



Whangarei
District Council



Your Elected Members



Mayor Sheryl Mai

All communications to Her Worship go to the Mayor's personal assistant.
Phone 09 470 3029
Email mayor@wdc.govt.nz



Councillor Greg Martin

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



Deputy Mayor Greg Innes

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



Councillor Anna Murphy

Hikurangi-Coastal Ward
Mobile 022 649 8730
Email Cr.Murphy@wdc.govt.nz



Councillor Shelley Deeming

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



Councillor Ken Couper

Bream Bay Ward
Mobile 021 464 069
Email Cr.Couper@wdc.govt.nz



Councillor Vince Cocurullo

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



Councillor Jayne Golightly

Denby Ward
Home 021 186 1989
Mobile 021 348 079
Email Cr.Golightly@wdc.govt.nz



Councillor Tricia Cutforth

Denby Ward
Mobile 027 287 0366
Home 09 437 3481
Email Cr.Cutforth@wdc.govt.nz



Councillor Simon Reid

Mangakahia-Maungatapere Ward
Mobile 021 938 268
Email Cr.Reid@wdc.govt.nz



Councillor Gavin Benney

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



Councillor Carol Peters

Okara Ward
Home 09 437 0185
Mobile 021 557 498
Email Cr.Peters@wdc.govt.nz



Councillor Phil Halse

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



Councillor Nicholas Connop

Okara Ward
Mobile 021 453 912
Email Cr.Connop@wdc.govt.nz

Contents

Welcome	4	Financial statements and information	117
Statement of Compliance and Responsibility	5	Financial statements	118
Introduction	6	Notes to the financial statements.	125
Message from the Mayor and Chief Executive.	7	Audit Report	220
Governance structure	10	Independent Auditor’s Report.	221
Organisational structure.	11	General information	225
Group entities	12	Abbreviations and acronyms	226
How we performed	13	Glossary	227
Our performance at a glance	14	Index	229
Financial performance.	15		
Non-financial performance	28		
Council and Māori working in partnership	35		
Our work in detail	37		
About this section	38		
Summary Funding Impact Statement	43		
1. Transportation	45		
2. Water	52		
3. Solid Waste	59		
4. Wastewater	64		
5. Stormwater	69		
6. Flood Protection	74		
7. Community Facilities and Services	78		
8. Governance and Strategy.	95		
9. Planning and Regulatory Services	102		
10. Support Services	113		



Welcome

This 2020-21 Annual Report sets out what Whangarei District Council (Council) has achieved in the past financial year (from 1 July 2020 to 30 June 2021), why these things were done, how well we did them, what they cost and how they were paid for.

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

This Annual Report is laid out in the following sections:

Introduction

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

Our work in detail

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

Financial statements

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

Audit report

This section contains the Independent Auditor's Report provided by Audit New Zealand for the year ended 30 June 2021.

General information

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



Statement of Compliance and Responsibility

For the year ended 30 June 2021

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 2021 fairly reflect our financial position and operations.

Sheryl L Mai
Mayor

Rob Forlong
Chief Executive

Whangārei, 16 December 2021

Introduction



Message from the Mayor and Chief Executive

None of us knew the 2020-21 Annual Plan was going to be a plan for 'the year between lockdowns', and how little COVID-19 would really inhibit our results.

Facing reduced income by suspending some of the rates increase to ease potential financial hardship for our community, and establishing a COVID-19 Relief Fund, we were prepared for this to be reflected in our outcomes.

And then we were hit in July 2020 with the heaviest rainfall the District had seen in decades, causing damages of over \$8m.

But we went on to complete our largest capital works programme to date, a record \$90m, including \$55m in core infrastructure projects.

As a community we pulled together, delivering our best. I hope this is encouraging for anyone who is feeling worried following this year's lockdowns. When we work together the show does go on and we do get through.

Key to these results was our highly engaged community. We received feedback on a huge range of matters, from the broad and long-term to the short and closely focused. People read our plans, attended meetings, discussed matters online, considered options and then gave us their views.

We consulted on our Growth Strategy that will guide and manage coastal development, business and key industries, effects of climate change and housing choice and affordability in our District for the next 30 years. We sought feedback on Speed Limit Bylaws for Waipu South and Langs Beach. Tikipunga and Hikurangi communities were consulted on Placemaking Plans designed to make the most of their communities' unique qualities over the next 20-30 years.

We consulted on the Waterfront Precinct Plan – asking how people use the waterfront, what they like the most and what needs to be improved. We asked what was missing, and how it should develop.

Council consulted on Whangārei's Wastewater Treatment Plant discharge consent. With a replacement value of \$65m we want this incredibly important asset to do its job with the least impact on the surrounding environment.

We also sought your input on community representation, whether we should change our ward system and introduce Māori Wards.

At the next triennial elections (October 2022), things will be different. We will have one general ward of 10 Councillors, one Māori Ward of two Councillors and one Mayor. This is a significant change and reflects how our District is leading the evolution of democracy in Aotearoa.

We also tried something new by hosting a Free Family Fun Day to engage in our Long-Term Plan. More than 2000 people attended and dozens commented on rates, climate change, roading, developing places to gather, and revitalising the city centre.

Climate change and sea level rise are of real concern to you, and many of the projects embarked on during the year were direct responses to both.

Having declared a climate emergency in 2019, last year we developed a Draft Climate Action Plan focusing on reducing climate change factors for our District.

Several local projects (including repairs after the huge July storm) were direct responses, including sand replenishment at Matapōuri to correct changes in the river flow and altering sand drift systems. That work too, took a hit in the storm.

At One Tree Point we addressed sea level rise that was eroding shoreline cliffs by filling caves with large rocks to prevent collapse. Shoreline work was also carried out in other parts of the District.

Drought is another climate change issue. Here, good long-term planning sees our District in a better position water-wise than many. Two significant projects completed this year were a new \$1m watermain between the Hātea River and our new \$30m Whau Valley Water Treatment Plant. This allows access to more water from the river during dry weather, conserving dam water. The new plant will treat substantially more water, even after storm events that make water processing more difficult.

Anticipating and accommodating climate change and sea level rise is part of all infrastructure, planning and regulatory work. Ensuring roads, pipework and buildings are built (or in some cases, rebuilt) to sound standards and in places that can cope with sea level rise and climate change is part of that picture.

It was a factor in the energy-efficient design of your new Civic Centre, which will enhance customer convenience by bringing our services together under one roof.

Work has also progressed on community-friendly, shared walking and cycle paths around and through our city and outlying parts of the District.

The Ministry of Business Innovation and Employment (MBIE) boosted our fast-growing shared path network by \$6m. This network is well on the way to connecting all suburbs with the central city and each other.

Many transport projects were included in the \$34m (our largest to date) programme of transport works. We rehabilitated 5.4km (0.51%) of the sealed road network and resealed 118km (11.1%).

MBIE funding saw \$10m allocated to a new bridge and walking lane across Limeburner's Creek on Port Road. This project will help resolve peak traffic congestion at Kioreroa Road.

Major roadworks included a once-in-25-years pavement upgrade on Rewa Rewa Road through the City's industrial area. Across the District 8.4km of metal roads were sealed and 1.6km of new footpaths were built.

The \$6m, 85% Waka Kotahi-funded project to replace old high-pressure sodium and mercury vapour lights with energy efficient LED streetlights was also completed during the year.

The first of a series of inner-city revitalisation projects included a project to improve flows to and from the bus station into the city centre and changes to John, James, and Dent streets to improve connections to the Town Basin.

Many improvements were made to public spaces where people can play, linger, shop, and enjoy themselves. The largest of these the Town Basin park, due to open in the coming financial year. Complementing the Town Basin surrounds, linking Huarahi o te Whai (the Hātea Loop) and the Hundertwasser Art Centre, it will be a people magnet in years to come.

Other projects enhanced recreation and entertainment opportunities. Semenoff Stadium received new lighting towers and is on track to host 2021 Rugby World Cup games – to be held in 2022. Its new 46m² big screen will also improve sporting, music, and community events.

On Pohe Island the skatepark has been upgraded and extended and is now the District’s most diverse skating venue. Siteworks have begun on another destination playground and the bike park is taking shape with multiple skills areas, an 800m circuit track and upgrades to the existing building – this facility will be well-loved and much used.

Events supported during the year included the Matariki free whānau day, the Fringe Festival, Festival of Motor Sport, Children’s Day, the Endless Summer Festival, School Holiday Programmes, and more.

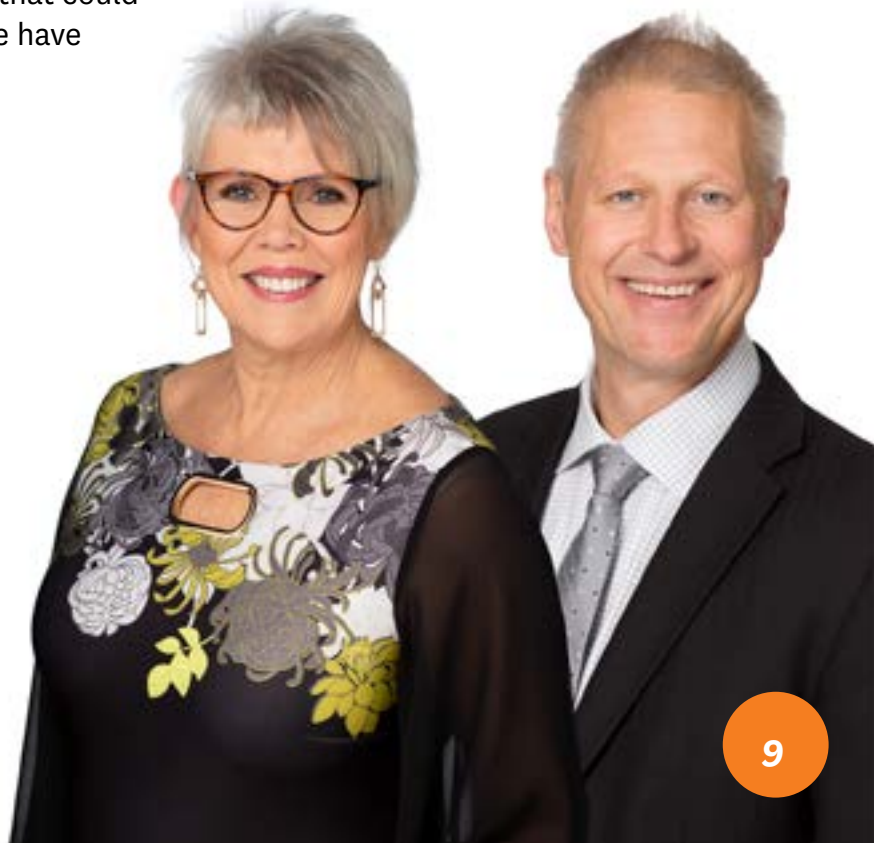
As well as our COVID-19 Recovery Package and capital works programme, several projects took place. Funding from MBIE enabled Worker Redeployment teams to clear up after the July storm, removing trees hanging over roads, clearing roadsides to improve visibility, clearing dunes, building shared paths, picking up roadside litter and improving sightlines.

During the year, our teams won recognition from their peers, including the Human Resources of New Zealand (HRNZ) organisational Change and Development Award. We made the short list for the Diversity Awards NZ, and we also retained our S&P Global Ratings AA+ credit rating which is testament to our prudent fiscal management. These results recognise the efforts made by your Council and staff to be the best possible service providers to you, our residents, and ratepayers.

Hundreds of important projects and contributions are missing in this wrap up – to list them all would be impossible, but to all who contributed, thank you.

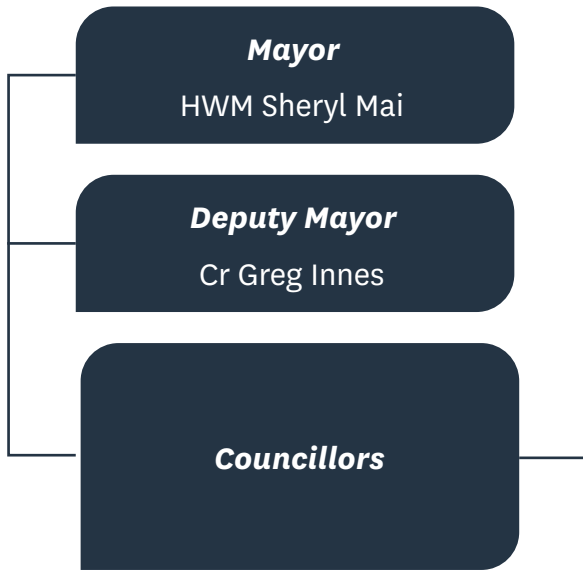
We have striven to do our best, in a year that could have been quite bleak, and we believe we have shone – thank you for your support.

Sheryl Mai | Rob Forlong





Governance structure



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 Councillors

INFRASTRUCTURE COMMITTEE

Chair Cr Greg Martin and all Councillors

STRATEGY, PLANNING AND DEVELOPMENT COMMITTEE

Chair Cr Shelley Deeming and all Councillors

RISK AND AUDIT COMMITTEE

Independent Chair John Isles and all Councillors

Māori Partnership

TE KĀREAREA STRATEGIC PARTNERSHIP FORUM STANDING COMMITTEE

Chair Cr Phil Halse – Whangarei District Council

Chair Len Bristowe – Hapū

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

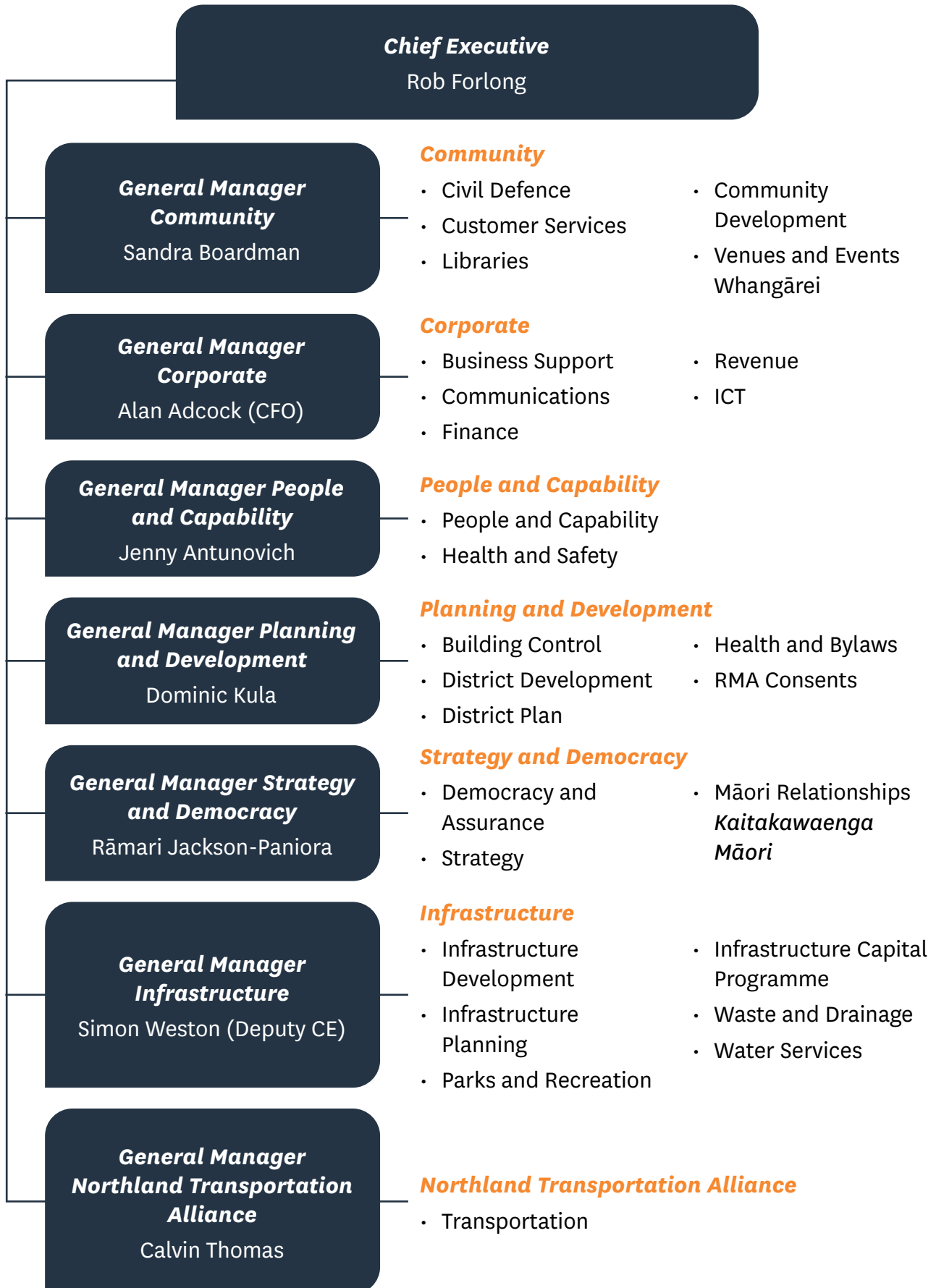
Chair HWM Sheryl Mai

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

Chair Cr Shelley Deeming



Organisational structure





Group entities

Council Controlled Organisations

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

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

The Local Government Act 2002 defines a CCO as either:

A company:

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

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

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

Council has responsibility for five CCOs:

- Whangarei Waste Ltd
- Hatea Art Precinct Trust
- Northland Events Centre Trust
- Whangarei District Airport
- Springs Flat Contractors Limited.

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

Council Controlled Trading Organisations

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

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

Council Organisations

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

Legal name – Hatea Art Precinct Trust (HAPT)

The Whangārei Art Museum Trust changed its name to Hatea Art Precinct Trust in June 2021, in recognition of our location beside Whangārei's Hātea River and the popular Hātea Loop walk.

How we performed



Our performance at a glance

We have achieved an operating surplus, while managing our operations effectively. Central government funding has had a major impact on our financial results this year, 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.

Financial targets

Targets	Result
Achieve a balanced budget	✓
Limit rates revenue to maximum of 70% of total revenue	✓
Net debt no higher than 175% of total revenue	✓
Maintain net interest costs at less than 25% of rates revenue	✓
Net debt per capita level below \$2,290	✓
Provide sufficient funding to complete the planned capital expenditure programme without reliance on selling assets	✓

Benchmarks

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

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

We have met 68% of our non-financial targets

Of the 36 levels of service that were measured 68% were achieved. This compares to 63% last year.

More information about performance for each activity can be found in pages 37-116 of this report. All of our levels of service and target have been reviewed through the development of the 2021-31 Long Term Plan which was adopted in June 2021. Delivery of service against the measures in the 2021-31 Long Term Plan will be reported on in the next Annual report.

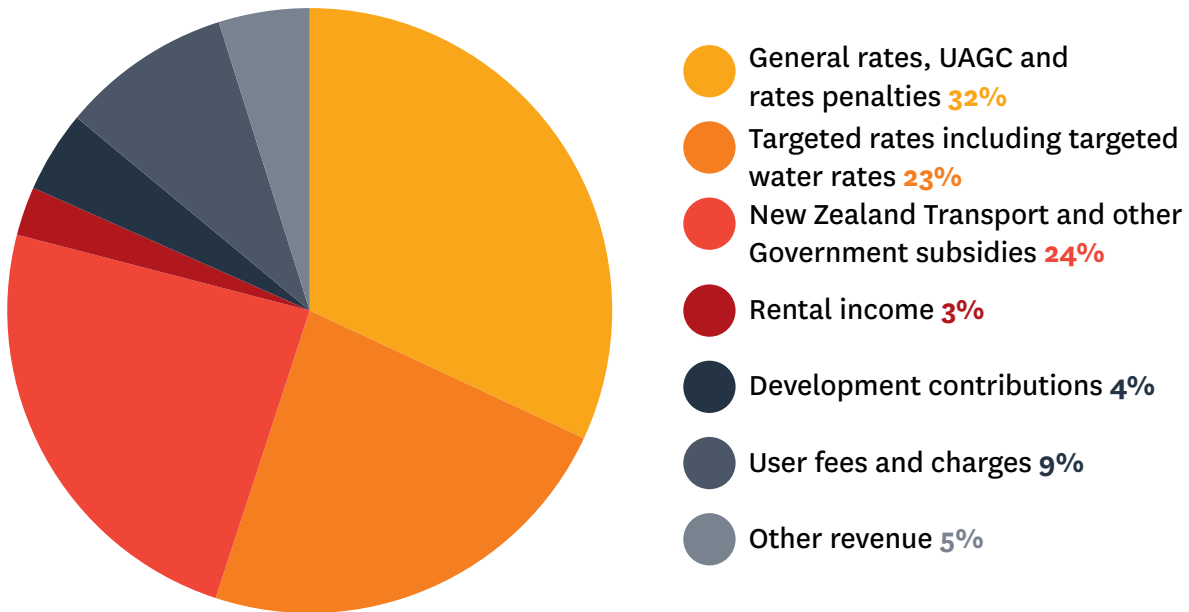


Financial performance

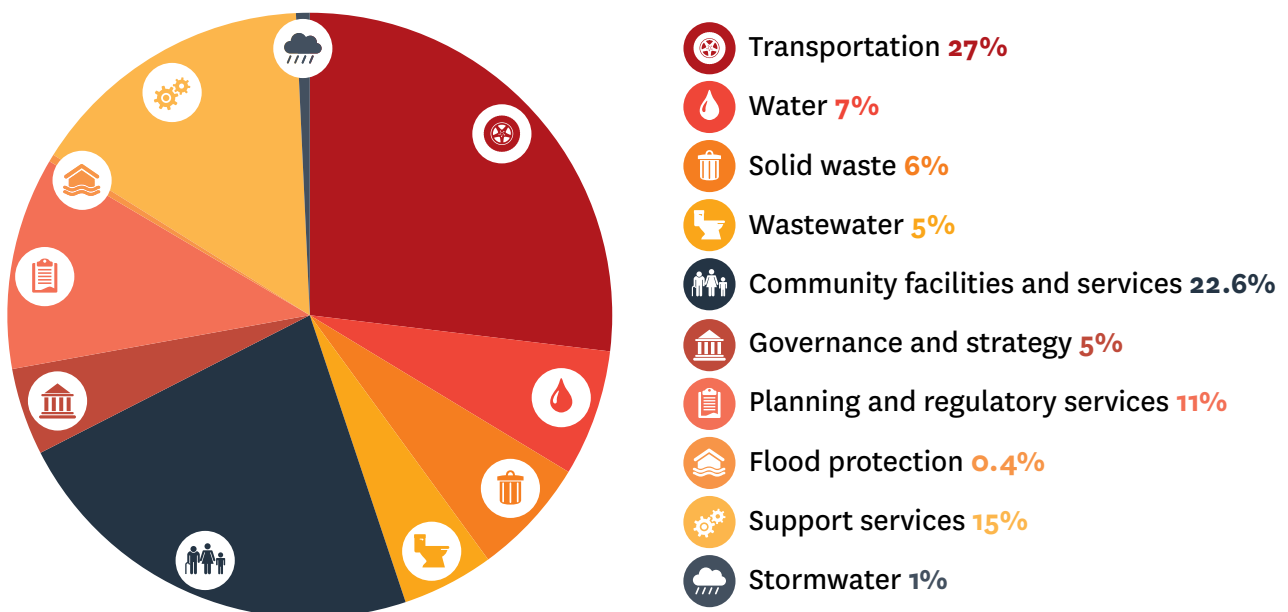
The following charts show operating revenue and expenses excluding accounting adjustments:

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. This year we received significant revenue from central government to fund specific capital projects.



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 2020-21 year has achieved a core operating surplus of \$24.3 million against a budgeted operating surplus of \$nil resulting in a favourable variance of \$24.3 million.

	ACTUAL (Millions \$)	BUDGET (Millions \$)	VARIANCE (Millions \$)
Operating result – before non-cash adjustments			
Operational revenues	186.0	149.8	36.2
Operational costs	161.8	149.8	11.9
Operating surplus – before non-cash adjustments	24.3	0.0	24.3

The majority of this favourable variance is due to significantly higher subsidies and grants revenue than was budgeted for in the 2021 Annual Plan.

Unbudgeted revenue was received from the Department of Internal Affairs (3 Waters Reform), MBIE, Tourism Infrastructure Funding and Crown Infrastructure Partners.

Central government’s response to COVID-19 provided an opportunity for Council to access funding for various initiatives and capital programmes. Although this funding is recognised as revenue in our financial statements, it not available to fund our general operating expenses – similar to the subsidies we receive from Waka Kotahi (NZTA).

The spend of this funding is committed to specific capital projects and initiatives detailed within the various funding agreements.

Operating result – including accounting adjustments

Having established the core operating result, several accounting adjustments that do not impact on our cash flow or debt are made in accordance with accounting standards. After making these adjustments, Council has a total operating surplus of \$53.1 million, a variance of \$50.0 million (including accounting adjustments) when compared to the budgeted surplus of \$3.1 million.

	Note	ACTUAL (Millions \$)	BUDGET (Millions \$)	VARIANCE (Millions \$)
Operating surplus – before non-cash adjustments		24.3	0.0	24.3
Add: Income from vested assets	6	6.8	3.1	3.7
Add: Investment property revaluation	6	15.6	0.0	15.6
Add: Revaluation of debt instruments (SWAPs)	6	8.1	0.0	8.1
Less: Loss on disposal of assets	8	(1.7)	0.0	(1.7)
Total non-cash adjustments		28.8	3.1	25.7
Operating surplus/(deficit)		53.1	3.1	50.0

Vested assets

Council recognised income of \$6.8 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 \$15.6 million.

Revaluation of debt instruments

There was a \$8.1 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.

Loss on disposal of assets

Council recognised a total loss on disposal of assets of \$1.7 million. A loss on disposal occurs when an asset is disposed of before the end of its estimated useful life.

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 \$7.6 million for the year. This reflects the theoretical movement in the value of our property, plant and equipment assets, which can never be realised as cash but is disclosed under IPSAS requirements. This process enables a better understanding of the value of Council's asset network, which assists us in developing plans for future asset renewal and allows us to calculate annual depreciation charges with more accuracy.

External Net Debt

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

	(Millions \$)
Gross External Debt	\$172.0m
Less:	
Term Deposits	\$12.0m
Bank Cash Balances	\$15.0m
Total cash and deposits	\$27.0m
Net External Debt	\$145.0m

- Closing external net debt for the 2020-21 financial year, was budgeted to be \$149 million. Actual closing debt was \$4 million lower at \$145 million. While our debt was less than planned, it will be required in future years to complete scheduled projects.

This positive variance can largely be attributed to the following:

- actual opening net debt being less than budgeted
- favourable surplus due to central government funding; and
- unspent capital works compared to the Annual Plan due to projects being carried forward into the 2021-22 financial year.

Much of the positive variance attributed to the above factors has been offset by \$18.5 million of unbudgeted property purchases.

Credit Rating Remains AA+

- S&P Global Ratings 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 has reduced from 'stable' to 'negative'. This indicates that Council's rating may decrease over the coming years. This is mainly due to the large capital programme we delivered this financial year, and the ambitious capital programme budgeted in Council's 2021-31 Long Term Plan.
- S&P Global Ratings 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.

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 decreased by \$6.3 million from \$26.1 million to end at \$19.8 million. Due to significant Water projects, this reserve is expected to be used by year three 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 \$1.7m at 30 June 2021. The 2021-31 Long Term Plan sees this reserve continue to grow across the 10 years to fund significant capital projects that will be required in the future.

