous Biodiversity as part of its responsibility to keep Council abreast of RMA directions from central government. In addition the department is continuing to translate the District Plan into the format that is required by the National Planning Standards with the intention to have all chapters updated by the end of the calendar year.





CONTRIBUTION TO THE FOUR WELL-BEINGS

District Planning makes an important contribution across all four well-beings:

Key District Planning functions	Contribution to social, economic, environmental, and cultural well-being
<p>DISTRICT PLAN</p> 	<p>The District Plan is an RMA document that addresses a number of matters relating the environment (such as biodiversity), land use and development, cultural heritage and community. It therefore promotes all four well-beings.</p>








CONTRIBUTION TO COMMUNITY OUTCOMES

Community Outcomes	Contribution to Community Outcomes
High contribution	
CARING FOR THE ENVIRONMENT 	<p>The District Plan is a key regulatory tool to manage the effects on our environment.</p> <p>Provisions in our District Plan ensure existing public access to coastal areas are maintained and new opportunities are provided, where appropriate.</p>
PROUD TO BE LOCAL 	<p>This District Plan can support urban design outcomes which promote activity, safety and attractive built forms and public spaces. The District Plan manages the effects on sites of cultural significance.</p>
Medium contribution	
EFFICIENT AND RESILIENT CORE SERVICES 	<p>The District Plan aligns with core infrastructure provision to enable planned and integrated growth in appropriate locations.</p>
POSITIVE ABOUT THE FUTURE 	<p>The District Plan enables productive land uses and activities across our District.</p>

HOW WE PERFORMED

Levels of Service

-  Mandatory performance measures  Achieved  Not achieved
 Not measured  Target differs from current year

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

PERFORMANCE MEASURE 8.1.1 Plan changes are researched, proposed, consulted and reported on as required by Council in accordance with the relevant statutory requirements.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
100%	 100%	 100%	 100%

Feedback from early engagement on the draft Natural Hazards plan change package indicated further technical work was required to clarify risks to people, property and the environment so initial time frames have been extended. Also the team is working with several vacancies.





Resource Consents

WHAT WE DO

The RMA directs the resource consent process. The outcomes of resource consents is directed by the RMA and key documents such as our District Plan. Resource consents can cover a range activities and development. The appropriate consenting of these activities will:

- promote the sustainable management of natural and physical resources in our District
- ensure the District is resilient, inclusive and sustainable.

IDENTIFIED EFFECTS ON THE COMMUNITY


Negative environmental effects can result from poor decision making on resource consent applications. This is mitigated 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 and there are delays to the start of activities. External resources are used to ensure that statutory timeframes are met during times of high volume.

KEY ACHIEVEMENTS

Non-notified resource consent applications increased by 3% over the previous year with a total of 654 received. The number of completed resource consents for 2021-22 increased by 52% over the previous year to 458 applications. The increase is partly attributable to the impact of COVID-19 restrictions on the 2020-21 year. Staff numbers have been relatively stable in this period and the continued use of some external consultants has allowed for consents to be processed within legislative timeframes.

CONTRIBUTION TO THE FOUR WELL-BEINGS

Resource consents makes an important contribution across all four well-beings:

Key Resource Consents functions	Contribution to social, economic, environmental, and cultural well-being
<p>RESOURCE CONSENTS</p> 	<p>The processing of resource consents in a timely manner helps support our economic well-being. The decision making process in line with the RMA and the outcomes specified in our District Plan help ensure our environmental, social and cultural well-being.</p>

Key Resource Consents functions

Contribution to social, economic, environmental, and cultural well-being

CONSENT MONITORING



The monitoring of consents ensures that the conditions of a consent are being followed. This helps to ensure the environment, social, economic and cultural well-being of our District.

CONTRIBUTION TO COMMUNITY OUTCOMES

Community Outcomes

Contribution to Community Outcomes

High contribution

CARING FOR THE ENVIRONMENT



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

PROUD TO BE LOCAL



Ensuring compliance with District Plan rules and conditions of resource consents contributes to the appearance of the District and a community's enjoyment of places and spaces. The consent process can help identify and protect places of cultural and heritage value for our District.

Medium contribution

POSITIVE ABOUT THE FUTURE








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




HOW WE PERFORMED

Levels of Service

-  Mandatory performance measures
-  Achieved
-  Not achieved
-  Not measured
-  Target differs from current year

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

-  **PERFORMANCE MEASURE 8.2.1** Percentage of non-notified resource consent applications processed within statutory timeframes.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥95%	 99%	 100%	 97%

- PERFORMANCE MEASURE 8.2.2** Percentage of Section 223 and Section 224 applications for subdivision consents under the RMA within Statutory timeframes.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥95%	 99%	 84.85%	 93%

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

- PERFORMANCE MEASURE 8.3.1** Percentage of land-use consent conditions monitored
- Note: time frames will be dependent on priorities based on potential environmental risk associated with non-compliance.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
100%	 100%	 88%	 100%



Building Control

WHAT WE DO

Building Control ensures that buildings in our District are designed and constructed to the agreed standards and quality. These standards are set by central government through the Building Act.

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

IDENTIFIED EFFECTS ON THE COMMUNITY


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

KEY ACHIEVEMENTS

The bi-annual accreditation audit has occurred this year during April. The overall conclusions of the audit were positive with the exception of not meeting statutory timeframes. This matter is being addressed with the goal of accreditation being fully confirmed in October 2022. Work has continued in the earthquake prone area and this will be ongoing for several years. The department has now successfully completed an audit of all swimming pools on Council’s register and compliance has significantly improved.

CONTRIBUTION TO THE FOUR WELL-BEINGS

Building Control makes an important contribution across all four well-beings:

Key Building Control functions	Contribution to social, economic, environmental, and cultural well-being
<p>BUILDING CONTROL</p> 	<p>The processing of building consents in a timely manner helps support our economic well-being. Ensuring that buildings are safe and constructed to the appropriate standard promotes the health and social well-being of our community.</p>



CONTRIBUTION TO COMMUNITY OUTCOMES

Community Outcomes

Contribution to Community Outcomes

High contribution

POSITIVE ABOUT
THE FUTURE



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

Medium contribution

CARING FOR THE
ENVIRONMENT



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




PROUD TO BE LOCAL



Building compliance ensures that built structures are safe and durable.

HOW WE PERFORMED

Levels of Service

 Mandatory performance measures  Achieved  Not achieved

 Not measured  Target differs from current year

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

PERFORMANCE MEASURE 8.4.1 Percentage of building consents applications processed within statutory timeframes.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥96%	 25.25%	 73%	 97%

2021-22 saw a significant increase in Building Consent numbers received (both locally and nationwide), with constrained resourcing across the sector. While Council did significant work to secure additional resourcing, we were unable to keep up with the demand, with legislative timeframes not being met as a result. This is despite using additional contractors and undertaking detailed resource/capacity planning, which resulted a number of new positions.

PERFORMANCE MEASURE 8.4.2 Percentage of inspections completed within two days.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥95%	 98.42%	 100%	 99.5%





Health and Bylaws

WHAT WE DO

This department undertakes monitoring and enforcement functions 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 alcohol licensing work areas
- Bylaws – Armourguard Security is contracted to provide services relating to animal management, dog and stock control, parking enforcement, excessive noise control, freedom camping and general bylaw enforcement.

IDENTIFIED EFFECTS ON THE COMMUNITY

Local authorities are required to monitor and enforce central government legislation. Failure to effectively enforce and monitor legislation can lead to significant adverse environmental, health and nuisance concerns across our District. This is mitigated through an appropriate enforcement and monitoring regime.

KEY ACHIEVEMENTS

Overall, the department and Council's regulatory enforcement contractor, Armourguard have responded well considering the significant impact of COVID-19 and well-being impacts on staffing capacity.




The department's Environmental Health team has three key performance measures relating to food, health and alcohol. The team have exceeded the statutory measures in relation to both food and alcohol. In relation to the Health Act and more specifically, the 'Registration of Premises Regulations' performance measures, the department responded strongly considering the impact of COVID-19 on staff capacity.

CONTRIBUTION TO THE FOUR WELL-BEINGS

Health and Bylaws make an important contribution across all four well-beings:

Key Health and Bylaws functions	Contribution to social, economic, environmental, and cultural well-being
ENVIRONMENTAL HEALTH 	Ensuring compliance with food, health and alcohol licensing is an important function that promotes the health and well-being of our District. The timely processing of licensing helps ensure our economic well-being is maintained.
BYLAW ENFORCEMENT 	Bylaw enforcement and the control of dogs, stock and noise helps to ensure the environment, social, economic and cultural well-being of our District.






CONTRIBUTION TO COMMUNITY OUTCOMES

Community Outcomes	Contribution to Community Outcomes
High contribution	
CARING FOR THE ENVIRONMENT 	The enforcement of bylaws and the implementation of the Health Act 1956 through the Environmental Health team ensures our environment is protected.
PROUD TO BE LOCAL 	Ensuring compliance with our bylaws and the Health Act 1956 contributes to the appearance of our District and the community's enjoyment of places and spaces.
Medium contribution	
POSITIVE ABOUT THE FUTURE 	Regulatory processes are clear and simple and enable economic activity while appropriately protecting our communities from nuisance activities.



HOW WE PERFORMED

Levels of Service

-  Mandatory performance measures
-  Achieved
-  Not achieved
-  Not measured
-  Target differs from current year

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




PERFORMANCE MEASURE 8.5.1 Percentage of complaints responded to within contracted timeframes.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
≥85%	 71.6%	 75%	 79%

The department and Council's regulatory enforcement contractor, Armourguard has responded well considering the significant impact of COVID-19 and the well-being impacts on staffing capacity along with the challenges transitioning between customer request management systems.

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



PERFORMANCE MEASURE 8.6.1 Percentage of Health Act registered premises inspected annually.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
100%	 99%	 105.1%	 87.7%

The team had 78 premises to inspect during the year but, primarily due to the impact of COVID-19 on staff absenteeism, they managed to inspect only 77, one fewer than the 100% target.

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

PERFORMANCE MEASURE 8.7.1 Percentage of food businesses verified within timeframes as specified by the Food Act 2014.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
100%	 111%	 100%	 108%

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

PERFORMANCE MEASURE 8.8.1 Percentage of alcohol licensed premises inspected annually.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
100%	✓ 105%	✓ 102.4%	✗ 84.5%

WHAT PLANNING AND REGULATORY COST

	\$000		
	2020-21 LTP	2021-22 LTP	2021-22 Actual
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	7,431	11,088	6,168
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	267	-
Fees and charges	8,992	9,276	10,514
Internal charges and overheads recovered	4,187	4,068	3,728
Local authorities fuel tax, fines, infringement fees and other receipts	1,209	1,738	1,666
Total Operating Funding	21,819	26,437	22,076
Applications of Operating Funding			
Payments to staff and suppliers	11,294	13,863	12,451
Finance costs	-	-	-
Internal charges and overheads applied	10,525	10,011	9,738
Other operating funding applications	-	-	-
Total Applications of Operating Funding	21,819	23,874	22,189
Surplus / (Deficit) of Operating Funding	-	2,563	(113)

	\$000		
	2020-21 LTP	2021-22 LTP	2021-22 Actual
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	209
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	-	-	209
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	-	1,281	-
to replace existing assets	-	1,282	96
Increase / (decrease) in reserves	-	-	-
Increase / (decrease) of investments	-	-	-
Total Applications of Capital Funding	-	2,563	96
Surplus / (Deficit) of Capital Funding	-	(2,563)	113
Funding Balance	-	-	-

Operational variance explanations

General rates, uniform annual general charges, rates penalties were lower than the LTP as less funding was required to fund this activity largely due to lower capital expenditure.

Capital variance explanations

Capital expenditure is lower than the LTP due to a delay in starting the Animal Shelter project.



9. Governance and Strategy

Governance and Strategy activity includes a number of important functions that support our District being inclusive, resilient and sustainable. This activity includes:



Democracy and Assurance which run our governance functions and manage our risks.



The strategy department focuses on key issues such as climate change while also looking after policies and bylaws, spatial planning projects and corporate plans like the Long Term Plan (LTP).



Māori Relationships to support our partnership with hapū and the Te Kārearea Strategic Standing Committee.



District Development and Commercial Property, which support economic activity in the District and manage our commercial property portfolio.

The combined functions of Governance and Strategy promote the social, economic, environmental and cultural well-being of the District.





Democracy and Assurance

WHAT WE DO

This activity includes the democratic and assurance functions of our organisation, which drive robust and transparent decision-making. Governance functions include supporting all Council meetings, briefings and workshops, alcohol licensing hearings, provision of consultation advisory services and support for community engagement.

Also covered are Council’s risk and assurance processes, including working across the business to identify and categorise risks, provision of the internal legal function, and support for Council Organisations. Executive support for the Mayor’s office is also provided.

IDENTIFIED EFFECTS ON THE COMMUNITY


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

KEY ACHIEVEMENTS

Key achievements this year include maintaining flexibility in our democratic services team to provide governance for online and hybrid Council meetings during COVID-19 restrictions. This successfully enabled decision-making functions to continue though the uncertainty. Live streaming of Council meetings continues, via Facebook, which enables greater public participation in the decision-making process.

CONTRIBUTION TO THE FOUR WELL-BEINGS

Democracy and Assurance make an important contribution across all four well-beings:

Key Democracy and Assurance functions	Contribution to social, economic, environmental, and cultural well-being
<p>DEMOCRACY</p> 	<p>Participation in the democratic process is a crucial component of social well-being. The democracy function also ensures that decision making happens appropriately and is transparent.</p>

Key Democracy and Assurance functions

Contribution to social, economic, environmental, and cultural well-being

ASSURANCE AND RISK



Identification and management of risk is crucial to Council and the wider District. Risks can relate to social, economic, environmental and cultural outcomes and therefore this function helps to promote all four well-beings.

CONTRIBUTION TO COMMUNITY OUTCOMES

Community Outcomes

Contribution to Community Outcomes

High contribution

POSITIVE ABOUT THE FUTURE



Democracy functions ensure transparent and robust decision-making.

PROUD TO BE LOCAL








The democracy function enables community participation in local governance.






HOW WE PERFORMED

Levels of Service



-  Mandatory performance measures
-  Achieved
-  Not achieved
-  Not measured
-  Target differs from current year

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

PERFORMANCE MEASURE 9.1.1 Responses to requests for information made under the Local Government Official Information Act 1987 and the Privacy Act 2020 are provided within relevant statutory timeframes.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
95%	 95.4%	 92%  100%	 100%  100%

PERFORMANCE MEASURE 9.1.2 Percentage of Council, committee and hearing agendas that meet relevant legislative timeframes.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
100%	 100%	 100%	 100%



Strategy

WHAT WE DO

This activity addresses the key strategic issues facing the District and ensures that Council responds in an integrated way. This activity includes:

- strategy development for key issues such as District growth and climate change
- place-based planning across the District
- statutory policies and bylaws
- corporate planning, including our Long Term Plan
- monitoring and reporting on key trends and data.

New government policy such as the National Policy Statement on Urban Development is placing greater emphasis on the need for strategic planning in areas with high rates of growth and development. Future reforms of the RMA are likely to place more emphasis on strategic and place-based planning.

Climate change is a key focus across our policy and strategy framework. The initial focus will be working across Council in delivery of climate change risk assessments which will inform future investment and planning decisions. We will also support sustainability outcomes and green house gas emissions reduction through our Action Plan and Sustainability Strategy.

IDENTIFIED EFFECTS ON THE COMMUNITY

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

KEY ACHIEVEMENTS

The Whangārei District Growth Strategy Te Rautaki Whakatipu o Te Kaunihera-ā-rohe o Whangārei was adopted. This provides a vision for how our District will grow and develop over the next 30 years. Three place-based spatial plans were adopted, including the Tikipunga Placemaking Plan, the Hikurangi Placemaking Plan and the Waterfront Precinct Plan. These plans were created in collaboration with the community, tangata whenua and stakeholders. They help guide our future planning, infrastructure work and projects in this area. They create a cohesive integrated plan that outlines how these areas will change and develop over the next 20-30 years, and how we want to achieve it. A major achievement was the adoption of Te Tai Tokerau Climate Adaptation Strategy, a region-wide strategy developed collaboratively by the Northland councils. A key component of this Strategy was the governance oversight by a Joint Committee of tangata whenua representation from within Te Tai Tokerau and elected members from each of the Northland councils. Work to






identify a pilot location for community adaptation planning also began. The Animals Bylaw was reviewed and subsequently amended by Council in May 2022. The Whangārei Inner City Living Business Case and Toolkit, developed collaboratively by Whangaree District Council and The Property Group Limited was awarded a New Zealand Planning Institute Best Practice Award in Non-statutory planning. The Whangārei Housing Capacity and Feasibility Online Tool was Highly Commended in the Strategic Planning and Guidance Category by the New Zealand Planning Institute. The NPS-UD Requirements for a Housing and Business Land Demand and Capacity Assessment was completed and will inform the forward work programme for the department.


Good progress has also been made in other areas. Placemaking planning is underway in Waipu and Parua Bay. The Housing Strategy began and is near completion and it is supported by the establishment of the Co-Governance Housing Committee. Initial planning to develop a Future Development Strategy as required under the National Policy Statement - Urban Development is underway. Progress continues through the actions in the Sustainability Strategy, including waste audits and understanding our carbon footprint.

These achievements and the progress made were despite significant staff vacancies in the department.