Three Waters Reform

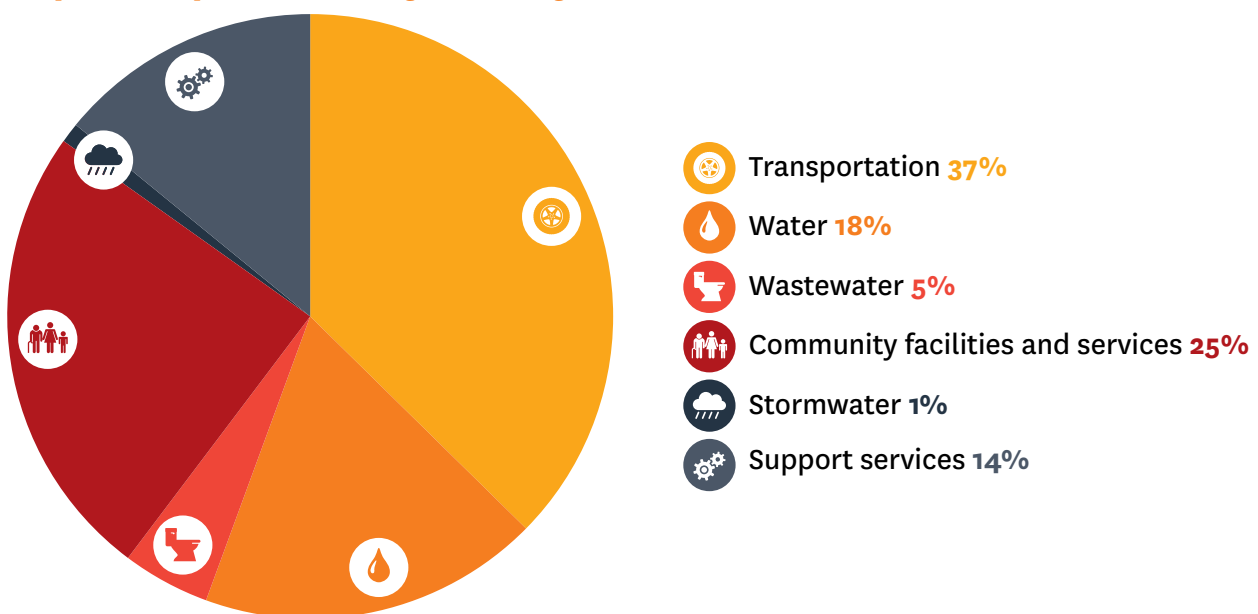
In July 2020, the Government launched the Three Waters Reform Programme – a three-year programme to reform local government three waters service delivery arrangements. Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand. The proposed reform programme is being progressed through a partnership-basis approach with the local government sector, alongside iwi/Māori as the Crown’s Treaty Partner.

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated 'all-in' approach. The three waters reform involves the creation of four statutory Water Services Entities (WSEs) to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities, as well as the impact on Council’s Water and Wastewater reserves.

Capital Projects

2021 has seen a record spend for Council’s capital projects, 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 and a desire to make sure community views are properly considered. COVID-19 and various alert level restriction have added to these constraints.

Capital expenditure by activity – total \$90.1 million



Although Planning and Regulatory had a small amount of capital expenditure, it represented 0.1% of total capital expenditure and does not appear on the above graph due to rounding. Solid Waste, Governance and Strategy, and Flood Protection and Control Works had no capital expenditure.

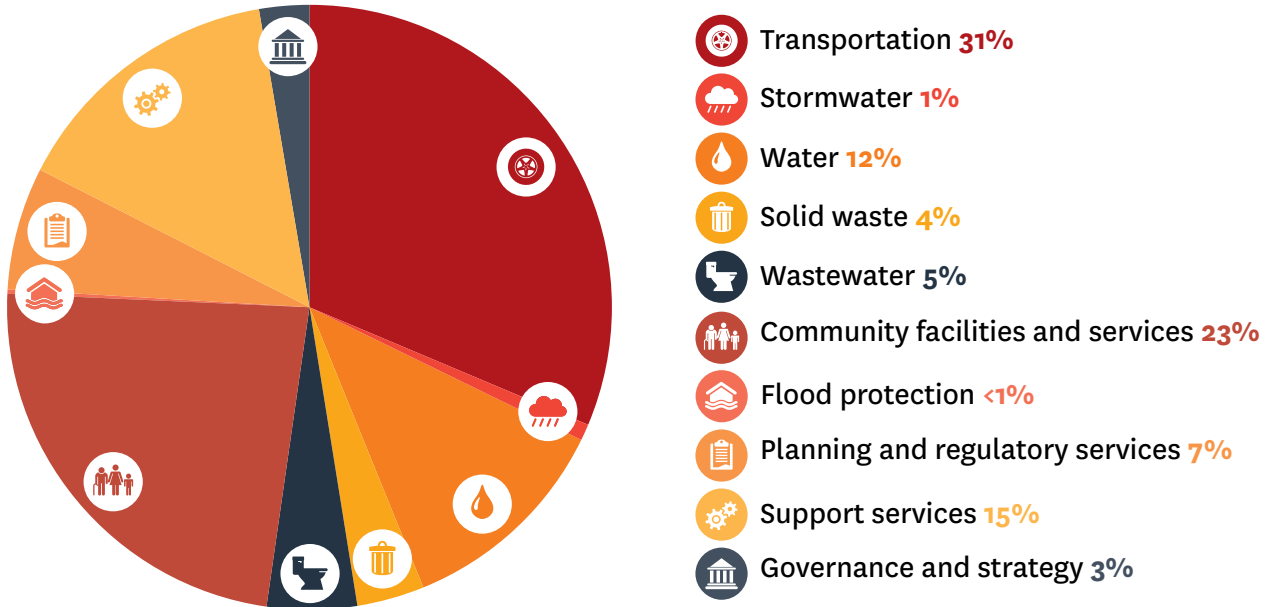
Investment property purchases of \$18.5m have been excluded from this graph.

*Figures are calculated using the Funding Impact Statements.

Financial Summary

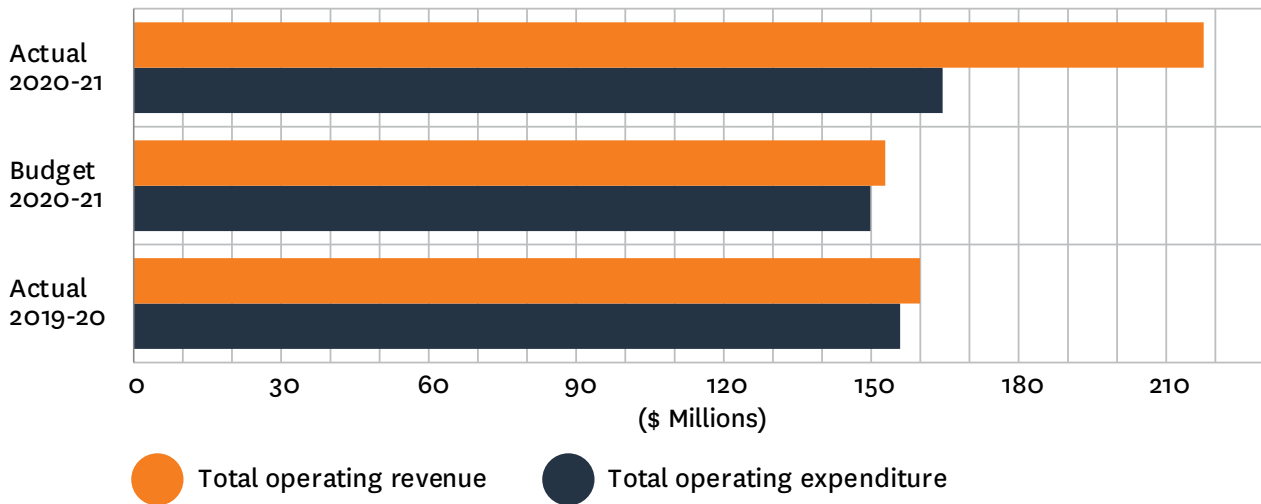
Total Expenditure

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

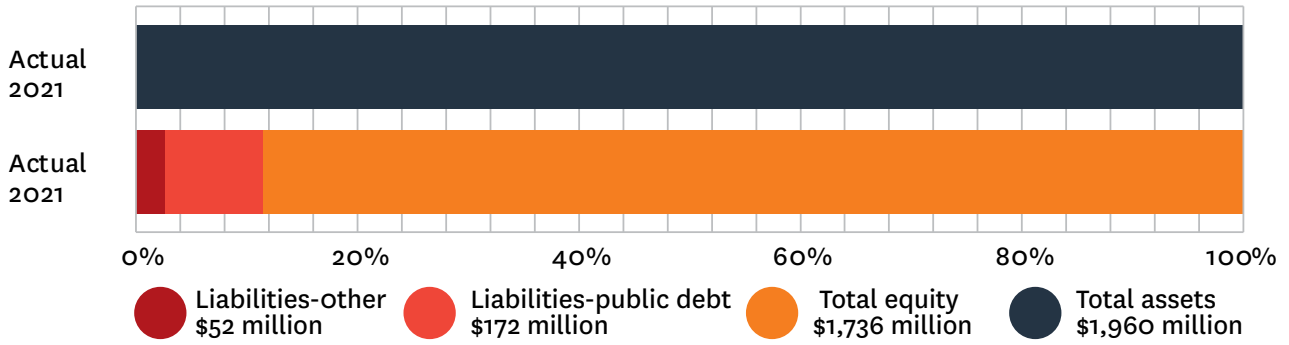


Investment property purchases of \$18.5m have been excluded from this graph.

Total expenditure and revenue



Total assets, liabilities and equity



Our Financial Strategy

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

Financial Limit	Parameter 2020-21	Achieved	Current Performance
Achieve a balanced budget	=> 100%	Yes	118%
Limit rates income (excluding water) to maximum of 70% of total revenue	<= 70%	Yes	40.70%
External net debt no higher than 175% of total revenue	< 175%	Yes	66.60%
Maintain net interest costs at less than 25% of rates revenue	< 25%	Yes	4.30%
External net debt per capita level below \$2,150*	< \$2,290	Yes	\$1,475

**This amount increases by LGCI each year from the \$2,150 set in 2018-28 Long Term Plan.*

Financial prudence benchmarks

Annual report disclosure statement for year ending 30 June 2021

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).

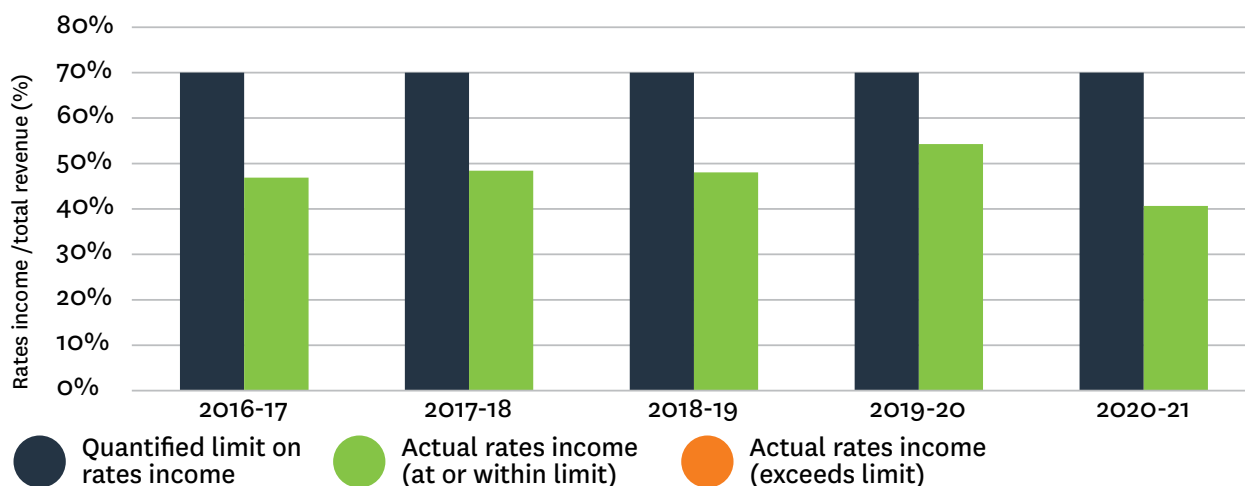
RATES AFFORDABILITY BENCHMARKS

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.

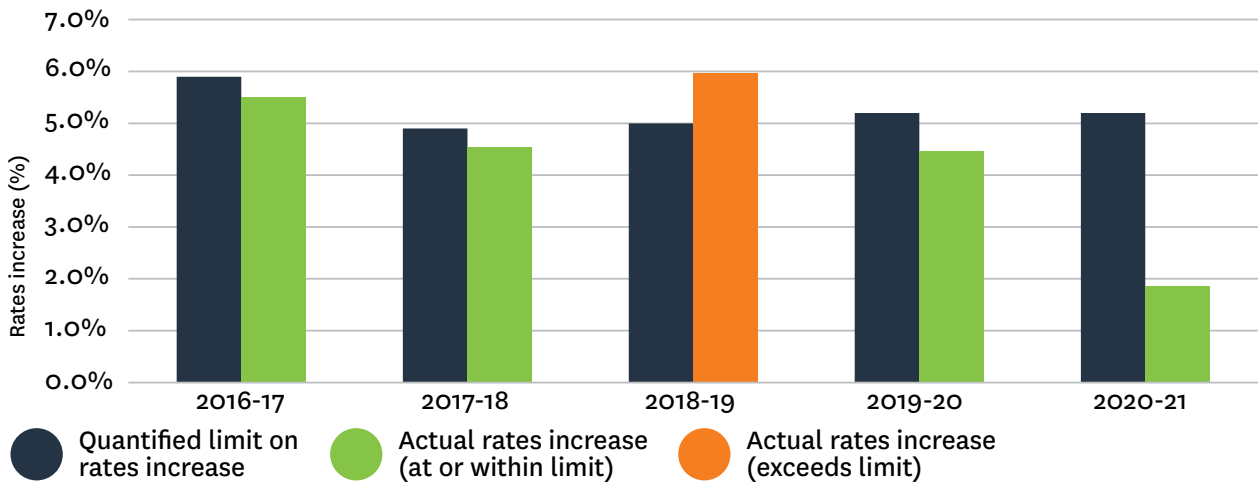
Rates (income) affordability

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.



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 2020/21 year was that the general rates increase should not exceed LGCI plus 3%. Council has achieved this benchmark.



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

DEBT AFFORDABILITY BENCHMARKS

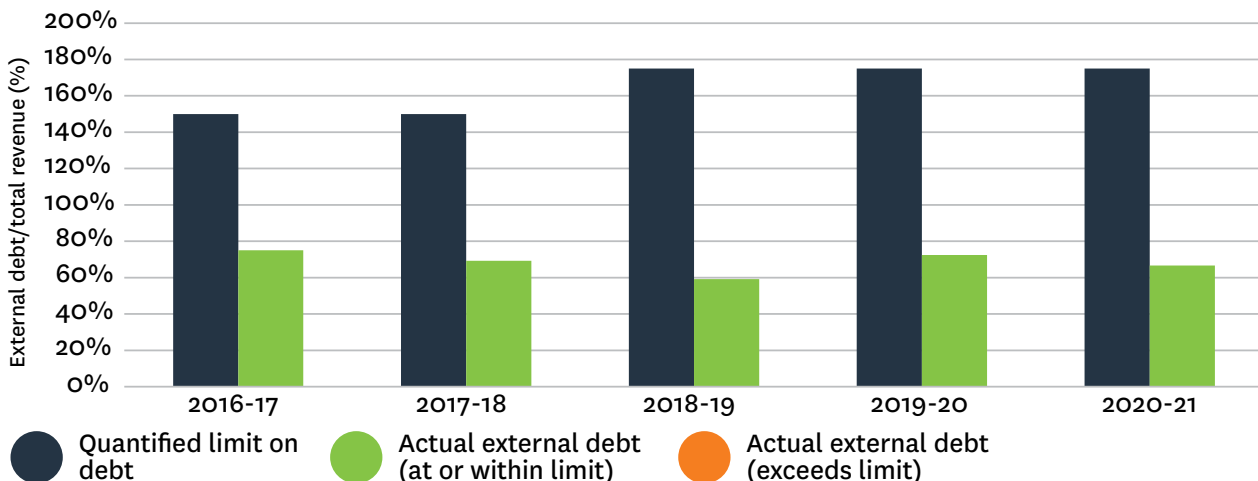
Council meets the debt affordability benchmarks if its actual borrowing is within each quantified limit on borrowing.

External net debt

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

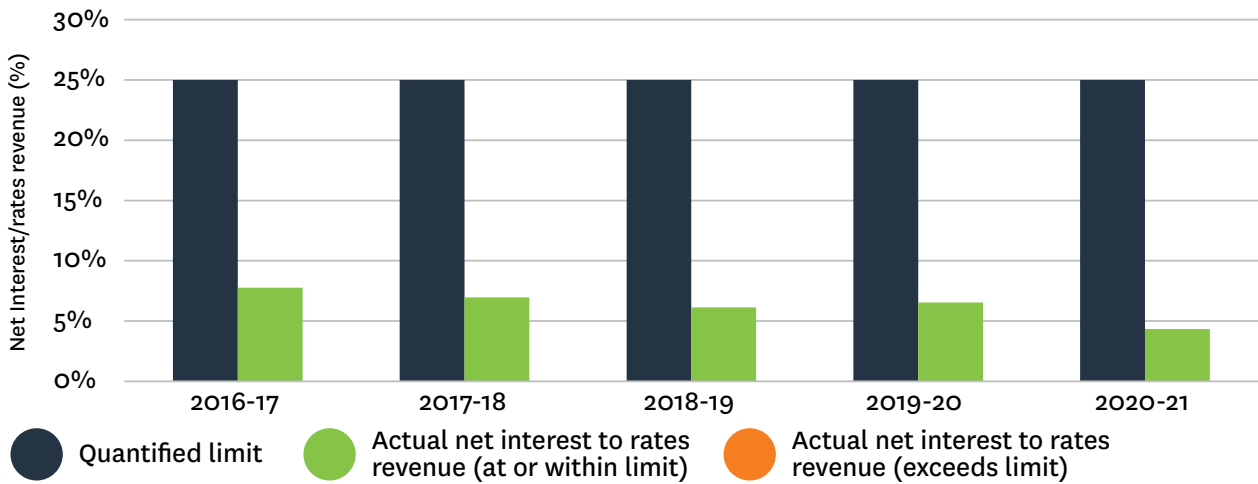
- The quantified limit in the 2020-21 year was that external net debt be no higher than 175% of total revenue.

Council has achieved this benchmark.



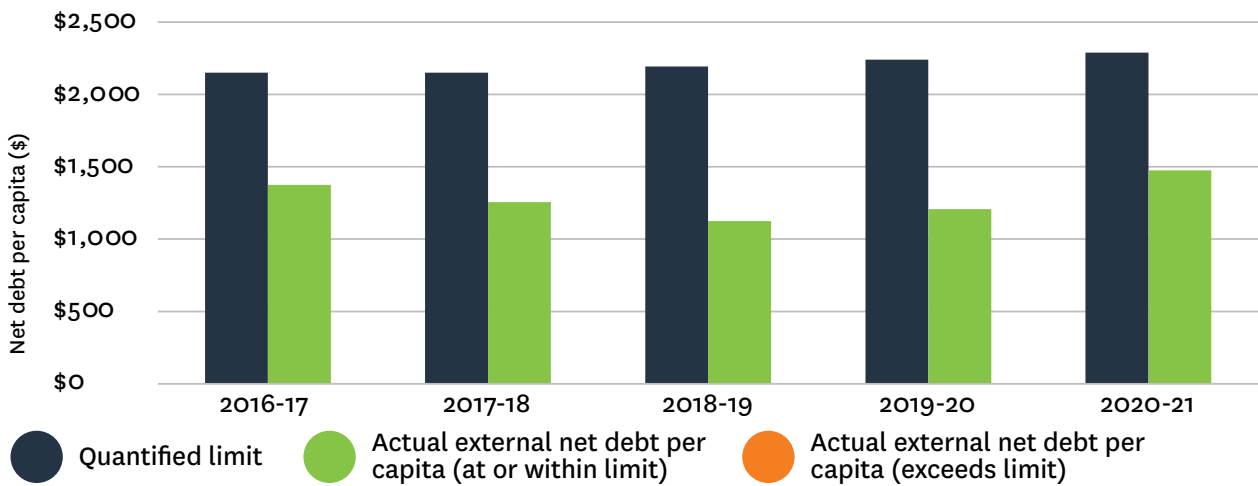
Net interest to rates revenue

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



External net debt per capita

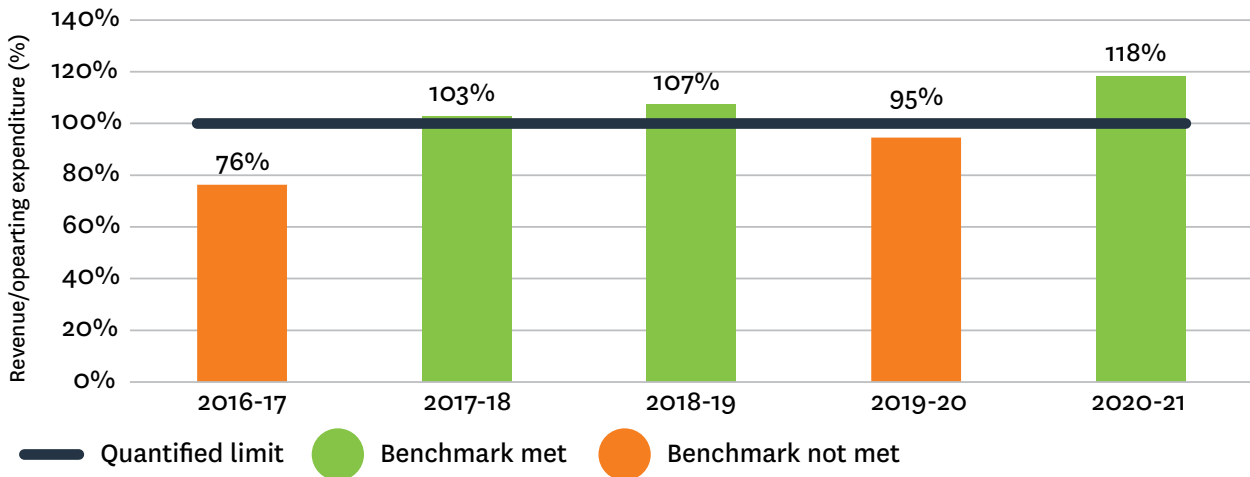
The following graph compares Council's actual external net debt with a quantified limit on borrowing contained in the Financial Strategy included in the Long Term Plan. The quantified limit is that external net debt per capita be less than \$2,150 (increased by LGCI each year from the 2018-2019 year). In 2020-2021 the population of Whangārei estimated by Statistics New Zealand using census data was 98,300. Council has achieved this benchmark.



BALANCED BUDGET BENCHMARK

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

Council has achieved this benchmark.

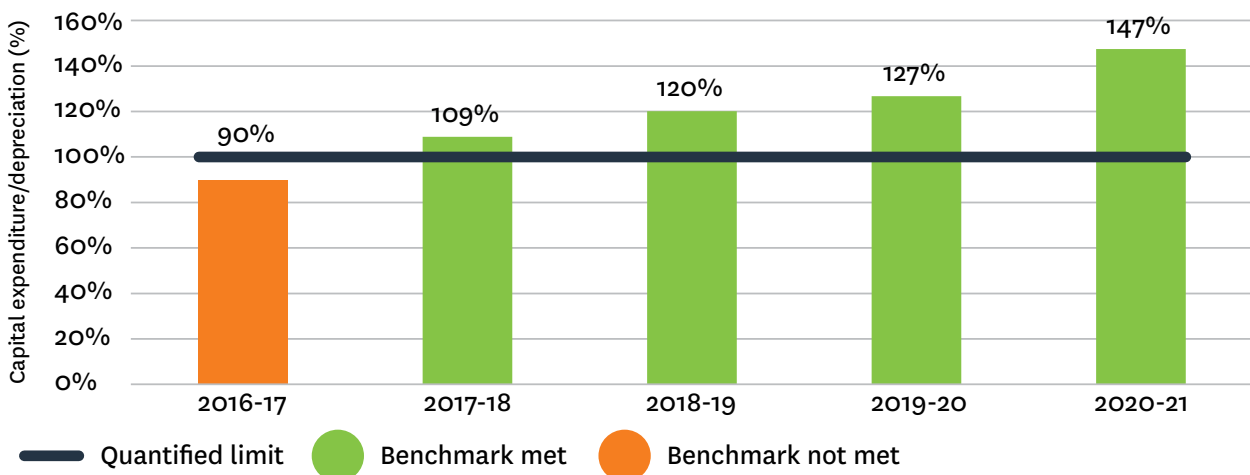


2016-17: Council incurred a loss on assets divested to NZTA of \$38.9 million. This resulted in the balanced benchmark not being achieved for the 2016-17 year.

2019-20 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.

ESSENTIAL SERVICES BENCHMARK

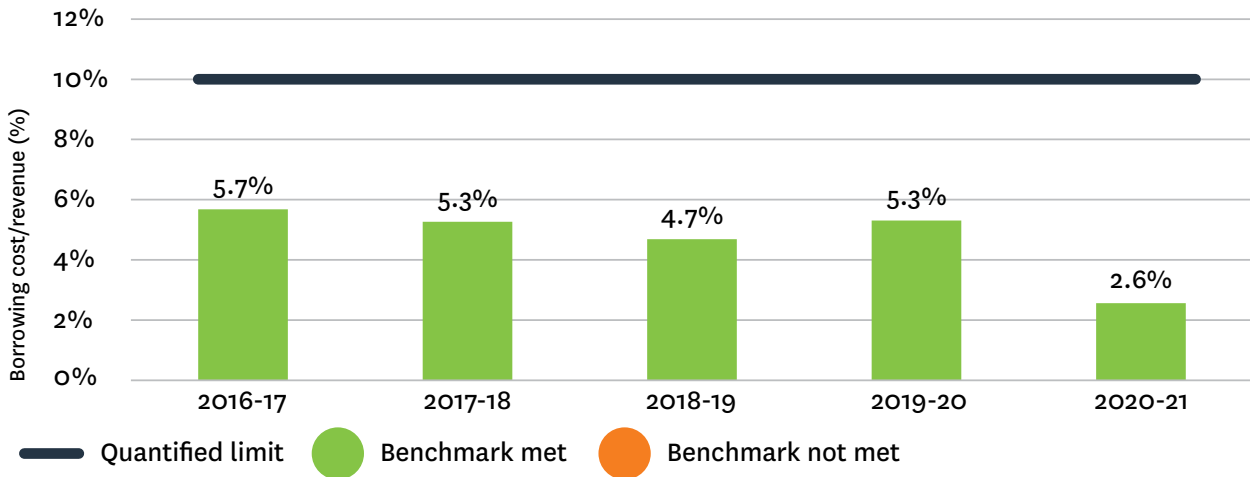
The following graph displays Council's capital expenditure on network services as a proportion of depreciation on those same network services. Council meets the essential services benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Council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



2016-17: Delays in capital expenditure, mostly out of Council's control, resulted in this benchmark not being achieved for the 2016-17 year.