CONTRIBUTION TO THE FOUR WELL-BEINGS

Strategy make an important contribution across all four well-beings:

Key Strategy functions	Contribution to social, economic, environmental, and cultural well-being
<p>STRATEGY AND MONITORING</p> 	<p>Strategy development covers issues which can support all four well-beings, including climate change mitigation and adaptation, economic development, biodiversity and housing.</p>
<p>PLACE-BASED PLANNING</p> 	<p>Place-based planning, such as our placemaking programme, enables communities to directly engage with the future of their communities. This supports all four well-beings.</p>
<p>STATUTORY POLICIES AND BYLAWS</p> 	<p>Bylaws and statutory policies help protect the environment and amenity of our District as well as the safety of our communities.</p>

Key Strategy functions	Contribution to social, economic, environmental, and cultural well-being
<p>CORPORATE PLANNING</p> 	<p>Our Long Term Plan and Annual Plan set out what Council will do how we pay for it. It can therefore contribute to all four well-beings.</p>






CONTRIBUTION TO COMMUNITY OUTCOMES

Community Outcomes	Contribution to Community Outcomes
High contribution	
<p>EFFICIENT AND RESILIENT CORE SERVICES</p> 	<p>Our strategic planning ensures that core infrastructure is provided to meet the demands of growth in a managed and coordinated way.</p>
<p>CARING FOR THE ENVIRONMENT</p> 	<p>Strategic planning ensures our environment is cared for and that we plan for future climate related risks.</p>
<p>POSITIVE ABOUT THE FUTURE</p> 	<p>Strategic planning and implementation of key projects allow our City Centre to thrive.</p>
Medium contribution	
<p>PROUD TO BE LOCAL</p> 	<p>Placemaking allows the community to plan for the future of their community.</p>



HOW WE PERFORMED

Levels of Service

-  Mandatory performance measures  Achieved  Not achieved
 Not measured  Target differs from current year

9.2 Our policies and strategies remain up to date and relevant to the community.

PERFORMANCE MEASURE 9.2.1 Percentage of policies, bylaws and strategies that are reviewed within the relevant statutory timeframes.

2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result
100%	 100%	 100%	 0%



Māori Relationships

WHAT WE DO

Fostering meaningful and sustainable relationships with whānau, hapū, iwi, and mātāwaka (Māori who live in the District but affiliate to hapū and iwi outside the District) is a crucial function of this group. These relationships exist through specific programmes of work as well as larger scale workstreams such as that which sit under The Office for Māori Crown Relations.

Partnership enables us to work towards more robust decision-making and direction setting. Te Kārearea Strategic Standing Committee is a key decision making forum for our partnership with hapū.

Relationships also exist through operational programmes of work and key projects and initiatives.

IDENTIFIED EFFECTS ON THE COMMUNITY

Failure to engage with our Māori partners will lead to negative impacts across our environment and communities. To mitigate this we have operational processes and relationships for engagement with Māori, and have further strengthened our partnership with hapū through establishing Te Kārearea as a Standing Committee of Council.

KEY ACHIEVEMENTS

The Māori Outcomes Department has progressed the design of its priority engagement and cultural capability functions. The Māori Technical Advisor and Manager Māori Outcomes roles have both been successfully recruited for, with a Māori Engagement Adviser role still to be filled.

A communications campaign branded Tū Mai Māori Mā was initiated to encourage Māori to enrol, stand, and vote in the upcoming elections. The focus of the campaign was to explore different approaches to sharing information about standing for Council, and working channels to reach out to the general Māori population in the Whangārei District.

Whangārei District Council, on behalf of the Northland councils, has led the co-design with tangata whenua of a decision-making framework for both tangata whenua and local government. While still in development, the framework is intended to assist Council staff and decision makers with how to incorporate Te Ao Māori views to improve environmental sustainability and climate change adaptation planning.

Co-governance arrangements have been established through the Te Kārearea Strategic Partnership Committee and Hui, in addition, via a pilot through the Housing Strategy committee. To further build on the understanding of elected members and hapū on co-



governance, a series of workshops were delivered with presentations on working co-governance models and arrangements across the nation.



The intent is to inform recommendations to Council for continued implementation to give effect to a genuine and authentic Te Tiriti based partnership when committee structures are established in the next term.

CONTRIBUTION TO THE FOUR WELL-BEINGS

Māori Relationships make an important contribution to our cultural well-being:

Key Māori relationship functions	Promotion of social, economic, environmental, and cultural well-being
<p>MĀORI RELATIONSHIPS</p> 	<p>Partnership with hapū is essential to ensure our decision making promotes the cultural well-being of our District. This approach has wider benefits to the environmental, social and economic well-being of our Māori communities.</p>

CONTRIBUTION TO COMMUNITY OUTCOMES

Community Outcomes	Contribution to Community Outcomes
High contribution	
<p>CARING FOR THE ENVIRONMENT</p> 	<p>Partnership helps promote the importance of the environment and native biodiversity.</p>
<p>PROUD TO BE LOCAL</p> 	<p>Partnership with hapū and relationships with Māori communities are essential for the social and cultural well-being of the District.</p>



District Development

WHAT WE DO

Enabling and promoting economic activity in the District is a key strategic driver for District Development. This activity includes:

- the promotion of our District for tourism and business activity
- supporting business and key projects through the development process
- working with Northland Inc, the region's economic development agency.

This activity includes the management of our commercial property portfolio. This involves maintenance of buildings and tenancy management as well as property purchases and sales. The commercial property portfolio is guided by our Commercial Property Committee.

IDENTIFIED EFFECTS ON THE COMMUNITY

Failure to work in partnership with businesses can have a negative impact on our economy.

KEY ACHIEVEMENTS

This year District Development has progressed on several fronts. The establishment of the Commercial Property Committee and a Te Kārearea Property Working Group provided the opportunity for governance oversight from elected members and hapū on the direction and development opportunities of our commercial property portfolio. This included exploring some private sector development opportunities as well as commencing refurbishment of some existing commercial stock.

The refresh of the WhangareiNZ.com website has been completed and included work articulating our district's unique selling points. This allows us to tell a more compelling narrative as to what makes our district attractive to visitors, businesses and potential future residents.



The department has working closely with local businesses and Northland Inc to provide business capability building opportunities on matters that directly impact their ability to attract workers and engage with local government on procurement and development. The filling of the Customer Relations Business Success role has provided a dedicated resource to assist local and outside businesses navigate the pathway to creating positive developments. The wider community will benefit alongside those businesses.

The department continues to work with Northland Inc and other Northland councils in the development of a regional economic development strategy.





CONTRIBUTION TO THE FOUR WELL-BEINGS

District Development make an important contribution to our economic and social well-being:

Key District Development functions	Contribution to social, economic, environmental, and cultural well-being
DISTRICT DEVELOPMENT 	Promoting our District and supporting business activity benefits our economic well-being. The creation of jobs and income can support our social well-being.
COMMERCIAL PROPERTY 	The management of our commercial property enables economic activity to take place.

CONTRIBUTION TO COMMUNITY OUTCOMES

Community Outcomes	Contribution to Community Outcomes
High contribution	
POSITIVE ABOUT THE FUTURE 	<p>Strategic management of commercial property will enable our District to grow and thrive.</p> <p>Promotion of tourism will support a number of local businesses across the District.</p>
PROUD TO BE LOCAL 	Partnership with local businesses will support our District's economy.

WHAT GOVERNANCE AND STRATEGY COST

	\$000		
	2020-21 LTP	2021-22 LTP	2021-22 Actual
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	1,996	6,139	1,268
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	45
Fees and charges	-	-	-
Internal charges and overheads recovered	339	418	357
Local authorities fuel tax, fines, infringement fees and other receipts	6,460	5,638	6,133
Total Operating Funding	8,794	12,195	7,803
Applications of Operating Funding			
Payments to staff and suppliers	5,551	8,774	5,378
Finance costs	270	204	123
Internal charges and overheads applied	1,908	2,174	2,129
Other operating funding applications	-	-	-
Total Applications of Operating Funding	7,729	11,152	7,630
Surplus / (Deficit) of Operating Funding	1,065	1,043	173
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	600	-
Development and financial contributions	-	-	-
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	1,295
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	-	600	1,295



	\$000		
	2020-21 LTP	2021-22 LTP	2021-22 Actual
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	1,065	4,385	68
to replace existing assets	-	-	106
Increase / (decrease) in reserves	-	(2,742)	1,294
Increase / (decrease) of investments	-	-	-
Total Applications of Capital Funding	1,065	1,643	1,468
Surplus / (Deficit) of Capital Funding	(1,065)	(1,043)	(173)
Funding Balance	-	-	-

Operational variance explanations

General rates, uniform annual general charges, rates penalties is less than the LTP largely due to this activity having lower than budgeted operating expenditure.

Payments to staff and suppliers is below the LTP primarily as a result of less spend on the new airport evaluation project, staff vacancies and lower professional fees.

Capital variance explanations

Capital expenditure is lower than the LTP mainly due to no commercial property purchases.

An unbudgeted property sale resulted in proceeds from the sale.

The variance in reserves is a result of these two property variances and their impact on the Property Revaluation reserve.



10. Support Services

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

FINANCE SERVICES, RATES AND REVENUE

These departments play a key stewardship role. As well as facilitating the development of an effective Financial Strategy, the team supports Council in managing its financial resources on a day-to-day and long-term basis. These departments provide the planning for, and monitoring and reporting of Council's financial and business resources while our treasury function actively manages Council's debt and investment positions for both the short and long-term.

We also administer transactional functions including rates, water billing, accounts receivable and receipting, including the efficient administration and maintenance of property records by ensuring the Rating Information Database and other property information systems are kept up to date. Efficient billing processes are undertaken for land and water rates as well as sundry debt and receipting functions for all of Council. Direct debit processing and timely follow up of overdue amounts mean that arrears are kept to a minimum. Our team also supports some Council Controlled Organisations by providing shared financial services to them.

PEOPLE AND CAPABILITY

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

CAPITAL PROJECTS, PLANNING AND DEVELOPMENT ENGINEERING

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



ICT

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

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

COMMUNICATIONS

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

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

BUSINESS SUPPORT

Business support provides a raft of support services to Council including premises, office furniture, vehicle fleet, phones, contracts (including tenancy agreements and security) and custodial and mail services.

This department also provides centre of expertise and organisational co-ordination for procurement and contract management functions. The team lead knowledge management disciplines including digitisation, management of physical and digital records, and compliance with relevant documentation.

WHAT SUPPORT SERVICES COST

	\$000		
	2020-21 LTP	2021-22 LTP	2021-22 Actual
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	4,727	4,669	2,781
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	271	668	790
Internal charges and overheads recovered	23,217	21,044	22,915
Local authorities fuel tax, fines, infringement fees and other receipts	255	-	322
Total Operating Funding	28,470	26,381	26,808
Applications of Operating Funding			
Payments to staff and suppliers	17,910	18,914	21,014
Finance costs	1,245	1,227	1,182
Internal charges and overheads applied	2,689	1,711	2,162
Other operating funding applications	-	-	-
Total Applications of Operating Funding	21,844	21,852	24,358
Surplus / (Deficit) of Operating Funding	6,625	4,529	2,450
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	422
Development and financial contributions	-	-	-
Increase / (decrease) in debt	12,414	27,533	26,539
Gross proceeds from sale of assets	-	-	93
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	12,414	27,533	27,054



\$000

2020-21
LTP2021-22
LTP2021-22
Actual**Applications of Capital Funding**

Capital expenditure

to meet additional demand	26	531	445
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to improve levels of service	17,542	29,376	11,377
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to replace existing assets	831	2,155	17,682
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Increase / (decrease) in reserves	640	-	-
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Increase / (decrease) of investments	-	-	-
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Total Applications of Capital Funding	19,039	32,062	29,504
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Surplus / (Deficit) of Capital Funding	(6,625)	(4,529)	(2,450)
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Funding Balance	-	-	-
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Operational variance explanations

No material variances.

Capital variance explanations

The variance between capital expenditure to improve levels of service and to replace existing assets largely offsets and has arisen due to a change in the expected splits for the Civic Centre.



FINANCIAL

INFORMATION

TE PĀRONGO AHUMONI

Financial statements

Statement of Comprehensive Revenue and Expenditure

<i>For the year ended 30 June 2022</i>		\$'000				
		Council			Group	
	Note	Actual 2022	Budget 2022	Actual 2021	Actual 2022	Actual 2021
Revenue						
Rates	2	111,203	111,033	102,372	111,203	102,372
Development contributions		12,717	7,078	8,112	12,717	8,112
Subsidies and grants	3	33,427	49,154	44,638	34,061	44,638
Fees and charges	4	17,779	16,315	16,979	17,779	16,979
Interest revenue	5	430	136	535	454	577
Other revenue	6	52,240	19,093	43,619	55,749	54,346
Share of profit/(loss) from joint ventures		1,855	-	1,348	1,870	1,392
Total revenue		229,651	202,809	217,603	233,833	228,416
Expenses						
Personnel costs	7	29,655	30,833	28,157	31,160	28,721
Depreciation and amortisation*	20	49,218	47,891	44,450	49,616	44,548
Finance costs	5	5,671	5,588	4,981	5,671	4,981
Other expenses*	8	85,645	78,418	86,964	86,440	86,970
Total expenses		170,189	162,730	164,552	172,887	165,220
Surplus/(deficit) before tax		59,462	40,079	53,051	60,946	63,196
Income tax expense	9	-	-	-	(137)	(16)
Surplus from continuing operations		59,462	40,079	53,051	61,083	63,212
Surplus/(deficit) after tax		59,462	40,079	53,051	61,083	63,212

<i>For the year ended 30 June 2022</i>				\$000	
				Council	
Note	Actual 2022	Budget 2022	Actual 2021	Actual 2022	Actual 2021
Surplus/(deficit) after tax	59,462	40,079	53,051	61,083	63,212
Other comprehensive revenue and expense					
Items not classified to surplus/(deficit)					
Gain/(loss) on infrastructure revaluations	26	290,073	78,595	7,231	290,073
Gain/(loss) on other asset revaluations	26	20,316	-	385	20,316
Total comprehensive income		369,851	118,674	60,667	371,472

Surplus is attributable to:

Explanations of major variances against budget are provided in note 32.

The Accounting Policies and Notes on pages 150 - 261 form part of these financial statements.

*The comparatives have been restated to reflect a change in accounting policy. Refer to 'Software as a service (SaaS) arrangements' in the Basis of preparation section.

Statement of Changes in Equity

<i>For the year ended 30 June 2022</i>				\$000	
				Council	
Note	Actual 2022	Budget 2022	Actual 2021	Actual 2022	Actual 2021
Opening balance as at 1 July	1,735,613	1,718,363	1,674,946	1,767,823	1,696,995
Total comprehensive revenue and expense	369,851	118,674	60,667	371,472	70,828
Balance at 30 June	26	2,105,464	1,837,037	1,735,613	2,139,295

The Accounting Policies and Notes on pages 150 - 261 form part of these financial statements.

Statement of Financial Position

As at 30 June 2022		\$000				
		Council			Group	
Note	Actual 2022	Budget 2022	Actual 2021	Actual 2022	Actual 2021	
ASSETS						
Current assets						
Cash and cash equivalents	10	31,948	26,565	27,001	34,636	32,075
Debtors and receivables	11	28,065	20,596	15,961	28,580	16,024
Other financial assets	13	461	532	487	1,041	487
Other current assets*	12	1,609	1,369	1,481	1,877	1,498
Assets held for sale	14	410	-	-	410	-
Total current assets		62,493	49,062	44,930	66,544	50,084
Non-current assets						
Derivative financial instruments	21	6,011	-	98	6,011	98
Other financial assets:	13					
- Investment in other entities		4,303	3,046	3,760	4,316	3,782
- Investment in CCO's and similar entities		11,180	11,223	10,825	9,046	8,643
Property, plant and equipment	18	2,152,079	1,944,800	1,797,763	2,185,560	1,828,891
Intangible assets*	19	9,214	12,394	7,956	9,279	7,956
Forestry assets	16	854	819	854	854	854
Investment properties	15	97,463	78,492	90,369	97,463	90,369
Other non-current assets*	17	2,861	-	3,434	2,861	3,434
Total non-current assets		2,283,965	2,050,774	1,915,059	2,315,390	1,944,027
Total assets		2,346,458	2,099,836	1,959,989	2,381,934	1,994,111

As at 30 June 2022		\$'000				
		Council			Group	
Note	Actual 2022	Budget 2022	Actual 2021	Actual 2022	Actual 2021	
LIABILITIES						
Current liabilities						
Payables and deferred revenue	22	37,191	28,600	33,440	38,119	34,570
Derivative financial instruments	21	-	142	452	-	452
Current borrowings	24	30,000	30,000	30,000	30,000	30,000
Employee benefits liabilities	25	3,589	3,124	3,245	3,724	3,308
Provisions	23	5,797	47	1,112	5,797	1,112
Total current liabilities		76,577	61,913	68,249	77,640	69,442
Non-current liabilities						
Derivative financial instruments	21	687	20,923	12,571	687	12,571
Non-current borrowings	24	162,000	179,000	142,000	162,000	142,000
Employee benefits liabilities	25	522	420	464	522	464
Provisions	23	601	453	749	601	749
Payables and deferred revenue	22	607	90	343	607	343
Deferred tax liability	9	-	-	-	582	719
Total non-current liabilities		164,417	200,886	156,127	164,999	156,846
Total liabilities		240,994	262,799	224,376	242,639	226,288
Net assets		2,105,464	1,837,037	1,735,613	2,139,295	1,767,823
EQUITY						
Accumulated funds	26	1,048,305	1,007,134	1,001,156	1,082,131	1,032,802
Reserves and special funds	26	68,673	59,819	54,237	68,678	54,801
Asset revaluation reserve	26	988,486	770,084	680,220	988,486	680,220
Total equity		2,105,464	1,837,037	1,735,613	2,139,295	1,767,823

Explanations of major variances against budget are provided in note 32.

The Accounting Policies and Notes on pages 150 - 261 form part of these financial statements.

*The comparatives have been restated to reflect a change in accounting policy. Refer to 'Software as a service (SaaS) arrangements' in the Basis of preparation section.