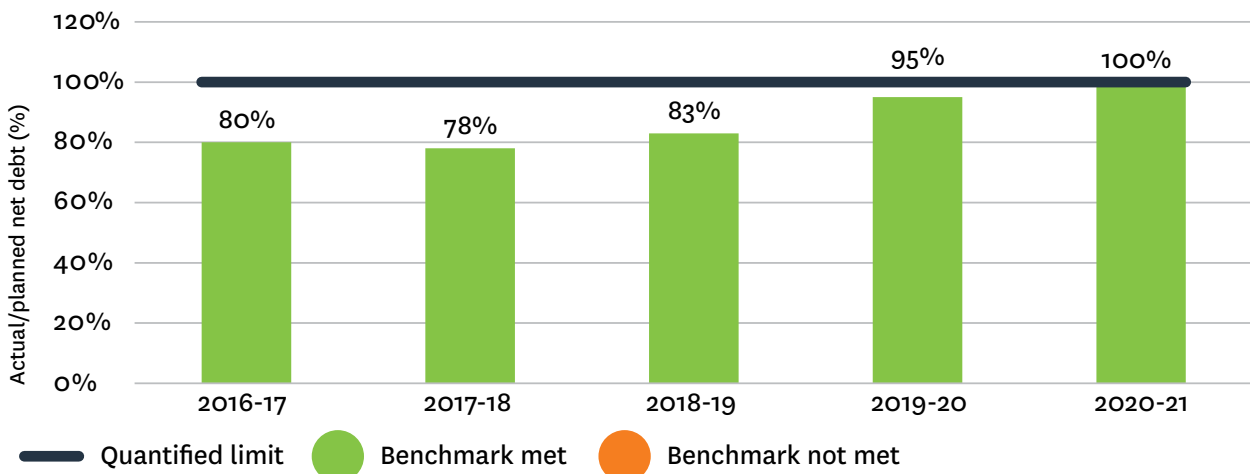
DEBT SERVICING BENCHMARK

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



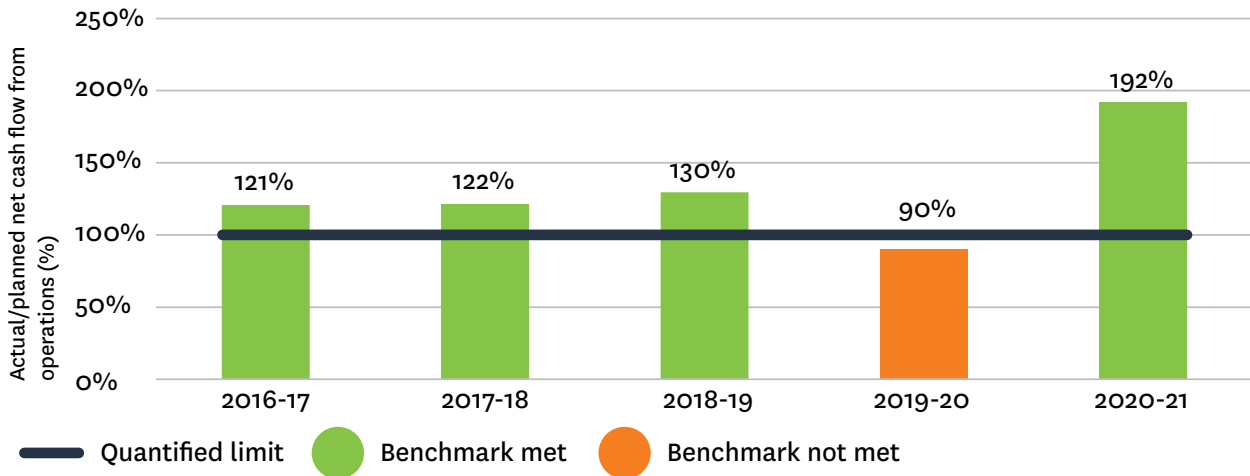
DEBT CONTROL BENCHMARK

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



OPERATIONS CONTROL BENCHMARK

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



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 were also carried forward, which resulted in reduced subsidy revenue for the 2019-20 financial year.



Non-financial performance

Significant achievements

NEW WHAU VALLEY WATER TREATMENT PLANT

This year the \$1.1m upgrade to the water mains between the Hātea River and the new \$30m Whau Valley Water Treatment Plant were completed, extending and enhancing Whangārei City's main water supply for decades.

NEW NORTHLAND FOOTBALL HUB AT TIKIPUNGA

This year a grant was made to begin the design for this \$1.2m facility destined to become a regional hub for this growing sport and nurturing the development of our future All Whites and Football Ferns.

STADIUM UPGRADES

To prepare for the Rugby World Cup 2021 (playing in 2022), improvements were made to the pitch and new \$3.38m lights that meet international broadcasting standards were installed along with a new 46m² screen.

NEW SKATE PARKS

The Ngunguru Skatepark was completed and contracts were let for the Waipu Skatepark and Activity Zone.

URBAN INTERSECTION UPGRADES

Major work on urban streets included re-surfacing Mill Road, a major commuter route, and resurfacing of Rewa Rewa Road, a heavily used route through an industrial area.

NEW TOWN BASIN PARK AND CHILDREN'S PLAYGROUND UPGRADE

Work advanced as scheduled on the new \$5.2m Town Basin park which is due to open in the coming financial year. The refurbished Town Basin children's playground opened in February.

SEAL EXTENSIONS ON RURAL ROADS

Sealing of unsealed roads to help improve safety and reduce dust from road traffic.



New Whau Valley Water Treatment Plant



Matariki Pahū Ahi was the first event at Semenoff Stadium to use the new 46m² screen



Sod-turning at the Waipu skatepark

CCTV UPGRADES

We continued the rollout of the fibre optic upgrade in the City Centre increasing coverage by bringing more cameras into the network.

POHE ISLAND REDEVELOPMENT

Multiple projects on Pohe Island progressed or were completed during the year. The skatepark was completed in March, is getting good use and is now the District's most diverse skating venue. Major work has been completed on elements of the Bike Park, and the Camera Obscura is open for viewing.

STORMWATER SYSTEM IMPROVEMENTS

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

SPORTSFIELD IMPROVEMENTS

New lights were installed at Horahora and Otangarei sportsfields and the parking area at Cobham Oval was landscaped and sealed providing 184 carparks in readiness for the Rugby World Cup 2021.

WALKWAYS AND TRACKS

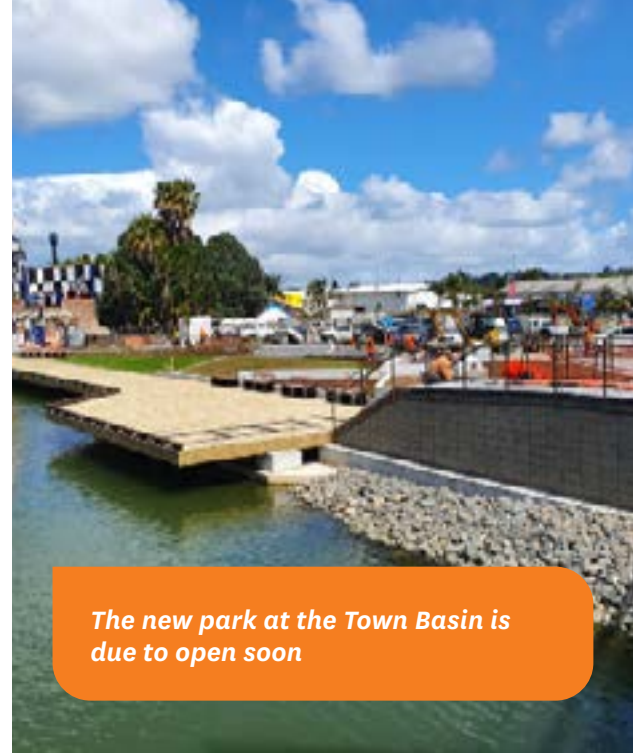
We live in a District of great natural beauty and our 56km of walking tracks provide plenty of options for getting out in nature. This year the Tikipunga walkway was extended from Tikipunga sports park to Vinegar Hill.

CITY CENTRE PLAN

The first of a series of inner-city revitalisation projects kicked off including a tactical urbanism (\$100,000 from Waka Kotahi) project to improve flows to and from the bus station into the City Centre, and changes to John, James and Dent Street to improve connections to the Town Basin.

CIVIC CENTRE

Significant progress was made on Whangārei District's Civic Centre, which promises to be a central hub for democratic processes, customer services, administrative functions and Council staff.



The new park at the Town Basin is due to open soon



The refurbished Town Basin Playground opened in February



Parts of the Pohe Island Bike Park are now open for business

Resident satisfaction survey

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

This year the resident survey shows generally a decrease in satisfaction compared with last year. It is possible that these shifts are not so much a true indication of Council's efforts/lack of efforts, but rather an indication that residents and their lives have returned to a sense of normality after the unusual circumstances of 2020. That is, this year's findings had a far greater resemblance to those of 2019, of which, these were likely a truer or sturdier representation of residents' views and behaviours.

Overall satisfaction showed:

- 53% based on a 7-10 satisfaction rating (Satisfied and Very Satisfied); this is a 6% decrease on last year's result and is a similar satisfaction result to 2019
- 83% based on a 5-10 satisfaction rating (Neutral, Satisfied, Very Satisfied, Don't Knows), which is a 1% decrease on last year's result.

The survey includes the following notable trends:

- all parks and recreations measures have an increased level of satisfaction compared to 2020, with skateparks, dog friendly recreation areas and cemeteries seeing the biggest increase
- thirty five percent of respondents felt that Council's relationship with Māori was good or very good, which is on par with 2020 findings
- kerbside rubbish and recycling collection has seen an uplift in satisfaction ratings from 80% last year to 85% this year, the transfer station and Re:Sort facility has also seen an increase in satisfaction ratings to 78% (up from 76% last year)
- satisfaction with Council-provided public toilets has decreased by 9% (from 70% last year to 61%)
- of the respondents who reported some form of dissatisfaction with any number of measures, 72% were aware that they could report an issue to council (and 48% of those did report the issue), while 28% were unaware that issues could be reported.

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

- Transportation (although this saw a drop from 39% last year to 37%)
- Community facilities and property increased from 4% last year to 9%
- Drinking water as well as strategic and district planning are the next priorities, with both sitting at a level of 8% with residents

Most residents felt safe in the District (78%), while 43% expressed overall satisfaction with Council initiatives to promote safety. Fifty four percent of respondents expressed overall satisfaction with the quality of venues and events and the Forum North and Northland Centre.

Service level performance

Of the 36 Levels of Service, 68% of targets were achieved.

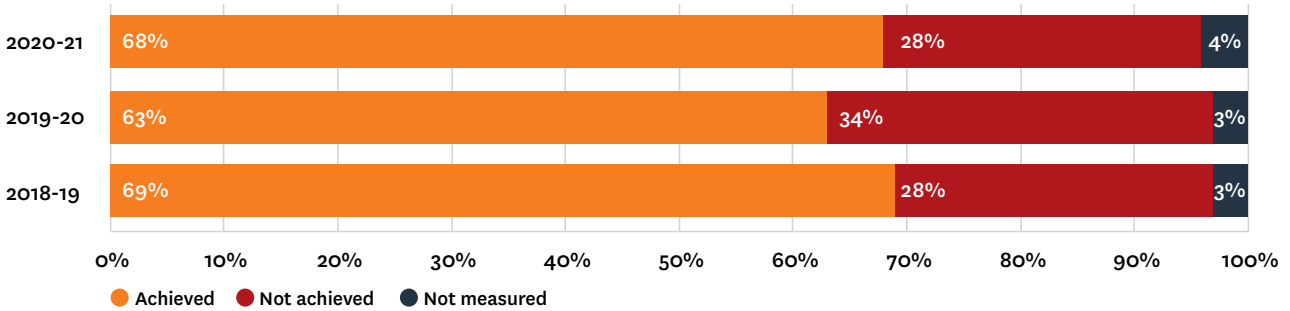
More information about performance for each activity can be found in pages 37-116 of this report.

All of our levels of service and targets were reviewed, and some changed through the development of the 2021-31 Long Term Plan, which can be viewed on the Whangarei District Council Website.

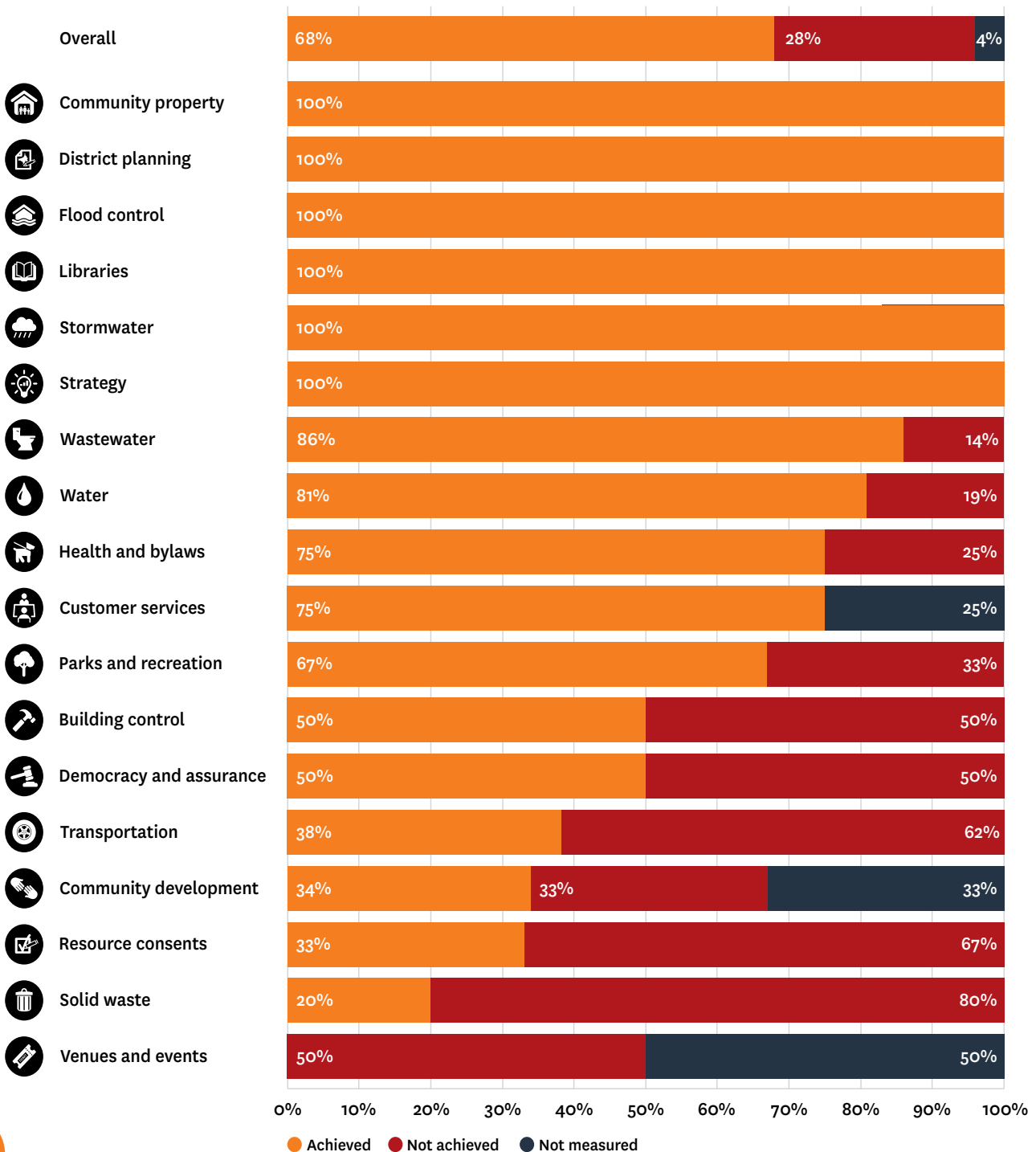
Overall non-financial performance

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	2020-21 Measures	2020-21 Achieved	2020-21 Not Achieved	2020-21 Not Measured	2019-20 Achieved
 Transportation	8 measures 3 Achieved	38%	62%	-	25%
 Water	16 measures 13 achieved	81%	19%	-	63%
 Solid waste	5 measures 1 achieved	20%	80%	-	0%
 Wastewater	7 measures 6 achieved	86%	14%	-	100%
 Stormwater	6 measures 6 achieved	100%	0%	-	83%
 Flood control	2 measures 2 achieved	100%	0%	-	100%
 Community facilities and services					
 Parks and recreation	6 measures 4 achieved	67%	33%	-	67%
 Libraries	2 measures 2 achieved	100%	0%	-	50%
 Community property	2 measures 2 achieved	100%	0%	-	50%
 Community development	3 measures 1 achieved 1 not measured	34%	33%	33%	67%
 Venues and events	2 measures 1 not measured	0%	50%	50%	50%
 Customer services	4 measures 3 achieved 1 not measured	75%	0%	25%	75%

Activity	2020-21 Measures	2020-21 Achieved	2020-21 Not Achieved	2020-21 Not Measured	2019-20 Achieved
----------	------------------	------------------	----------------------	----------------------	------------------

 Governance and Strategy

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

 Planning and regulatory

 District planning	1 measure 1 achieved	100%	0%	-	100%
 Resource consents	3 measures 1 achieved	33%	67%	-	67%
 Building control	2 measures 1 achieved	50%	50%	-	100%
 Health and bylaws	4 measures 3 achieved	75%	25%	-	25%



Council and Māori working in partnership

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

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

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

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.

Our work in detail

About this section

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

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

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

- what we do
- identified effects on the community
- which community outcomes the activity primarily contributes to
- the key achievements of the reporting year
- levels of service (what Council provides and to what extent)
- the performance measures, targets and results for 2020-21 (how you will be able to tell whether we have done what we said we would do – noting we provide comments where we have not achieved a set target, or the results require further explanation)
- where appropriate, an explanation of any variance in the operational and capital expenditure budgets from that planned.

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

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

Our community outcomes

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

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



EFFICIENT AND RESILIENT CORE SERVICES

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



POSITIVE ABOUT THE FUTURE

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



CARING FOR THE ENVIRONMENT

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



PROUD TO BE LOCAL

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

Service delivery

This report details 36 levels of service with 73 associated performance measures and targets, that have been measured this year.

Of these measures 16 are obtained through surveying the general community or specifically targeted individuals (such as users in libraries) to gauge their satisfaction with specific Council services. This satisfaction survey was conducted by an independent market research company. Interviewing for this survey was conducted on a quarterly basis between July 2020 and June 2021. This Study had a final sample size of n=600, giving a maximum margin of error of +/- 4.00% at the 95% confidence interval.

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

The following classifications are applied to the results:

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

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

The resident satisfaction survey included a 'don't know' option for respondents to state

whether they have no opinion or have not thought about a particular service provided by Council. This is considered different to a neutral response, where a respondent does have an opinion about a particular service and that opinion is not exclusively satisfied or dissatisfied.

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

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

- do not use the water supply
- are more likely to pick a random response or skew neutral respondent results
- may result in skewed satisfaction results.

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

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

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

Activity	Effects on social, economic, cultural and environmental well-beings
 <p>Transportation</p>	<p>The transport activity has a positive impact on our community’s economic well-being by enabling the movement of goods and people. Transport improvements this year, including junction improvement, have contributed to this well-being.</p> <p>Transport activities can also have negative social and environmental impacts, such as emissions, noise and safety issues. Our investment in cycling this year, through the Kamo Shared Path has helped to mitigate these effects.</p>
 <p>Water</p>	<p>The reliable supply of safe water is essential for all of the four well-beings, in particular the needs of our community and businesses.</p> <p>This year’s drought has impacted on our water services, however we have been able to maintain supply to support our social and economic well-being.</p>
 <p>Solid Waste</p>	<p>The management of waste has impacts on our environment well-being. We have continued to invest in our waste processes this year, including separate kerbside collection for glass to enable better recycling practices.</p> <p>How we manage and dispose of waste can have effects on our social and cultural well-being, including public health. This is managed through processes and supported this year through waste minimisation educational initiatives.</p>
 <p>Wastewater</p>	<p>The wastewater activity can have negative effects on our environmental, cultural and social well-being, particularly discharges into our environment.</p> <p>Investments this year included a number of wastewater sewer lines and manhole renewals across the District, and the critical pipework between the Waipu river and the Waipu Treatment Plant. This provides additional capacity and future-proofs the network against environmental spills.</p> <p>Ecologists have undertaken water testing to understand the impact of current discharges and identify options to improve against limits.</p>
 <p>Stormwater and Flood Protection</p>	<p>Failure to manage stormwater can have negative social and economic effects through disruption caused by flood impacts on people and property. Stormwater infrastructure can limit impacts on environmental well-being through the treatment of stormwater before discharging.</p> <p>Stormwater investment and planning through the catchment strategy and CCTV investigations has provided valuable information to support future upgrades.</p>

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

We have reviewed our levels of service and community outcomes to include better alignment and reporting against social, economic, cultural and environmental well-beings as part of our Long Term Plan 2021-31.

Summary Funding Impact Statement

	2019-20 Annual Plan \$000	2019-20 Actual \$000	2020-21 Annual Plan \$000	2020-21 Actual \$000
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties	59,540	58,536	60,878	59,409
Targeted rates	42,237	42,447	42,906	42,961
Subsidies and grants for operating purposes	6,691	7,643	6,415	27,191
Fees and charges	15,216	14,751	12,953	16,978
Interest and dividends from investments	2,058	2,516	1,216	1,909
Local authorities fuel tax, fines, infringement fees and other receipts	8,540	7,829	7,125	11,993
Total Operating Funding	134,281	133,723	131,493	160,441
Applications of Operating Funding				
Payments to staff and suppliers	97,763	99,692	95,568	111,971
Finance costs	7,345	7,677	7,687	4,981
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	105,108	107,368	103,255	116,952
Surplus/(Deficit) of Operating Funding	29,174	26,354	28,238	43,489
Sources of Capital Funding				
Subsidies and grants for capital expenditure	19,605	12,379	15,317	17,446
Development and financial contributions	4,794	6,386	2,990	8,112
Increase/(decrease) in debt	-	10,000	22,000	20,000
Gross proceeds from sale of assets	-	1,399	-	780
Other dedicated capital funding	-	-	-	-
Lump sum contributions	-	-	-	-
Total Sources of Capital Funding	24,399	30,164	40,307	46,338

	2019-20 Annual Plan \$000	2019-20 Actual \$000	2020-21 Annual Plan \$000	2020-21 Actual \$000
Applications of Capital Funding				
Capital expenditure				
to meet additional demand	12,825	8,935	11,439	14,710
to improve levels of service	32,642	23,144	32,039	32,690
to replace existing assets	37,867	30,255	45,769	42,681
Increase/(decrease) in reserves	(29,761)	(5,816)	(20,702)	(18,820)
Increase/(decrease) of investments	-	-	-	18,566
Total Applications of Capital Funding	53,572	56,518	68,545	89,827
Surplus/(Deficit) of Capital Funding	(29,174)	(26,354)	(28,238)	(43,489)
Funding Balance	-	-	-	-

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.



1. *Transportation*

What we do

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

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

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

Identified effects on the community

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

Key achievements

Council completed the Kamo Shared Path stage five project during 2020-21. The construction of stage five (Fisher Tce to Kamo High) was deferred to 2022 while additional MBIE funding was utilised on the Tikipunga, Kensington Ave and Raumanga shared paths were completed. Further MBIE funding was allocated for the construction of the new Port Rd bridge, the design for which has been completed, a tender let, and the contractor has started construction at the site and this is due to be completed by July 2022.

The programme to replace Council's old high pressure sodium and mercury vapour lights with energy efficient LED streetlights across the District in a \$6.6m replacement programme with an 85% subsidy from NZTA, was completed during the year. 4,700 lights have been replaced in total and further improvements to the lighting on the local road network will be implemented over coming years.

Due to the impact of COVID-19 on the works programme for 2019-20, approximately 20% of the capital programme was deferred to the 2020-21 programme. This meant the largest ever programme of works was completed during the year totaling \$46m. Council continued with the capital renewals programme during the year, rehabilitating 5.4km (0.51%) of the sealed road network, and resealing 118km (11.1%) of carriageway on the sealed network. 8.4kms of metal road were sealed and 1.6km of new footpaths and 1.0km of cycleways/ shared paths were also constructed during this year. The paths were completed with extra Ministry of Business, Innovation and Employment funding.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

Efficient and resilient core services

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

Transportation also provides safe and connected walking and cycling opportunities.

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

Caring for the environment

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

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

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

Positive about the future

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

Proud to be local

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

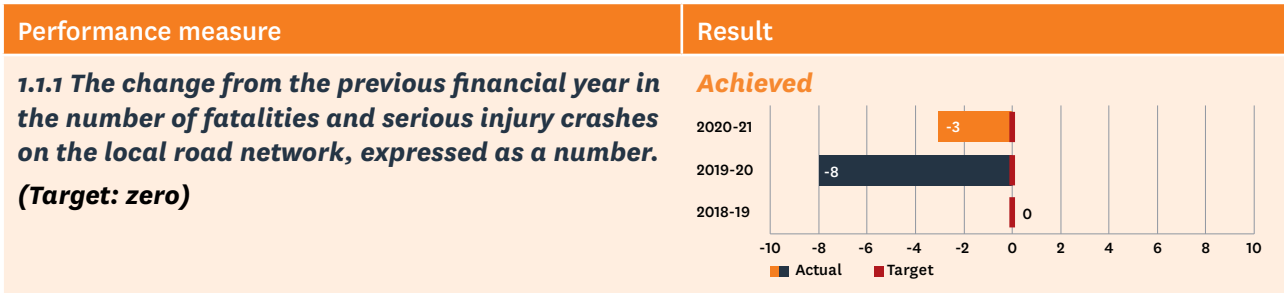
The quality design of our streets can make our District safe and more attractive.

How we performed

Levels of service

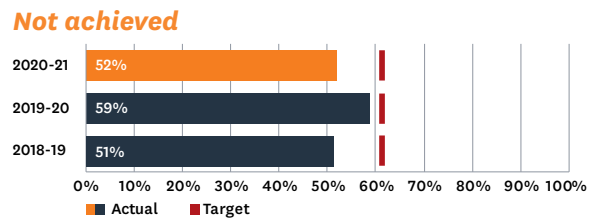
Mandatory performance measures

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



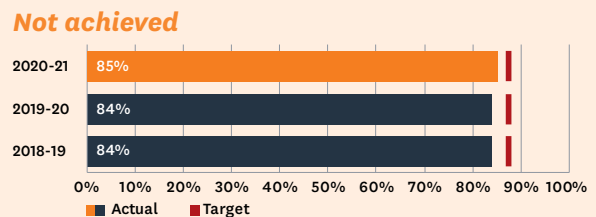
This result although a good improvement still sees a significant number of fatal and serious accidents on the road network over the past year. Speed, alcohol, young drivers, crashes on rural bends and urban intersections continues to be a significant contributor to this statistic. We will target risk areas to maximise investment and try to reduce this result and continue to work with our stakeholder organisations such as the NZTA, Road Safe Northland and the Police to assist us in finding ways to reduce this further.

1.1.2 Residents' satisfaction with the roading network.
(Target: ≥61%)



This result combines the satisfaction levels of both sealed and unsealed roads from the annual Resident Survey. Overall the combined result has decreased from 2020. This is a reflection of the current service levels and investment for the sealed and unsealed network. Council has embarked on a programme to improve the level of service particularly to manage the unsealed network through aggregate blends, and a programme of seal extensions which should result in an increase in satisfaction with the network. Additional funding has been requested as part of the 2021-31 LTP.

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

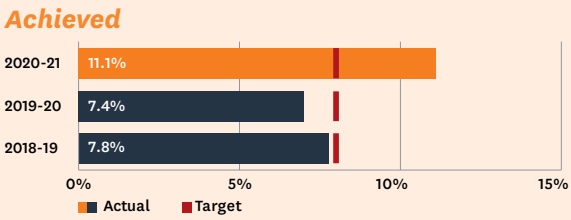


The result has been a slight improvement from 2019-20 year, but is still lower than target. The annual result will have been impacted by the non completion of the previous year's reseal and rehabilitation programmes due to the COVID-19 lockdown. However the current result indicates the smooth travel of the network is still deteriorating and the customer is experiencing a rougher ride. This may be a result of funding being targeted to the worst roads from a condition point of view and not solely focused on roughness as a driver. This aligns satisfaction with quality of sealed roads as people are seeing only the worst roads being fixed.

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

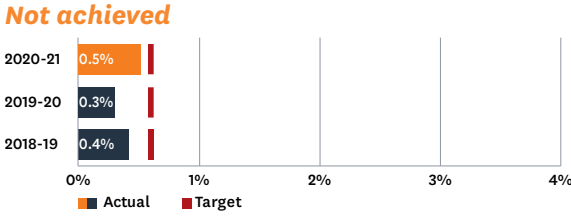
Performance measure	Result
---------------------	--------

1.1.4 The percentage of the sealed local road network that is resurfaced.
(Target: ≥8%)



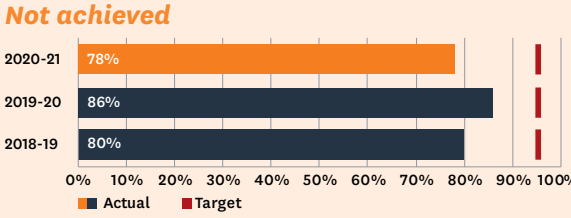
As noted last year the backlog continues to be cleared. The forward work programme shows a total reduction in length to be resurfaced over next three years which will start to match the steady state target of 8% per annum which was achieved this year. Completion of last year's programme was impacted by the COVID-19 lockdown, some of the programme works have been carried over from last year's construction season and their completion this year has added to the normal completion results for this year.

1.1.5 The percentage of the sealed local road network that is rehabilitated.
(Target: ≥0.6%)



This year again saw more expensive urban streets treated (AC), plus a shift towards more funding to address a reseal backlog. 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 is still below the intended target result.

1.1.6 The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the LTP.
(Target: ≥95%)



The new maintenance contracts have performance measures focused on the responsiveness and satisfaction of customer requests. These performance criteria, and utilisation of Council's Customer Relationship Management system, drive contractor delivery. We will continue to monitor this and investigate options to deal with the increase in work load to bring this measure back on target.

Note: Service requests reassigned to another staff or department (i.e. not belonging to roading) are excluded from the result for this measure.

1.2 We will support alternative transport methods.

Performance measure	Result												
<p>1.2.1 The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works programme or LTP).</p> <p>(Target: ≥80% In fair or better condition)</p> <p>Improvements to the footpaths network have continued into 2020-21 which has resulted in the percentage of footpath in good condition remaining high. This includes significant additional COVID-19 redeployment funding.</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>99.5%</td> <td>80%</td> </tr> <tr> <td>2019-20</td> <td>99%</td> <td>80%</td> </tr> <tr> <td>2018-19</td> <td>99%</td> <td>80%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	99.5%	80%	2019-20	99%	80%	2018-19	99%	80%
Year	Actual	Target											
2020-21	99.5%	80%											
2019-20	99%	80%											
2018-19	99%	80%											

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

Performance measure	Result												
<p>1.3.1 Residents' satisfaction with the way our District is managing its morning and evening traffic flows.</p> <p>(Target: ≥70%)</p> <p>During the past year major roading projects have continued to be undertaken simultaneously on the Whangarei District Council and State Highways roading networks causing significant peak time congestion on the town's major roads. Council's project on Porowini and Tawera intersection was completed in February 2019 and provided a significant improvement to traffic flows at that intersection. Work continued on Council's Porowini/Maunu intersection project and NZTA's Tawera intersection project on SH1. Both are still under construction and combined with new traffic signals at the Hospital Rd/SH14 intersection recently completed are also causing significant peak traffic congestion throughout the town. Another major project on SH1 at Loop Rd also commenced during this period causing disruption on the State Highway network. As these projects are completed we anticipate performance against this measure will continue to improve.</p>	<p>Not achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>47%</td> <td>70%</td> </tr> <tr> <td>2019-20</td> <td>54%</td> <td>70%</td> </tr> <tr> <td>2018-19</td> <td>46%</td> <td>70%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	47%	70%	2019-20	54%	70%	2018-19	46%	70%
Year	Actual	Target											
2020-21	47%	70%											
2019-20	54%	70%											
2018-19	46%	70%											

What Transportation cost

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	15,901	17,048	18,564
Targeted rates	34	-	24
Subsidies and grants for operating purposes	6,629	6,838	23,020
Fees and charges	1,364	1,401	2,137
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	649	651	1,068
Total Operating Funding	24,576	25,938	44,813
Applications of Operating Funding			
Payments to staff and suppliers	14,356	14,692	29,475
Finance costs	4,270	4,265	3,103
Internal charges and overheads applied	1,092	1,081	1,257
Other operating funding applications	-	-	-
Total Applications of Operating Funding	19,717	20,039	33,835
Surplus/(Deficit) of Operating Funding	4,859	5,899	10,978
Sources of Capital Funding			
Subsidies and grants for capital expenditure	16,191	11,932	12,965
Development and financial contributions	2,022	2,089	4,441
Increase/(decrease) in debt	10,105	8,264	5,381
Gross proceeds from sale of assets	-	-	603
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	28,319	22,285	23,390

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	4,293	4,146	6,958
to improve levels of service	8,641	4,375	10,529
to replace existing assets	16,764	17,461	16,128
Increase/(decrease) in reserves	3,479	2,202	753
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	33,178	28,184	34,368
Surplus/(Deficit) of Capital Funding	(4,859)	(5,899)	(10,978)
Funding Balance	-	-	-

Operational variance explanations

Subsidies and grants for operating purposes are favourable due to increased revenue from central government.

Payments to staff and suppliers is unfavourable as a result of additional expenditure related to the increased central government funding.

Capital variance explanations

Development and financial contributions are favourable against the LTP due to increased development activity. Total capital expenditure is also higher than budget due to a significant increase in minor improvements including projects resulting from targeted Government funding post COVID-19 in 2020.



2. Water

What we do

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

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

Identified effects on the community

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

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

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

Key achievements

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

The construction of the new Whau Valley water treatment plant was completed in early 2021 and is operating well. The plant can provide up to 22,000m³ of water per day to the Whangārei water supply area and fully meets the requirements of the New Zealand Drinking Water Standards. Stage two of the project to provide additional treatment resilience is due to be completed by the end of 2021. The upgrade of part of the raw water line from the Hātea pump station was also completed during the year and will allow more water to be taken from this source.

A number of asset renewals were completed during the year including water mains in Whareora Road, Rewa Rewa Road, Braintree Street and Kamo Road.

Contribution to Community Outcomes

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

Efficient and resilient core services

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

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

Caring for the environment

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

Positive about the future

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

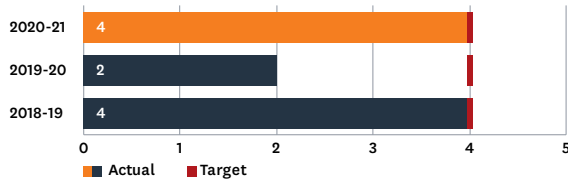
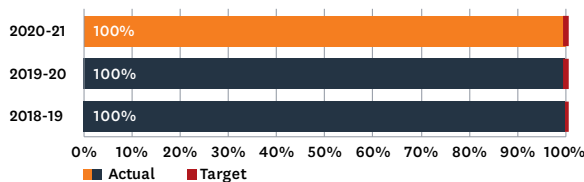
Providing water to appropriate locations across urban and rural areas of our District enables productivity.

How we performed

Levels of service

● **Mandatory performance measures**

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

Performance measure	Result												
<p>2.1.1 Whangārei District’s four water supply areas have approved Water Safety Plans as determined by a Ministry of Health drinking water assessor. (Target: four)</p>	<p>Achieved</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>4</td> <td>4</td> </tr> <tr> <td>2019-20</td> <td>2</td> <td>4</td> </tr> <tr> <td>2018-19</td> <td>4</td> <td>4</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	4	4	2019-20	2	4	2018-19	4	4
Year	Actual	Target											
2020-21	4	4											
2019-20	2	4											
2018-19	4	4											
<p>2.1.2 Compliance with the 2005 New Zealand Drinking Water Standards’ requirements for bacterial monitoring. (Target: 100%)</p>	<p>Achieved</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>2019-20</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>2018-19</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	100%	100%	2019-20	100%	100%	2018-19	100%	100%
Year	Actual	Target											
2020-21	100%	100%											
2019-20	100%	100%											
2018-19	100%	100%											

Updated plans have been submitted to NDHB but it is unlikely they will be formally approved due to changes related to the Water Reforms.

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

Performance measure	Result												
<p>2.1.3 Customer's overall satisfaction with the water quality provided by Council as measured in the annual Customer Satisfaction Survey (excludes 'don't knows'). (Target: ≥95%)</p>	<p>Not achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>91%</td> <td>95%</td> </tr> <tr> <td>2019-20</td> <td>92%</td> <td>95%</td> </tr> <tr> <td>2018-19</td> <td>93%</td> <td>95%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	91%	95%	2019-20	92%	95%	2018-19	93%	95%
Year	Actual	Target											
2020-21	91%	95%											
2019-20	92%	95%											
2018-19	93%	95%											
<p>2.1.4 The extent to which the local authority's drinking water supply complies with: (a) part four of the drinking-water standards (bacteria compliance criteria) and (b) part five of the drinking-water standards (protozoal compliance criteria). (Target: fully complies)</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>2019-20</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>2018-19</td> <td>0%</td> <td>100%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	100%	100%	2019-20	100%	100%	2018-19	0%	100%
Year	Actual	Target											
2020-21	100%	100%											
2019-20	100%	100%											
2018-19	0%	100%											
<p>Measure 2.1.4 was recorded in 2018-19. The result was 0% and not achieved. The reason for not achieving in 2018-19: "The occurrence of single fault caused by power failure at the Ruddell's Water Treatment Plant caused non-UV treated water entering into the supply network. This resulted in a failure of protozoal compliance for the month of October, meaning that this measure was not achieved". This is outlined in the 2018-19 Annual Report.</p>													
<p>2.1.5 The total number of complaints received by the local authority about any of the following: (a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) continuity of supply; and (f) the LA's response to any of these issues expressed per 1000 connections to the LA's networked reticulation system. (Target: ≤17)</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>14.42</td> <td>17</td> </tr> <tr> <td>2019-20</td> <td>9</td> <td>17</td> </tr> <tr> <td>2018-19</td> <td>11.94</td> <td>17</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	14.42	17	2019-20	9	17	2018-19	11.94	17
Year	Actual	Target											
2020-21	14.42	17											
2019-20	9	17											
2018-19	11.94	17											
<p>There has been an increase in complaints due to flow and pressure issues at two pump stations during the last year. These have now been repaired or renewed to minimise future issues.</p>													
<p>2.1.6 Where the local authority (LA) attends a callout in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: (a) attendance for urgent callouts: from the time the LA received notification to the time service personnel reach the site (Target: ≤1hr)</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>26 mins</td> <td>60 mins</td> </tr> <tr> <td>2019-20</td> <td>35 mins</td> <td>60 mins</td> </tr> <tr> <td>2018-19</td> <td>31 mins</td> <td>60 mins</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	26 mins	60 mins	2019-20	35 mins	60 mins	2018-19	31 mins	60 mins
Year	Actual	Target											
2020-21	26 mins	60 mins											
2019-20	35 mins	60 mins											
2018-19	31 mins	60 mins											

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

Performance measure	Result												
<p>(b) resolution of urgent callouts: from the time the LA received notification to the time that service personnel confirm resolution of the fault or interruption</p> <p>(Target: ≤4hrs)</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual (mins)</th> <th>Target (mins)</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>102</td> <td>240</td> </tr> <tr> <td>2019-20</td> <td>111</td> <td>240</td> </tr> <tr> <td>2018-19</td> <td>95</td> <td>240</td> </tr> </tbody> </table>	Year	Actual (mins)	Target (mins)	2020-21	102	240	2019-20	111	240	2018-19	95	240
Year	Actual (mins)	Target (mins)											
2020-21	102	240											
2019-20	111	240											
2018-19	95	240											
<p>(c) attendance for non-urgent callouts: from the time that the LA receives notification to the time that service personnel reach the site</p> <p>(Target: ≤12hrs)</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual (mins)</th> <th>Target (mins)</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>83</td> <td>720</td> </tr> <tr> <td>2019-20</td> <td>149</td> <td>720</td> </tr> <tr> <td>2018-19</td> <td>104</td> <td>720</td> </tr> </tbody> </table>	Year	Actual (mins)	Target (mins)	2020-21	83	720	2019-20	149	720	2018-19	104	720
Year	Actual (mins)	Target (mins)											
2020-21	83	720											
2019-20	149	720											
2018-19	104	720											
<p>(d) resolution of non-urgent callouts: from the time that the LA receives notification to the time that service personnel confirm resolution of the fault or interruption.</p> <p>(Target: ≤24hrs)</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual (mins)</th> <th>Target (mins)</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>182</td> <td>1440</td> </tr> <tr> <td>2019-20</td> <td>240</td> <td>1440</td> </tr> <tr> <td>2018-19</td> <td>200</td> <td>1440</td> </tr> </tbody> </table>	Year	Actual (mins)	Target (mins)	2020-21	182	1440	2019-20	240	1440	2018-19	200	1440
Year	Actual (mins)	Target (mins)											
2020-21	182	1440											
2019-20	240	1440											
2018-19	200	1440											

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

Performance measure	Result												
<p>2.2.1 Customer satisfaction with the water flow and pressure provided by Council as measured in the annual Resident Survey.</p> <p>(Target: ≥95%)</p>	<p>Not achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual (%)</th> <th>Target (%)</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>92</td> <td>95</td> </tr> <tr> <td>2019-20</td> <td>93</td> <td>95</td> </tr> <tr> <td>2018-19</td> <td>91</td> <td>95</td> </tr> </tbody> </table>	Year	Actual (%)	Target (%)	2020-21	92	95	2019-20	93	95	2018-19	91	95
Year	Actual (%)	Target (%)											
2020-21	92	95											
2019-20	93	95											
2018-19	91	95											

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

Performance measure	Result												
<p>2.3.1 Whangārei City Water Supply Area can meet a one in 50-year drought (based on 2009-10 event data adjusted for growth and losses).</p> <p>(Target: ≥79)</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual (%)</th> <th>Target (%)</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>89</td> <td>79</td> </tr> <tr> <td>2019-20</td> <td>84</td> <td>79</td> </tr> <tr> <td>2018-19</td> <td>90</td> <td>79</td> </tr> </tbody> </table>	Year	Actual (%)	Target (%)	2020-21	89	79	2019-20	84	79	2018-19	90	79
Year	Actual (%)	Target (%)											
2020-21	89	79											
2019-20	84	79											
2018-19	90	79											
<p>2.3.2 Water restrictions imposed due to drought.</p> <p>(Target: zero)</p>	<p>Achieved</p> <p>2020-21: zero restrictions imposed (2019-20: Yes, 2018-19: zero)</p>												

No Restrictions imposed. Although dam got down to 53% this occurred later in the year so restrictions were not necessary.

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

Performance measure	Result												
<p>2.4.1 Residents in our District annually adopt water conservation techniques in their homes and/or businesses (as measured in the annual Customer Satisfaction Survey). (Target: $\geq 65\%$)</p>	<p>Not achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>56%</td> <td>65%</td> </tr> <tr> <td>2019-20</td> <td>54%</td> <td>65%</td> </tr> <tr> <td>2018-19</td> <td>70%</td> <td>65%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	56%	65%	2019-20	54%	65%	2018-19	70%	65%
Year	Actual	Target											
2020-21	56%	65%											
2019-20	54%	65%											
2018-19	70%	65%											
<p>2.4.2 Water restrictions imposed due to drought. (Target: zero)</p>	<p>Achieved 2020-21: zero restrictions imposed (2019-20: Yes, 2018-19: zero)</p>												
<p>2.4.3 The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this). WaterNZ Benchloss (Target: $\leq 25\%$)</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>23%</td> <td>25%</td> </tr> <tr> <td>2019-20</td> <td>24%</td> <td>25%</td> </tr> <tr> <td>2018-19</td> <td>22%</td> <td>25%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	23%	25%	2019-20	24%	25%	2018-19	22%	25%
Year	Actual	Target											
2020-21	23%	25%											
2019-20	24%	25%											
2018-19	22%	25%											
<p>An improvement from last year although the timing of meter readings due to COVID-19 may have impacted slightly. A number of businesses such as the timber plant on Kioreroa Road and the LVL plant in Ruakākā significantly reduced consumption and the refinery also paused production for a short period.</p>													
<p>2.4.4 The average consumption of drinking water per day per resident within the territorial authority district. (Target: ≤ 500 litres)</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>419 litres</td> <td>500 litres</td> </tr> <tr> <td>2019-20</td> <td>459 litres</td> <td>500 litres</td> </tr> <tr> <td>2018-19</td> <td>419 litres</td> <td>500 litres</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	419 litres	500 litres	2019-20	459 litres	500 litres	2018-19	419 litres	500 litres
Year	Actual	Target											
2020-21	419 litres	500 litres											
2019-20	459 litres	500 litres											
2018-19	419 litres	500 litres											

What Water cost

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	15,236	15,344	15,063
Subsidies and grants for operating purposes	-	-	-
Fees and charges	173	177	220
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,366	842	713
Total Operating Funding	16,774	16,363	15,996
Applications of Operating Funding			
Payments to staff and suppliers	7,324	7,492	8,180
Finance costs	-	-	-
Internal charges and overheads applied	2,590	2,591	2,149
Other operating funding applications	-	-	-
Total Applications of Operating Funding	9,914	10,083	10,329
Surplus/(Deficit) of Operating Funding	6,861	6,279	5,667
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	2,487
Development and financial contributions	975	1,007	1,864
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	975	1,007	4,351

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	5,904	2,662	3,753
to improve levels of service	5,202	3,118	5,321
to replace existing assets	7,741	4,447	7,303
Increase/(decrease) in reserves	(11,011)	(2,940)	(6,359)
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	7,836	7,286	10,018
Surplus/(Deficit) of Capital Funding	(6,861)	(6,279)	(5,667)
Funding Balance	-	-	-

Operational variance explanations

No material variances.

Capital variance explanations

Subsidies and grants for capital expenditure were favourable due to receipt of Three Waters funding. Total capital expenditure is higher than the LTP primarily due to the Whau Valley New Water Treatment Plant project completing later than budgeted.



3. Solid Waste

What we do

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

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

Identified effects on the community

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

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

Key achievements

The kerbside collection service and rural rubbish and recycling stations have continued to operate effectively despite disruptions caused by COVID-19.

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

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

 **Efficient and resilient core services**

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

 **Caring for the environment**

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

 **Proud to be local**

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

How we performed

Levels of service

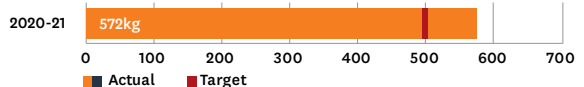
● **Mandatory performance measures**

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

Performance measure	Results												
<p>3.1.1 Customer satisfaction with solid waste collection and recycling services and transfer stations (excluding ‘don’t knows’). (Target: ≥85%)</p>	<p>Achieved</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>86%</td> <td>85%</td> </tr> <tr> <td>2019-20</td> <td>83%</td> <td>85%</td> </tr> <tr> <td>2018-19</td> <td>79%</td> <td>85%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	86%	85%	2019-20	83%	85%	2018-19	79%	85%
Year	Actual	Target											
2020-21	86%	85%											
2019-20	83%	85%											
2018-19	79%	85%											

Customer satisfaction rates have steadily improved over the last three years, this year we have achieved our target which is pleasing. It is a reflection of the hard work put in by our contractors and their staff to continually improve the service.

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

Performance measure	Results						
<p>3.2.1 To reduce waste disposed of to landfill to below 500 kg per person by 2020. ^a (Target: <500kg)</p>	<p>Not achieved</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>572kg</td> <td>500kg</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	572kg	500kg
Year	Actual	Target					
2020-21	572kg	500kg					

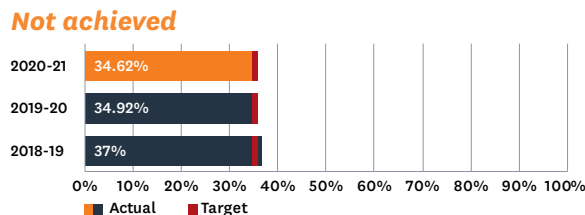
New measure in 2020-21. No results held for 2019-20 or 2018-19.

The amount of waste disposed to landfill is higher than the target by 72kg per person. High levels of economic activity and growth in the last year have resulted in higher levels of waste generation and disposal. The District's estimated average of 572kg of waste disposed to landfill per person is lower than the national average (669kg).

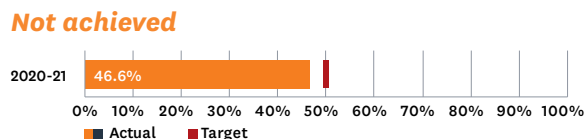
3.2 Council will foster waste minimisation by supporting recycling and waste reduction practices so that a continued reduction in refuse sent to landfill occurs.

Performance measure	Results
---------------------	---------

3.2.2 To recycle at least 35% of waste collected at the roadside from households.
(Target: ≥35%)



3.2.3 Council will recycle, compost or reuse at least 50% of materials at transfer stations by 2020.^a
(Target: ≥50%)



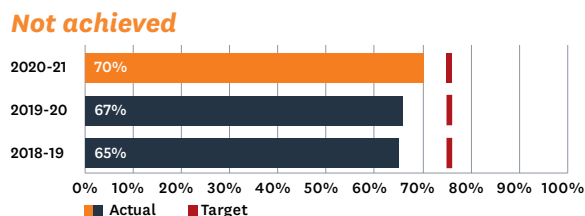
New measure in 2020-21. No results held for 2019-20 or 2018-19.

The target of 50% has not been achieved. The amount of rubbish coming from the rural transfer stations has been reducing for many years however the amount of greenwaste has been reducing as well. The tonnage of recyclable materials has stayed fairly consistent. A quarter of rubbish is brought in to transfer stations as bagged waste which is not possible to separate effectively.

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

Performance measure	Results
---------------------	---------

3.3.1 Residents' satisfaction with litter control.
(Target: ≥75%)



There has been a steady improvement in satisfaction regarding litter control for the last three years which we hope to build on in future.

Note:

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

What Solid Waste cost

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	6,891	7,112	7,269
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2,986	3,052	2,682
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	376	384	422
Total Operating Funding	10,254	10,547	10,373
Applications of Operating Funding			
Payments to staff and suppliers	7,017	7,178	7,609
Finance costs	141	54	15
Internal charges and overheads applied	170	168	133
Other operating funding applications	-	-	-
Total Applications of Operating Funding	7,328	7,400	7,757
Surplus/(Deficit) of Operating Funding	2,926	3,147	2,616
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(2,926)	(3,094)	-
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	(2,926)	(3,094)	-

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	-	53	-
to replace existing assets	-	-	-
Increase/(decrease) in reserves	-	-	2,616
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	-	53	2,616
Surplus/(Deficit) of Capital Funding	(2,926)	(3,147)	(2,616)
Funding Balance	-	-	-

Operational variance explanations

No material variances.

Capital variance explanations

Debt allocated to this activity has been repaid earlier than budgeted. The remaining activity surplus has been transferred to reserves.



4. Wastewater

What we do

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

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

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

Identified effects on the community

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

Key achievements

Ongoing ecological surveying to establish baseline for assessment of environmental effects to support Wastewater Treatment Plant (WWTP) re-consenting project. A water quality assessment of the Limeburners creek and Plant Performance assessment was also completed. An MABR technology trial was completed at the Ngunguru WWTP and security fencing was completed at the Portland and Waipu WWTPs.

Out in the network, a number of Wastewater sewer line and manhole renewals were successfully completed. There was also an upgrading of the critical wastewater line that runs from the Waipu River to the Waipu Wastewater Treatments Plant. Three sewer aerial pipe crossings were replaced in very quick time after these were washed away during the big flood event of July 2020.

Laboratory were successful in maintaining IANZ accreditation following audit.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**



Efficient and resilient core services

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

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

Caring for the environment

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

Positive about the future

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

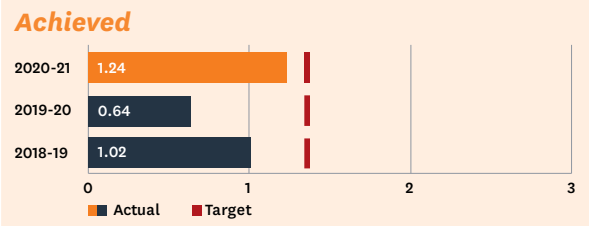
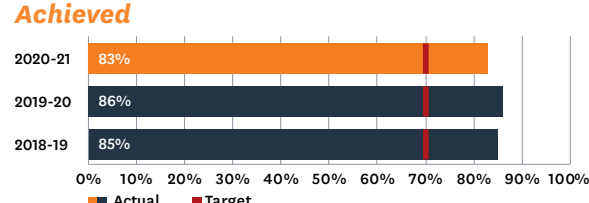
The management of wastewater in appropriate locations across urban and rural areas of our District enables productivity.

How we performed

Levels of service

Mandatory performance measures

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

Performance measure	Result												
<p>4.1.1 Compliance with Territorial Authority (TA) resource consents for discharge from its sewerage system measured by the number of:</p> <ul style="list-style-type: none"> (a) abatement notices (b) infringement notices (c) enforcement orders and (d) convictions <p>received by the territorial authority in relation those resource consents.</p> <p>(Target: zero notices or convictions)</p>	<p>Achieved</p> <p>2020-21: zero notices or convictions (2019-20: zero, 2018-19: zero)</p>												
<p>4.1.2 The number of dry weather sewerage overflows from the TA’s sewerage system, expressed per 1000 sewerage connections to that sewerage system.</p> <p>(Target: ≤1.35)</p>	<p>Achieved</p>  <table border="1"> <caption>Dry weather sewerage overflows per 1000 connections</caption> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>1.24</td> <td>1.35</td> </tr> <tr> <td>2019-20</td> <td>0.64</td> <td>1.35</td> </tr> <tr> <td>2018-19</td> <td>1.02</td> <td>1.35</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	1.24	1.35	2019-20	0.64	1.35	2018-19	1.02	1.35
Year	Actual	Target											
2020-21	1.24	1.35											
2019-20	0.64	1.35											
2018-19	1.02	1.35											
<p>4.1.3 Residents' satisfaction with sewerage reticulation, treatment and disposal services.</p> <p>(Target: ≥70%)</p>	<p>Achieved</p>  <table border="1"> <caption>Residents' satisfaction with sewerage services</caption> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>83%</td> <td>70%</td> </tr> <tr> <td>2019-20</td> <td>86%</td> <td>70%</td> </tr> <tr> <td>2018-19</td> <td>85%</td> <td>70%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	83%	70%	2019-20	86%	70%	2018-19	85%	70%
Year	Actual	Target											
2020-21	83%	70%											
2019-20	86%	70%											
2018-19	85%	70%											

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

Performance measure	Result												
<p>4.1.4 The total number of complaints received by the TA about any of the following:</p> <p>(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.</p> <p>(Target: ≤20)</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>12.72</td> <td>20</td> </tr> <tr> <td>2019-20</td> <td>7.76</td> <td>20</td> </tr> <tr> <td>2018-19</td> <td>10</td> <td>20</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	12.72	20	2019-20	7.76	20	2018-19	10	20
Year	Actual	Target											
2020-21	12.72	20											
2019-20	7.76	20											
2018-19	10	20											
<p>4.1.5 Where the TA attends to sewerage overflows resulting from a blockage or other fault in the TA's sewerage system, the following median response times measured:</p> <p>(a) attendance time: from the time that the TA receives notification to the time that service personnel reach the site</p> <p>(Target: ≤1hr)</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>36 mins</td> <td>60</td> </tr> <tr> <td>2019-20</td> <td>31 mins</td> <td>60</td> </tr> <tr> <td>2018-19</td> <td>25 mins</td> <td>60</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	36 mins	60	2019-20	31 mins	60	2018-19	25 mins	60
Year	Actual	Target											
2020-21	36 mins	60											
2019-20	31 mins	60											
2018-19	25 mins	60											
<p>(b) resolution time: from the time that the TA receives notification to the time that service personnel confirm resolution of the blockage or other fault.</p> <p>(Target: ≤7hrs)</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>112 mins</td> <td>7 hrs</td> </tr> <tr> <td>2019-20</td> <td>100 mins</td> <td>7 hrs</td> </tr> <tr> <td>2018-19</td> <td>71 mins</td> <td>7 hrs</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	112 mins	7 hrs	2019-20	100 mins	7 hrs	2018-19	71 mins	7 hrs
Year	Actual	Target											
2020-21	112 mins	7 hrs											
2019-20	100 mins	7 hrs											
2018-19	71 mins	7 hrs											

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

Performance measure	Result												
<p>4.2.1 Residents' satisfaction with public toilets.</p> <p>(Target: ≥75%)</p>	<p>Not achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>67%</td> <td>75%</td> </tr> <tr> <td>2019-20</td> <td>76%</td> <td>75%</td> </tr> <tr> <td>2018-19</td> <td>69%</td> <td>75%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	67%	75%	2019-20	76%	75%	2018-19	69%	75%
Year	Actual	Target											
2020-21	67%	75%											
2019-20	76%	75%											
2018-19	69%	75%											

Failure to meet the target for residents' satisfaction is a disappointing result. COVID-19 related budget constraints meant there was a reduction in deep cleaning of the facilities which may have been reflected in the result. There is also a perceived shortage of toilet facilities at Matapouri and Ruakākā which may also have caused some dissatisfaction.