Statement of Cash Flows

For the year ended 30 June 2022	\$000				
	Council			Group	
	Actual 2022	Budget 2022	Actual 2021	Actual 2022	Actual 2021
Cash flows from operating activities					
Receipts from rates revenue	111,670	110,767	104,629	111,670	104,629
Subsidies and grants received	27,474	49,098	50,910	27,474	50,910
Other revenue including development contributions	22,600	16,385	20,103	27,346	31,199
Fees and charges received	16,299	16,282	19,163	16,299	19,163
Interest received	406	135	597	429	639
Dividends received	26	35	26	26	26
Payments to suppliers and employees*	(104,827)	(114,033)	(114,113)	(108,509)	(115,036)
Interest paid	(5,349)	(5,588)	(4,928)	(5,349)	(4,929)
GST (net)	(324)	-	(1,028)	(324)	(1,028)
Net cash flow from operating activities	67,975	73,081	75,359	69,062	85,573
Cash flows from investing activities					
Proceeds from sale of fixed assets	1,386	-	645	1,409	645
Receipts from investments and loans	1,820	1,522	2,403	1,868	5,290
Purchase and development of fixed assets*	(85,405)	(112,343)	(106,481)	(88,371)	(117,368)
Purchase of investments & loans provided	(1,000)	-	(1,075)	(1,578)	(1,075)
Net cash flow from investing activities	(83,199)	(110,821)	(104,508)	(86,672)	(112,508)

<i>For the year ended 30 June 2022</i>	\$000				
	Council			Group	
	Actual 2022	Budget 2022	Actual 2021	Actual 2022	Actual 2021
Cash flows from financing activities					
Proceeds from borrowing	70,000	37,000	83,000	70,000	83,000
Loan repayments received	171	-	130	171	130
Repayment of borrowings	(50,000)	-	(63,000)	(50,000)	(63,000)
Loans granted	-	-	(40)	-	(40)
Net cash from financing activities	20,171	37,000	20,090	20,171	20,090
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	4,947	(740)	(9,059)	2,561	(6,845)
Cash, cash equivalents, and bank overdrafts at the beginning of the year	27,001	27,305	36,060	32,075	38,920
Cash, cash equivalents, and bank overdrafts at the end of the year	31,948	26,565	27,001	34,636	32,075

During the period property, plant and equipment totalling nil (2021: nil) was acquired by means of finance leases.

The Accounting Policies and Notes on pages 150 - 261 form part of these financial statements.

*The comparatives have been restated to reflect a change in accounting policy. Refer to 'Software as a service (SaaS) arrangements' in the Basis of preparation section.

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

For the year ended 30 June 2022	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Surplus/(deficit) after tax	59,462	53,051	61,083	63,212
Share of associate's surplus	(1,855)	(1,348)	(1,870)	(1,392)
Depreciation and amortisation expense*	49,218	44,450	49,616	44,548
Net vested and found assets	(15,017)	(6,803)	(15,017)	(6,803)
(Gains)/losses in fair value of forestry assets	-	(35)	-	(35)
(Gains)/losses in fair value of investments	(9,004)	(15,553)	(9,004)	(15,553)
Other non-cash items	236	1,033	236	1,033
Change in fair value of derivatives	(18,250)	(8,139)	(18,250)	(8,139)
(Gains)/losses in value of Community Loans	1	(40)	1	(40)
Total non-cash items	5,329	13,565	5,712	13,619
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant, and equipment	7,917	668	7,917	787
Add/(less) movements in working capital items				
(Inc)/Dec in debtors and other receivables	(12,105)	3,909	(12,557)	3,689
(Inc)/Dec in other current assets*	(128)	(3,545)	(379)	(3,549)
Inc/(Dec) in creditors and other payables	2,561	6,182	2,412	6,333
Inc/(Dec) in provisions	4,537	1,294	4,537	1,294
Inc/(Dec) in deferred tax liability	-	-	(137)	(16)
Inc/(Dec) in employee entitlements	402	235	474	204
Net movement in working capital items	(4,733)	8,075	(5,650)	7,955
Net cash inflow/(outflow) from operating activities	67,975	75,359	69,062	85,573

*The comparatives have been restated to reflect a change in accounting policy. Refer to 'Software as a service (SaaS) arrangements' in the Basis of preparation section.

Notes to the Financial Statements

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NOTE 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2022

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, Hatea Art Precinct Trust, Northland Events Centre (2021) Trust, Whangārei Waste Limited and Whangārei Quarry Gardens Trust) and the equity accounted results of the joint venture entities in which Council is a venturer (Whangārei 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 2022. The financial statements were authorised for issue by Council on 23 March 2023.

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.

AUDIT COMPLETED LATE

The Whangarei District Council was required under section 98(4) of the Local Government Act 2002 to complete its audited financial statements and service performance information by 31 December 2022. This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of COVID-19.

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).

THREE WATERS REFORM

The New Zealand Government is implementing a water services reform that is intended to ensure all New Zealanders have safe, clean and affordable water services. This will be achieved by establishing four publicly owned water services entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand from 1 July 2024.

The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022: this contains the water entities' ownership, governance and accountability arrangements. This act received royal assent on 14 December 2022.
- The Water Services Legislation Bill: this provides water services entities with the necessary legislative functions, responsibilities, and powers to be fully operational from the 'go live' date on 1 July 2024. This is currently at select committee stage and was open for public submissions until 12 February 2023.
- Water Services Economic Efficiency and Consumer Protection Bill: this will provide the economic regulation and consumer protection framework for water services. It is also currently at select committee stage and was open for public submissions until 12 February 2023.

The impact of this reform will mean that Whangarei District Council will no longer deliver three waters services or own the assets required to deliver these services. Until the above bills receive royal assent, the financial impact of the transfer on Whangarei District Council remains uncertain.

STANDARDS ISSUED AND NOT YET EFFECTIVE THAT HAVE BEEN EARLY ADOPTED

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

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

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 establishes requirements for the recognition and measurement of financial instruments by Tier 1 and Tier 2 public benefit entities. When applied, PBE IPSAS 41 supersedes most of PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IPSAS 41 also supersedes PBE IFRS 9 Financial Instruments, had an entity previously applied PBE IFRS 9. PBE IPSAS 41 is effective for financial years beginning on or after 1 January 2022, with early adoption 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
- New impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses
- New disclosures as required by amended PBE IPSAS 30 Financial Instruments: Disclosures

We have completed an initial assessment regarding the effect of the new standard PBE IPSAS 41 and do not expect any significant changes to Council's financial statements.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with early application permitted. Council has not yet determined how application of PBE FRS 48 will affect its statement of service performance. It does not plan to adopt the standard early.

CHANGES IN ACCOUNTING POLICIES

Amendment to PBE IPSAS 2 Cash Flow Statement

An amendment to PBE IPSAS 2 requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment is effective for the year ending 30 June 2022. The new information required by this amendment has been disclosed in Note 29d.

PBE IPSAS 40 PBE Combinations

PBE IPSAS 40 replaces PBE IFRS 3 Business Combinations. PBE IFRS 3 excluded from its scope combinations under common control and combinations arising from local authority reorganisations. These are now included within the scope of PBE IPSAS 40, through the inclusion of both acquisition and amalgamation accounting. This new standard is effective for the year ending 30 June 2022. The adoption of this standard resulted in an immaterial impact on the financial statements.

Software as a Service (SaaS) arrangements

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

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

Some of these costs incurred are for the development of software that enhances or modifies, or creates additional capability to, existing on-premises systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis.

Costs that do not result in intangible assets are expensed as incurred unless they represent payment for future services to be received. In which case a prepayment is initially recognised and then expensed as those subsequent services are received.

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

The Group revised its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements from 1 July 2021 to be consistent with the

IFRIC agenda decision. The Group applied the change in accounting policy retrospectively and has restated comparative balances. The impact of the change in accounting policy is that some of the previously capitalised intangible assets no longer meet the criteria for capitalisation and have therefore been expensed or where they represent payment for future services to be received are recorded as prepayments.

The impact on the financial statements is detailed below:

	\$'000		
	Reported 1 Jul 2020	Adjustments	Restated 1 Jul 2020
Statement of Financial Position			
Other current assets	1,369	578	1,947
Other non-current assets	-	4,007	4,007
Intangible assets	11,361	(4,585)	6,776
			\$'000
	Reported 30 Jun 2021	Adjustments	Restated 30 Jun 2021
Statement of Financial Position			
Other current assets	907	573	1,481
Other non-current assets	-	3,434	3,434
Intangible assets	11,963	(4,007)	7,956
Statement of Comprehensive Revenue & Expense			
Depreciation and amortisation	45,028	(578)	44,450
Other expenses	86,386	578	86,964
Statement of Cash Flows			
Payments to suppliers and employees	(109,528)	(4,585)	(114,113)
Purchase and development of property, plant & equipment, and investment properties	(111,066)	4,585	(106,481)
Summary Funding Impact Statement			
Payments to staff and suppliers	111,971	578	112,549
Increase / (decrease) in reserves	(18,820)	(578)	(19,398)
Reconciliation between Statement of Comprehensive Revenue and Expenditure and the Summary Funding Impact Statement			
Depreciation and amortisation	45,028	(578)	44,450

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

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows of entities in the group on a line-by-line basis. All intragroup balances, transactions, revenues, and expenses are eliminated on consolidation.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date when Council obtains control of the entity and ceases when Council loses control of the entity.

Control over an entity is determined when Council has exposure, or rights, to variable benefits from its involvement with the entity and has the ability to affect the nature or amount of those benefits through its power over the other entity. Council considers all relevant facts and circumstances in assessing whether it has power over another entity. For example, the ability to appoint or remove a majority of the entity's governance and management, binding arrangements Council enters into, group voting rights, and pre-determination mechanisms. Council reassesses whether or not it controls another entity if facts and circumstances change.

Council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the consideration transferred is lower than the net fair value of Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in surplus or deficit.

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 Whangārei 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 2021-31 Long Term 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 18)
- assumptions and estimates are applied in determining the fair value of infrastructure assets (more information is provided in note 18)
- 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 23)

- Council relies on the assumptions and estimates made by external valuers when performing the investment property, pensioner housing and infrastructure asset revaluation (more information is provided in note 15 and 18)

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 2022:

- 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.
- acting as principal: Council considers that it acted as the principal in the MBIE Te Tai Tokerau Redeployment Package arrangement under IPSAS PBE 9, due to Council being responsible for delivering the services contracted to MBIE. Please refer to note 3 (Subsidies and Grants) for additional information.

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.

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
General rates	76,583	61,898	76,583	61,898
Less internal rates on Council properties	(1,824)	(1,504)	(1,824)	(1,504)
Total general rates revenue	74,759	60,394	74,759	60,394
Targeted rates:				
Wastewater rates	21,830	20,175	21,830	20,175
District-wide refuse management	-	7,503	-	7,503
Metered water supply	13,902	13,897	13,902	13,897
Hikurangi swamp	1,170	1,133	1,170	1,133
Water rates	871	866	871	866
Roading scheme	65	24	65	24

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Total targeted rates	37,838	43,598	37,838	43,598
Rate remissions	(2,128)	(1,954)	(2,128)	(1,954)
Rate penalties	734	334	734	334
Total rates, excluding targeted water supply rates	111,203	102,372	111,203	102,372

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 2022 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	\$'000	
	Council	
	Actual 2022	Actual 2021
Rates	111,203	102,372
Internal rates	1,824	1,504
Total annual rates income	113,027	103,876

Rating base information

The number of rating units within Council's District at the end of the year was 46,203 (June 2021: 45,497).

The total capital value of rating units within Council's District at the end of the year was \$40,910,735,232 (June 2021: \$29,957,339,404).

The total land value of rating units within Council's District at the end of the year was \$21,320,310,332 (June 2021: \$14,827,879,750).

NOTE 3: SUBSIDIES AND GRANTS

Accounting policy

Council receives funding assistance from the Waka Kotahi NZ 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.

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Waka Kotahi roading subsidies	17,443	22,696	17,443	22,696
Other grants	9,656	4,191	9,656	4,191
Wastewater	44	702	44	702
Subsidiaries	-	-	634	-
Ministry of Health drinking water related subsidies	6,284	3,729	6,284	3,729
Te Tai Tokerau MBIE redeployment funding	-	13,320	-	13,320
Total subsidies and grants	33,427	44,638	34,061	44,638

At balance date, there are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2021: nil).

Te Tai Tokerau Worker Redeployment Package (2021)

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

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

Further to the above, Government allocated both Whangarei District Council and Far North District Council a further \$2 million each to help support worker redeployment and associated capital expenditure to address flood damage in Northland to roads, culverts and drains and associated infrastructure after the floods/storm event in late July. In August 2020, this additional funding was incorporated by way of a variation to the original funding

agreement. Subsequent to the variation of the funding agreement, Te Tai Tokerau would receive \$13.32 million.

Whangarei District Council acted as the principal in this arrangement. Funds have been received by Whangarei District Council and distributed as detailed within the agreement to Far North District Council, Northland Regional Council, Kaipara District Council, and Waka Kotahi NZ Transport Agency as well as to Whangarei District Council itself. Whangarei District Council's share of the funding is \$4.78 million.

The funding received under this agreement is non-exchange revenue as the services provided are of approximately equal value as the funding received. During the 30 June 2021 financial year, Council has recognised the gross funding received as grants revenue, as all obligations for the funding have been met. Funds paid to other local authorities have been recognised as grants expenditure, as all obligations have been met.

Three Waters Reform Programme

The New Zealand Government is undertaking a reform programme for "Three Waters" (drinking water, wastewater and stormwater) service delivery for communities (Three Waters Reform Programme). In conjunction with the Three Waters Reform Programme, the New Zealand Government is investing in water service delivery.

Total funding agreement from Ministry of Health (DIA) drinking water related subsidies totals \$11.8 million. The funding received under this agreement is non-exchange revenue, as the services provided are not of approximately equal value as the funding received. Revenue is recognised by Council when all milestones and obligations have been met for each instalment under the contract.

Other Grants

Other grants is largely made up of funding from Ministry of Business Innovation and Employment (MBIE) through Crown Infrastructure Partners and the Tourism Infrastructure Fund.

Crown Infrastructure Partners

In Budget 2020, Cabinet agreed to provide a \$3 billion investment in infrastructure to support New Zealand's economic recovery as part of the 11 May COVID-19 Response and Recovery Fund.

The Government established the Infrastructure Reference Group (IRG) to identify a pipeline of shovel-ready projects to support the economy during the COVID-19 rebuild. This process was supported by Crown Infrastructure Partners (CIP).

Whangarei District Council has two active agreements with MBIE, providing total funding of \$16 million. The funding received under this agreement is non-exchange revenue, as the services provided are not of equal value as the funding received. Revenue is recognised by Council when all milestones and obligations have been met for each instalment under the contract.

Tourism Infrastructure Fund

In Budget 2017, the Government established the Tourism Infrastructure Fund (TIF), providing \$25 million per year for the development of tourism-related public infrastructure.

Whangarei District Council has several funding agreements from the TIF, providing total funding of \$4.5 million. The funding received under this agreement is non-exchange revenue, as the services provided are not of equal value as the funding received. Revenue is recognised by Council when all milestones and obligations have been met for each instalment under the contract.

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.

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Building and resource consent charges	8,017	7,433	8,017	7,433
Sale of goods	2,510	2,308	2,510	2,308
Other fees and charges	5,362	4,800	5,362	4,800
Parking fees	1,518	1,992	1,518	1,992
Transfer station fees	372	446	372	446
Total fees and charges	17,779	16,979	17,779	16,979

NOTE 5: INTEREST REVENUE AND FINANCE COSTS

Accounting Policy

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

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Interest revenue				
Interest revenue:				
- cash and term deposits	424	525	424	526
- community loans	2	3	2	3
- other	4	7	28	48
Total interest revenue	430	535	454	577
Finance costs				
Interest expense:				
- discount unwind on provision (note 23)	20	15	20	15
- interest on bank borrowings	2,656	1,768	2,656	1,768
- interest paid on derivatives	2,995	3,198	2,995	3,198
Total finance costs	5,671	4,981	5,671	4,981
Net finance costs	5,241	4,446	5,217	4,404

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	\$'000			
		Council		Group	
		Actual 2022	Actual 2021	Actual 2022	Actual 2021
Forestry asset revaluation gains/ (losses)	16	-	35	-	35
Traffic and parking infringements		1,387	1,325	1,387	1,376
Rental revenue		5,466	4,858	5,733	4,859
Investment property revaluation gains/(losses)	15	9,004	15,553	9,004	15,553
Donations and bequests		-	-	2,511	10,611
Other		2,381	5,118	3,112	5,182
Petrol tax		649	690	649	690
Vested assets		15,017	6,803	15,017	6,803
Dividend revenue		26	26	26	26
Fair value gains		-	40	-	40
Gains on property sales		60	1,032	60	1,032
Gain on derivatives		18,250	8,139	18,250	8,139
Total other revenue		52,240	43,619	55,749	54,346

NOTE 7: PERSONNEL COSTS

Accounting Policy

SALARIES AND WAGES

Salaries and wages are recognised as an expense as employees provide services.

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.

			\$'000	
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Salaries and wages	28,562	27,185	30,048	27,743
Other personnel costs	133	125	152	131
Defined contribution plan employer contributions	745	715	745	715
Increase/(decrease) in employee entitlements/liabilities	215	132	215	132
Total personnel costs	29,655	28,157	31,160	28,721

Remuneration

KEY MANAGEMENT PERSONNEL REMUNERATION

	\$'000	
	Council	
	Actual 2022	Actual 2021
Elected members		
Remuneration	994	987
Full time equivalent (FTE) members	14	14

	\$'000	
	Council	
	Actual 2022	Actual 2021
Executive leadership team, including the Chief Executive		
Remuneration	2,001	1,861
Full time equivalent (FTE) members	8	8
Total key management personnel remuneration	2,995	2,848
Total key management personnel FTE members	22	22

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 \$528,656 (2021: \$345,025). This figure includes remuneration and non-financial benefits received by two individuals. The contract for Council's exiting Chief Executive ended on 30 June 2022. The contract for Council's current Chief Executive started in the beginning of May 2022. This total includes the payout of all entitlements included within the exiting Chief Executives contract.

	\$'000	
	Council	
	Actual 2022	Actual 2021
Elected Members		
Mayor - MAI	151	147
Councillor - BENNEY	76	76
Councillor - COCURULLO	59	59
Councillor - CONNOP	54	54
Councillor - COUPER	59	59
Councillor - CUTFORTH	54	54
Councillor - DEEMING	78	78

	\$'000	
	Council	
	Actual 2022	Actual 2021
Councillor - GOLIGHTLY	57	57
Councillor - HALSE	76	74
Councillor - INNES	88	88
Councillor - MARTIN	77	77
Councillor - MURPHY	56	56
Councillor - PETERS	55	54
Councillor - REID	54	54
Total elected representatives' remuneration	994	987

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.

EMPLOYEES

	Number of employees	
	Council	
	2022	2021
< \$60,000	146	180
\$60,000 - \$79,999	125	116
\$80,000 - \$99,999	64	50
\$100,000 - \$119,999	33	26
\$120,000 - \$139,999	14	8
\$140,000 - \$179,999	7	6
\$180,000 - \$379,999	6	7
Total employees	395	393

Total remuneration includes non-financial benefits provided to employees.

At balance date, Council employed 319 (2021: 313) full-time employees, with the balance of staff representing 49 (2021: 52) 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 2022, Council made no severance payment to employees (2021: \$60,500). The value of each of the severance payments was nil (2021: \$60,500).

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.

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Fees to Audit New Zealand for audit of Council's financial statements	222	212	256	245
Fees to Audit New Zealand for the review of the debenture trust deed	5	5	5	5
Fees to Audit New Zealand for the audit of Council's Long Term Plan 2021-31	-	130	-	130
Fees to Audit New Zealand for audit of Council's 2021 financial statements	40	-	40	-

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Councillor remuneration	1,000	992	1,000	992
Electricity costs	2,881	3,539	3,126	3,541
Fair value losses	1	-	1	-
Impairment of receivables	136	69	136	69
Operating lease expense	1,270	1,101	1,309	1,101
Repairs and maintenance expenses	-	-	124	59
Insurance premiums	1,950	1,574	2,060	1,581
Directors' fees	-	-	88	-
General grants	7,519	13,495	6,041	12,916
Software expenses*	3,019	2,558	3,061	2,559
Loss on assets disposed of	7,977	1,700	7,977	1,819
Bad debts written off	88	92	88	92
Professional fees and consultants	11,318	8,716	11,575	8,763
Legal fees	870	934	1,126	965
Contractors	43,177	47,932	43,448	47,947
Other expenses	4,172	3,915	4,979	4,186
Total other expenses	85,645	86,964	86,440	86,970

*The comparatives have been restated to reflect a change in accounting policy. Refer to 'Software as a service (SaaS) arrangements' in the Basis of preparation section.

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 Whangārei 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.

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Components of tax expense				
Current tax	-	-	-	-
Deferred tax	-	-	(137)	(16)
Tax expense	-	-	(137)	(16)

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Relationship between tax expense and accounting profit				
Surplus/(deficit) before tax	59,462	53,051	60,946	63,196
Tax at 28%	16,649	14,854	17,065	17,695
Plus/(less) tax effect of:				
Non-deductible expenditure	-	-	(7)	3
Non-taxable income	(16,634)	(14,854)	(17,084)	(17,750)
Council share of NRLLP revenue	504	286	-	-
Deferred tax adjustment	-	-	(96)	15
Unrecognised tax losses	-	(21)	-	-
Other adjustments	(519)	(265)	(15)	21
Tax expense	-	-	(137)	(16)

	\$'000			
	PP&E	Other	Tax losses	Total
Deferred tax assets/(liabilities)				
Council				
Balance at 30 June 2020	-	-	-	-
Charged to surplus or deficit	-	-	-	-
Charged to other comprehensive revenue	-	-	-	-
Balance at 30 June 2021	-	-	-	-
Opening balance 1 July 2021	-	-	-	-
Charged to surplus or deficit	-	-	-	-
Charged to other comprehensive revenue	-	-	-	-
Balance at 30 June 2022	-	-	-	-

\$'000

	PP&E	Other	Tax losses	Total
Group				
Balance at 30 June 2020	(1,974)	-	1,239	(735)
Charged to surplus or deficit	(3)	15	4	16
Credited (charged) to other comprehensive revenue	-	-	-	-
Balance at 30 June 2021	(1,977)	15	1,243	(719)
Opening balance 1 July 2021	(1,977)	15	1,243	(719)
Charged to surplus or deficit	117	(15)	35	137
Credited (charged) to other comprehensive revenue	-	-	-	-
Balance at 30 June 2022	(1,860)	-	1,278	(582)

Council (the parent) has an unrecognised deferred tax asset in relation to tax losses of \$1.3 million (2021: \$3.3 million) with a tax effect of \$0.4 million (2021: \$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.

			\$'000	
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Cash on hand	4	6	8	6
Bank balances - HWMAC	-	-	1,971	4,605
Bank deposits	17,288	12,288	17,720	12,472
Bank balances	14,656	14,707	14,937	14,992
Total cash and cash equivalents	31,948	27,001	34,636	32,075

Group

For further information regarding the Hundertwasser Wairau Māori Arts Centre (HWMAC) refer to note 28.

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.

Rates are “written-off”:

- when remitted in accordance with Council’s rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

			\$'000	
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Sundry debtors	12,663	7,253	13,178	7,316
Accrued revenue	8,659	2,046	8,659	2,046
Rates receivable	7,146	6,929	7,146	6,929
Less provision for impairment	(403)	(267)	(403)	(267)
Total debtors and receivables	28,065	15,961	28,580	16,024

Exchange and non-exchange transactions

Receivables from exchange transactions of \$4.6 million (2021: \$4.7 million) include outstanding amounts for interest and fees and charges that have not been subsidised by rates.

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

Fair value

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

Assessment for uncollectability

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

Due to the historical experience of non-payment of council rates assessed on Māori freehold land, Council can make a reasonable estimate of the amount that will not be paid. The estimated amount of non-collectible rates has been deducted from the gross revenue and rates receivable. The estimated amount of uncollectible Māori freehold land rates for 2022 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 Chief Executive approved the write-off of rates receivable during the year under the LG(R)A 2002 as follows:

Section 90A: \$181,353 (2021: nil)

Section 90B: \$40,130 (2021: \$19,075)

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

	\$'000					
	2022			2021		
	Gross	Impairment	Net	Gross	Impairment	Net
Council						
Current	16,637	-	16,637	10,792	-	10,792
30 days	637	-	637	709	-	709
60 days	960	-	960	764	-	764
90 days and over	10,234	(403)	9,831	3,963	(267)	3,696
Total	28,468	(403)	28,065	16,229	(267)	15,961

	\$'000					
	2022			2021		
	Gross	Impairment	Net	Gross	Impairment	Net
Group						
Current	17,101	-	17,101	10,790	-	10,790
30 days	652	-	652	756	-	756
60 days	960	-	960	764	-	764
90 days and over	10,270	(403)	9,867	3,981	(267)	3,714
Total	28,983	(403)	28,580	16,292	(267)	16,024

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.

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Individual provision for uncollectability	(237)	(172)	(237)	(172)
Collective provision for uncollectability	(166)	(95)	(166)	(95)
Total provision for impairment	(403)	(267)	(403)	(267)

An analysis of impaired debtors is as follows:

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
90 days and over	(403)	(267)	(403)	(267)
Total individual impairment	(403)	(267)	(403)	(267)

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

Civil claim against council - 2022

In June 2022, the High Court awarded damages of \$4.3 million, plus interest and costs against Council, as defendant, in relation to enforcement proceedings previously undertaken by Council against the plaintiff. Subsequently, Council's indemnifier considered the judgment of the High Court and an appeal has been filed with the Court of Appeal and remains pending. The damages award is covered by insurance, less an excess and \$50,000 in exemplary damages. The High Court award is considered to create an obligation as at 30 June under IPSAS 19, albeit the final result is subject to the appeal decision. In accordance with IPSAS19, a liability for the estimated damages awarded by the High Court, as well as a corresponding asset to reflect the anticipated insurance proceeds have been included within the Statement of Financial Position. The total recognised at 30 June 2022 is \$5.7 million for damages awarded plus interest and costs. Interest will continue to accrue until the appeal decision is made. The impact is offset in the Statement of Financial Performance as the damages awarded are covered by the insurance.

NOTE 12: OTHER CURRENT ASSETS

Accounting policy

INVENTORIES

Water chemicals used for the treatment of water are expensed at the time of purchase. No amount is recognised as inventory at year end.

			\$'000	
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Other current assets				
Inventories	-	-	247	4
Prepayments*	1,609	1,481	1,618	1,483
Lease receivable	-	-	12	11
Total other current assets	1,609	1,481	1,877	1,498

*The comparatives have been restated to reflect a change in accounting policy. Refer to 'Software as a service (SaaS) arrangements' in the Basis of preparation section.

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 cashflows. 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.

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Current portion				
Short term deposit	-	-	580	-
Community loans	141	167	141	167
LGFA borrower notes	320	320	320	320
Total current portion	461	487	1,041	487

			\$'000	
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Non-current portion				
Investments held in CCOs and similar entities				
Investments held in CCO's and similar entities	11,180	10,825	9,046	8,643
Total investment CCO's and similar entities	11,180	10,825	9,046	8,643
Community Loans	254	393	254	393
LGFA borrower notes	3,339	2,659	3,339	2,659
Shares held	710	708	710	708
Lease receivable	-	-	13	22
Total investment in other entities	4,303	3,760	4,316	3,782
Total non-current portion	15,483	14,585	13,362	12,425
Total other financial assets	15,944	15,072	14,403	12,912

Civic Financial Services Limited

Shares held by Council: 63,524, \$63,000 (2021: 63,524, \$61,000) in Civic Financial Services 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 S&P Global Ratings of AA+.

The carrying amount of shares in LGFA approximates their fair value. Shares held by Council: 1,492,784, \$0.6 million (2021: 1,492,784, \$0.6 million).

Council is one of 31 shareholders of the NZLGFA. When aggregated with the uncalled capital of other shareholders, \$20 million unpaid Ordinary Shares are available to be called where the NZLGFA Board has determined that there is an imminent risk of default. Also, together with other shareholders, Council is a guarantor of all NZLGFA's borrowings. As at 30 June, NZLGFA had issued bonds totalling \$16.770 billion (2021: \$14.420 billion).

Investments held in joint ventures and subsidiaries

- Council owns 100 shares (2021: 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 Whangārei District Airport is \$1.41 million (2021: \$1.59 million).

- Council's investment in the Northland Regional Landfill Limited Partnership is \$9.77 million (2021: \$9.24 million).

Impairment

There have been no impairments recognised during the year (2021: nil).

Community loans

- The fair value of community loans is \$0.40 million (2021: \$0.56 million). Fair value has been determined using cash flows discounted using a weighted average cost of capital 3.21% (2021: 2.91%).
- The face value of community loans is \$0.42 million (2021: \$0.58 million).
- Movements in the carrying value of loans are as follows:

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Opening Balance at 1 July	560	600	560	597
Amount of new loans granted during the year	-	40	-	40
Loans repaid during the year (principal and interest)	(170)	(130)	(170)	(127)
Unwind of discount and interest charged	5	50	5	50
At 30 June	395	560	395	560

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.

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Non-current assets held for sale				
Opening balance	-	-	-	-
Transfers (to)/from investment properties	315	-	315	-
Transfers (to)/from property, plant and equipment	95	-	95	-
Total assets held for sale	410	-	410	-

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.

			\$'000	
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Opening Balance at 1 July	90,369	56,347	90,369	56,347
Additions from acquisitions	25	18,469	25	18,469
Fair value gains/(losses) on valuation	9,004	15,553	9,004	15,553
Disposals and transfers	(1,935)	-	(1,935)	-
Balance at 30 June	97,463	90,369	97,463	90,369

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:

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Rental revenue	3,340	2,814	3,340	2,814
Direct operating expenses from investment property generating revenue	(1,254)	(1,144)	(1,254)	(1,144)
Direct operating expenses from investment property not generating revenue	(16)	(66)	(16)	(66)

Council has no contractual obligations for capital or operating expenditure for investment properties (2021: nil).

NOTE 16: FORESTRY ASSETS

Accounting policy

Standing forestry assets are independently revalued to fair value less estimated costs to sell every three years. Forestry assets were last revalued as at 30 June 2021.

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.

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Forestry assets	854	854	854	854
Balance at 30 June 2022	854	854	854	854

Council ownership of forestry assets

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

FORESTRY ACTIVITIES DURING THE YEAR

No activity has been undertaken in relation to the Forestry Assets this year.

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

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Balance at 1 July	854	819	854	819
Gain/(losses) arising from changes in fair value	-	35	-	35
Balance at 30 June	854	854	854	854

NOTE 17: OTHER NON-CURRENT ASSETS

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Other non-current assets				
Prepayments*	2,861	3,434	2,861	3,434
Total other non-current assets	2,861	3,434	2,861	3,434

*The comparatives have been restated to reflect a change in accounting policy. Refer to 'Software as a service (SaaS) arrangements' in the Basis of preparation section.

NOTE 18: 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	10
Motor vehicles	5
Office furniture and fittings	3-20
Plant and equipment	3-80
Infrastructural assets	
Land for roads*	Indefinite
Roading network	
Bridges	15-100
Carriageways	4-70
Formation	Indefinite
Culverts	35-80
Footpaths	10-55
Kerbs and channels	60

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

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

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

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

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

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

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

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

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

VALUE IN USE FOR NON-CASH-GENERATING ASSETS

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

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

VALUE IN USE FOR CASH-GENERATING ASSETS

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

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

COUNCIL 2022	Cost / revaluation 1-Jul-21	Accumulated depreciation 1-Jul-21	Carrying amount 1-Jul-21	Transfers from WIP	Current year additions	Net current year disposals*
Operating assets						
At cost & valuation						
Land	44,465	-	44,465	543	-	-
Buildings	39,611	(12,841)	26,770	597	-	-
Strategic land	1,735	-	1,735	-	-	-
Strategic buildings	400	(88)	312	-	-	-
Pensioner housing - land	6,210	-	6,210	-	-	-
Pensioner housing - buildings	16,632	(2,520)	14,112	716	-	(170)
Library books	5,781	(3,919)	1,862	458	-	-
Motor vehicles	2,218	(1,277)	941	740	-	(94)
Office furniture and fittings	5,114	(3,904)	1,210	605	-	(18)
Plant & equipment	9,380	(3,632)	5,748	1,347	-	(65)
Capital work in progress	12,194	-	12,194	(4,926)	31,804	-
Total operating assets	143,740	(28,181)	115,559	80	31,804	(347)
Infrastructure assets						
At cost & valuation						
Land for roads	34,766	-	34,766	46	-	-
Roading	824,971	-	824,971	28,069	685	(1,906)
Stormwater	205,077	(6,144)	198,933	481	7,482	(288)
Flood protection	23,445	(595)	22,850	-	-	-
Solid waste	6,210	(370)	5,840	-	23	(24)

\$'000

Current year impairment charges	Current year depreciation	Reclassifications / Transfers*	Revaluation surplus*	Cost / revaluation 30-Jun-22	Accumulated depreciation 30-Jun-22	Carrying amount 30-Jun-22
-	-	315	-	45,323	-	45,323
-	(933)	(95)	-	40,108	(13,769)	26,339
-	-	-	-	1,735	-	1,735
-	(3)	-	-	400	(91)	309
-	-	-	1,715	7,925	-	7,925
-	(891)	-	17,513	31,280	-	31,280
-	(394)	-	-	6,239	(4,313)	1,926
-	(240)	-	-	2,449	(1,102)	1,347
-	(320)	-	-	5,568	(4,091)	1,477
-	(602)	-	-	10,540	(4,112)	6,428
-	-	-	-	39,072	-	39,072
-	(3,383)	220	19,228	190,639	(27,478)	163,161
-	-	-	-	34,812	-	34,812
-	(23,884)	-	103,251	931,186	-	931,186
-	(3,165)	-	46,331	249,790	(16)	249,774
-	(297)	-	12,734	35,288	(1)	35,287
-	(185)	-	3,179	8,834	(1)	8,833

COUNCIL 2022	Cost / revaluation 1-Jul-21	Accumulated depreciation 1-Jul-21	Carrying amount 1-Jul-21	Transfers from WIP	Current year additions	Net current year disposals*
Wastewater	262,881	(13,845)	249,036	3,256	3,148	(659)
Parks and recreation	67,390	(5,759)	61,631	9,832	1,874	(516)
Water	222,010	(11,806)	210,204	5,164	1,806	(4,209)
Capital work in progress	50,274	-	50,274	(46,928)	54,310	(20)
Total infrastructure assets	1,697,024	(38,519)	1,658,505	(80)	69,328	(7,622)
Restricted assets						
At cost & valuation						
Reserve land	22,090	-	22,090	-	-	-
Heritage assets	1,275	-	1,275	-	-	-
Marina facilities	712	(378)	334	-	-	-
Total restricted assets	24,077	(378)	23,699	-	-	-
Total Council assets	1,864,841	(67,078)	1,797,763	-	101,132	(7,969)

€'000

Current year impairment charges	Current year depreciation	Reclassifications / Transfers*	Revaluation surplus*	Cost / revaluation 30-Jun-22	Accumulated depreciation 30-Jun-22	Carrying amount 30-Jun-22
-	(6,920)	-	52,203	300,090	(26)	300,064
-	(3,286)	-	17,854	87,400	(11)	87,389
-	(7,219)	-	54,520	260,290	(24)	260,266
-	-	-	-	57,636	-	57,636
-	(44,956)	-	290,072	1,965,326	(79)	1,965,247
-	-	-	-	22,090	-	22,090
-	-	-	-	1,275	-	1,275
-	(28)	-	-	712	(406)	306
-	(28)	-	-	24,077	(406)	23,671
-	(48,367)	220	309,300	2,180,042	(27,963)	2,152,079

\$'000

GROUP 2022	Cost / revaluation 1-Jul-21	Accumulated depreciation 1-Jul-21	Carrying amount 1-Jul-21	Transfers from WIP	Current year additions	Net current year disposals*
Subsidiaries property, plant and equipment						
At cost & valuation						
Land developments	186	(98)	88	-	-	-
Buildings	1,632	(80)	1,552	28,586	2,067	-
Other plant & equipment	1,734	(1,255)	479	-	871	(237)
Artworks	538	(101)	437	-	117	(2)
Work in progress	28,572	-	28,572	(28,586)	-	-
Total subsidiaries	32,662	(1,534)	31,128	-	3,055	(239)
Total Group assets	1,897,503	(68,612)	1,828,891	-	104,187	(8,208)

* Net Current Year Disposals and Reclassification/Transfers are net of accumulated depreciation.