What Wastewater cost

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	18,969	19,920	19,736
Subsidies and grants for operating purposes	-	-	125
Fees and charges	707	729	1,075
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	350	358	1,182
Total Operating Funding	20,025	21,007	22,118
Applications of Operating Funding			
Payments to staff and suppliers	5,844	6,209	5,937
Finance costs	-	-	-
Internal charges and overheads applied	985	974	1,821
Other operating funding applications	-	-	-
Total Applications of Operating Funding	6,829	7,183	7,758
Surplus/(Deficit) of Operating Funding	13,196	13,824	14,360
Sources of Capital Funding			
Subsidies and grants for capital expenditure	2,657	585	954
Development and financial contributions	1,168	1,207	790
Increase/(decrease) in debt	(10,647)	304	(10,215)
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	(6,822)	2,095	(8,471)

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	740	2,313	144
to improve levels of service	4,531	5,685	973
to replace existing assets	2,618	6,664	3,098
Increase/(decrease) in reserves	(1,514)	1,257	1,674
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	6,375	15,919	5,889
Surplus/(Deficit) of Capital Funding	(13,196)	(13,824)	(14,360)
Funding Balance	-	-	-

Operational variance explanations

No material variances.

Capital variance explanations

Total capital expenditure is less than the LTP due to delays in Wastewater Network Renewals including the Ruakākā Main due to internal and external resourcing constraints. The decrease in debt reflects the delays in projects.



5. Stormwater

What we do

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

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

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

Identified effects on the community

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

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

Key achievements

Stormwater Catchment Strategy project is progressing well with work completed on the overland flowpath mapping, which has been published to external GIS Maps. This will be updated based on latest LIDAR information becoming available.

A CCTV programme for assessing stormwater asset condition is ongoing. This will provide valuable information for targeted renewal or upgrade projects.

Stormwater line along Kamo Road was relined.

Stormwater upgrades as part of renewing the seawall at Pile Road West.

Planning replacement of Stormwater line along Lovers Lane - between new Civic Building and Library Building.

Investigating and addressing numerous flood complaints and reported property damage following the big flood event of July 2020.

Contribution to Community Outcomes

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

Efficient and resilient core services

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

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

Caring for the environment

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

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

Positive about the future

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

How we performed

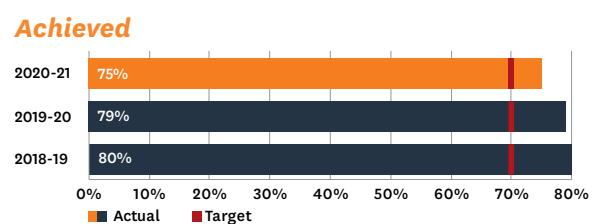
Levels of service

- **Mandatory performance measures**

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

Performance measure	Result
<p>5.1.1 Compliance with the territorial authority’s (TA) resource consents for discharge from its stormwater system, measured by the number of:</p> <p>(a) abatement notices (b) infringement notices (c) enforcement orders; and (d) convictions received by the TA in relation to those resource consents.</p> <p>(Target: zero notices or convictions)</p>	<p>Achieved</p> <p>2020-21: zero notices or convictions (2019-20: one, 2018-19: zero)</p>

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



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

Performance measure	Result												
<p>5.1.3 The number of complaints received by a TA about the performance of its stormwater system, expressed per 1000 properties connected to the TA's stormwater system.^c (Target: ≤16)</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>0.81</td> <td>15.7</td> </tr> <tr> <td>2019-20</td> <td>0.06</td> <td>15.7</td> </tr> <tr> <td>2018-19</td> <td>3.15</td> <td>15.7</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	0.81	15.7	2019-20	0.06	15.7	2018-19	3.15	15.7
Year	Actual	Target											
2020-21	0.81	15.7											
2019-20	0.06	15.7											
2018-19	3.15	15.7											
<p>5.1.4 (a) The number of flooding events^a that occur in a TA district (Target: zero)</p> <p>Note: Only calls to Council were recorded. Calls to Fire and Emergency New Zealand and to other agencies were not captured in this measure.</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>0</td> <td>0</td> </tr> <tr> <td>2019-20</td> <td>0</td> <td>0</td> </tr> </tbody> </table> <p>Note: In 2019-20, to make it easier to see the results, the graph was split between 5.1.4(a) and 5.1.4(b). See below for 2018-19 results.</p>	Year	Actual	Target	2020-21	0	0	2019-20	0	0			
Year	Actual	Target											
2020-21	0	0											
2019-20	0	0											
<p>5.1.4 (b) For each flooding event^a the number of habitable floors affected^b expressed per 1000 properties connected to the TA's stormwater system. (Target: zero)</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>0</td> <td>0</td> </tr> <tr> <td>2019-20</td> <td>0</td> <td>0</td> </tr> </tbody> </table> <p>Note: In 2019-20, to make it easier to see the results, the graph was split between 5.1.4(a) and 5.1.4(b). See below for 2018-19 results.</p>	Year	Actual	Target	2020-21	0	0	2019-20	0	0			
Year	Actual	Target											
2020-21	0	0											
2019-20	0	0											
	<table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2018-19</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Year	Actual	Target	2018-19	0	0						
Year	Actual	Target											
2018-19	0	0											
<p>5.1.5 The median response time to attend a flooding event, measured from the time that the TA receives notification to the time service personnel reach the site.^a (Target: ≤1hr)</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>0</td> <td>60</td> </tr> <tr> <td>2019-20</td> <td>32</td> <td>60</td> </tr> <tr> <td>2018-19</td> <td>23</td> <td>60</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	0	60	2019-20	32	60	2018-19	23	60
Year	Actual	Target											
2020-21	0	60											
2019-20	32	60											
2018-19	23	60											
<p>No flooding event occurred, as per level of service.</p>													

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

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

Note: That while there were some floods during the 2020/21 year, these did not fit the definition of a 1 in 50 year event and hence have been excluded from the results reported.

^c This target expresses per 1000 properties rather than a total, which would have resulted in a target of 15.7 per 1000 properties.

What Stormwater cost

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	3,837	5,298	2,231
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	398
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total Operating Funding	3,837	5,298	2,629
Applications of Operating Funding			
Payments to staff and suppliers	1,233	1,574	884
Finance costs	-	-	-
Internal charges and overheads applied	1,244	1,250	789
Other operating funding applications	-	-	-
Total Applications of Operating Funding	2,477	2,823	1,673
Surplus/(Deficit) of Operating Funding	1,359	2,475	956
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	4
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	-	-	4

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	415	364	284
to replace existing assets	944	2,110	676
Increase/(decrease) in reserves	-	-	-
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	1,359	2,475	960
Surplus/(Deficit) of Capital Funding	(1,359)	(2,475)	(956)
Funding Balance	-	-	-

Operational variance explanations

General rates, uniform annual general charges, rates penalties are lower than the LTP as both capital expenditure and operating expenditure were less than budgeted resulting in lower funding from general rates being required.

Capital variance explanations

Total capital expenditure is lower than LTP due to internal and external resourcing constraints affecting Stormwater Line & Manhole Renewals.



6. Flood Protection

What we do

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

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

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

Identified effects on the community

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

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

Council is actively engaged with local iwi and other stakeholders.

Key achievements

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

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

 **Efficient and resilient core services**

Flood protection provides resilience for agricultural land in Hikurangi.

 **Caring for the environment**

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

How we performed

Levels of service

● Mandatory performance measures

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

Performance measure	Result
<p>6.1.1 The major flood protection and control works that are maintained, repaired and renewed to the key standards defined in the local authority's relevant planning documents (such as its activity management plan, asset management plan, annual works programme or long term plan). (Target: Yes)</p>	<p>Achieved 2020-21: Yes (2019-20: Yes, 2018-19: Yes)</p>
<p>6.1.2 The number of infringement or abatement notices issued by Northland Regional Council in relation to the scheme consent. (Target: zero)</p>	<p>Achieved 2020-21: zero infringement or abatement notices issued (2019-20: zero, 2018-19: zero)</p>

What Flood Protection cost

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	1,210	1,307	1,130
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	61	61	3
Total Operating Funding	1,271	1,368	1,133
Applications of Operating Funding			
Payments to staff and suppliers	768	786	461
Finance costs	6	-	21
Internal charges and overheads applied	9	9	9
Other operating funding applications	-	-	-
Total Applications of Operating Funding	783	795	491
Surplus/(Deficit) of Operating Funding	488	572	642
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(488)	(572)	(418)
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	(488)	(572)	(418)

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	-	-	-
to replace existing assets	-	-	-
Increase/(decrease) in reserves	-	-	224
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	-	-	224
Surplus/(Deficit) of Capital Funding	(488)	(572)	(642)
Funding Balance	-	-	-

Operational variance explanations

No material variances.

Capital variance explanations

No material variances.



7. Community Facilities and Services

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

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



Parks and Recreation

What we do

We provide parks and reserves for sport and recreation, landscapes and green places. We administer 2,045 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 and gardens , street trees and public art
- cemeteries
- public toilets.

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

The quality of these spaces and the activities that take place on them contribute to the attractiveness and vibrancy of our District. Our parks and associated facilities are significant assets which are used and appreciated by residents and visitors. Last year we adopted the Active Recreation and Sports strategy to set out a pathway to ensure our community has access to, and can participate in, sports and recreation across the District. Funding has been set aside in 2021-22 to start implementing priority actions.

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

Identified effects on the community

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

Key achievements

During the 2020-21 year we continued upgrading our sports facilities and completed upgrades to training lights at the Hora Hora and Otangarei sportsparks and sealed the Cobham Oval carpark.

Playgrounds were renewed at Hedley Place, Taurikura Bay and Marsden Bay.

Construction of the Ngunguru skatepark was completed and working with the community we finalised the design of the Waipu skatepark with construction to start next financial year.

With funding from central government (Te Tai Tokerau Worker Re-deployment Fund) we completed a shared path from Otuihau – Whangārei Falls, through Tikipunga Sports Park along Hātea River to Vinegar Hill Road.

In July 2020 we were hit hard by a significant rain event that caused considerable damage to walking tracks particularly in the City. Many tracks were closed for several months and a major investment was needed to repair damaged tracks and bridges. Te Tai Tokerau Worker Re-deployment Fund was used to fund this repair work.

Work advanced as scheduled on the new \$5.2m Town Basin park, which is due to open in the coming financial year. The refurbished Town Basin Children's Playground opened in February.

Multiple projects on Pohe Island progressed or were completed during the year. The skatepark was completed in March, major work has been completed on elements of the Bike Park including pump track, 800m cycle circuit and more carparking. Camera Obscura is open for viewing.

We completed sand replenishment works at Matapōuri beach and work advanced on replacement of Princes Rd, Ruakākā seawall. Further planning around climate change adaption is needed before we undertake new projects in response to coastal erosion.

Contribution to Community Outcomes

● ***High contribution***

● ***Medium contribution***

 ***Efficient and resilient core services***

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

Opportunities for walking and cycling are provided through public spaces.

 ***Positive about the future***

Open space is distributed across our District and contributes to a fair urban and rural balance. New technology is improving service delivery, including turf maintenance.

Caring for the environment

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

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

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

Proud to be local

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

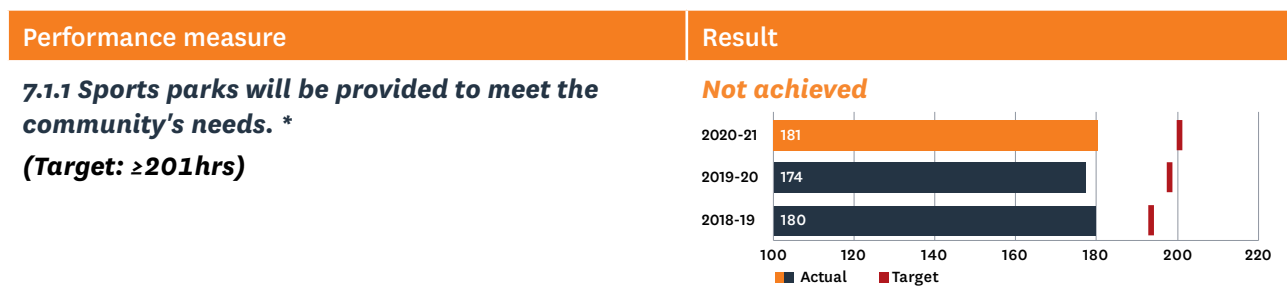
Our public spaces and parks are the venue for many community events and activities.

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

How we performed

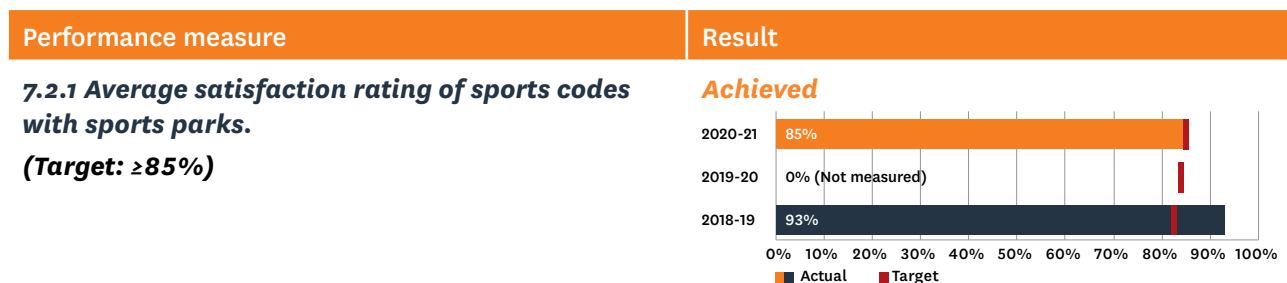
Levels of service

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



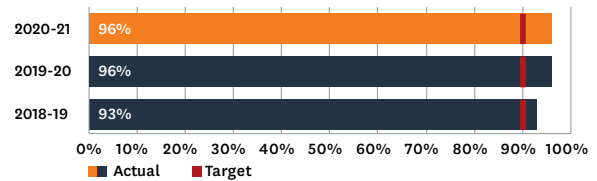
Adopted LOS is 180, 201 was based upon programmed work however Ruakākā was delayed due to issues with sand ridge removal.

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



7.2.2 Residents' satisfaction with neighbourhood, civic space, cultural heritage, public gardens and recreational and ecological linkages to parks.
(Target: ≥90%)

Achieved



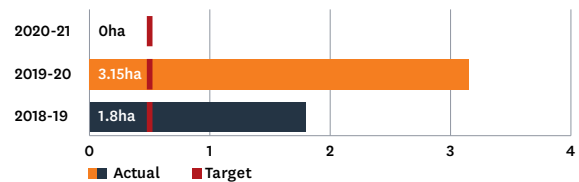
This high score reflects Council's investment in the parks and gardens area of the District.

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

Performance measure	Result
---------------------	--------

7.3.1 Hectares of open space land transformed does not drop below. **
(Target: 0.5ha)

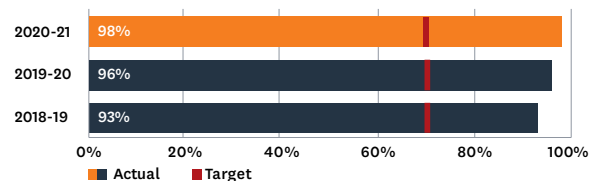
Not achieved



Result for this measure is zero as the projects including the New Town Basin Park, Destination Playground and Bike Park were started but not completed during the FY2020-21.

7.3.2 Residents' perception that Council is making sufficient investment in developing a strong sense of place for our District and its communities.
(Target: ≥70%)

Achieved



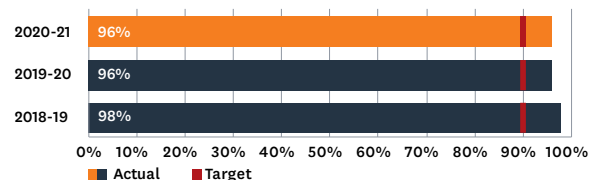
This score reflects the significant investment in projects such as across the District such as Pohe Island skatepark and bike park, renewal of playgrounds, skatepark at Ngunguru as well as contributions towards community projects like Camera Obscura.

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

Performance measure	Result
---------------------	--------

7.4.1 Residents' satisfaction with cemeteries.
(Target: ≥90%)

Achieved



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

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



Libraries

What we do

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

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

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

Identified effects on the community

No potential negative effects have been identified for libraries.

Key achievements

Over the past year 783,826 items were borrowed from Whangārei District Libraries which is an 18% increase on the previous year although the COVID-19 lockdowns in 2020 would have had an effect on patronage during that year. Similarly the door count this year increased by 21% to 422,710 while an average of 1.8 items were borrowed per visitor. Registered members who have used the library over the past two years remains steady at 21,164 and 61,996 free Wifi sessions were recorded. The major capex project for the year was the installation of an automatic book sorter machine. The installation went smoothly and the amount of staff time saved has enabled us to direct further resources to increasing customer focussed activities. The number of eBooks borrowed totalled 6,050 reflecting the continuing upward trend in their popularity. Public events such as Matatriki celebrations, the lunchtime Heritage Talks and the inaugural seed swap workshop and the annual Character Hunt were all well attended.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

⊕ **Positive about the future**

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

👍 **Proud to be local**

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

How we performed

Levels of service

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

Performance measure	Result												
<p>7.5.1 Percentage of population who have used a library in the past year. (Target: ≥60%)</p>	<p>Achieved</p> <table border="1"> <caption>Data for 7.5.1: Percentage of population who have used a library in the past year</caption> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>60%</td> <td>60%</td> </tr> <tr> <td>2019-20</td> <td>59%</td> <td>60%</td> </tr> <tr> <td>2018-19</td> <td>60%</td> <td>60%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	60%	60%	2019-20	59%	60%	2018-19	60%	60%
Year	Actual	Target											
2020-21	60%	60%											
2019-20	59%	60%											
2018-19	60%	60%											
<p>7.5.2 Residents' satisfaction with the resources (books, magazines etc.) the library service provides. (Target: ≥95%)</p>	<p>Achieved</p> <table border="1"> <caption>Data for 7.5.2: Residents' satisfaction with the resources the library service provides</caption> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>97%</td> <td>95%</td> </tr> <tr> <td>2019-20</td> <td>95%</td> <td>95%</td> </tr> <tr> <td>2018-19</td> <td>97%</td> <td>95%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	97%	95%	2019-20	95%	95%	2018-19	97%	95%
Year	Actual	Target											
2020-21	97%	95%											
2019-20	95%	95%											
2018-19	97%	95%											



Community Property

What we do

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

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

Identified effects on the community

No potential negative effects have been identified for community property.

Key achievements

The Asset Management programme initiated in 2015 has continued with more units under going maintenance. Funding has been sought for community buildings through opportunities such as the Provincial Growth Fund. Through the 2021-31 Long Term Plan we have also begun planning for the future of the pensioner housing portfolio.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

⊕ **Positive about the future**

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

👍 **Proud to be local**

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

How we performed

Levels of service

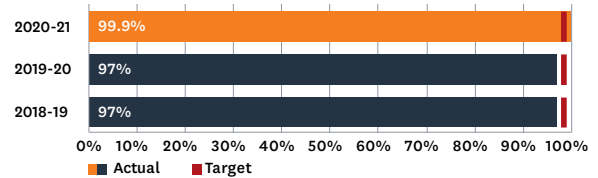
7.6 Council will provide rental accommodation that meets the specific needs of eligible elderly members of the community.

Performance measure	Result
---------------------	--------

7.6.1 Percentage occupancy rate of pensioner housing.

(Target: ≥98%)

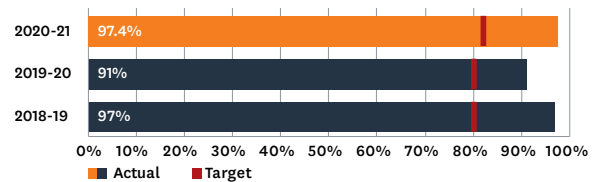
Achieved



7.6.2 Pensioner housing residents' satisfaction with the standard of accommodation.

(Target: ≥82%)

Achieved





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 CitySafe
- support for our positive ageing, disability and youth advisory groups.

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

Identified effects on the community

No potential negative effects have been identified for community development.

Key achievements

Community Development practice as a whole continues to develop across the District. Community led development initiatives in Maungatapere and Waipu in particular are now gaining momentum and other communities are beginning their participation such as in Raumaunga and Tikipunga. The revised developmental approach is becoming more embedded and working well alongside the readiness of our communities to engage and deliver tangible benefits through this enabling mahi.

Disappointingly, we have seen increases in the levels of angst being experienced in some parts of the District in terms of feelings around safety and security. This coincides with an observed increase in anti-social behaviour that we need to continue to address. Expansion of CitySafe patrols has helped to support Police activity and has been welcomed by many members of the community, positively reporting on CitySafe's service and our connected programmes such as SummerSafe carparks and CCTV monitoring.

The new Community Funding model is having a very positive effect already with increased funding amounts and through the increased flexibility that it allows those serving our communities. This is in terms of the application of funds received and the purposes for which they can be used. New funds are being worked upon now that will enhance the opportunity for all members of our District, young and old, to contribute to positive impacts from Community Funding. Our Advisory Groups are becoming more active and providing effective advocacy and advice to Council on how to better meet the needs of their respective communities of interest. This year has also seen recognition for our newest initiative in this space, which is provided by Community Development team to the Multi-Ethnic Collective (MEC). Our Memorandum of Understanding with the Police and Multicultural Whangārei, Immigration NZ, and the new Ministry for Ethnic Affairs is resulting in tangible outcomes for

members of our new settler and ethnic communities. Finally, the Community Development team continue to provide support to Civil Defence during lockdowns and for Incident Management support, which they undertake in addition to core service delivery. This falls within the intelligence and welfare support space as we seek to serve our communities across the District, and alongside the multitude of community networks we work with to enhance the District as a whole.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

⊕ **Positive about the future**

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

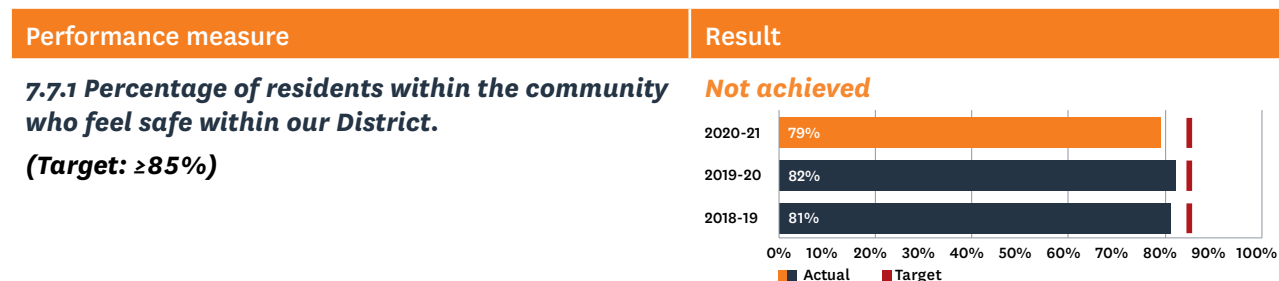
👍 **Proud to be local**

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

How we performed

Levels of service

7.7 Council will promote and support community safety.



This year's result is symptomatic of the increase in aggression and anti-social behaviour being experienced and sensed by citizens across the District and notably in the central city area.

7.8 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	Result												
<p>7.8.1 Percentage of grant applicants who understand and are satisfied with the grants application process. (Target: ≥80%)</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>100%</td> <td>80%</td> </tr> <tr> <td>2019-20</td> <td>88%</td> <td>80%</td> </tr> <tr> <td>2018-19</td> <td>90%</td> <td>80%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	100%	80%	2019-20	88%	80%	2018-19	90%	80%
Year	Actual	Target											
2020-21	100%	80%											
2019-20	88%	80%											
2018-19	90%	80%											

Applicants are surveyed on their experience of the grant application process and this year everyone reported both understanding and satisfaction with the on-going enhancements being made to our community funding approach.

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

Performance measure	Result												
<p>7.9.1 Percentage of people active in these sectors who believe Council is achieving strong engagement. (Target: ≥80%)</p>	<p>Not Measured</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>0% (Not measured)</td> <td>80%</td> </tr> <tr> <td>2019-20</td> <td>94.45%</td> <td>80%</td> </tr> <tr> <td>2018-19</td> <td>0% (Not measured)</td> <td>80%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	0% (Not measured)	80%	2019-20	94.45%	80%	2018-19	0% (Not measured)	80%
Year	Actual	Target											
2020-21	0% (Not measured)	80%											
2019-20	94.45%	80%											
2018-19	0% (Not measured)	80%											

Historically this result has been measured by survey with active and engaged Council advisor groups. It has not been measured this year due to the element of self assessment by these groups. This measure has now been updated in the Long Term Plan for 2021-31 and will be reported on via the new measure in the next annual report.



Venues and Events

What we do

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

Identified effects on the community

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

Key achievements

Despite the decision by World Rugby to reschedule the 2021 Rugby World Cup (RWC) until 2022, major capital project works continued at Semenoff Stadium. This included the installation of new lighting towers, a big screen TV, full renovation of the field of play and upgrades to the stadium sound system (internally and externally).

Semenoff Stadium continued to host events despite the capital project works. In addition, the decision was made by Council in July 2020 to proceed with the establishment of a new Trust to govern and manage the stadium by 31 October 2021.

Forum North Entertainment Centre continued to host a large number of commercial and community events, despite numerous cancellations due to COVID-19 alert level changes in both New Zealand and Australia. Capital upgrades were carried out in the catering kitchen, dressing and rehearsal rooms, theatre sound desk, curtains, lighting and air-conditioning.

Despite the ongoing effects of alert level changes, the team successfully delivered year two of Council's 'adaptable' events programme in line with 'Experience Local Whangārei Events Strategy 2019-24'. In addition, year two of the Whangārei Event Development Fund included funding the 2020 Fringe Festival, 2021 Spirited Womens Event and the 2021 Northern Lights Festival. These events offered two or more of the local experience categories derived from the Strategy; Taste Local, Explore Local, Play Local and Connect Local.

2021-2022 will see the continuation of further capital projects to both venues and a reset of the department once the new Trust is established and staff are appointed.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

⊕ **Positive about the future**

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

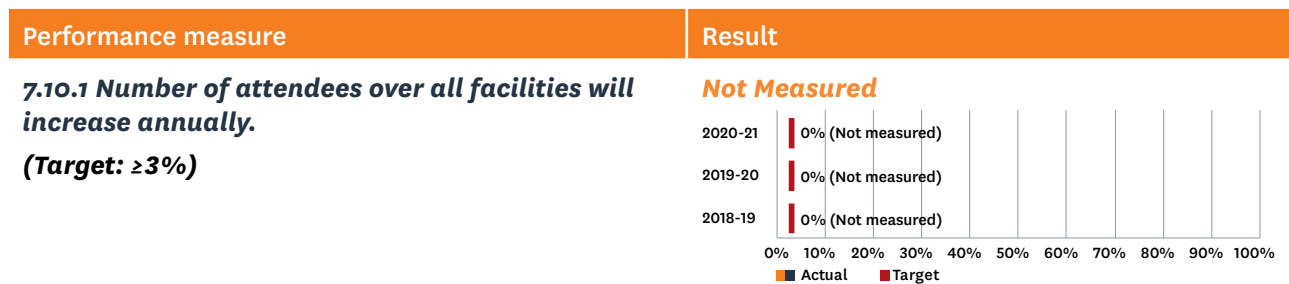
👍 **Proud to be local**

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

How we performed

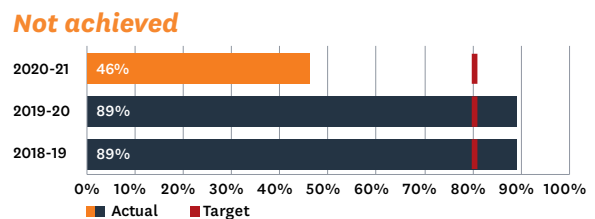
Levels of service

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



This has not been reported this year due to resource limitations and the impacts and disruption associated with COVID-19.