Core infrastructure asset disclosures

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

	Closing book value	Additions constructed by Council	Additions transferred to Council	Replacement cost
Water supply				
Treatment plants and facilities	46,172	454	-	28,469
Other assets	214,094	4,723	1,806	471,899
Sewerage				
Treatment plants and facilities	19,202	116	-	36,326
Other assets	280,862	3,145	3,187	531,336
Stormwater	249,774	568	7,459	374,037
Flood protection	35,287	-	-	50,942
Roads and footpaths	931,185	28,070	685	1,475,249
Total	1,776,576	37,076	13,137	2,968,258

\$'000

Current year impairment charges	Current year depreciation	Reclassifications / Transfers*	Revaluation surplus	Cost / revaluation 30-Jun-22	Accumulated depreciation 30-Jun-22	Carrying amount 30-Jun-22
-	(17)	231	-	512	(210)	302
-	(334)	(268)	-	32,089	(486)	31,603
-	(99)	(72)	-	1,242	(300)	942
-	-	82	-	634	-	634
-	-	14	-	-	-	-
-	(450)	(13)	-	34,477	(996)	33,481
-	(48,817)	207	309,300	2,214,519	(28,959)	2,185,560

COUNCIL 2021	Cost / revaluation 1-Jul-20	Accumulated depreciation 1-Jul-20	Carrying amount 1-Jul-20	Transfers from WIP	Current year additions	Net current year disposals*
Operating assets						
At cost & valuation						
Land	43,395	-	43,395	1,070	-	-
Buildings	39,479	(11,941)	27,538	352	-	(197)
Strategic land	1,735	-	1,735	-	-	-
Strategic buildings	400	(85)	315	-	-	-
Pensioner housing - land	6,210	-	6,210	-	-	-
Pensioner housing - buildings	16,505	(1,685)	14,820	293	-	(128)
Library books	6,303	(4,646)	1,657	627	-	-
Motor vehicles	2,185	(1,129)	1,056	116	-	(29)
Office furniture and fittings	6,062	(5,212)	850	608	-	(2)
Plant & equipment	5,797	(3,672)	2,125	4,134	-	(88)
Capital work in progress	1,619	-	1,619	(7,178)	17,848	(95)
Total operating assets	129,690	(28,370)	101,320	22	17,848	(539)
Infrastructure assets						
At cost & valuation						
Land for roads	34,766	-	34,766	-	-	-
Roading	814,879	-	814,879	26,040	4,755	(808)
Stormwater	199,375	(3,031)	196,344	882	4,996	(171)
Flood protection	23,445	(298)	23,147	-	-	-
Solid waste	6,108	(184)	5,924	116	-	(7)

\$'000

Current year impairment charges	Current year depreciation	Reclassifications / transfers*	Revaluation surplus*	Cost / revaluation 30-Jun-21	Accumulated depreciation 30-Jun-21	Carrying amount 30-Jun-21
-	-	-	-	44,465	-	44,465
-	(923)	-	-	39,611	(12,841)	26,770
-	-	-	-	1,735	-	1,735
-	(3)	-	-	400	(88)	312
-	-	-	-	6,210	-	6,210
-	(873)	-	-	16,632	(2,520)	14,112
-	(422)	-	-	5,781	(3,919)	1,862
-	(202)	-	-	2,218	(1,277)	941
-	(246)	-	-	5,114	(3,904)	1,210
-	(423)	-	-	9,380	(3,632)	5,748
-	-	-	-	12,194	-	12,194
-	(3,092)	-	-	143,740	(28,181)	115,559
-	-	-	-	34,766	-	34,766
-	(21,167)	-	1,272	824,971	-	824,971
-	(3,118)	-	-	205,077	(6,144)	198,933
-	(297)	-	-	23,445	(595)	22,850
-	(193)	-	-	6,210	(370)	5,840

COUNCIL 2021	Cost / revaluation 1-Jul-20	Accumulated depreciation 1-Jul-20	Carrying amount 1-Jul-20	Transfers from WIP	Current year additions	Net current year disposals*
Wastewater	259,798	(6,954)	252,844	1,564	1,626	(96)
Parks and recreation	61,180	(2,776)	58,404	6,011	448	(218)
Water	190,355	(5,953)	184,402	30,852	998	(173)
Capital work in progress	46,590	-	46,590	(65,487)	69,171	-
Total infrastructure assets	1,636,496	(19,196)	1,617,300	(22)	81,994	(1,473)
Restricted assets						
At cost & valuation						
Reserve land	22,090	-	22,090	-	-	-
Heritage assets	1,275	-	1,275	-	-	-
Marina facilities	712	(351)	361	-	-	-
Total restricted assets	24,077	(351)	23,726	-	-	-
Total Council assets	1,790,263	(47,917)	1,742,346	-	99,842	(2,012)

€'000

Current year impairment charges	Current year depreciation	Reclassifications / transfers*	Revaluation surplus*	Cost / revaluation 30-Jun-21	Accumulated depreciation 30-Jun-21	Carrying amount 30-Jun-21
-	(6,902)	-	-	262,881	(13,845)	249,036
-	(3,014)	-	-	67,390	(5,759)	61,631
-	(5,875)	-	-	222,010	(11,806)	210,204
-	-	-	-	50,274	-	50,274
-	(40,566)	-	1,272	1,697,024	(38,519)	1,658,505
-	-	-	-	22,090	-	22,090
-	-	-	-	1,275	-	1,275
-	(27)	-	-	712	(378)	334
-	(27)	-	-	24,077	(378)	23,699
-	(43,685)	-	1,272	1,864,841	(67,078)	1,797,763

\$'000

GROUP 2021	Cost / revaluation 1-Jul-20	Accumulated depreciation 1-Jul-20	Carrying amount 1-Jul-20	Transfers from WIP	Current year additions	Net current year disposals*
Subsidiaries property, plant and equipment						
At cost & valuation						
Land developments	186	(98)	88	-	-	-
Buildings	1,632	(80)	1,552	-	-	-
Other plant & equipment	1,543	(1,040)	503	-	208	(17)
Artworks	538	(101)	437	-	-	-
Work in progress	17,753	-	17,753	-	10,830	(11)
Total subsidiaries	21,652	(1,319)	20,333	-	11,038	(28)
Total Group assets	1,811,915	(49,236)	1,762,679	-	110,880	(2,040)

* Net Current Year Disposals and Reclassification/Transfers are net of accumulated depreciation.

Core infrastructure asset disclosures

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

	\$'000			
	Closing book value	Additions constructed by Council	Additions transferred to Council	Replacement cost
Water supply				
Treatment plants and facilities	43,168	29,979	-	56,226
Other assets	167,036	893	978	346,405
Sewerage				
Treatment plants and facilities	29,972	604	-	270,964
Other assets	219,064	901	1,611	423,177
Stormwater	198,918	1,013	4,865	291,381
Flood Protection	22,850	-	-	42,455
Roads and footpaths	824,967	30,590	207	1,299,520
Total	1,505,975	63,980	7,661	2,730,128

Current year impairment charges	Current year depreciation	Reclassifications / Transfers*	Revaluation surplus	Cost / revaluation 30-Jun-21	Accumulated depreciation 30-Jun-21	Carrying amount 30-Jun-21
-	-	-	-	186	(98)	88
-	-	-	-	1,632	(80)	1,552
-	(215)	-	-	1,734	(1,255)	479
-	-	-	-	538	(101)	437
-	-	-	-	28,572	-	28,572
-	(215)	-	-	32,662	(1,534)	31,128
-	(43,900)	-	1,272	1,897,503	(68,612)	1,828,891

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 2022. Council commissioned WSP New Zealand Ltd to review and develop unit rates and base lives for water utilities (water supply, wastewater and stormwater), flood protection, parks and solid waste infrastructure assets.

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

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

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

- estimating any obsolescence or surplus capacity of the asset. There have been no optimisation adjustments in the most recent valuation.

- estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- estimates of the remaining useful life over which the asset will be depreciated. Useful lives have been determined with reference to the Infrastructure Valuation Guidelines and have been adjusted based on local conditions and past experience. Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

LAND UNDER ROADS

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

ROADING

Council's roading assets are valued at fair value as determined by an independent valuer. The most recent valuation was performed by WSP New Zealand Ltd and the valuation is effective as at 30 June 2022. Fair value was determined on an optimised depreciated replacement cost basis. Values are calculated from unit rates, based on the recent tendered construction and renewal contracts, and indexed using relevant Waka Kotahi cost adjustment factors.

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 2022. 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 2022 (2021: 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 \$904.1 million (2021: \$783.8 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 \$2.0 billion (2021: \$1.87 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 \$657.8 million (2021: \$476.1 million).

\$'000

Assets	Book value	Replacement cost	Insured value	Insurance provided by government schemes	Replacement value of Self-insured assets	Commentary
Operating assets						
Land	45,323	-	-	-	-	Land is not insured due to the low risk of loss.
Motor Vehicles	1,347	-	2,449	-	-	
Other Operating Assets (excluding Land)	116,490	-	474,035	-	-	Total cover for Material Damage is \$474.9 million. This cover applies to assets classified as operating assets, some above ground infrastructure assets and restricted assets (excluding land).
Infrastructure assets						
Land	34,812	-	-	-	-	Land is not insured due to the low risk of loss.
Roading	931,185	1,475,249	-	1,442,731	-	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, tsunami, could be subsidised by the Waka Kotahi NZ Transport Agency.
Bridges	-	36,524	32,518	-	4,006	\$29.2 million of the value of the Te Matau ā Pohe and Waiarohia bridges (Loop Walk) is covered by Council insurance. Council also holds separate insurance cover valued at \$3.4 million for machinery breakdown. This cover specifically relates to the bridge lifting mechanisms for these two bridges.

	\$'000					
Assets	Book value	Replacement cost	Insured value	Insurance provided by government schemes	Replacement value of Self-insured assets	Commentary
Other Infrastructure Assets	999,251	1,639,301	394,194	591,291	653,817	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 \$474.0 million. This cover applies to assets classified as operating assets and above ground infrastructure assets. Some assets included as "Self Insured" may be covered by the Material Damage cover.
Restricted Assets						
Land	22,090	-	-	-	-	Land is not insured due to the low risk of loss.
Restricted Assets (excluding Land)	1,581	-	-	-	-	Council's Material Damage insurance of \$474.0 million includes cover for these assets.
Forestry Assets						
Forestry	854	-	872	-	-	
Total Assets	2,152,933	3,151,074	904,068	2,034,022	657,823	

Work in progress

The total amount of PPE work in progress is \$96.7 million (2021: \$62.5 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:

	\$'000	
	Council	
	Actual 2022	Actual 2021
Parks	16,796	14,636
Wastewater	9,660	5,562
Roading	18,391	20,857
Water	11,359	5,493
Other	40,502	15,920
Total work in progress	96,708	62,468

NOTE 19: 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.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Computer software assets are amortised using the straight line method over their estimated useful lives (3 to 10 years).

EASEMENTS

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

CARBON CREDITS

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

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

AMORTISATION

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

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

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

IMPAIRMENT OF INTANGIBLE ASSETS

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

For further details, refer to the policy for impairment of property, plant and equipment in note 18. The same approach applies to the impairment of intangible assets.

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

	\$'000				
COUNCIL	Easements	Intangibles work in progress	Forestry carbon credits	Software assets*	Total
At 1 July 2020					
Cost or valuation	159	3,071	1,066	6,833	11,129
Accumulated amortisation and impairment	-	-	-	(4,353)	(4,353)
Net book amount	159	3,071	1,066	2,480	6,776
Additions	-	1,543	-	1,838	3,381
Transfers/disposals at cost	-	(1,825)	-	(2,700)	(4,525)
Fair value gain	-	-	386	-	386
Amortisation charge *	-	-	-	1,938	1,938
Closing net book amount 30 June 2021	159	2,789	1,452	3,556	7,956
Additions	-	1,055	-	631	1,686
Transfers/disposals at cost	-	(631)	-	(79)	(710)
Fair value gain	-	-	1,088	-	1,088
Amortisation charge	-	-	-	(806)	(806)
Closing net book amount 30 June 2022	159	3,213	2,540	3,302	9,214
At 30 June 2022					
Cost or valuation	159	3,213	2,540	6,522	12,434
Accumulated amortisation and impairment	-	-	-	(3,220)	(3,220)
Net book amount	159	3,213	2,540	3,302	9,214

\$'000

GROUP	Easements	Intangibles work in progress	Forestry carbon credits	Software assets*	Total
At 1 July 2020					
Cost	159	3,071	1,066	6,841	11,137
Accumulated amortisation and impairment	-	-	-	(4,361)	(4,361)
Net book amount	159	3,071	1,066	2,480	6,776
Opening net book amount	159	3,071	1,066	2,480	6,776
Additions	-	1,543	-	1,838	3,381
Transfers/disposals at cost	-	(1,825)	-	(2,700)	(4,525)
Fair value gain	-	-	386	-	386
Amortisation charge *	-	-	-	1,938	1,938
Closing net book amount 30 June 2021	159	2,789	1,452	3,556	7,956
Cost	159	2,789	1,452	5,978	10,378
Accumulated amortisation and impairment	-	-	-	(2,422)	(2,422)
Opening net book amount	159	2,789	1,452	3,556	7,956
Additions	-	1,055	-	708	1,763
Transfers/disposals at cost	-	(631)	-	(79)	(710)
Fair value gain	-	-	1,088	-	1,088
Amortisation charge	-	-	-	(818)	(818)
Closing net book amount 30 June 2022	159	3,213	2,540	3,367	9,279
At 30 June 2022					
Cost	159	3,213	2,540	6,599	12,511
Accumulated amortisation and impairment	-	-	-	(3,232)	(3,232)
Net book amount	159	3,213	2,540	3,367	9,279

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.

*The comparatives have been restated to reflect a change in accounting policy. Refer to 'Software as a service (SaaS) arrangements' in the Basis of preparation section.

NOTE 20: DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

		\$'000			
		Council		Group	
	Note	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Directly attributable depreciation and amortisation expense by group of activity					
Transportation	18	23,893	21,195	23,893	21,195
Water	18	7,238	5,881	7,238	5,881
Solid Waste	18	184	193	184	193
Wastewater	18	6,938	6,917	6,938	6,917
Stormwater	18	3,165	3,118	3,165	3,118
Flood Protection	18	297	297	297	297
Community Facilities & Services	18	6,076	5,654	6,076	5,654
Governance & Strategy	18	80	82	80	82
Planning & Regulatory	18	29	33	29	33
Support Services	18	467	318	467	318
Subsidiaries	18	-	-	393	98
Total depreciation expense	18	48,367	43,688	48,760	43,786
Directly attributable amortisation expense by group of activity					
Support Services*	19	829	754	829	754
Water	19	15	-	15	-
Community Facilities & Services	19	7	8	7	8
Subsidiaries		-	-	5	-
Total amortisation expense		851	762	856	762
Total directly attributable depreciation and amortisation by group of activity		49,218	44,450	49,616	44,548

*The comparatives have been restated to reflect a change in accounting policy. Refer to 'Software as a service (SaaS) arrangements' in the Basis of preparation section.

NOTE 21: 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.

			\$'000	
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Current asset portion				
Interest rate swaps - fair value	-	-	-	-
Total current asset portion	-	-	-	-
Non-current asset portion				
Interest rate swaps - fair value	6,011	98	6,011	98
Total non-current asset portion	6,011	98	6,011	98
Current liability portion				
Interest rate swaps - fair value	-	452	-	452
Total current liability portion	-	452	-	452
Non-current liability portion				
Interest rate swaps - fair value	687	12,571	687	12,571
Total non-current liability portion	687	12,571	687	12,571

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 2022. 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 2022 for Council and the Group was \$185.0 million (2021: \$155.0 million). This is made up of:

- \$100.0 million of active derivative financial instruments hedging floating rates to fixed rates at rates between 2.87% to 4.93%.
- \$85.0 million of future derivative financial instruments hedging floating rates to fixed rates at rates between 1.74% to 3.93%.

Council's maximum net fixed rate hedging from derivative financial instruments is \$100.0 million.

NOTE 22: PAYABLES AND DEFERRED REVENUE

Accounting policy

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

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Current portion				
Trade and other payables	3,603	2,477	3,911	2,585
Revenue in advance	7,575	8,972	7,959	9,032
Accrued expenses	16,823	14,929	16,949	15,891
Rates paid in advance	5,253	4,569	5,253	4,569
Deposits held	1,834	857	1,944	857
Accrued interest on borrowings	1,068	741	1,068	741
Retentions	1,035	895	1,035	895
Total current portion	37,191	33,440	38,119	34,570
Non-Current Portion				
Retentions	607	343	607	343
Total non-current portion	607	343	607	343
Total payables and deferred revenue	37,798	33,783	38,726	34,913

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

\$21.7 million (2021: \$21.3 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 23: 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.

			\$'000	
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Current portion				
Landfill aftercare	69	68	69	68
Other provisions	5,728	1,044	5,728	1,044
Total current portion	5,797	1,112	5,797	1,112
Non-current portion				
Landfill aftercare	601	749	601	749
Total non-current portion	601	749	601	749
Total provisions	6,398	1,861	6,398	1,861

\$'000

Movement in provisions	Landfill aftercare	Other provisions	Total
Council and Group 2022			
Balance at 1 July 2021	817	1,044	1,861
Additional provisions	-	5,728	5,728
Adjustments to provisions made	(97)	-	(97)
Amounts utilised	(96)	(1,044)	(1,140)
Unused amounts reversed	26	-	26
Discount unwind (note 5)	20	-	20
Balance at 30 June 2022	670	5,728	6,398

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 a 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 2022 is \$0.7 million (2021: \$0.8 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 4.11% plus a margin of 55.00 basis points
- the October 2021 BERL inflation factor has been applied

Hazardous Waste and Solvent Clean-up - 2021

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

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

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

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

The initial cost of the clean-up will be funded by Whangarei District Council, Northland Regional Council, Ministry for the Environment, Environmental Protection Authority and WorkSafe. Efforts will be made to recover costs from the owners and operators. A provision of nil (2021: \$1.04 million) has been recognised in these financial statements, to reflect the costs outstanding to complete this work.

Civil claim against council - 2022

In June 2022, the High Court awarded damages of \$4.3 million, plus interest and costs against Council, as defendant, in relation to enforcement proceedings previously undertaken by Council against the plaintiff. Subsequently, Council's indemnifier considered the judgment of the High Court and an appeal has been filed with the Court of Appeal and remains pending. The damages award is covered by insurance, less an excess and \$50,000 in exemplary damages. The High Court award is considered to create an obligation as at 30 June under IPSAS 19, albeit the final result is subject to the appeal decision. In accordance with IPSAS19, a liability for the estimated damages awarded by the High Court, as well as a corresponding asset to reflect the anticipated insurance proceeds have been included within the Statement of Financial Position. The total recognised at 30 June 2022 is \$5.7 million for damages awarded plus interest and costs. Interest will continue to accrue until the appeal decision is made. The impact is offset in the Statement of Financial Performance as the damages awarded are covered by the insurance.