7.10.2 Satisfaction with the quality of venues and events.
(Target: ≥80%)



Decrease in satisfaction ratings likely to be related to cancellations due to COVID-19 uncertainty. Council are considering what steps can be taken to improve results.



Customer Services

What we do

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

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

Identified effects on the community

No potential negative effects have been identified for customer services.

Key achievements

Despite the challenges of COVID-19 we have maintained a strong level of customer service for our community with a strong emphasis on online and phone based services. Work has also progressed on the future of our i-sites and this will be progressed in 2021-22.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

⊕ **Positive about the future**

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

👍 **Proud to be local**

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

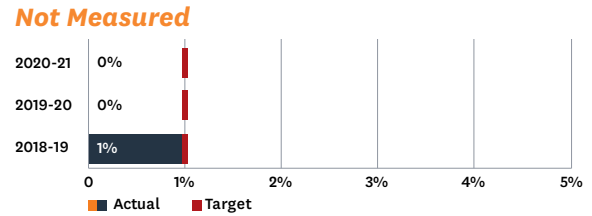
How we performed

Levels of service

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

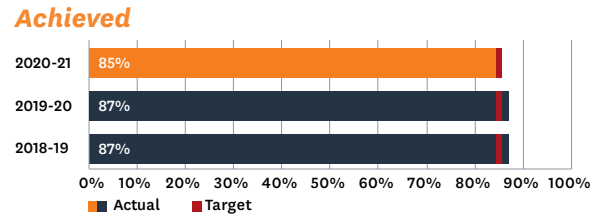
Performance measure	Result
---------------------	--------

7.11.1 Percentage annual increased levels of satisfaction with service received by ‘first point of contact’ customer service.
(Target: ≥1%)

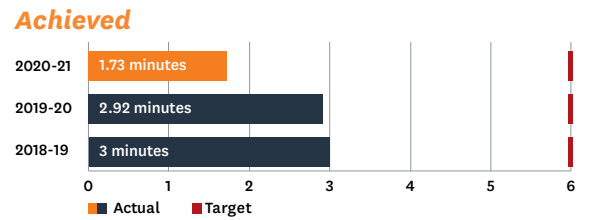


This is an old measure, taken from the Residents and Ratepayers survey. This is not asked in the residents satisfaction survey so we are unable to report on it anymore.

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



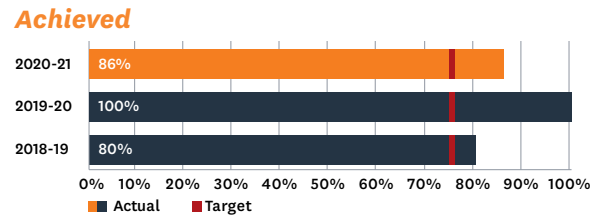
7.11.3 Wait time for walk-in customers.
(Target: No more than six minutes)



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

Performance measure	Result
---------------------	--------

7.12.1 Visitors’ satisfaction with the service provided by the information consultants at our information centres.
(Target: Very satisfied)



Measure is to receive 75% of 'very satisfied' customers.

What Community Facilities and Services cost

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	25,943	27,760	30,288
Targeted rates	-	-	-
Subsidies and grants for operating purposes	62	63	3,388
Fees and charges	992	1,014	737
Internal charges and overheads recovered	2,624	2,642	1,972
Local authorities fuel tax, fines, infringement fees and other receipts	3,189	3,233	5,103
Total Operating Funding	32,809	34,713	41,488
Applications of Operating Funding			
Payments to staff and suppliers	25,149	24,770	23,763
Finance costs	5,653	5,872	3,616
Internal charges and overheads applied	9,223	9,189	7,218
Other operating funding applications	-	-	-
Total Applications of Operating Funding	40,026	39,831	34,597
Surplus/(Deficit) of Operating Funding	(7,216)	(5,118)	6,891
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	772	50
Development and financial contributions	628	649	1,017
Increase/(decrease) in debt	23,530	15,125	14,769
Gross proceeds from sale of assets	-	-	135
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	24,159	16,547	15,971

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	936	42	3,763
to improve levels of service	7,738	3,525	10,299
to replace existing assets	4,789	5,659	8,047
Increase/(decrease) in reserves	3,479	2,202	753
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	16,943	11,429	22,862
Surplus/(Deficit) of Capital Funding	7,216	5,118	(6,891)
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.

Subsidies and grants for operating purposes are favourable against the LTP due to unbudgeted central government funding.

Local authorities fuel tax, fines, infringement fees and other receipts are favourable against the LTP due to an insurance receipt.

Finance costs are lower than the LTP driven by lower interest rates than budgeted.

Internal charges and overheads applied are favourable against the LTP due to less council offices, IT, group and department overheads to charge.

Capital variance explanations

Capital expenditure is higher than budget due to works planned in previous years being undertaken this year, includes stadium upgrades in preparation for the Womens Rugby World Cup and Sense of Place Projects.



8. Governance and Strategy

Governance and strategy includes the following activities:

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



Democracy and Assurance

What we do

This activity includes the democratic functions of our organisation, which drives robust decision-making through Council meetings, briefings and workshops. Governance functions also include hearings and consultation and engagement opportunities. The activity also covers Council's risk and assurance processes, working across the business to identify and categorise risks.

Identified effects on the community

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

Key achievements

Key achievements this year include the governance team enabling themselves to work flexibly to allow set up of online Council meetings during the uncertainty relating to COVID-19. This successfully enabled decision-making functions to continue during the changes in alert levels throughout the year. Live streaming of Council meetings on Facebook enabled greater public participation in the decision making process.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

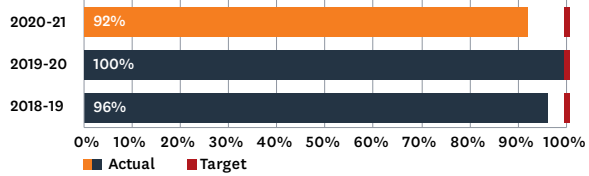
⊕ **Positive about the future**

Democracy functions ensure transparent and robust decision-making.

How we performed

Levels of service

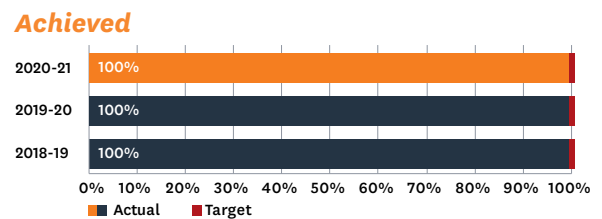
8.1 Our democratic functions are transparent and meet the legislative requirements.

Performance measure	Result												
<p>8.1.1 Responses to requests for information made under the Local Government Official Information Act 1987 and the Privacy Act 1993 are provided within relevant statutory timeframes.</p> <p>(Target: 100%)</p>	<p>Not achieved</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>92%</td> <td>100%</td> </tr> <tr> <td>2019-20</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>2018-19</td> <td>96%</td> <td>100%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	92%	100%	2019-20	100%	100%	2018-19	96%	100%
Year	Actual	Target											
2020-21	92%	100%											
2019-20	100%	100%											
2018-19	96%	100%											

Due to resource constraints two LGOIMA responses were dispatched outside the statutory timeframe during the financial year, this has caused the result to not be achieved.

8.1.2 Percentage of Council, committee and hearing agendas that meet relevant legislative timeframes.

(Target: 100%)





Strategy

What we do

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

Identified effects on the community

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

Key achievements

Building on the previous year's extensive progress in a number of priority areas for Council; the team has finalised several work programmes and undertaken new initiatives to continue working towards common goals with Council, Hapū and a range of external stakeholders. It's been an incredibly busy year with great outcomes for Council and the Whangārei District.

The Long Term Plan 2021-2031 was adopted in June 2021 and the National Policy Statement on Urban Development (Housing and Business Assessment) was completed in July 2021. An outcome of the LTP 2021-2031 was to develop a community led housing strategy which has now started to take shape, this project is in its infancy, however with cross collaboration with our partners across the District, Council is confident that we are on track to make a difference to our communities. We are also continuing to work with our community groups on the development of the Waterfront Precinct Plan and in the development of the Placemaking Plans for Tikipunga and Hikurangi.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**



Efficient and resilient core services

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



Caring for the environment

Strategic planning ensures our environment is cared for.



Positive about the future

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

How we performed

Levels of service

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

Performance measure	Result
8.2.1 Meet the statutory timeframes and deliverables as set out in the National Policy Statement on Urban Development Capacity. (Target: 100%)	Achieved
	2020-21 100%
	2019-20 0%
	2018-19 0%

NPS-UD Requirements for a Housing and Business Land Demand and Capacity Assessment is complete (Due by 31 July 21)



Māori Relationships

What we do

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

This activity is an important function of Council and warrants visibility within the Annual Report. Through the next Long Term Plan, council will explore whether levels of service and target measures are appropriate for this activity.

Identified effects on the community

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

Key achievements

The Māori Relationships Department have been actively involved with several significant projects and forums that have incorporated the values of our four tikanga whanaungatanga, kotahitanga, atawhaitanga and manaakitanga. Te Kārearea Strategic Partnership Forum was formed in 2012, and in September 2020, the Te Kārearea Strategic Partnership Standing Committee was established. Council have also continued to work with Te Huinga on key Council workstreams such as Climate Change. The Relationship Agreement for Te Kārearea has been reviewed as per the triennial cycle and changes are expected due to the evolving environment of hapū dynamics pre and post Treaty Settlement. The department continues to support the organisation with major infrastructure projects providing a leeway to the hapū connections for Māori input to narratives and cultural advice and guidance.

In November 2020, Council resolved to establish a Māori ward for the 2022 local government election. The Māori ward will be represented by two councillors on Council.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**



Proud to be local

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

What Governance and Strategy cost

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	3,075	1,996	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	334	339	249
Local authorities fuel tax, fines, infringement fees and other receipts	6,316	6,460	6,007
Total Operating Funding	9,725	8,794	6,256
Applications of Operating Funding			
Payments to staff and suppliers	7,019	5,551	5,377
Finance costs	268	270	275
Internal charges and overheads applied	1,916	1,908	1,503
Other operating funding applications	-	-	-
Total Applications of Operating Funding	9,203	7,729	7,155
Surplus/(Deficit) of Operating Funding	521	1,065	(899)
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	986
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	-	-	986

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	521	1,065	-
to replace existing assets	-	-	-
Increase/(decrease) in reserves	-	-	(18,479)
Increase/(decrease) of investments	-	-	18,566
Total Applications of Capital Funding	521	1,065	87
Surplus/(Deficit) of Capital Funding	(521)	(1,065)	899
Funding Balance	-	-	-

Operational variance explanations

General rates, uniform annual general charges, rates penalties are lower than the LTP largely as capital expenditure was funded by reserves.

Capital variance explanations

Total capital expenditure is significantly higher than the LTP due to unbudgeted property purchases that were funded by the Property Revaluation Reserve.

These are shown as 'Increase/(decrease) of investments' in the Funding Impact Statement above.



9. *Planning and Regulatory Services*

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

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

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

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



District Planning

What we do

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

Identified effects on the community

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

Key achievements

Urban and Services plan change package was heard, decision notified. 27 appeals have been received against the decision and a majority of the appeals have been resolved through Environment Court mediation. Mediation is continuing on the remaining appeals.

The District Plan has been amended in accordance with the National Policy Statement on Urban Development 2020 to remove all provisions requiring a minimum number of carparking spaces.

Draft provisions and mapping have been prepared for Esplanade Areas, Natural Hazards (Land Instability, Coastal Flooding and Inundation and River Flooding Mapping) and Hazardous Substances plan changes.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

Efficient and resilient core services

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

Caring for the environment

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

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

Positive about the future

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

Proud to be local

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

How we performed

Levels of service

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

Performance measure	Result												
<p>9.1.1 Plan changes are researched, proposed, consulted and reported on as required by Council in accordance with the relevant statutory requirements.</p> <p>(Target: 100%)</p>	<p>Achieved</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>2019-20</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>2018-19</td> <td>60%</td> <td>100%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	100%	100%	2019-20	100%	100%	2018-19	60%	100%
Year	Actual	Target											
2020-21	100%	100%											
2019-20	100%	100%											
2018-19	60%	100%											



Resource Consents

What we do

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

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

This is achieved by processing resource consents and associated applications.

Identified effects on the community

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

Key achievements

Resource consent applications dropped by approximately 5% from the previous year with a total of 636 applications received. This number was impacted by a drop off in numbers during the COVID-19 period (March to June) and it is probable that numbers would have been consistent with or even higher than last year if the pandemic had not occurred. Whilst external consultants have still been relied on to process consents within legislative timeframes, recruitment has been more successful during this period with several staff recruited. The continuing high numbers of applications is attributable to current economic conditions and the notification of Plan Changes which resulted in spikes in application numbers.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**



Caring for the environment

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



Positive about the future

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



Proud to be local

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

How we performed

Levels of service

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

Performance measure	Result												
<p>9.2.1 Percentage of non-notified resource consent applications processed within statutory timeframes. (Target: ≥95%)</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>100%</td> <td>95%</td> </tr> <tr> <td>2019-20</td> <td>97%</td> <td>95%</td> </tr> <tr> <td>2018-19</td> <td>99%</td> <td>95%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	100%	95%	2019-20	97%	95%	2018-19	99%	95%
Year	Actual	Target											
2020-21	100%	95%											
2019-20	97%	95%											
2018-19	99%	95%											
<p>9.2.2 Percentage of Section 223 and Section 224 applications for subdivision consents under the RMA within statutory timeframes. (Target: ≥95%)</p>	<p>Not achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>84.85%</td> <td>95%</td> </tr> <tr> <td>2019-20</td> <td>93%</td> <td>95%</td> </tr> <tr> <td>2018-19</td> <td>98%</td> <td>95%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	84.85%	95%	2019-20	93%	95%	2018-19	98%	95%
Year	Actual	Target											
2020-21	84.85%	95%											
2019-20	93%	95%											
2018-19	98%	95%											

28 of 33 completed within timeframes

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

Performance measure	Result												
<p>9.3.1 Percentage of land-use consent conditions monitored (note: time frames will be dependent on priorities based on potential environmental risk associated with non-compliance). (Target: 100%)</p>	<p>Not achieved</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>88%</td> <td>100%</td> </tr> <tr> <td>2019-20</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>2018-19</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>	Year	Actual	Target	2020-21	88%	100%	2019-20	100%	100%	2018-19	100%	100%
Year	Actual	Target											
2020-21	88%	100%											
2019-20	100%	100%											
2018-19	100%	100%											

94 of 107 files monitored within target time frames



Building Control

What we do

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

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

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

Identified effects on the community

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

Key achievements

This has been a difficult year with key staff moving on (including the Department Manager, processing staff and Team Leaders) and an unprecedented volume of consents due to an extremely buoyant market. Throughout the year the team have focused on maintaining our statutory requirements and meeting customer expectations.

This year the team have achieved one of our two measures. Alongside this operational changes have been brought in to improve performance going forward. These include recruiting to key positions, a procurement process to onboard a panel of contractors and the introduction of a new online building consent system.

Contribution to Community Outcomes

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

Caring for the environment

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

Positive about the future

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

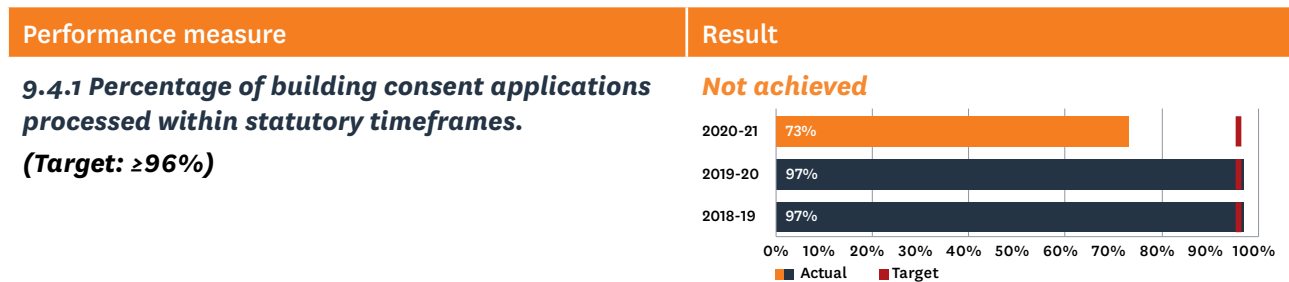
Proud to be local

Building compliance ensures that built structures are safe and durable.

How we performed

Levels of service

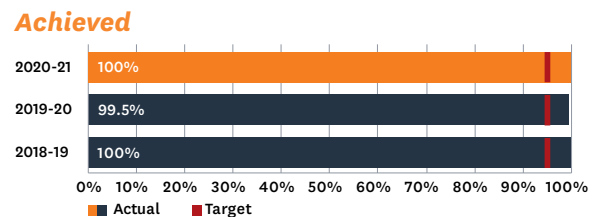
9.4 Council will responsibly and accurately manage the building consents and compliance process.



A significant increase in Building Consent application numbers coupled with a nationwide shortage of processors has negatively impacted on performance.

9.4.2 Percentage of inspections completed within two days.

(Target: ≥95%)





Health and Bylaws

What we do

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

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

Identified effects on the community

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

Key achievements

The Health and Bylaws Department has four performance measures. Three of these relate to Environmental Health and one to our Regulatory Services contractor, Armourguard.

This financial year saw a marked improvement with three of the four measures achieved (only one measure was achieved in the 2019/20 financial year). All of the measures achieved related to the Department's Environmental Health responsibilities. The remaining unachieved measure relates to contract complaints responded to within required priority timeframes.

For this measure results were skewed by 'unknown' responses where insufficient data was available to demonstrate compliance with timeframes. Without these 'unknowns' the measure would have been achieved. Going forward processes and systems will be reviewed to improve reporting against this measure and reduce the potential for 'unknown' results.

Contribution to Community Outcomes

● **High contribution**

● **Medium contribution**

Caring for the environment

The enforcement of bylaws ensures our environment is protected.

Positive about the future

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

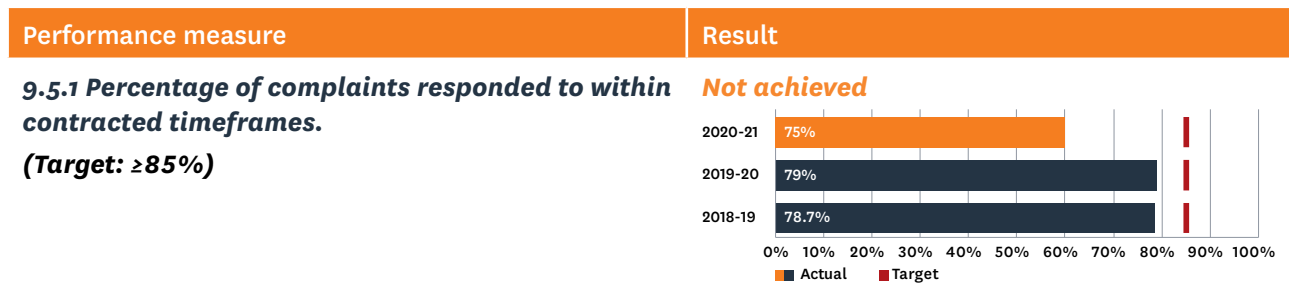
Proud to be local

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

How we performed

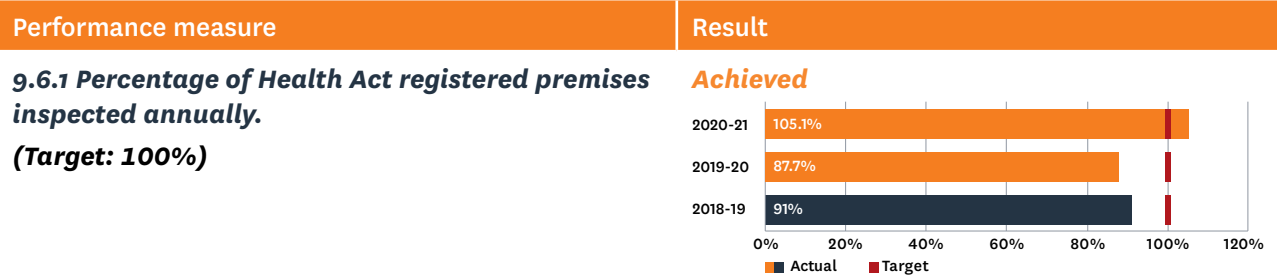
Levels of service

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



The number of CRMs that were responded to within the contracted timeframe, combined with the number of CRMs where result is unknown is 84%.

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

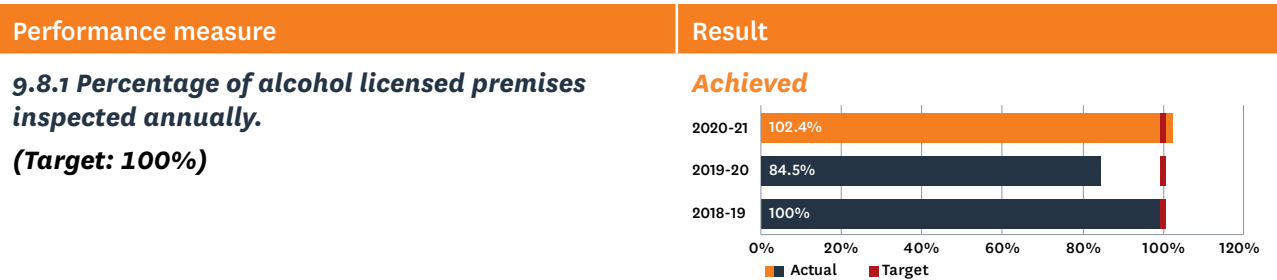


The Environmental Health team has both achieved and exceeded the set target of 100% of all registered premises inspected at least once per annum

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



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



The Environmental Health team has both achieved and exceeded the set target of 100% of all registered premises inspected at least once per annum

What Planning and Regulatory Services cost

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	9,347	7,431	7,438
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	260
Fees and charges	8,375	8,992	9,398
Internal charges and overheads recovered	4,259	4,187	3,225
Local authorities fuel tax, fines, infringement fees and other receipts	1,206	1,209	1,555
Total Operating Funding	23,187	21,819	21,876
Applications of Operating Funding			
Payments to staff and suppliers	11,123	11,294	13,734
Finance costs	-	-	-
Internal charges and overheads applied	10,650	10,525	7,998
Other operating funding applications	-	-	-
Total Applications of Operating Funding	21,772	21,819	21,732
Surplus/(Deficit) of Operating Funding	1,415	-	144
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	-	-	-

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	-	-	-
to replace existing assets	1,415	-	144
Increase/(decrease) in reserves	-	-	-
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	1,415	-	144
Surplus/(Deficit) of Capital Funding	(1,415)	-	(144)
Funding Balance	-	-	-

Operational variance explanations

Payments to staff and suppliers is unfavourable compared to the LTP as a result of higher RMA compliance and consenting contractor payments.

Internal charges and overheads applied are favourable against the LTP due to less department, council offices and IT overheads to charge.

Capital variance explanations

No material variances.

10. Support Services

Support services are focussed on supporting the nine activity areas so that they are best positioned to deliver their various goods and services to the community.

The following provides a brief background to the various support activities.

Finance services, rates and revenue

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

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

People and capability

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

Capital projects, planning and development engineering

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

ICT

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

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

Communications

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

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

Business support

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

What Support Services cost

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	2,950	4,727	2,392
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	265	271	730
Internal charges and overheads recovered	23,349	23,217	19,271
Local authorities fuel tax, fines, infringement fees and other receipts	250	255	199
Total Operating Funding	26,814	28,470	22,592
Applications of Operating Funding			
Payments to staff and suppliers	19,077	17,910	18,313
Finance costs	498	1,245	301
Internal charges and overheads applied	2,687	2,689	1,840
Other operating funding applications	-	-	-
Total Applications of Operating Funding	22,262	21,844	20,454
Surplus/(Deficit) of Operating Funding	4,552	6,625	2,138
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	15,046	12,414	10,482
Gross proceeds from sale of assets	-	-	42
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	15,046	12,414	10,524

	2019-20 LTP Year 2 \$000	2020-21 LTP Year 3 \$000	2020-21 Actual \$000
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	1,077	26	92
to improve levels of service	16,283	17,542	5,283
to replace existing assets	1,611	831	7,287
Increase/(decrease) in reserves	627	640	-
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	19,598	19,039	12,662
Surplus/(Deficit) of Capital Funding	(4,552)	(6,625)	(2,138)
Funding Balance	-	-	-

Operational variance explanations

General rates, uniform annual general charges, rates penalties are lower than the LTP as both capital expenditure and operating expenditure were less than budgeted resulting in lower funding from general rates being required.

Internal charges and overheads recovered are lower than budgeted as the LTP included depreciation recovery which has correctly been excluded from the 2020-21 actuals and operating expenditure to be recovered is lower than budgeted.

Capital variance explanations

Capital expenditure is lower than the LTP due to less spend to date on the Civic Centre and no spend on the theatre.

The variance between capital expenditure to improve levels of service and to replace existing assets partially offsets. The remaining variance relates to a difference in the expected split for the Civic Centre.

Financial statements and information

Financial statements

Statement of Comprehensive Revenue and Expense

<i>For the year ended 30 June 2021</i>	Note	Council			Group	
		Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Revenue						
Rates	2	102,372	103,784	100,994	102,372	100,994
Development contributions		8,112	2,990	6,386	8,112	6,386
Subsidies and grants	3	44,638	21,732	20,022	44,638	20,516
Fees and charges	4	16,979	12,953	14,751	16,979	14,751
Interest revenue	5	535	381	1,072	577	1,239
Other revenue	6	43,619	11,026	15,385	54,346	20,927
Share of profit/(loss) from joint ventures		1,348	-	1,337	1,392	1,356
Total revenue		217,603	152,866	159,947	228,416	166,169
Expenses						
Personnel costs	7	28,157	29,435	29,215	28,721	29,638
Depreciation and amortisation	18	45,028	46,564	43,214	45,126	43,322
Finance costs	5	4,981	7,687	7,677	4,981	7,687
Other expenses	8	86,386	66,132	75,752	86,392	75,916
Total expenses		164,552	149,818	155,858	165,220	156,563
Surplus/(deficit) before tax		53,051	3,048	4,089	63,196	9,606
Income tax expense	9	-	-	-	(16)	94
Surplus from continuing operations		53,051	3,048	4,089	63,212	9,512
Surplus/(deficit) after tax		53,051	3,048	4,089	63,212	9,512

<i>For the year ended 30 June 2021</i>	Note	Council			Group	
		Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
		Other comprehensive revenue and expense				
Items not classified to surplus/(deficit)						
Gain/(loss) on infrastructure revaluations	24	7,231	17,959	5,699	7,231	5,699
Gain/(loss) on other asset revaluations	24	385	-	260	385	260
Total comprehensive income		60,667	21,007	10,048	70,828	15,471

Explanations of major variances against budget are provided in note 30.

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

Statement of Changes in Equity

<i>For the year ended 30 June 2021</i>	Note	Council			Group	
		Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
		Opening balance as at 1 July		1,674,946	1,694,291	1,664,898
Total comprehensive revenue and expense		60,667	21,007	10,048	70,828	15,471
Balance at 30 June	24	1,735,613	1,715,298	1,674,946	1,767,823	1,696,995

Explanations of major variances against budget are provided in note 30.

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

Statement of Financial Position

As at 30 June 2021	Note	Council			Group	
		Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
ASSETS						
Current assets						
Cash and cash equivalents	10	27,001	24,882	36,060	32,075	38,920
Debtors and receivables	11	15,962	22,936	19,871	16,025	19,714
Derivative financial instruments	19	-	61	-	-	-
Other financial assets	13	487	328	532	487	3,419
Other current assets	12	907	918	1,369	924	1,382
Total current assets		44,357	49,125	57,832	49,511	63,435
Non-current assets						
Derivative financial instruments	19	98	-	-	98	-
Other financial assets:	13					
- Investment in other entities		3,760	2,970	3,046	3,782	3,071
- Investment in CCO's and similar entities		10,825	12,226	11,512	8,643	9,340
Property, plant and equipment	16	1,797,763	1,799,981	1,742,346	1,828,891	1,762,679
Intangible assets	17	11,963	12,773	11,361	11,963	11,361
Forestry assets	15	854	820	819	854	819
Investment properties	14	90,369	59,084	56,347	90,369	56,347
Total non-current assets		1,915,632	1,887,854	1,825,431	1,944,600	1,843,617
Total assets		1,959,989	1,936,979	1,883,263	1,994,111	1,907,052

<i>As at 30 June 2021</i>	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2021 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
LIABILITIES						
Current liabilities						
Payables and deferred revenue	20	33,440	25,042	31,121	34,570	32,084
Derivative financial instruments	19	452	804	142	452	142
Current borrowings	22	30,000	30,000	33,000	30,000	33,000
Employee benefits liabilities	23	3,245	2,628	3,062	3,308	3,104
Provisions	21	1,112	55	43	1,112	43
Total current liabilities		68,249	58,529	67,368	69,442	68,373
Non-current liabilities						
Derivative financial instruments	19	12,571	17,298	20,923	12,571	20,923
Non-current borrowings	22	142,000	144,000	119,000	142,000	119,000
Employee benefits liabilities	23	464	407	412	464	412
Provisions	21	749	1,346	524	749	524
Payables and deferred revenue	20	343	101	90	343	90
Deferred tax liability	9	-	-	-	719	735
Total non-current liabilities		156,127	163,152	140,949	156,846	141,684
Total liabilities		224,376	221,681	208,317	226,288	210,057
Net assets		1,735,613	1,715,298	1,674,946	1,767,823	1,696,995
EQUITY						
Accumulated funds	24	1,001,156	938,300	927,396	1,032,302	948,795
Reserves and special funds	24	54,237	72,597	74,020	55,301	74,670
Asset revaluation reserve		680,220	704,401	673,530	680,220	673,530
Total equity		1,735,613	1,715,298	1,674,946	1,767,823	1,696,995

Explanations of major variances against budget are provided in note 30.

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

Statement of Cash Flows

	Council			Group	
	Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
For the year ended 30 June 2021					
Cash flows from operating activities					
Receipts from rates revenue	104,629	100,837	100,104	104,629	100,104
Subsidies and grants received	50,910	21,171	20,008	50,910	20,508
Other revenue including development contributions	20,103	9,735	14,221	31,199	20,160
Fees and charges received	19,163	12,518	11,938	19,163	11,938
Interest received	597	380	1,054	639	1,222
Dividends received	26	35	108	26	108
Payments to suppliers and employees	(109,528)	(95,452)	(92,604)	(110,451)	(93,035)
Interest paid	(4,928)	(7,687)	(7,940)	(4,929)	(7,940)
GST (net)	(1,028)	-	359	(1,028)	358
Net cash flow from operating activities	79,944	41,537	47,248	90,158	53,423
Cash flows from investing activities					
Proceeds from sale of fixed assets	645	-	1,463	645	1,463
Receipts from investments and loans	2,403	-	10,605	5,290	11,578
Purchase and development of fixed assets	(111,066)	(69,057)	(62,484)	(121,953)	(71,258)
Purchase of investments & loans provided	(1,075)	-	-	(1,075)	-
Net cash flow from investing activities	(109,093)	(69,057)	(50,416)	(117,093)	(58,217)
Cash flows from financing activities					
Proceeds from borrowing	83,000	22,000	70,000	83,000	70,000
Loan repayments received	130	-	133	130	133
Repayment of borrowings	(63,000)	-	(60,000)	(63,000)	(60,000)
Loans granted	(40)	-	(135)	(40)	(135)
Net cash from financing activities	20,090	22,000	9,998	20,090	9,998
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	(9,059)	(5,520)	6,830	(6,845)	5,204
Cash, cash equivalents, and bank overdrafts at the beginning of the year	36,060	30,402	29,230	38,920	33,716
Cash, cash equivalents, and bank overdrafts at the end of the year	27,001	24,882	36,060	32,075	38,920

During the period property, plant and equipment totalling nil (2020: nil) was acquired by means of finance leases.

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

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Surplus/(deficit) after tax	53,051	4,089	63,212	9,512
Share of associate's surplus	(1,348)	(1,337)	(1,392)	(1,337)
Depreciation and amortisation expense	45,028	43,214	45,126	43,322
Net vested and found assets	(6,803)	(9,008)	(6,803)	(9,008)
(Gains)/losses in fair value of forestry assets	(35)	90	(35)	90
(Gains)/losses in fair value of investments	(15,553)	1,575	(15,553)	1,575
Other non-cash items	1,033	255	1,033	372
Change in fair value of derivatives	(8,139)	3,024	(8,139)	3,024
(Gains)/losses in value of Community Loans	(40)	(7)	(40)	(7)
Total non-cash items	14,143	37,806	14,197	38,031
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant, and equipment	668	2,324	787	2,444
Add/(less) movements in working capital items				
(Inc)/Dec in debtors and other receivables	3,909	(3,827)	3,689	(3,857)
(Inc)/Dec in other current assets	462	(676)	458	(675)
Inc/(Dec) in creditors and other payables	6,182	7,016	6,333	7,337
Inc/(Dec) in provisions	1,294	(32)	1,294	(32)
Inc/(Dec) in deferred tax liability	-	-	(16)	94
Inc/(Dec) in employee entitlements	235	548	204	569
Net movement in working capital items	12,082	3,029	11,962	3,436
Net cash inflow/(outflow) from operating activities	79,944	47,248	90,158	53,423

Notes to the financial statements

Note 1: Statement of accounting policies for the year ended 30 June 2021	126	Note 25: Capital commitments and operating leases	192
Note 2: Rates	132	Note 26: Contingent assets and liabilities	195
Note 3: Subsidies and grants . . .	134	Note 27: Financial instruments . .	201
Note 4: Fees and charges	135	Note 28: Group related party transactions	209
Note 5: Interest revenue and finance costs.	136	Note 29: Events occurring after the balance date.	210
Note 6: Other revenue.	137	Note 30: Explanation of major variances against budget	211
Note 7: Personnel costs	138	Note 31: Investment in joint operations	214
Note 8: Other expenses	141	Note 32: Subsidiaries	216
Note 9: Income tax	143	Note 33: Report of Council Controlled Organisations performance	217
Note 10: Cash and cash equivalents.	146	Note 34: Contractual arrangements	218
Note 11: Debtors and receivables	147		
Note 12: Other current assets . .	149		
Note 13: Other financial assets . .	150		
Note 14: Investment properties .	154		
Note 15: Forestry assets	156		
Note 16: Property, plant and equipment	158		
Note 17: Intangible assets	173		
Note 18: Depreciation and amortisation expense by group of activity	176		
Note 19: Derivative financial instruments	177		
Note 20: Payables and deferred revenue	179		
Note 21: Provisions	180		
Note 22: Borrowings	182		
Note 23: Employee entitlements .	185		
Note 24: Equity	187		

Note 1: Statement of accounting policies for the year ended 30 June 2021

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 Trust, Whangarei Waste Limited and Whangarei Quarry Gardens Trust) and the equity accounted results of the joint venture entities in which Council is a venturer (Whangarei District Airport and Northland Regional Landfill Limited Partnership).

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

The financial statements of Council and the Group are for the year ended 30 June 2021. The financial statements were authorised for issue by Council on 16 December 2021.

1.2 Basis of preparation

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

STATEMENT OF COMPLIANCE

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

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

PRESENTATION CURRENCY AND ROUNDING

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

THREE WATERS REFORM

Following the announcement by the Local Government Minister on 27 October 2021 regarding central government proceeding with the three waters service delivery reforms using a legislated 'all-in' approach, Council continues to recognise its three waters assets at 30 June 2021 in accordance with the accounting policies set out on pages 158 to 161. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. It is expected central government will develop details around the mechanism for the transfer of the water assets and this will be completed

prior to 1 July 2024. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

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

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, with early application permitted. This amendment will result in additional disclosures. Council will not early adopt this amendment.

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 and is applied prospectively. Council will not early adopt this amendment.

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

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

SOFTWARE AS A SERVICE (SAAS) ARRANGEMENTS

The IASB's Interpretations Committee issued an agenda decision during April 2021 that clarifies the accounting treatment expected under International Financial Reporting Standards for customisation and configuration costs associated with software as a service (SAAS) arrangements. The PBE IPSAS-based standards do not provide specific guidance on SAAS arrangements. However, PBE IPSAS 3 explains that in the absence of a PBE standard specifically dealing with a transaction, management may consider the most recent pronouncements of other standard setting bodies. An example of such pronouncements include interpretations issued by the IASB's Interpretations Committee.

As at 30 June 2021, Whangarei District Council has recorded an intangible asset of \$4.6m (\$4.0m written down value) related to SAAS arrangements. Whangarei District Council is currently assessing how the principals of the agenda decision could be applied to its SAAS arrangements. Due to the material amount of costs involved and the judgements required, Whangarei District Council has not had sufficient time to fully consider this. Any changes to our historical accounting treatment will be accounted for as a change in accounting policy in our next financial statements for the year ended 30 June 2022.

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

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

1.4 Revenue

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

Revenue may arise from exchange or non exchange transactions. Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services,

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

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

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

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

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

DEVELOPMENT AND FINANCIAL CONTRIBUTIONS

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

1.5 Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

1.6 Budget Figures

The budget figures are those approved by Council in its 2020-21 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council in preparing these financial statements.

1.7 Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- the assessed useful life of an item of property, plant and equipment impacts the carrying amount of that item and the amount of depreciation recognised in relation to that item (more information on the useful lives of items of property, plant and equipment is provided in note 16)
- assumptions and estimates are applied in determining the fair value of infrastructure assets (more information is provided in note 16)
- 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 21)
- Council relies on the assumptions and estimates made by external valuers when performing the investment property revaluation (more information is provided in note 14)

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 2021:

- 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.

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
General rates	61,898	61,020	61,898	61,020
Less internal rates on Council properties	(1,504)	(1,637)	(1,504)	(1,637)
Total general rates revenue	60,394	59,383	60,394	59,383
Targeted rates:				
Wastewater rates	20,175	19,472	20,175	19,472
District-wide refuse management	7,503	7,287	7,503	7,287
Metered water supply	13,897	14,162	13,897	14,162
Hikurangi swamp	1,133	1,213	1,133	1,213
Water rates	866	859	866	859
Roading scheme	24	34	24	34
Total targeted rates	43,598	43,027	43,598	43,027
Rate remissions	(1,954)	(1,945)	(1,954)	(1,945)
Rate penalties	334	529	334	529
Total rates, excluding targeted water supply rates	102,372	100,994	102,372	100,994

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 2021 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council	
	Actual 2021 \$'000	Actual 2020 \$'000
Rates	102,372	100,994
Internal rates	1,504	1,637
Total annual rates income	103,876	102,631

Rating base information

The number of rating units within Council's District at the end of the year was 45,497 (June 2020: 45,006).

The total capital value of rating units within Council's District at the end of the year was \$29,957,339,404 (June 2020: \$29,504,736,040).

The total land value of rating units within Council's District at the end of the year was \$14,827,879,750 (June 2020: \$14,721,478,750).

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.

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Waka Kotahi roading subsidies	22,696	19,404	22,696	19,404
Other grants	4,191	569	4,191	569
Wastewater	702	49	702	49
Subsidiaries	-	-	-	494
Ministry of Health drinking water related subsidies	3,729	-	3,729	-
Te Tai Tokerau MBIE redeployment funding	13,320	-	13,320	-
Total subsidies and grants	44,638	20,022	44,638	20,516

At balance date, there are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2020: nil).

Te Tai Tokerau Worker Redeployment Package

As part of central government's response to COVID-19 cabinet approved funding of \$36.72m for a Worker Redeployment Package. Of this amount \$27.27m 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 \$9.32m of the above mentioned package.

Further to the above, Government allocated both Whangarei District Council and Far North District Council a further \$2m 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 \$13.32m.

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 \$4.78m.

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.

Note 4: Fees and charges

Accounting policies

BUILDING AND RESOURCE CONSENT REVENUE

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

SALE OF GOODS

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Building and resource consent charges	7,433	5,950	7,433	5,950
Sale of goods	2,308	2,343	2,308	2,343
Other fees and charges	4,800	4,751	4,800	4,751
Parking fees	1,992	1,328	1,992	1,328
Transfer station fees	446	379	446	379
Total fees and charges	16,979	14,751	16,979	14,751

Note 5: Interest revenue and finance costs

Accounting Policy

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Interest revenue				
Interest revenue:				
- cash and term deposits	525	1,064	526	1,065
- community loans	3	2	3	2
- other	7	6	48	172
Total interest revenue	535	1,072	577	1,239
Finance costs				
Interest expense:				
- discount unwind on provision (note 21)	15	24	15	24
- interest on bank borrowings	1,768	2,734	1,768	2,744
- interest paid on derivatives	3,198	4,919	3,198	4,919
Total finance costs	4,981	7,677	4,981	7,687
Net finance costs	4,446	6,605	4,404	6,448

Note 6: Other revenue

Accounting policy

VESTED OR DONATED PHYSICAL ASSETS

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

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

	Note	Council		Group	
		Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Forestry asset revaluation gains/(losses)	15	35	(90)	35	(90)
Traffic and parking infringements		1,325	860	1,376	924
Rental revenue		4,858	4,836	4,859	4,839
Investment property revaluation gains/(losses)	14	15,553	(1,575)	15,553	(1,575)
Donations and bequests		-	-	10,611	5,395
Other		5,118	1,486	5,182	1,566
Petrol tax		690	653	690	653
Vested assets		6,803	9,008	6,803	9,008
Dividend revenue		26	108	26	108
Fair value gains		40	7	40	7
Gains on property sales		1,032	92	1,032	92
Gain on derivatives		8,139	-	8,139	-
Total other revenue		43,619	15,385	54,346	20,927

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.

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Salaries and wages	27,185	28,020	27,743	28,422
Other personnel costs	125	127	131	148
Defined contribution plan employer contributions	715	733	715	733
Increase/(decrease) in employee entitlements/liabilities	132	335	132	335
Total personnel costs	28,157	29,215	28,721	29,638

Remuneration

KEY MANAGEMENT PERSONNEL REMUNERATION

	Council	
	Actual 2021 \$'000	Actual 2020 \$'000
Elected Members		
Remuneration	987	926
Full time equivalent (FTE) members	14	14
Executive leadership team, including the Chief Executive		
Remuneration	1,861	1,484
Full time equivalent (FTE) members	8	6
Total key management personnel remuneration	2,848	2,410
Total key management personnel FTE members	22	20

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

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

CHIEF EXECUTIVE REMUNERATION

The total remuneration (including any non-financial benefits) paid for the year to the Chief Executive was \$345,025 (2020: \$344,904).

ELECTED MEMBERS	Council	
	Actual 2021 \$'000	Actual 2020 \$'000
Current Elected Members		
Mayor – MAI	147	149
Councillor – BENNEY	76	67
Councillor – COCURULLO	59	57
Councillor – CONNOP	54	37
Councillor – COUPER	59	39
Councillor – CUTFORTH	54	54
Councillor – DEEMING	78	72
Councillor – GOLIGHTLY	57	38
Councillor – HALSE	74	54
Councillor – INNES	88	81
Councillor – MARTIN	77	72
Councillor – MURPHY	56	56
Councillor – PETERS	54	37
Councillor – REID	54	37
Previous Elected Members		
Councillor – CHRISTIE	-	17
Councillor – GLEN	-	17
Councillor – HERMON	-	21
Councillor – MORGAN	-	21
Total elected representatives' remuneration	987	926

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	
	2021	2020
< \$60,000	180	188
\$60,000-\$79,999	116	113
\$80,000-\$99,999	50	58
\$100,000-\$119,999	26	23
\$120,000-\$139,999	8	11
\$140,000-\$179,999	6	6
\$180,000-\$259,999	6	6
\$260,000-\$349,999	1	1
Total employees	393	406

Total remuneration includes non-financial benefits provided to employees.

At balance date, Council employed 313 (2020: 318) full-time employees, with the balance of staff representing 52 (2020: 54) 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 2021, Council made one severance payment to employees totalling \$60,500 (2020: \$10,500). The value of each of the severance payments was \$60,500 (2020: \$10,500).

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.

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Fees to Audit New Zealand for audit of Council's financial statements	212	202	245	242
Fees to Audit New Zealand for the review of the debenture trust deed	5	4	5	4
Councillor remuneration	992	937	992	937
Fees to Audit New Zealand for the audit of Council's Long Term Plan 2021-31	130	45	130	45
Electricity costs	3,539	3,501	3,541	3,501
Impairment of receivables	69	35	69	35
Operating lease expense	1,101	985	1,101	985
Repairs and maintenance expenses	-	-	59	62
Loss on derivatives	-	3,024	-	3,024
Insurance premiums	1,574	1,263	1,581	1,271
General grants	13,495	5,602	12,916	5,034
Software expenses	1,980	2,520	1,981	2,521

	Council		Group	
	Actual	Actual	Actual	Actual
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Loss on assets disposed of	1,700	2,416	1,819	2,537
Bad debts written off	92	52	92	52
Professional fees and consultants	8,716	8,274	8,763	8,292
Legal fees	934	598	965	708
Contractors	47,932	42,385	47,947	42,388
Other expenses	3,915	3,909	4,186	4,278
Total other expenses	86,386	75,752	86,392	75,916

Note 9: Income tax

Accounting policy

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

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

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

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

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

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

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

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Components of tax expense				
Current tax	-	-	-	-
Deferred tax	-	-	(16)	94
Tax expense	-	-	(16)	94
Relationship between tax expense and accounting profit				
Surplus/(deficit) before tax	53,051	4,089	63,196	9,606
Tax at 28%	14,854	1,145	17,695	2,690

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Plus/(less) tax effect of:				
Non-deductible expenditure	-	-	3	17
Non-taxable income	(14,854)	(1,145)	(17,750)	(2,318)
Council share of NRLLP revenue	286	278	-	-
Deferred tax adjustment	-	-	15	(274)
Unrecognised tax losses	(21)	21	-	-
Other adjustments	(265)	(299)	21	(21)
Tax expense	-	-	(16)	94

	PP&E \$'000	Other \$'000	Tax losses \$'000	Total \$'000
Deferred tax assets/(liabilities)				
Council				
Balance at 30 June 2019	-	-	-	-
Charged to surplus or deficit	-	-	-	-
Charged to other comprehensive revenue	-	-	-	-
Balance at 30 June 2020	-	-	-	-
Opening balance 1 July 2020	-	-	-	-
Charged to surplus or deficit	-	-	-	-
Charged to other comprehensive revenue	-	-	-	-
Balance at 30 June 2021	-	-	-	-

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

Council (the parent) has an unrecognised deferred tax asset in relation to tax losses of \$3.3 million (2020: \$3.3 million) with a tax effect of \$0.9 million (2020: \$0.9 million). These losses have been recognised at the Group level.

Note 10: Cash and cash equivalents

Accounting policy

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

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

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Cash on hand	6	6	6	6
Bank balances – HWMAC	-	-	4,605	2,308
Bank deposits	12,288	22,812	12,472	23,049
Bank balances	14,707	13,242	14,992	13,557
Total cash and cash equivalents	27,001	36,060	32,075	38,920

Group

For further information regarding the Hundertwasser Wairau Māori Arts Centre (HWMAC) refer to note 26.

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.

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Sundry debtors	7,254	7,490	7,317	7,333
Accrued revenue	2,046	3,712	2,046	3,712
Rates receivable	6,929	8,867	6,929	8,867
Less provision for impairment	(267)	(198)	(267)	(198)
Total debtors and receivables	15,962	19,871	16,025	19,714

Exchange and non-exchange transactions

Receivables from exchange transactions of \$4.7 million (2020: \$5.8 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 2021 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: nil (2020: nil)

Section 90B: \$19,075 (2020: nil)

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

	2021			2020		
	Gross \$'000	Impairment \$'000	Net \$'000	Gross \$'000	Impairment \$'000	Net \$'000
Council						
Current	10,793	-	10,793	13,377	-	13,377
30 days	709	-	709	515	-	515
60 days	764	-	764	1,361	-	1,361
90 days and over	3,963	(267)	3,696	4,816	(198)	4,618
Total	16,229	(267)	15,962	20,069	(198)	19,871
Group						
Current	10,791	-	10,791	13,181	-	13,181
30 days	756	-	756	528	-	528
60 days	764	-	764	1,361	-	1,361
90 days and over	3,981	(267)	3,714	4,842	(198)	4,644
Total	16,292	(267)	16,025	19,912	(198)	19,714

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

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

	Council		Group	
	Actual	Actual	Actual	Actual
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Individual provision for uncollectability	(172)	(104)	(172)	(104)
Collective provision for uncollectability	(95)	(94)	(95)	(94)
Total provision for impairment	(267)	(198)	(267)	(198)

An analysis of impaired debtors is as follows:

	Council		Group	
	Actual	Actual	Actual	Actual
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
90 days and over	(267)	(198)	(267)	(198)
Total individual impairment	(267)	(198)	(267)	(198)

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

Note 12: Other current assets

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.

	Council		Group	
	Actual	Actual	Actual	Actual
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Other current assets				
Inventories	-	-	4	-
Prepayments	907	1,369	909	1,371
Lease receivable	-	-	11	11
Total other current assets	907	1,369	924	1,382

Note 13: Other financial assets

Accounting policy

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH SURPLUS OR DEFICIT

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

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

LOANS AND RECEIVABLES

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

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

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

HELD TO MATURITY INVESTMENTS

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

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

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

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

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

MEASUREMENT

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

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

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

DE-RECOGNITION

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Current portion				
Short term deposit	-	-	-	2,887
Community loans	167	164	167	164
LGFA borrower notes	320	368	320	368
Total current portion	487	532	487	3,419
Non-current portion				
Investments held in CCO's and similar entities	10,825	11,512	8,643	9,340
Total investment CCO's and similar entities	10,825	11,512	8,643	9,340
Community Loans	393	436	393	433
LGFA borrower notes	2,659	1,904	2,659	1,904
Shares held	708	706	708	706
Lease receivable	-	-	22	28
Total investment in other entities	3,760	3,046	3,782	3,071
Total non-current portion	14,585	14,558	12,425	12,411
Total other financial assets	15,072	15,090	12,912	15,830

Civic Assurance Limited

Shares held by Council: 63,524, \$61,000 (2020: 63,524, \$59,000) in Civic Assurance Limited.

New Zealand Local Government Funding Agency (LGFA)

Council is a shareholder in the LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from 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 (2020: 1,492,784, \$0.6 million).

Council is one of 31 shareholders of the LGFA. When aggregated with the uncalled capital of other shareholders, \$20 million unpaid Ordinary Shares are available to be called where the LGFA Board has determined that there is an imminent risk of default. Also, together with other shareholders, Council is a guarantor of all LGFA's borrowings. As at 30 June, LGFA had issued bonds totalling \$14.420 billion (2020: \$12.438 billion).

Investments held in joint ventures and subsidiaries

- Council owns 100 shares (2020: 100) in Springs Flat Contractors Limited, valued at \$1 each. This is a dormant company.

- Council's investment in the joint venture with the Ministry of Transport in Whangarei District Airport is \$1.59 million (2020: \$1.68 million).
- Council's investment in the Northland Regional Landfill Limited Partnership is \$9.24 million (2020: \$9.83 million).

Impairment

There have been no impairments recognised during the year (2020: nil).

Community loans

- The fair value of community loans is \$0.56 million (2020: \$0.60 million). Fair value has been determined using cash flows discounted using a weighted average cost of capital 2.91% (2020: 5.10%).
- The face value of community loans is \$0.58 million (2020: \$0.65 million).
- Movements in the carrying value of loans are as follows:

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Opening Balance at 1 July	600	598	597	595
Amount of new loans granted during the year	40	135	40	135
Loans repaid during the year (principal and interest)	(130)	(152)	(127)	(152)
Unwind of discount and interest charged	50	19	50	19
At 30 June	560	600	560	597

Note 14: Investment properties

Accounting policy

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

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

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

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Opening Balance at 1 July	56,347	59,084	56,347	59,084
Additions from acquisitions	18,469	-	18,469	-
Fair value gains/(losses) on valuation	15,553	(1,575)	15,553	(1,575)
Disposals and transfers	-	(1,162)	-	(1,162)
Balance at 30 June	90,369	56,347	90,369	56,347

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

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Rental revenue	2,814	2,746	2,814	2,746
Direct operating expenses from investment property generating revenue	(1,144)	(992)	(1,144)	(992)
Direct operating expenses from investment property not generating revenue	(66)	(2)	(66)	(2)

Council has no contractual obligations for capital or operating expenditure for investment properties (2020: nil).

Note 15: Forestry assets

Accounting policy

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

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

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Forestry assets	854	819	854	819
Balance at 30 June 2021	854	819	854	819

Council ownership of forestry assets

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

FORESTRY ACTIVITIES DURING THE YEAR

The tree crop value has increased by 4.0% mainly as a result of an increase in log prices.