NOTE 24: 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.

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Current portion				
Debentures	30,000	30,000	30,000	30,000
Total current portion	30,000	30,000	30,000	30,000
Non-current portion				
Debentures	162,000	142,000	162,000	142,000
Total non-current portion	162,000	142,000	162,000	142,000
Total borrowings	192,000	172,000	192,000	172,000

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 (2021: \$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 statements, 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.

	\$'000			
	Opening balance 1 July	Loans repaid	Loans raised	Closing balance 30 June
	2021		2022	
Transportation	26,602	-	7,105	33,707
Community facilities & services	26,602	-	7,105	33,707
Total	53,204	-	14,210	67,414

	\$'000			
	Opening balance 1 July	Loans repaid	Loans raised	Closing balance 30 June
	2020		2021	
Transportation	36,186	9,584	-	26,602
Community facilities & services	36,186	9,584	-	26,602
Total	72,372	19,168	-	53,204

Interest on internal borrowings

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Transportation	793	1,458	793	1,458
Community facilities & services	793	1,458	793	1,458
Total	1,586	2,916	1,586	2,916

NOTE 25: EMPLOYEE ENTITLEMENTS

Accounting policy

SHORT-TERM EMPLOYEE ENTITLEMENTS

Employee benefits that are expected to be settled wholly within twelve 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, annual leave earned to, but not yet taken at balance date.

LONG-TERM EMPLOYEE ENTITLEMENTS

Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

PRESENTATION OF EMPLOYEE ENTITLEMENTS

Annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

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.

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Current portion				
Accrued Pay	1,048	861	1,048	861
Annual leave	2,461	2,270	2,596	2,333
Loyalty and performance bonuses	80	114	80	114
Total current portion	3,589	3,245	3,724	3,308

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Non-current portion				
Loyalty and performance bonuses	522	464	522	464
Total non-current portion	522	464	522	464
Total employee entitlements	4,111	3,709	4,246	3,772

Accrued annual leave is calculated at the full amount owing at 30 June each year based on current pay rates. The net increase of \$191,000 (2021: \$71,000 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 average inflation of 2.3% is applied. The total is discounted to present value using a discount rate of 3.21% (2021: 2.91%). The increase in the value of the provision of \$24,000 (2021: \$61,000 increase) has been recognised in the Statement of Comprehensive Revenue and Expense.

NOTE 26: 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.

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Ratepayers' equity				
Accumulated funds	1,048,305	1,001,156	1,082,131	1,032,802
Reserves and special funds	68,673	54,237	68,678	54,801
Asset revaluation reserve	988,486	680,220	988,486	680,220
Balance at 30 June 2022	2,105,464	1,735,613	2,139,295	1,767,823

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Accumulated funds				
Balance at 1 July	1,001,156	927,396	1,032,802	948,795
Transfer (to)/from special purpose reserves	(14,436)	19,782	(13,877)	19,868
Transfers from asset revaluation reserves on disposal	2,123	927	2,123	927
Total surplus/(deficit) after taxation	59,462	53,051	61,083	63,212
Balance at 30 June	1,048,305	1,001,156	1,082,131	1,032,802

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Reserves and Special Funds				
Trust funds	11	11	11	11
Community development fund 1	4,082	4,075	4,082	4,075
Community development fund 2	7,191	7,127	7,191	7,127
Community development fund 3	290	288	290	288
Art acquisitions	13	13	13	13
Clock purchases	52	52	52	52
Capital gain reserve	-	-	5	-
Hikurangi swamp reserve	595	224	595	224
Leonard library reserve	212	212	212	212
General reserve	152	71	152	71
Property reinvestment reserve	18,857	17,204	18,857	17,204
Water reserve	23,820	19,787	23,820	19,787
Sundry asset replacement reserve	-	-	-	564
Wastewater reserve	13,398	1,674	13,398	1,674
Solid waste reserve	-	3,499	-	3,499
Total reserves and special funds	68,673	54,237	68,678	54,801

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Asset revaluation reserve				
Balance at 1 July	680,220	673,530	680,220	673,530
Transfer to accumulated funds on disposal of assets	(2,123)	(927)	(2,123)	(927)
Revaluations gains/(losses) on infrastructure assets*	290,073	7,231	290,073	7,231
Revaluations gains/(losses) on other assets	20,316	386	20,316	386
Balance at 30 June	988,486	680,220	988,486	680,220

*Revaluations gains/(losses) on infrastructure assets includes \$0.1 million (2021: \$5.7 million) of found assets.

		\$'000			
Reserve	Purpose	Balance 1 Jul 21	Transfers into fund	Transfers out of fund	Balance 30 Jun 22
2022					
Trust funds	Bequests held for specific purpose.	11	-	-	11
Community development fund 1	To provide funding for land for reserves or community facilities on Council owned reserve land.	4,075	9	2	4,082
Community development fund 2	To provide funding for community facilities on non-Council reserve land.	7,127	70	6	7,191
Community development fund 3	To provide funding for performing art activities.	288	2	-	290
Art acquisitions	To fund acquisitions of artworks.	13	-	-	13
Clock purchases	To fund purchase of clocks for Claphams Clocks.	52	-	-	52
Hikurangi Swamp Reserve	Holds any surpluses for future funding of Flooding activities	224	442	71	595

\$'000

Reserve	Purpose	Balance 1 Jul 21	Transfers into fund	Transfers out of fund	Balance 30 Jun 22
2022					
Leonard Library Reserve	Bequest for the purchase of library books.	212	-	-	212
General Reserve	To fund operational grants committed but not paid.	71	152	71	152
Property Reinvestment Reserve	To fund property purchases for a commercial return.	17,204	1,653	-	18,857
Water Reserve	Holds any surpluses for future funding of Water activities.	19,787	7,943	3,910	23,820
Wastewater Reserve	Holds any surpluses for future funding of Wastewater activities.	1,674	14,855	3,131	13,398
Solid Waste Reserve	Holds any surpluses for future funding of Solid Waste activities.	3,499	-	3,499	-
Total restricted reserves - 2022		54,237	25,126	10,690	68,673

\$'000

Reserve	Purpose	Balance 1 Jul 20	Transfers into fund	Transfers out of fund	Balance 30 Jun 21
2021					
Fishermen's Levy	To fund maintenance and upgrading of marine facilities for use by commercial fishing vessels.	118	-	118	-
Trust funds	Bequests held for specific purpose.	11	-	-	11
Community development fund 1	To provide funding for land for reserves or community facilities on Council owned reserve land.	4,058	17	-	4,075
Community development fund 2	To provide funding for community facilities on non-Council reserve land.	7,096	47	16	7,127

\$'000

Reserve	Purpose	Balance 1 Jul 20	Transfers into fund	Transfers out of fund	Balance 30 Jun 21
2021					
Community development fund 3	To provide funding for performing art activities.	328	2	42	288
Art acquisitions	To fund acquisitions of artworks.	14	-	1	13
Clock purchases	To fund purchase of clocks for Claphams Clocks.	52	-	-	52
Hikurangi Swamp Reserve	Holds any surpluses for future funding of Flooding activities	-	224	-	224
Leonard Library Reserve	Bequest for the purchase of library books.	233	-	21	212
General Reserve	To fund operational grants committed but not paid.	16	71	16	71
Property Reinvestment Reserve	To fund property purchases for a commercial return.	34,998	631	18,425	17,204
Water Reserve	Holds any surpluses for future funding of Water activities.	26,146	1,686	8,045	19,787
Dog Reserve	Holds any surpluses for future funding of Dog activities.	66	8	74	-
Wastewater Reserve	Holds any surpluses for future funding of Wastewater activities.	-	1,674	-	1,674
Solid Waste Reserve	Holds any surpluses for future funding of Solid Waste activities.	884	2,615	-	3,499
Total restricted reserves - 2021		74,020	6,975	26,758	54,237

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 27: 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.

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Water system	2,563	7,835	2,563	7,835
Parks	3,953	9,385	3,953	9,385
Roading network	43,725	12,490	43,725	12,490
Library	2,411	2,822	2,411	2,822
Information management	1,168	-	1,168	-
Other major projects	1,525	1,953	1,614	6,053
Waste	1,974	4,870	1,974	4,870
Business support	12,766	35,220	12,766	35,220
Total capital commitments	70,085	74,575	70,174	78,675

Operating leases as lessee

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

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Not later than one year	176	1,030	211	1,141
Later than one year and no later than two years	160	10	195	60
Later than two years and not later than five years	180	14	180	14
Total non-cancellable operating leases	516	1,054	586	1,215

COUNCIL

Council leases property, plant and equipment in the normal course of its business. The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is nil (2021: 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 (2021) Trust (NECT)

NECT leases property, plant, and equipment in the normal course of its business.

Hatea Art Precinct Trust (HAPT)

HAPT's operating lease consists of the annual rental paid to Council and HAPT 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:

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Not later than one year	2,753	2,754	2,753	2,754
Later than one year and not later than two years	2,181	2,028	2,181	2,028
Later than two years and not later than five years	4,154	4,636	4,154	4,636
Later than five years	5,583	5,242	5,583	5,242
Total non-cancellable operating leases	14,671	14,660	14,671	14,660

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 28: CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities

	\$'000			
	Council		Group	
	Actual 2022	Actual 2021	Actual 2022	Actual 2021
Loan guarantees	250	250	325	290

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. Hatea Art Precinct Trust's payroll services are outsourced to Payroll Plus Ltd, who require a letter of credit for \$75k 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-logged 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 four claims registered with Weathertight Homes Resolution Service (WHRS) Register as held by MBIE, as at 30th June 2022.

None of these claims are active therefore no contingency for weathertightness claims has been provided for.

Valuation Reviews

Council is the defendant in judicial review proceeding brought in the High Court in relation to the value of 86 properties at Marsden Point. If the proceeding is successful, the valuation of the properties could decrease which would result in rates refunds being made by Council.

It is not possible to quantify the potential financial impact of the litigation on Council because the potential impact of the change in valuation is not defined in the statement of claim and is otherwise unknown.

Unquantified contingent liabilities

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

New Zealand Local Government Funding Agency (LGFA)

Council is a shareholder of the LGFA and is party to the guarantee of all borrowings of the entity.

Council is one of 30 local authority shareholders. When aggregated with the uncalled capital of other shareholders, \$20.0 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of the LGFA's borrowings. At 30 June, LGFA had issued bonds totalling \$16.770 billion (2021: \$12.810 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 start a review to ensure that the District has an aerodrome facility that was capable of meeting the long-term needs of 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, a preliminary analysis was undertaken of a possible alternative site centred on an area of land called Port Nikau. This was land previously associated with Port Whangārei. Both these investigations were undertaken by Beca Ltd and their two reports were presented to Council in December 2014.

The report to Council confirmed 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 involved the identification of a range of possible sites within the District, evaluation of those sites and the selection of a preferred site for more detailed examination. Beca were awarded the phase two contract.

Since then, Beca progressed through the agreed methodology and 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

Work was done on the evaluation of the shortlisted sites to determine the preferred location, including planning and designation requirements. More detailed analysis was done on the top three ranking sites to confirm aeronautical requirements and to make better assessment of environmental factors at each location.

Council also purchased land in Ruatangata to further protect it from further development. Council may purchase further land as it progresses through this project.

Public consultation was undertaken from 20 April to 1 July 2022 to seek submissions on Council's proposal to future proof aviation for the Whangārei District, and to gauge community support for four options on the preferred location for a future airport within the Whangārei District.

The four options were:

- To select Ruatangata West (Site 6) as the proposed location for a potential site to be explored in depth as a future airport location
- To select Ruatangata (Site 9) as the proposed location for a potential site to be explored in depth as a future airport location
- To select One Tree Point West (Site 24a) as the proposed location for a potential site to be explored in depth as a future airport location
- Continue to operate from Onerahi.

At the Council meeting on 24 August 2022, Councillors agreed that Ruatangata (Site 9) was the best option for further investigation as a replacement airport.

Further technical investigations will be completed over coming years, as Council prepares to designate this site, which will restrict what the site could be used for while a final decision on the airport is sought.

During these investigations, Council will continue to work with iwi/hapū, and stakeholders (including Ministry of Transport and Air New Zealand), with the final designation process involving further formal public consultation.

Hundertwasser Wairau Māori Arts Centre (HWMAC)

UPDATE ON HUNDERTWASSER ART CENTRE WAIRAU MĀORI ART GALLERY (HAC-WMAG)

Practical completion of the HAC-WMAG building was achieved on 22 October 2021 and HAPT took over ownership of the building from the main contractor on this date. The schedule of defects and omissions continued to be worked through. At this point in time, the HAC-WMAG was scheduled to open in December 2021. However, the extended COVID-19 lockdown in Auckland impacted several key requirements and the opening was delayed until 20 February 2022.

OPERATOR AND GUARANTEES AND INDEMNITIES

Hatea Art Precinct Trust (HAPT), a CCO of Whangarei District Council will operate the HWMAC on an on-going basis.

Aside from the annual operating grant paid to HAPT, there is no intention for Council to provide funding for the operating costs of the HWMAC. 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 HAPT will deposit \$1.0 million with Westpac. However, once any cumulative losses reaches \$750k, Westpac has the option to crystallise its exposure and be relieved from any further obligations.

At this point, HAPT 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 \$250k.

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

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

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

Council is satisfied that these underwriting mechanisms are appropriate.

There are controls in place that allow both Whangarei District Council and Westpac to directly monitor the performance of the HWMAC if significant losses start to accumulate.

LEASE AND OWNERSHIP OF THE HWMAC STRUCTURE

Council and HAPT 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. HAPT will retain substantially all the risk and rewards incidental to ownership of the HWMAC building. Due to this control, HAPT will recognise the HWMAC building in it's financial statements.

PLEDGES

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 HAPT (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 2022 the pledges have been assessed and analysed as follows:

	\$'000	%	\$'000
	Pledged	Collectability	Net Pledge
General public	180	90%	162
Total	180		162

'IN KIND' PRODUCTS AND SERVICES

There are in kind trade products and services that have been or will be donated to the overall project. All in-kind trade products and services provided were of a minor nature and therefore have not been quantified.

Professional services – various professional services in the form of time have and will continue to be donated to the overall project. These include, legal, accounting, project and other management, planning, architectural, design etc. For the year end 30 June 2022, material professional services to the value of nil (2021: nil) have been quantified and recognised.

NOTE 29: FINANCIAL INSTRUMENTS

(a) Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

	\$'000			
	Council		Group	
	2022	2021	2022	2021
FINANCIAL ASSETS				
Fair value through surplus or deficit – Held for trading				
Derivative financial instrument assets	6,011	98	6,011	98
Loans and receivables				
Cash and cash equivalents	31,948	27,001	34,636	32,075
Receivables	26,663	14,884	27,179	14,947
Other financial assets:				
- term deposits	-	-	580	-
- community loans	395	560	395	560
- LGFA borrower notes	3,659	2,979	3,659	2,979
Total loans and receivables	62,665	45,424	66,449	50,561
Fair value through the Statement of Comprehensive Revenue and Expense				
Other financial assets:				
- unlisted shares	710	708	710	708
FINANCIAL LIABILITIES				
Fair value through Surplus or Deficit – Held for trading				
Derivative financial instrument liabilities	687	13,023	687	13,023
Financial liabilities at amortised cost				
Payables	24,971	20,242	25,898	21,372
Borrowings:				
- debentures	192,000	172,000	192,000	172,000
Total financial liabilities at amortised cost	216,971	192,242	217,898	193,372

(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:

				\$'000
	Total	Quoted market price	Observable inputs	Significant non- observable inputs
30 June 2022 - Council				
Financial assets				
Derivatives	6,011	-	6,011	-
Unlisted shares	710	-	710	-
Total financial assets	6,721	-	6,721	-
Financial liabilities				
Derivatives	687	-	687	-
30 June 2021 - Council				
Financial assets				
Derivatives	98	-	98	-
Unlisted shares	708	-	708	-
Total financial assets	806	-	806	-
Financial liabilities				
Derivatives	13,023	-	13,023	-

\$'000

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
30 June 2022 - Group				
Financial assets				
Derivatives	6,011	-	6,011	-
Unlisted shares	710	-	710	-
Total financial assets	6,721	-	6,721	-
Financial liabilities				
Derivatives	687	-	687	-
30 June 2021 - Group				
Financial assets				
Derivatives	98	-	98	-
Shares	708	-	708	-
Total financial assets	806	-	806	-
Financial liabilities				
Derivatives	13,023	-	13,023	-

There were no transfers between the different levels of the fair value hierarchy.

(c) Financial instrument risks

Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. Council and the Group has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. Council has established Council-approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

MARKET RISK

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Equity securities price risks arise on share investments which are classified as financial assets held at fair value through other comprehensive income. Equity securities price risk is not managed as the only quoted share

investments are in the Local Government Funding Agency and Civic Assurance Limited, which are held for strategic reasons.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Council purchases plant and equipment associated with the construction of certain infrastructure assets from overseas, which results in transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

Council enters into a limited number of foreign transactions and therefore is exposed to minimal currency risk.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose Council and the Group to fair value interest rate risk. Council's Liability Management Policy is to maintain between 40-95% 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 \$30.0 million (except for LGFA which is no more than \$50.0 million). The Group invests funds only with entities that have a S&P Global Ratings 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:

	\$'000			
	Council		Group	
	2022	2021	2022	2021
Cash at bank and term deposits	31,948	27,001	34,636	32,075
Receivables	26,663	14,884	27,179	14,947
Community and related party loans	395	560	395	560
Short term deposits	-	-	580	-
Derivative financial instrument assets	6,011	98	6,011	98
Financial guarantees	250	250	325	290
Total credit risk	65,267	42,793	69,126	47,970

Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note 28.

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.

	\$'000			
	Council		Group	
	2022	2021	2022	2021
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and term deposits				
AA-	31,948	27,001	34,636	32,075
Total cash at bank and term deposits	31,948	27,001	34,636	32,075
Derivative financial instrument assets				
AA-	6,011	98	6,011	98
Total derivative financial instrument assets	6,011	98	6,011	98

	\$'000			
	Council		Group	
	2022	2021	2022	2021
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Community and related party loans				
Existing counterparty with no defaults in the past	395	560	395	560
Total community and related party loans	395	560	395	560

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. (2021 \$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.

\$'000

	Carrying amount	Contractual cash flows	Less than one year	Greater than one year
Council 2022				
Payables	24,971	24,971	24,364	607
Bank overdraft	-	-	-	-
Debentures	192,000	216,584	34,700	181,884
Financial guarantees	250	250	250	-
Total	217,221	241,805	59,314	182,491
Council 2021				
Payables	20,242	20,242	19,899	343
Bank overdraft	-	-	-	-
Debentures	172,000	179,746	31,564	148,182
Financial guarantees	250	250	250	-
Total	192,492	200,238	51,713	148,525
Group 2022				
Payables	25,898	25,898	25,291	607
Bank overdraft	-	-	-	-
Debentures	192,000	216,584	34,700	181,884
Financial guarantees	325	325	325	-
Total	218,223	242,807	60,316	182,491
Group 2021				
Payables	21,372	21,372	21,029	343
Bank overdraft	-	-	-	-
Debentures	172,000	179,746	31,564	148,182
Financial guarantees	290	290	290	-
Total	193,662	201,408	52,883	148,525

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 28.

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.

				\$'000
	Liability carrying amount	Contractual Cash flows	Less than one year	Greater than one year
Council and Group 2022				
Net settled derivative liabilities	687	687	-	687
Council and Group 2021				
Net settled derivative liabilities	13,023	13,023	452	12,571

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.

				\$'000
	Carrying amount	Contractual Cash flows	Less than one year	Greater than one year
Council 2022				
Cash and cash equivalents	31,948	31,948	31,948	-
Receivables	26,663	26,663	26,663	-
Net settled derivative assets	6,011	6,011	6,011	-
Other financial assets:				
- term deposits	-	-	-	-
- community loans	395	425	149	276

\$'000

	Carrying amount	Contractual Cash flows	Less than one year	Greater than one year
- LGFA borrower notes	3,659	4,067	324	3,743
Total	68,676	69,114	65,095	4,019
Council 2021				
Cash and cash equivalents	27,001	27,001	27,001	-
Receivables	14,884	14,884	14,884	-
Net settled derivative assets	98	98	98	-
Other financial assets:				
- term deposits	-	-	-	-
- community loans	560	589	175	414
- LGFA borrower notes	2,979	2,923	302	2,621
Total	45,522	45,495	42,460	3,035
Group 2022				
Cash and cash equivalents	34,636	34,636	34,636	-
Receivables	27,179	27,179	27,179	-
Net settled derivative assets	6,011	6,011	6,011	-
Other financial assets:				
- term deposits	580	580	580	-
- community loans	395	425	149	276
- LGFA borrower notes	3,659	4,067	324	3,743
Total	72,460	72,898	68,879	4,019
Group 2021				
Cash and cash equivalents	32,075	32,075	32,075	-
Receivables	14,947	14,947	14,947	-
Net settled derivative assets	98	98	98	-
Other financial assets:				

	\$'000			
	Carrying amount	Contractual Cash flows	Less than one year	Greater than one year
- term deposits	-	-	-	-
- community loans	560	589	175	414
- LGFA borrower notes	2,979	2,923	302	2,621
Total	50,659	50,632	47,597	3,035

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.

	\$'000							
	2022				2021			
	-50bps Surplus	-50bps Other equity	+100bps Surplus	+100bps Other equity	-50bps Surplus	-50bps Other equity	+100bps Surplus	+100bps Other equity
Council								
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	-	(160)	319	-	(135)	-	270	-
Derivatives - held for trading	-	(3,073)	5,816	-	-	-	-	-
Financial liabilities								
Derivatives - held for trading	-	(308)	594	-	(3,179)	-	6,010	-
Borrowings:								
- secured loans	-	-	-	-	-	-	-	-
- debentures	-	960	(1,920)	-	860	-	(1,720)	-
Total sensitivity	-	(2,581)	4,809	-	(2,454)	-	4,560	-

	\$'000							
	2022				2021			
	-50bps Surplus	-50bps Other equity	+100bps Surplus	+100bps Other equity	-50bps Surplus	-50bps Other equity	+100bps Surplus	+100bps Other equity
Group								
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	-	(173)	346	-	(160)	-	321	-
Derivatives - held for trading	-	(3,073)	5,816	-	-	-	-	-
Financial liabilities								
Derivatives - held for trading	-	(308)	594	-	(3,179)	-	6,010	-
Borrowings:								
- secured loans	-	-	-	-	-	-	-	-
- debentures	-	960	(1,920)	-	860	-	(1,720)	-
Total sensitivity	-	(2,594)	4,836	-	(2,479)	-	4,611	-

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.

(d) Reconciliation of movements in liabilities arising from financing activities

	\$'000		
	Secured loans	Finance leases	Interest rate swaps
Balance at 31 June 2021 - Council and Group	172,000	-	13,023
Net cash flows	20,000	-	-
Fair value	-	-	(12,336)
Balance at 30 June 2022 - Council and Group	192,000	-	687

NOTE 30: GROUP RELATED PARTY TRANSACTIONS

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that it is reasonable to expect Council and the Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within Council Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such Group transactions.

Group related party transactions

WHANGĀREI DISTRICT AIRPORT (WDA)

During the year WDA received a loan from Council of \$833,421 and was charged interest of \$10,999 to fund the purchase of a fire truck, backup truck and fire equipment as part of the setup of the Rescue Fire Service for the airport, the loan was fully repaid by 30 June 2022.

HATEA ART PRECINCT TRUST (HAPT)

HAPT received an annual operating grant (including rent concession) from Council of \$792,527 (2021: \$578,747). An amount of nil was outstanding at 30 June 2022 (2021: nil).

NORTHLAND EVENTS CENTRE TRUST AND NORTHLAND EVENTS CENTRE (2021) TRUST

On 23rd July 2020, Council considered options for the future governance arrangements of the Northland Events Centre. A recommendation was adopted endorsing a new 'full trust' approach as the preferred option going forward. Under this option the trust would govern and hold management responsibilities.

On 21 September 2021 the Northland Events Centre Trustees unanimously resolved to wind up the existing Northland Events Centre Trust in accordance with the Deed of Trust. This resolution includes the effective date of termination as 30 November 2021.

The transition process was managed by Council in collaboration with newly appointed Trustees of the new entity 'Northland Events Centre (2021) Trust'.

All assets and liabilities of the Northland Events Centre Trust have been transferred to Northland Events Centre (2021) Trust at termination date.

NORTHLAND EVENTS CENTRE (2021) TRUST (NECT)

Whangarei District Council divested assets at a book value of \$115k to the Northland Events Centre (2021) Trust. The transfer of these assets arose due to the change in governance arrangements of the Trust referred to above.

NECT received an annual operating grant from Council of \$685,620 (2021: nil). An amount of nil was outstanding at 30 June 2022 (2021: nil).

As part of the disestablishment of NECT, assets with a carrying value of \$164,559 were transferred from NECT to Whangarei District Council.

NOTE 31: EVENTS OCCURRING AFTER THE BALANCE DATE

Three Waters Reform

The New Zealand Government is implementing a water services reform that is intended to ensure all New Zealanders have safe, clean and affordable water services. This will be achieved by establishing four publicly owned water services entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand from 1 July 2024.

The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022: this contains the water entities' ownership, governance and accountability arrangements. This act received royal assent on 14 December 2022.
- The Water Services Legislation Bill: this provides water services entities with the necessary legislative functions, responsibilities, and powers to be fully operational from the 'go live' date on 1 July 2024. This is currently at select committee stage and was open for public submissions until 12 February 2023.
- Water Services Economic Efficiency and Consumer Protection Bill: this will provide the economic regulation and consumer protection framework for water services. It is also currently at select committee stage and was open for public submissions until 12 February 2023.

The impact of this reform will mean that Whangarei District Council will no longer deliver three waters services or own the assets required to deliver these services. Until the above bills receive royal assent, the financial impact of the transfer on Whangarei District Council remains uncertain.

Three Waters Reform – Legal Action

In November 2021, Council resolved to join the multi council campaign to convince the Government to alter its intention to proceed with legislation that will compel councils to transfer their Three Waters assets into the ownership and/or operational control of another legal entity without the agreement of an affected council to that transfer.

Timaru, Waimakariri and Whangarei District Councils filed proceedings in the High Court seeking declarations on ownership and property rights in relation to Three Waters assets. In February 2023 the High Court released its decision declining to make the declarations sought.

COVID-19

Our District continues to be impacted by COVID-19 but not significantly. Council anticipates potential issues with supply chain, cost escalations, and delays to project delivery over the coming year. The post 30 June 2022 changes in the COVID-19 alert levels had no impact on the financial statements for the year ended 30 June 2022.

Interest Rate Swap Valuations

At 30 June 2022, the Official Cash Rate (OCR) was at 2%, since then the OCR has increased to 4.75% in February 2023 with further increases expected. This has resulted in a change in the interest rate swap fair values from what was disclosed as at 30 June 2022.

The value of interest rate swaps has increased by \$5.1 million from \$5.3 million to \$10.4 million since the reporting date based on a valuation as at 28 February 2023.

Hatea Art Precinct Trust (HAPT)

COVID-19 has continued to impact on visitor numbers to the HAC-WMAG. International visitors, who are expected to make up a significant percentage of ticket sales, were not allowed to enter New Zealand until the end of July 2022. International visitor numbers are expected to increase gradually, although the pandemic continues to add uncertainty to the operating environment.

The underwrite arrangement with Westpac (see Note 28) has been withdrawn by Westpac due to substantially changed trading conditions resulting from the COVID-19 pandemic. HAPT holds \$1.25 million in funds which was to provide the bond for the guarantee. A first guarantor to replace Westpac is being sought, with Council input. The second underwrite agreement for \$750 thousand, with the Ngatiwai Trust Board as guarantor, remains in place.

Cyclone Gabrielle

The North Island of New Zealand was impacted by Cyclone Gabrielle in February 2023. This significant weather event caused widespread damage to our region. The recovery costs will be substantial, however it will take some time to quantify these. Costs will include spend on the Emergency Operations Centre, recovery work, waste removal costs, and costs to repair and renew damaged assets. Council may need to reprioritise its capital programme in order to repair storm damaged assets.

Council will recover some of this cost from insurance. Certain emergency management costs are reimbursable by central government agencies, and transport related emergency works will be subsidised by Waka Kotahi New Transport Agency.

A Mayoral Relief Fund has been activated to support the Whangarei District in response to Cyclone Gabrielle.

NOTE 32: EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

	\$'000		
Key financial information	Actual 2022	Budget 2022	Comments
Statement of comprehensive revenue and expense			
Total revenue	229,651	202,809	<p>Total revenue was higher than budget by \$26.8 million:</p> <ul style="list-style-type: none"> development contributions were \$5.6 million higher than budget, reflective of the continuing growth in the region and the recovery from COVID-19. subsidies and grants were \$15.7 million lower than budget due to less subsidies received from the following: \$8.6 million less from Waka Kotahi NZTA re roading projects. \$0.7 million less from the Ministry of Health re Three Waters, \$5.2 million less from Crown Infrastructure Partners re shovel ready projects, and \$1.2 million less from Tourism Infrastructure Partners and other grants. fees and charges revenue were \$1.5 million higher than budget due to COVID-19 not impacting Council's level of services as expected. vested asset income was higher than budget by \$6.8 million due to the conservative nature of the budget and reflective of continued growth. an unbudgeted investment property revaluation gain of \$9.0 million was due to the rapid increase of investment property values over the previous year. an unbudgeted gain on derivatives of \$18.3 million due to rising interest rates. an unbudgeted gain from share of joint venture profits of \$1.9 million.
Total expenses	170,189	162,730	<p>Total operating expenses were higher than budget by \$7.5 million:</p> <ul style="list-style-type: none"> personnel costs were \$1.2 million lower than budget due to staff vacancies. depreciation and amortisation was \$1.3 million higher than budget due to the roading revaluation increase being higher than budgeted. Because roading is revalued annually, the valuation impacts on the depreciation for the current year. This was partially offset by amortisation being less than budget due to the reclassification of a SaaS (software as a service) agreement. unbudgeted losses on disposal of other assets of \$8.0 million which are not budgeted due to the uncertainty regarding timing of asset disposals. The main items being the disposal of the Whau Valley Treatment plant \$4.2 million and Roothing disposals of \$1.9 million.
Surplus/ (deficit)	59,462	40,079	

Statement of financial position

\$'000

Key financial information	Actual 2022	Budget 2022	Comments
Total assets	2,346,458	2,099,836	<p>Total assets are higher than budget by \$246.6 million:</p> <ul style="list-style-type: none"> • cash and cash equivalents are \$5.4 million above budget. • debtors and receivables are \$7.5 million above budget due to a \$5.7 million insurance claim re damages awarded against Council. • derivative financial instruments are \$6.0 million above budget due to unrealised revaluation gains. • intangible assets are \$3.2 million below budget due to a prior period reclassification of a Software as a Service (SaaS) arrangement that is now classified as a prepayment . • prepayments are \$2.9 million above budget due to a prior period reclassification of a Software as a Service (SaaS) arrangement that is now classified as a prepayment not an intangible asset. <p>Property, plant and equipment is \$207.3 million above budget:</p> <ul style="list-style-type: none"> • This is due to much higher than budgeted revaluation increases for roading and infrastructure assets. This variance has been partially offset by capital projects not completed and carried forward into future years. • Investment properties are \$19.0 million above budget. In accordance with our significant forecasting assumptions, due to the inherent difficulties Council does not budget for valuation increases. The opening position was also higher than budgeted as a result of the 2021 valuation increase.
Total liabilities	240,994	262,799	<p>Total liabilities are lower than budget by \$21.8 million:</p> <ul style="list-style-type: none"> • payables and deferred revenue are \$8.6 million higher than budget mainly due to an \$8.4 million variance in the actual opening balance to what was assumed when preparing the 2021-31 Long Term Plan. • derivative financial instruments are \$20.2 million under budget due to unrealised revaluation gains. • borrowings are \$17.0 million under budget due to less new borrowing required than budgeted. • provisions are \$5.9 million higher than budget due to a \$5.7 million civil claim against Council.
Net assets	2,105,464	1,837,037	

\$'000

Key financial information	Actual 2022	Budget 2022	Comments
Cash flow statement			
Net cash flows from operating activities	67,975	73,081	<p>Net cash flows from operating activities was lower than budget by \$5.1 million:</p> <ul style="list-style-type: none"> • other revenue including development contributions were higher than budget by \$6.2 million reflective of the continuing growth in the region and the recovery from COVID-19. • rates received were higher than budget by \$0.9 million • subsidies and grants were \$15.7 million lower than budget due to less subsidies received from the following: \$8.6 million less from Waka Kotahi NZTA re roading projects. \$0.7 million less from the Ministry of Health re Three Waters, \$5.2 million less from Crown Infrastructure Partners re shovel ready projects, and \$1.2 million less from Tourism Infrastructure Partners and other grants, \$5.9 million is the difference in the balance sheet movement made up of \$2.6 million Revenue in advance not budgeted, NZTA accrual \$0.5 million not budgeted and other receivables \$2.8 million. • payments to suppliers and employees were \$9.2 million lower than budget due to a decrease in employee costs, professional services, contractors and consultants.
Net cash flows from investing activities	(83,199)	(110,821)	<p>Net cash flows from investing activities was lower than budget by \$27.6 million:</p> <ul style="list-style-type: none"> • This is due to capital projects not completed that will be carried forward to future years. • proceeds from sale of fixed assets were higher than budget by \$1.4 million due to the sale of properties and other assets. • net receipts from investments and loans was higher than budget by \$0.8 million due to distributions from Joint Ventures.
Net cash flows from financing activities	20,171	37,000	<p>Net cash flows from financing activities was lower than budget by \$16.8 million.</p> <ul style="list-style-type: none"> • net proceeds from borrowings were \$17.0 million lower than budget due to the shortfall in the purchase and development of fixed assets.
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	4,947	(740)	

NOTE 33: INVESTMENT IN JOINT OPERATIONS

Accounting policy

A joint arrangement is a binding arrangement that confers enforceable rights and obligations on the parties to the arrangement that is subject to joint control. Joint control is the agreed sharing of control where decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as a joint operation or a joint venture. The classification depends on the rights and obligations of each party under the joint arrangement. Council reviews the legal form, terms of the binding agreement, and other facts and circumstances relevant to its interest in determining the classification of the joint arrangement.

For joint operations, Council and the group recognises its direct right to the assets, liabilities, revenues and expense of joint operations and its share of any jointly held or incurred assets, liabilities, revenue, and expenses. Assets, liabilities, revenues, and expenses relating to Council's interest in a joint operation are accounted for in line with Council's accounting policies and included in the relevant line items of Council and the group financial statements.

Whangārei District Airport (WDA)

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

		%	
		2022	2021
Name	Principal activity	Percentage ownership	Percentage ownership
Whangārei 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.

	\$'000	
	Council	
	Actual 2022	Actual 2021
Council's interest in the Joint Venture		
Current assets	182	235
Non-current assets	2,410	2,059
Current liabilities	116	84
Non-current liabilities	-	-
Revenue	454	341
Expenses	634	428

Northland Regional Landfill Limited Partnership (NRLLP)

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

		%	
		2022	2021
Name	Principal activity	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.

\$'000

Council

Actual
2022Actual
2021

Council's interest in the Joint Venture

Current assets	724	1,409
Non-current assets	16,674	16,585
Current liabilities	2,141	2,360
Non-current liabilities	5,485	6,026
Revenue	6,934	6,245
Expenses	5,150	4,792

Note : The above figures for WDA and NRLLP are subject to final audit clearance.

NOTE 34: 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	%	
			2022	2021
Springs Flat Contractors Limited (SFCL)	Companies Act 1993	SFCL is a limited liability shelf company. Council retains this company due to the unrealised tax losses held by SFCL.	100%	100%
Hatea Art Precinct Trust (HAPT)	Charitable Trusts Act 1957 of New Zealand	<p>HAPT is a Charitable Trust and is operated by the Trustees of HAPT with the bulk of funding being received from Council. HAPT was established to maintain and display the District's art collection, the acquisition, collection, conservation and display of works of art; the promotion of the understanding, enjoyment and study of art in the Whangārei District and Northland region.</p> <p>HAPT is a fully controlled entity for financial reporting purposes.</p> <p>The purpose of HAPT is to operate and manage two art facilities in Whangārei; Whangārei Art Museum which is the public gallery of the Whangārei District, and the Hundertwasser Art Centre with Wairau Māori Art Gallery.</p> <p>Whilst Council is not involved in the day to day operating activities, Council and the Whangārei District benefit from the Trust's activities.</p>	Controlling	
Northland Events Centre (2021) Trust (NECT)	Charitable Trusts Act 1957 of New Zealand	<p>NECT is a charitable trust that operates and maintains a multi-purpose centre for sports bodies, arts, musical, social and cultural events.</p> <p>NECT is a fully controlled entity for financial reporting purposes. Whilst Council is not involved in the day to day operating activities, Council and the Whangārei District benefit from the Trust's activities.</p>	Controlling	
Whangārei Waste Limited (WWL)	Companies Act 1993	WWL is a partnership holding company for the Northland Regional Landfill Limited Partnership (NRLLP) joint venture between Council and Northland Waste Limited. WWL operates in New Zealand only.	100%	100%

Subsidiary	Governed by	Principal activity	%	
			2022	2021
Whangārei Quarry Gardens Trust (WQGT)	Charitable Trusts Act 1957 of New Zealand	WQGT is a charitable trust that operates a recreational facility. Council has a representative on the board of Trustees. WQGT was formed to develop the former metal quarry in Russell Road which is in Council ownership. WQGT has established a group of volunteers who assist in maintaining the grounds and have completed a master plan for the future development of the site as a horticultural and educational asset for the Whangārei District.	Non-controlling interest	

NOTE 35: REPORT OF COUNCIL CONTROLLED ORGANISATIONS PERFORMANCE

Council Controlled Organisations (CCOs) are any organisation in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the directors.

We have an interest in the following CCOs:

- Northland Regional Landfill Limited Partnership (NRLLP)
- Whangārei District Airport (WDA)

The following tables explain what these organisations do; our ownership interest, Council representation, policies and objectives, nature and scope of activities, key performance targets and outcomes for the 2021-22 year.

We manage and monitor our investment in CCO's by reviewing statement of intents, six monthly and annual reports at our Strategy, Planning and Development Committee.

NORTHLAND REGIONAL LANDFILL LIMITED PARTNERSHIP (NRLLP)

Ownership	50%
Representation (total members)	1 (4) NRLLP has four directors, with one director from Council.
Significant policies and objectives	<ul style="list-style-type: none"> • Operate and manage ReSort RRP and Puwera landfill in accordance with the management agreement and consents. • Diverting re-usable and recyclable material from ReSort general waste stream where financially viable. • Manage the financial aspects of the organisation to ensure a satisfactory annual distribution to the partners. • Continue development of the fifth cell construction stage at the landfill and ensure a minimum of six months capacity is always available. • Investigate options to future proof the landfill. • For 2023 construct the proposed Gas to Energy (electricity) plant at Puwera landfill as approved late in 2021.

Nature and scope of activities	<ul style="list-style-type: none"> • Own, operate and manage Puwera Landfill. • Own, operate and manage ReSort RRP. • Haulage of conforming waste from ReSort to Puwera. • Provide for post closure responsibilities for Puwera. • Conduct waste diversion and recycling and green waste separation.
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	Result 2022	Result 2021
Objective		
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 health and safety systems to enable retention of SafePlus branding.	Achieved	Achieved
Ensure no notifiable health and safety incidents (as defined by Worksafe NZ) occurring at all operational sites owned by NRLLP.	Not achieved	Achieved
Ensure Resort facilitates a minimum of 40% diversion away from landfill of all material being handled through the site.	Achieved	Achieved
Maintain compaction of 0.7 tonnes of placed refuse per cubic metre of airspace used.	Achieved	Achieved
Ensure six months landfill capacity is maintained at all times.	Achieved	Achieved
Achieve a minimum of 70% landfill gas destruction.	Achieved	Achieved

WHANGĀREI DISTRICT AIRPORT (WDA)

Ownership	50%
Representation (total members)	14 (14) Council is fully represented by the Strategy, Planning and Development Committee.
Significant policies and objectives	<ul style="list-style-type: none"> To achieve the objectives of Whangarei District Council and the Ministry of Transport. To operate a fully serviceable District Airport. To provide a good work environment. To exhibit a sense of social and environmental responsibility. Airport operation will meet the needs of aviation operators and their customers. Health and safety standards are promoted and maintained.
Nature and scope of activities	<ul style="list-style-type: none"> To provide Airport services to and from the Whangārei area. To operate the Airport in a cost effective and efficient manner. To seek opportunities to widen the Airports revenue base. To adhere to the terms of the Aerodrome Operating Certificate issued by the Civil Aviation Authority. To meet Civil Aviation Authority certification requirements.

\$

Performance Target	Result 2022	Result 2021	Comment	Actual 2022	Budget 2022	Actual 2021
1. To operate within agreed financial budgets.	Target met	Target met	Revenue	955,884	681,500	683,787
	Target not met	Target not met	Expenditure	1,149,366	933,400	872,160
2. Maintain >75% user satisfaction through achieving satisfactory and very satisfactory ratings on the annual user survey.	Target met	Target met	A customer survey started in June 2022 had 65 respondents. Q10 asked for a score of overall satisfaction. 42% scored Very Satisfactory (The highest rating). 43% Satisfactory. 13% gave an average score. One skipped the question. There was no score below average.			
3. Maintain best practice noise management process.	Target met	Target met	Noise complaints have always been dealt with quickly and recorded in the WDC complaint record system. Noise contour report for 2021 produced. Due possible increase in helicopter operations full engagement with the community via WDC and participation in the re-established noise management committee, to investigate mitigations.			
4. Maintain Airport Certification by continuing to meet certification standards required by the Civil Aviation Authority (CAA).	Target met	Target met	Independent auditor engaged annually to audit compliance with CAA requirements and our own internal processes. Last audit carried out 10 May 2022. Reported direct to CEO.			

Performance Target	Result 2022	Result 2021	Comment	Actual 2022	Budget 2022	Actual 2021
5. Meet required legislative timeframes under the LGA and CAA.	Target met	Not achieved				
6. To encourage new business development and existing business expansion by engaging alternative aviation and airport service providers and enabling business to grow through lease management and land use consent process.	Target met	In progress	Very difficult with the COVID-19 restrictions but we have had two new hangar site leases completed and now built on. Other leases renewed at higher rental prices.			
7. Maintain an effective Safety Management System.						
• Annual management review	Target met	Target met	Independent auditor checks compliance against our SMS and ensures all requirements carried out.			
• Annual training schedule is up to date.	Target met	Target met	Some 10-week Safety meetings were delayed and User operator meetings disrupted due to COVID-19 restrictions. Post COVID-19, Airport Safety Meeting frequency has been changed to quarterly meetings (four meetings per year instead of five).			
• Airport Safety meetings every 10 weeks.	Target not met	Target met				
• Three operator meetings per year.	Target not met	Target met				

NOTE 36: 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.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WHANGAREI DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

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

We are also required to report on:

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

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

OUR AUDIT WAS COMPLETED LATE

We completed our work on 23 March 2023. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by Section 98(7) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

OPINION ON THE AUDITED INFORMATION

In our opinion:

- the financial statements on pages 143 to 261:
 - present fairly, in all material respects:
 - » the District Council and Group's financial position as at 30 June 2022;
 - » 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; and
- the funding impact statement on pages 42 to 43, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan;

- the Our work in detail section on pages 45 to 140:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2022, 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 51 to 140, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council’s Long-term plan; and
- the funding impact statement for each group of activities on pages 51 to 140, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s Long-term plan.

REPORT ON THE DISCLOSURE REQUIREMENTS

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 24 to 28, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

EMPHASIS OF MATTERS

Without modifying our opinion, we draw attention to the following disclosures:

Uncertainty over the financial impact of three waters reform

Note 31 on page 249 outlines that the Water Services Entities Act 2022 received royal assent on 14 December 2022. The Act establishes four publicly owned water services entities to take over responsibilities for three waters service delivery and infrastructure from local authorities from 1 July 2024, or earlier by Order in Council. In December 2022, the Government introduced two additional water services Bills, one of which will enable the transfer of three waters related assets and liabilities to the water services entities. Until the Bills receive royal assent, the financial impact of the transfer on the District Council remains uncertain.

Extent of damage from extreme weather events is yet to be determined

Note 31 on page 250 outlines that extreme weather events, which occurred after 30 June 2022 in the Northland region, caused significant damage to the District Council's assets. The financial impact of the damage is yet to be determined, but the Council expects these costs to be substantial. The Council expects to recover some of the costs through insurance and from central government agencies.

BASIS FOR OUR OPINION ON THE AUDITED INFORMATION

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

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

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

RESPONSIBILITIES OF THE COUNCIL FOR THE AUDITED INFORMATION

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

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

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

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

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDITED INFORMATION

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

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Our work in detail section, 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 auditor's 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 audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 23, 29 to 41, 44, 141 to 142 and 267 to 274 but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

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

In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed, which is compatible with those independence requirements. Other than this engagement we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



Carl Wessels

Audit New Zealand

On behalf of the Auditor-General

Auckland, New Zealand

AUDIT NEW ZEALAND
Mana Arotake Aotearoa



GENERAL

INFORMATION

TE PĀRONGO WHĀNUI

Abbreviations and acronyms

AMP

Activity or Asset Management Plan

BERL

Business and Economic Research Limited

CAA

Civil Aviation Authority

CAPEX

Capital expenditure

CCO

Council Controlled Organisation

CCTO

Council Controlled Trading Organisation

CE

Chief Executive

CO

Council Organisation

CPI

Consumer Price Index

DCP

Development Contributions Policy

FIS

Funding Impact Statement

FN

Forum North

GAAP

Generally Accepted Accounting Practice

GIS

Geographic Information System

GST

Goods and Services Tax

HAPT

Hatea Arts Precinct Trust

HWMAC

Hundertwasser Wairau Māori Art Centre

IPSAS

International Public Sector Accounting Standards

LA

Local Authority

LGA

Local Government Act 2002

LGCI

Local Government Cost Index

LGFA

Local Government Funding Agency

LTP

Long Term Plan

NEC

Northland Events Centre

NIF

Northland Intersectoral Forum

NRC

Northland Regional Council

NRLLP

Northland Regional Landfill Limited Partnership

NZIFRS

New Zealand International Financial Reporting Standards

NZTA

New Zealand Transport Agency

OCR

Official Cash Rate

OPEX

Operational expenditure

PBE

Public Benefit Entity

PPE

Property, Plant and Equipment

RDF

Regional Development Fund

RPS

Regional Policy Statement

RFP

Request for Proposal

RMA

Resource Management Act

SOI

Statement of Intent

SCP

Special Consultative Procedure

SUIP

Separately Used or Inhabited Part

TA

Territorial Authority

UAGC

Uniform Annual General Charge

WDA

Whangārei District Airport

WQGT

Whangārei Quarry Gardens Trust

Glossary

Activity

The goods or services that Council provides to the community.

Activity Management Plan (AMP)

An operational plan that details policy, financial forecasting, engineering requirements and levels of service for non-asset-related Council activities.

Arrears

Money that is owed and should have been paid earlier.

Assets

Physical items owned by Council and used for the purpose of service provision to the community, for example property, plant and equipment.

Asset Management Plan (AMP)

An operational plan that details policy, financial forecasting, engineering requirements and levels of service for asset-related Council activities.

Annual Plan

An annual plan must be prepared by a council annually except in an LTP year and it must be adopted before the commencement of the year in which it operates. The purpose of the annual plan is set out in the Local Government Act 2002, section 95 (5).

Capital expenditure

The category of funding used for building new assets or increasing the value of existing assets.

Capital Value

The total value of the land including improvements. This is the probable price that would have been paid for the property if it had sold at the date of the last general valuation.

Community

The people of the area covered by Council.

Community Outcomes

Outcomes that a local authority aims to achieve in meeting the current and future needs of communities for good quality local infrastructure, local public services and performance of regulatory functions. A local authority will consider these outcomes in the course of its decision-making.

Council Controlled Organisation (CCO)

An organisation for which Council maintains at least 50% voting rights or has the right to appoint at least 50% of the directors or trustees. CCOs are generally operated without the objective of making a surplus or profit and are usually set up to independently manage Council facilities or deliver specific services.

Council Controlled Trading Organisation (CCTO)

As for a Council Controlled Organisation but with the objective of making a profit.

Depreciation

The accounting expense that reflects the annual consumption of an asset's economic life.

Development Contributions (DC)

Payments received from developers to fund growth-related capital expenditure. These charges recover part of the cost of additional or upgraded infrastructure that is required to service new developments, e.g. roading, water, wastewater.

General rate

The rates charge against each rateable unit. It comprises the Uniform Annual General Charge (UAGC) and the rate in the dollar

calculated in accordance with Council rating policies.

Inflation

The Consumer Price Index (CPI) is the inflation rate that relates to household price increases while the Local Government Cost Index (LGCI) is the rate that relates to local government cost increases.

Infrastructure

Fixed utility assets including roads, sewerage, stormwater, water and waste.

Intergenerational equity

A common term used to express the spread of benefits across time. Much of the expenditure of a local authority is for infrastructure assets that have long service lives (such as roading networks). Current ratepayers should not be expected to fund all the benefits of future users, so costs are spread across current and future users.

Land Value

The assessment of the probable price that would have been paid for the bare land as at the date of the last general valuation.

Levels of Service

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

Local Authority (LA)

A regional council or territorial authority.

Local Government Act 2002 (LGA)

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

Long Term Plan (LTP)

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

Official Cash Rate (OCR)

The interest rate set by the Reserve Bank to meet the inflation target specified in the Policy Targets Agreement. The Agreement,

dated September 2002, requires the Reserve Bank to keep inflation at between 1% and 3% per annum.

Operating expenditure

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

Penalty (rates)

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

Rating unit

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

Rates postponement

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

Rates remission

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

Regional Council

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

Special Consultative Procedure (SCP)

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

Strategic asset

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

Targeted rate

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

Territorial Authority (TA)

A city council or a district council.

Uniform Annual General Charge (UAGC)

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

Valuation

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

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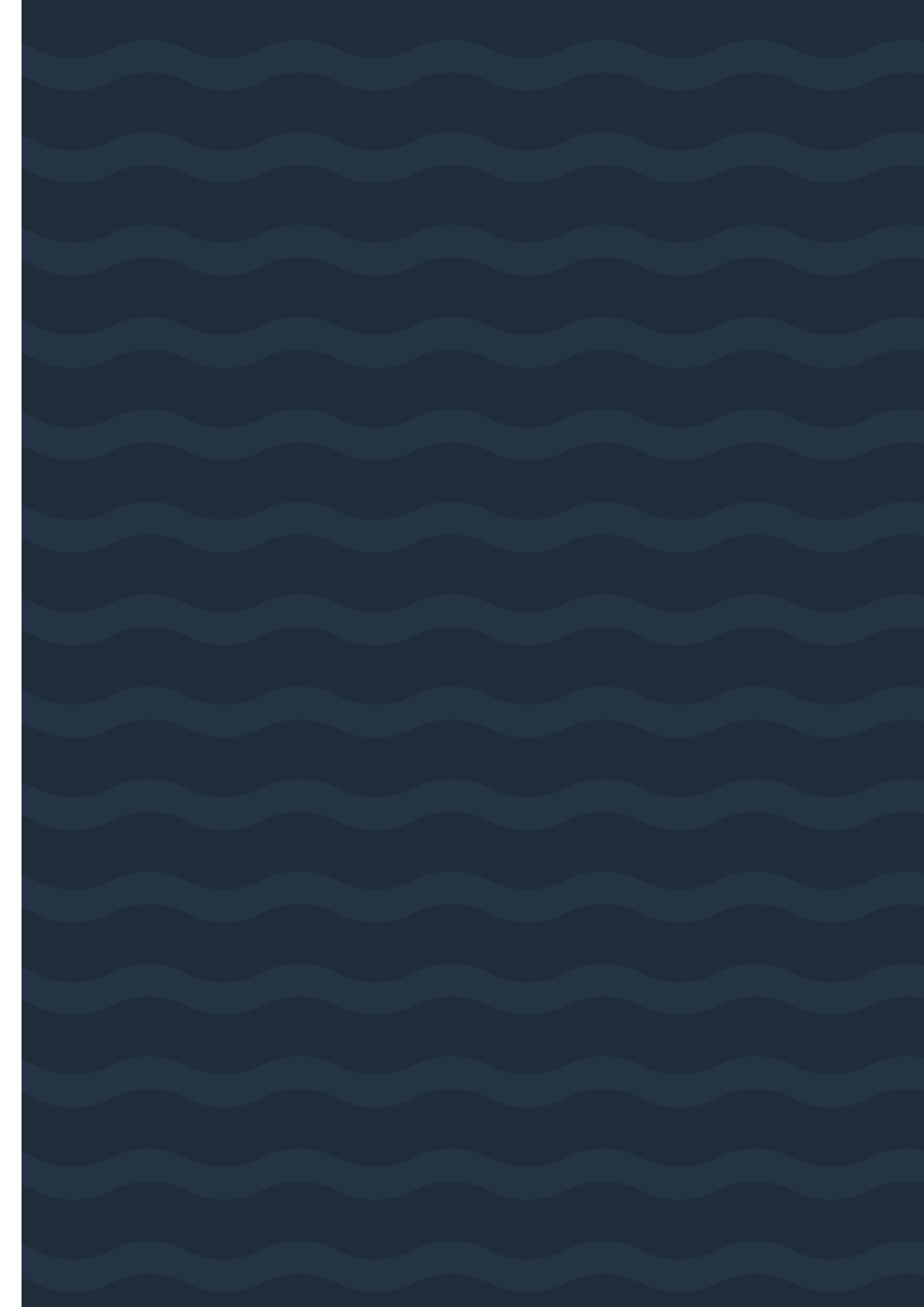
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