Valuation assumptions

Independent registered valuers, Woodlands Pacific Consulting Limited, have valued Council's forestry assets as at 30 June 2021. The following significant valuation assumptions have been used in determining the fair value of forestry assets:

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

Financial risk management strategies

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

Forestry Assets

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Balance at 1 July	819	909	819	909
Gain/(losses) arising from changes in fair value	35	(90)	35	(90)
Balance at 30 June	854	819	854	819

Note 16: 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
Street and road signs	15
Traffic services	15-40

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

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

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

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

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

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

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

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

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

VALUE IN USE FOR NON-CASH-GENERATING ASSETS

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

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

VALUE IN USE FOR CASH-GENERATING ASSETS

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

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

Council 2021	Cost/ revaluation	Accumulated depreciation	Carrying amount	Transfers from WIP	Current year additions	Net current year disposals
	1-Jul-20 \$'000	1-Jul-20 \$'000	1-Jul-20 \$'000	\$'000	\$'000	\$'000
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)
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)

	Current year impairment charges	Current year depreciation	Reclassifications /Transfers	Revaluation surplus*	Cost/ revaluation	Accumulated depreciation	Carrying amount
	\$'000	\$'000	\$'000	\$'000	30-Jun-21 \$'000	30-Jun-21 \$'000	30-Jun-21 \$'000
	-	-	-	-	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
	-	(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

Group 2021	Cost/revaluation	Accumulated depreciation	Carrying amount	Transfers from WIP	Current year additions	Net current year disposals
	1-Jul-20 \$'000	1-Jul-20 \$'000	1-Jul-20 \$'000	\$'000	\$'000	\$'000
Subsidiaries property, plant and equipment						
At cost & valuation						
Land developments	186	(98)	88	-	-	-
Buildings	1,632	(80)	1,552	-	-	-
Other plant & equipment	1,543	(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)

Core infrastructure asset disclosures

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

	Closing book value \$'000	Additions constructed by Council \$'000	Additions transferred to Council \$'000	Replacement cost \$'000
Water supply				
Treatment plants and facilities	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	Accumulated depreciation	Carrying amount
	€'000	€'000	€'000	€'000	30-Jun-21 \$'000	30-Jun-21 \$'000	30-Jun-21 \$'000
	-	-	-	-	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

Council 2020	Cost/reevaluation	Accumulated depreciation	Carrying amount	Transfers from WIP	Current year additions	Net current year disposals
	1-Jul-19 \$'000	1-Jul-19 \$'000	1-Jul-19 \$'000	\$'000	\$'000	\$'000
Operating assets						
At cost & valuation						
Land	43,099	-	43,099	21	-	-
Buildings	39,330	(10,996)	28,334	127	-	(65)
Strategic land	1,735	-	1,735	-	-	-
Strategic buildings	400	(82)	318	-	-	-
Pensioner housing – land	6,210	-	6,210	-	-	-
Pensioner housing – buildings	16,333	(863)	15,470	525	-	(309)
Library books	8,180	(6,550)	1,630	499	-	-
Motor vehicles	2,164	(1,122)	1,042	303	-	(55)
Office furniture and fittings	6,949	(6,075)	874	213	-	(2)
Plant & equipment	5,489	(3,517)	1,972	583	-	(42)
Capital work in progress	480	-	480	(2,307)	3,446	-
Total operating assets	130,369	(29,205)	101,164	(36)	3,446	(473)
Infrastructure assets						
At cost & valuation						
Land for roads	34,734	-	34,734	32	-	-
Roading	811,744	-	811,744	19,805	1,933	(696)
Stormwater	193,483	(8)	193,475	950	4,092	(371)
Flood protection	23,445	(1)	23,444	-	-	-
Solid waste	1,166	-	1,166	159	-	-
Wastewater	253,374	(19)	253,355	8,380	3,042	(427)
Parks and recreation	53,199	(7)	53,192	7,526	500	(96)
Water	187,334	(16)	187,318	2,033	1,505	(497)
Capital work in progress	33,475	-	33,475	(38,849)	51,964	-
Total infrastructure assets	1,591,954	(51)	1,591,903	36	63,036	(2,087)
Restricted assets						
At cost & valuation						
Reserve land	22,090	-	22,090	-	-	-
Heritage assets	1,275	-	1,275	-	-	-
Marina facilities	712	(323)	389	-	-	-
Total restricted assets	24,077	(323)	23,754	-	-	-
Total Council assets	1,746,400	(29,579)	1,716,821	-	66,482	(2,560)

	Current year impairment charges	Current year depreciation	Reclassifications/ transfers	Revaluation surplus*	Cost/revaluation	Accumulated depreciation	Carrying amount
	€'000	€'000	€'000	€'000	30-Jun-20 \$'000	30-Jun-20 \$'000	30-Jun-20 \$'000
	-	-	275	-	43,395	-	43,395
	-	(958)	100	-	39,479	(11,941)	27,538
	-	-	-	-	1,735	-	1,735
	-	(3)	-	-	400	(85)	315
	-	-	-	-	6,210	-	6,210
	-	(866)	-	-	16,505	(1,685)	14,820
	-	(472)	-	-	6,303	(4,646)	1,657
	-	(234)	-	-	2,185	(1,129)	1,056
	-	(235)	-	-	6,062	(5,212)	850
	-	(388)	-	-	5,797	(3,672)	2,125
	-	-	-	-	1,619	-	1,619
	-	(3,156)	375	-	129,690	(28,370)	101,320
	-	-	-	-	34,766	-	34,766
	-	(20,144)	-	2,237	814,879	-	814,879
	1,537	(3,041)	(298)	-	199,375	(3,031)	196,344
	-	(297)	-	-	23,445	(298)	23,147
	-	(183)	4,782	-	6,108	(184)	5,924
	-	(6,957)	(4,549)	-	259,798	(6,954)	252,844
	-	(2,779)	61	-	61,180	(2,776)	58,404
	-	(5,961)	4	-	190,355	(5,953)	184,402
	-	-	-	-	46,590	-	46,590
	1,537	(39,362)	-	2,237	1,636,496	(19,196)	1,617,300
	-	-	-	-	22,090	-	22,090
	-	-	-	-	1,275	-	1,275
	-	(28)	-	-	712	(351)	361
	-	(28)	-	-	24,077	(351)	23,726
	1,537	(42,546)	375	2,237	1,790,263	(47,917)	1,742,346

Group 2020	Cost/ revaluation	Accumulated depreciation	Carrying amount	Transfers from WIP	Current year additions	Net current year disposals
	1-Jul-19 \$'000	1-Jul-19 \$'000	1-Jul-19 \$'000	\$'000	\$'000	\$'000
Subsidiaries property, plant and equipment						
At cost & valuation						
Land developments	186	(98)	88	-	-	-
Buildings	1,632	(80)	1,552	-	-	-
Other plant & equipment	1,465	(836)	629	-	119	(41)
Artworks	539	(101)	438	-	-	(1)
Work in progress	9,202	-	9,202	-	8,551	-
Total subsidiaries	13,024	(1,115)	11,909	-	8,670	(42)
Total Group assets	1,759,424	(30,694)	1,728,730	-	75,152	(2,602)

Core infrastructure asset disclosures

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

	Closing book value \$'000	Additions constructed by Council \$'000	Additions transferred to Council \$'000	Replacement cost \$'000
Water supply				
Treatment plants and facilities	12,783	122	-	26,247
Other assets	171,619	1,911	1,505	344,534
Sewerage				
Treatment plants and facilities	36,359	62	-	270,360
Other assets	216,485	8,318	3,042	420,665
Stormwater	196,344	950	4,445	285,503
Flood Protection	23,147	-	-	42,455
Roads and footpaths	814,879	19,804	1,933	1,276,724
Total	1,471,616	31,167	10,925	2,666,488

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

Valuation

INFRASTRUCTURE ASSETS

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

INFRASTRUCTURE ASSETS (EXCLUDING ROADING)

Fair value is determined using market-based evidence by an independent valuer. The most recent valuation is effective as at 30 June 2019. Council commissioned Pattle Delamore Partners Limited to review and develop unit rates and base lives for water utilities (water supply, wastewater and stormwater), flood protection, parks and solid waste infrastructure assets and then to carry out a review of the valuation calculations undertaken by Council staff.

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

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

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

- estimating any obsolescence or surplus capacity of the asset. There have been no optimisation adjustments in the most recent valuation.

- estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- estimates of the remaining useful life over which the asset will be depreciated. Useful lives have been determined with reference to the Infrastructure Valuation Guidelines and have been adjusted based on local conditions and past experience. Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

LAND UNDER ROADS

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

ROADING

Council's roading assets are valued at fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Opus International Consultants, and the valuation is effective as at 30 June 2021. Fair value was determined on an optimised depreciated replacement cost basis.

OPERATIONAL ASSETS

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

IMPAIRMENT

Council's process for impairment assessment requires asset managers to assess for any impairment (including as a result of any seismic strengthening requirements) in their activity area on a regular basis. No impairment expense has been recorded as at 30 June 2021 (2020: 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 \$783.8 million (2020: \$807.1 million).
- the total value of all assets of Council that are covered by financial risk sharing arrangements, and the maximum amount available to Council under these arrangements is \$1.87 billion (2020: \$1.95 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 \$476.1 million (2020: \$90.7 million).

Assets	Book value	Replacement cost	Insured value	Insurance provided by government schemes	Replacement value of Self-insured assets	Commentary
	\$'000	\$'000	\$'000	\$'000	\$'000	
Operating assets						
Land	44,465	-	-	-	-	Land is not insured due to the low risk of loss.
Motor Vehicles	941	-	2,334	-	-	
Other Operating Assets (excluding Land)	70,157	-	361,538	-	-	Total cover for Material Damage is \$362.0 million. This cover applies to assets classified as operating assets, some above ground infrastructure assets and restricted assets (excluding land).
Infrastructure assets						
Land	34,766	-	-	-	-	Land is not insured due to the low risk of loss.
Roading	824,967	1,299,520	-	1,284,645	-	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	-	29,750	29,750	-	14,875	50% (\$27.3 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 \$3.3 million for machinery breakdown. This cover specifically relates to the bridge lifting mechanisms for these two bridges.

	Book value	Replacement cost	Insured value	Insurance provided by government schemes	Replacement value of Self-insured assets	
Assets	\$'000	\$'000	\$'000	\$'000	\$'000	Commentary
Other Infrastructure Assets	748,495	1,434,489	389,319	583,978	461,192	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 \$362 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)	1,608	-	-	-	-	Council's Material Damage insurance of \$368.0 million includes cover for these assets.
Forestry Assets						
Forestry	854	-	872	-	-	
Total Assets	1,748,343	2,763,759	783,813	1,868,623	476,067	

Work in progress

The total amount of PPE work in progress is \$62.5 million (2020: \$48.2 million). Work in progress are capital projects that have not been capitalised into Council's asset management system at 30 June.

PPE work in progress by asset class is detailed below:

	Council	
	Actual 2021 \$'000	Actual 2020 \$'000
Parks	14,636	4,361
Wastewater	5,562	3,149
Roading	20,857	15,926
Water	5,493	23,153
Other	15,920	1,623
Total work in progress	62,468	48,212

Note 17: Intangible assets

Accounting policy

COMPUTER SOFTWARE

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

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

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

Computer software assets are amortised using the straight line method over their estimated useful lives (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 16. The same approach applies to the impairment of intangible assets.

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

Council and Group	Easements \$'000	Intangibles work in progress \$'000	Forestry carbon credits \$'000	Software assets \$'000	Total \$'000
At 1 July 2019					
Cost or valuation	144	1,669	772	9,420	12,005
Accumulated amortisation and impairment	-	-	-	(6,269)	(6,269)
Net book amount	144	1,669	772	3,151	5,736
Additions	15	6,002	-	4,585	10,602
Transfers/disposals at cost	-	(4,600)	-	(2,587)	(7,187)
Fair value gain	-	-	294	-	294
Amortisation charge	-	-	-	1,916	1,916
Closing net book amount 30 June 2020	159	3,071	1,066	7,065	11,361

Council and Group	Easements \$'000	Intangibles work in progress \$'000	Forestry carbon credits \$'000	Software assets \$'000	Total \$'000
Additions	-	1,543	-	1,837	3,380
Transfers/disposals at cost	-	(1,825)	-	(2,700)	(4,525)
Fair value gain	-	-	386	-	386
Amortisation charge	-	-	-	1,361	1,361
Closing net book amount 30 June 2021	159	2,789	1,452	7,563	11,963
At 30 June 2021					
Cost or valuation	159	2,789	1,452	10,555	14,955
Accumulated amortisation and impairment	-	-	-	(2,992)	(2,992)
Net book amount	159	2,789	1,452	7,563	11,963

Impairment

EASEMENTS

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

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

CARBON CREDITS

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

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

Note 18: Depreciation and amortisation expense by group of activity

	Note	Council		Group	
		Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Directly attributable depreciation and amortisation expense by group of activity					
Transportation	16	21,195	20,177	21,195	20,177
Water	16	5,881	5,973	5,881	5,973
Solid Waste	16	193	183	193	183
Wastewater	16	6,917	6,973	6,917	6,973
Stormwater	16	3,118	3,041	3,118	3,041
Flood Protection	16	297	298	297	298
Community Facilities & Services	16	5,654	5,445	5,654	5,445
Governance & Strategy	16	82	87	82	87
Planning & Regulatory	16	33	55	33	55
Support Services	16	318	311	318	311
Subsidiaries	16	-	-	98	108
Total depreciation expense	16	43,688	42,543	43,786	42,651
Directly attributable amortisation expense by group of activity					
Support Services	17	1,332	664	1,332	664
Community Facilities & Services	17	8	7	8	7
Total amortisation expense		1,340	671	1,340	671
Total directly attributable depreciation and amortisation by group of activity		45,028	43,214	45,126	43,322

Note 19: Derivative financial instruments

Accounting policy

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

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

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

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Current asset portion				
Interest rate swaps – fair value	-	-	-	-
Total current asset portion	-	-	-	-
Non-current asset portion				
Interest rate swaps – fair value	98	-	98	-
Total non-current asset portion	98	-	98	-
Current liability portion				
Interest rate swaps – fair value	452	142	452	142
Total current liability portion	452	142	452	142
Non-current liability portion				
Interest rate swaps – fair value	12,571	20,923	12,571	20,923
Total non-current liability portion	12,571	20,923	12,571	20,923

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 2021. 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 2021 for Council and the Group was \$155.0 million (2020: \$133.0 million). This is made up of:

- \$85.0 million of active derivative financial instruments hedging floating rates to fixed rates at rates between 3.27% to 4.94%.
- \$70.0 million of future derivative financial instruments hedging floating rates to fixed rates at rates between 1.74% to 4.83%.

Council's maximum net fixed rate hedging from derivative financial instruments is \$85.0 million.

Note 20: Payables and deferred revenue

Accounting policy

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Current portion				
Trade and other payables	2,477	1,849	2,585	1,963
Revenue in advance	8,972	3,292	9,032	3,330
Accrued expenses	14,929	19,253	15,891	20,064
Rates paid in advance	4,569	4,250	4,569	4,250
Deposits held	857	798	857	798
Accrued interest on borrowings	741	697	741	697
Retentions	895	982	895	982
Total current portion	33,440	31,121	34,570	32,084
Non-Current Portion				
Retentions	343	90	343	90
Total non-current portion	343	90	343	90
Total payables and deferred revenue	33,783	31,211	34,913	32,174

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

\$21.3 million (2020: \$19.9 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 21: Provisions

Accounting policy

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

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

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

Pohe Island landfill post closure costs

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

Puwera landfill aftercare costs

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Current portion				
Landfill aftercare	68	43	68	43
Other provisions	1,044	-	1,044	-
Total current portion	1,112	43	1,112	43
Non-current portion				
Landfill aftercare	749	524	749	524
Total non-current portion	749	524	749	524
Total provisions	1,861	567	1,861	567

Movement in provisions	Landfill aftercare \$'000	Other provisions \$'000	Total \$'000
Council and Group 2021			
Balance at 1 July 2020	567	-	567
Additional provisions	-	1,044	1,044
Adjustments to provisions made	279	-	279
Amounts utilised	24	-	24
Unused amounts reversed	(68)	-	(68)
Discount unwind (note 5)	15	-	15
Balance at 30 June 2021	817	1,044	1,861

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 2021 is \$0.8 million (2020: \$0.6 million). This represents Council's projection of the amount required to settle the obligation.

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

- the cash flows are assumed to occur at the end of the financial year
- the landfill has only one stage. The initial development as well as the ongoing development costs are assumed to relate to that one stage
- the discount rate is calculated on the 10 year swap rate of 1.88% plus a margin of 57.00 basis points
- the September 2020 BERL inflation factor has been applied

Hazardous Waste and Solvent Clean-up

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

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

Council requested the Environment Court to grant interim and final enforcement orders for the owners and operators to remove the hazardous waste and, if they failed, for Council

to be given the right to enter the premises and sell or dispose of the materials salvaged in compliance with the court order. The owners and operators failed to comply, therefore Council has assumed the role to remove the waste. The Court order permits Council to recover any costs it incurs from the owners and site operators.

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

The initial cost of the clean-up will be funded by Whangarei District Council, Northland Regional Council, Ministry for the Environment, Environmental Protection Authority and WorkSafe. Efforts will be made to recover costs from the owners and operators. A provision of \$1.04 million (2020: nil) has been recognised in these financial statements, to reflect the costs outstanding to complete this work.

Note 22: Borrowings

Accounting policy

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

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Current portion				
Debentures	30,000	33,000	30,000	33,000
Total current portion	30,000	33,000	30,000	33,000
Non-current portion				
Debentures	142,000	119,000	142,000	119,000
Total non-current portion	142,000	119,000	142,000	119,000
Total borrowings	172,000	152,000	172,000	152,000

Secured loans

Council's secured loans consist of the drawn down balance on the committed cash advance facility. The total available for drawdown against this facility is \$30.0 million (2020: \$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.

	Opening balance 1 July 2020 \$'000	Loans repaid \$'000	Loans raised \$'000	Closing balance 30 June 2021 \$'000
Transportation	36,186	9,584	-	26,602
Community facilities & services	36,186	9,584	-	26,602
Total	72,372	19,168	-	53,204

	Opening balance 1 July 2019 \$'000	Loans repaid \$'000	Loans raised \$'000	Closing balance 30 June 2020 \$'000
Transportation	40,935	4,749	-	36,186
Community facilities & services	40,935	4,749	-	36,186
Total	81,870	9,498	-	72,372

Interest on internal borrowings

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Transportation	1,458	2,082	1,458	2,082
Community facilities & services	1,458	2,082	1,458	2,082
Total	2,916	4,164	2,916	4,164

Note 23: 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.

	Council		Group	
	Actual	Actual	Actual	Actual
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current portion				
Accrued Pay	861	759	861	759
Annual leave	2,270	2,199	2,333	2,241
Loyalty and performance bonuses	114	104	114	104
Total current portion	3,245	3,062	3,308	3,104
Non-current portion				
Loyalty and performance bonuses	464	412	464	412
Total non-current portion	464	412	464	412
Total employee entitlements	3,709	3,474	3,772	3,516

Accrued annual leave is calculated at the full amount owing at 30 June each year based on current pay rates. The net increase of \$71,000 (2020: \$308,000 increase) has been recognised in the Statement of Comprehensive Revenue and Expense.

Loyalty and performance bonuses are payable on completion of each 10 years of service and are subject to performance criteria. The provision is assessed based on the estimated staff eligibility over the next 10 years at an average salary rate to which inflation of 2% is applied. The total is discounted to present value using a discount rate of 2.91% (2020: 5.10%). The increase in the value of the provision of \$61,000 (2020: \$27,000 increase) has been recognised in the Statement of Comprehensive Revenue and Expense.

Note 24: Equity

Accounting policy

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

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

RESERVES AND SPECIAL FUNDS

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

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

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

ASSET REVALUATION RESERVES

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

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Ratepayers' equity				
Accumulated funds	1,001,156	927,396	1,032,802	948,795
Reserves and special funds	54,237	74,020	54,801	74,670
Asset revaluation reserve	680,220	673,530	680,220	673,530
Balance at 30 June 2021	1,735,613	1,674,946	1,767,823	1,696,995

	Council		Group	
	Actual	Actual	Actual	Actual
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Accumulated funds				
Balance at 1 July	927,396	912,210	948,795	928,272
Transfer (to)/from special purpose reserves	19,782	9,622	19,868	9,536
Transfers from asset revaluation reserves on disposal	927	1,475	927	1,475
Total surplus/(deficit) after taxation	53,051	4,089	63,212	9,512
Balance at 30 June	1,001,156	927,396	1,032,802	948,795

	Council		Group	
	Actual	Actual	Actual	Actual
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Reserves and Special Funds				
Fishermen's levy	-	118	-	118
Trust funds	11	11	11	11
Community development fund 1	4,075	4,058	4,075	4,058
Community development fund 2	7,127	7,096	7,127	7,096
Community development fund 3	288	328	288	328
Art acquisitions	13	14	13	14
Clock purchases	52	52	52	52
Hikurangi swamp reserve	224	-	224	-
Leonard library reserve	212	233	212	233
General reserve	71	16	71	16
Property reinvestment reserve	17,204	34,998	17,204	34,998
Water reserve	19,787	26,146	19,787	26,146
Dog reserve	-	66	-	66
Sundry asset replacement reserve	-	-	564	650
Wastewater reserve	1,674	-	1,674	-
Solid waste reserve	3,499	884	3,499	884
Total reserves and special funds	54,237	74,020	54,801	74,670

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
	Asset revaluation reserve			
Balance at 1 July	673,530	669,046	673,530	669,046
Transfer to accumulated funds on disposal of assets	(927)	(1,475)	(927)	(1,475)
Revaluations gains/(losses) on infrastructure assets*	7,231	5,699	7,231	5,699
Revaluations gains/(losses) on other assets	386	260	386	260
Balance at 30 June	680,220	673,530	680,220	673,530

*Revaluations gains/(losses) on infrastructure assets includes \$5.7m (2020: \$2.2m) of found assets.

Reserve	Purpose	Balance 1-Jul-20 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30-Jun-21 \$'000
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
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

Reserve	Purpose	Balance 1-Jul-20 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30-Jun-21 \$'000
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	17,704
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

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

Reserve	Purpose	Balance 1-Jul-19 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30-Jun-20 \$'000
Community development fund 3	To provide funding for performing art activities.	321	7	-	328
Art acquisitions	To fund acquisitions of artworks.	14	-	-	14
Clock purchases	To fund purchase of clocks for Claphams Clocks.	52	-	-	52
Leonard Library Reserve	Bequest for the purchase of library books.	245	1	13	233
General Reserve	To fund operational grants committed but not paid.	457	16	457	16
Property Reinvestment Reserve	To fund property purchases for a commercial return.	33,540	1,458	-	34,998
Water Reserve	Holds any surpluses for future funding of Water activities.	37,759	-	11,613	26,146
Dog Reserve	Holds any surpluses for future funding of Dog activities.	237	-	171	66
Solid Waste Reserve	Holds any surpluses for future funding of Solid Waste activities.	-	884	-	884
Total restricted reserves – 2021		83,642	2,632	12,254	74,020

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 25: Capital commitments and operating leases

Accounting policy

OPERATING LEASES

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

The Group as a lessee

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

The Group as a lessor

The Group is a lessor in operating leases. Receipts from operating leases (net of incentives provided to lessees) are recognised on a straight line basis over the term of the lease.

CAPITAL COMMITMENTS

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

	Council		Group	
	Actual	Actual	Actual	Actual
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Water system	7,835	12,355	7,835	12,355
Parks	9,385	4,571	9,385	4,571
Roading network	12,490	5,321	12,490	5,321
Library	2,822	3,069	2,822	3,069
Information management	-	753	-	753
Other major projects	1,953	221	6,053	10,921
Waste	4,870	2,722	4,870	2,722
Business support	35,220	-	35,220	-
Total capital commitments	74,575	29,012	78,675	39,712

Operating leases as lessee

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

	Council		Group	
	Actual	Actual	Actual	Actual
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Not later than one year	1,030	1,027	1,141	1,062
Later than one year and no later than two years	10	1,004	60	1,009
Later than two years and not later than five years	14	-	14	-
Total non-cancellable operating leases	1,054	2,031	1,215	2,071

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 (2020: nil). Leases can be renewed at Council's option, with rents set by reference to current market rates for items of equivalent age and condition. Council does not have the option to purchase the asset at the end of the lease term. There are no restrictions placed on Council by any of the leasing arrangements.

GROUP

Northland Events Centre Trust (NECT)

NECT leases property, plant, and equipment in the normal course of its business.

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:

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Not later than one year	2,754	2,440	2,754	2,440
Later than one year and not later than two years	2,028	1,819	2,028	1,819
Later than two years and not later than five years	4,636	3,713	4,636	3,713
Later than five years	5,242	6,048	5,242	6,048
Total non-cancellable operating leases	14,660	14,020	14,660	14,020

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 26: Contingent assets and liabilities

Contingent liabilities

	Council		Group	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Loan guarantees	250	250	290	257
Weathertightness	-	1,075	-	1,075
Total contingent liabilities	250	1,325	290	1,332

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 \$40k as guarantee that any direct debits up to this amount will be honoured.

Weathertightness

Every Council with statutory responsibilities under the Building Act has been impacted by the leaky building issue that arose from building industry failures spanning the early 1990s to the mid-2000s. During this period, legislation prescribed Council as the authority to issue building consents and code compliance certificates and allowed private certifiers to enter the market and perform other functions. This resulted in consent decisions being made by multiple entities, including Council.

In 2009 Council's then insurer Risk Pool removed cover for weathertightness claims and capped all previously-lodged claims to \$250k per annum. There is no insurance cover for weathertight or leaky home claims.

Over the years, the leaky claims process has evolved and matured in mediation, litigation, statement of claims, points of law and precedent. Many parties or respondents to a claim, such as designers, builders, plasterers, engineers and private certifiers, have ceased to trade or companies have shut down. This has left Council as the last man standing.

During the 2020-21 financial year two claims have been settled. Council has five claims registered with Weathertight Homes Resolution Service (WHRS) Register as held by MBIE, as at 30th June 2021 – (source MBIE WHRS claims statistics).

None of these claims are active therefore no contingency for weathertightness claims has been provided for.

Valuation Reviews

WDC is the defendant in judicial review proceeding brought in the High Court in relation to the value of 86 properties at Marsden Point. There is also a separate but related objection to valuations before the land Valuation Tribunal. If either of the proceedings are 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 \$12.810 billion (2020: \$10.990 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value, however, Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- Council is not aware of any local authority debt defaults in New Zealand
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required

Airport feasibility project

In late 2013 Council staff raised concerns about the long term adequacy of the existing Onerahi airport and in particular the runway. In February 2014 Council formally resolved to commence a review to ensure that the District has an aerodrome facility that was capable of meeting the long term needs of the its users and the District.

This first phase of this project entailed a detailed review of the adequacy of the Onerahi Airport together with possible options to overcome identified inadequacies. In conjunction with this work a preliminary analysis was undertaken of a possible alternative site centred on an area of land called Port Nikau. This was land previously associated with Port Whangārei. Both these investigations were undertaken by Beca Ltd and their two reports were presented to Council in December 2014. The report to Council did confirm a number of short and medium term inadequacies of the existing airport and some options to partially deal with them. It also concluded that the Port Nikau site had a number of short comings as an alternative airport; the most significant being ground penetrations of the obstacle limitation

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

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

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

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

A short list of sites has been presented to Council. Work is being undertaken on the evaluation of those sites to determine the preferred location including planning and designation requirements. More detailed analysis has been taken on the top three ranking sites to confirm aeronautical requirements and to make better assessment of environmental factors at each location.

Council has also taken up the option of purchasing land in one of the top three locations to further protect an option from further development. Council may purchase further land as it progresses through this project.

Hundertwasser Wairau Māori Arts Centre (HWMAC)

BACKGROUND

In 1993, artist Friedensreich Hundertwasser was invited by the then Mayor of Whangārei to design an art centre for the city. He chose the former Northland Harbour Board building in the Town Basin (the Building).

Council considers that it is important to have a high level of transparency around the project and its funding.

REFERENDUM

After several years of debate a binding referendum was held in June 2015 in regards to the use of the Building. A majority voted for HWMAC as the Whangārei District community's preferred option for re-development. As a condition of the referendum, there was a two-year period to June 2017 in which to raise the required funding needed. By June 2017 WAMT with the assistance of the Prosper Northland Trust (PNT) reached the required funding target. Donations and pledges came from the government, general public, community groups, corporates, businesses and the Lotteries Commission. The terms of the referendum have been met and the project has been initiated, and the re-development works have commenced.

OPERATOR AND GUARANTEES AND INDEMNITIES

Harea Art Precinct Trust (HAPT), a CCO of Whangareei District Council will operate the HWMAC on an on-going basis once re-development is completed.

There is no intention for Council to provide funding for the operating costs of the HWMAC once it begins operation and is open to the public. Underwriting mechanisms have been established to cover any trading losses/operating deficits and re-entry and termination costs up to \$2 million over a ten year period, with the maximum amount payable in any single year \$500k.

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.

TENDER PROCESS

A tender process for the HWMAC construction contract was held in at the end of 2017 and in early 2018. The construction contract has been awarded to Trigg Construction Limited. The building consent has been issued by Council. The tender process and the building consent process determined a finalised project construction cost of \$29.16 million excluding fit-out costs.

THE LAND AND THE BUILDING

Council owns the land and the former Harbour Board building. The building was recognised by Council at a nil value because it required seismic strengthening and was not habitable.

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

PROJECT UPDATE

Practical completion was achieved on 22 October 2021, with some minor finishing work continuing after the handover to the Trust. The building opening is planned for 20 February 2022.

The Board has responsibilities to keep donors up to date with the status of the project and in some cases the funding contracts with the donors require funds to be returned should the project come to an end before it is completed. To date the Trust has received \$30.1 million from donors and expect to receive a further \$500,000 through to the end of the project. The Board's current view is that the need to return funds is unlikely. In the interim the Board is ensuring funders are kept informed.

LEASE AND OWNERSHIP OF THE HWMAC STRUCTURE

Council and 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 its financial statements.

COUNCIL FUNDING FOR THE PROJECT

Council spent an initial sum of \$1.1 million between 2011 to 2013 on consents and other pre-project costs for the project. Council provided for additional partial capital funding for 'Old Harbour Board Development' in the 2015-25 Long-Term Plan of \$1.4 million in year three (2017-18 – inflated \$) and \$1.5 million in year four (2018-19 – inflated \$), a total of \$2.9 million. This Council funding is factored in as part of the required funding for the project. It has been determined that Council will not own any part of HWMAC, so consequently it was determined that it was more appropriate to provide the funding to the project as a grant. This grant was included in the 2017-18 financial statements.

DONATIONS AND CONTRIBUTIONS

At 30 June 2021, the total amount of money collected and held by HAPT combined with Council's contribution and the net pledges yet to be received was \$37.5m (including interest received of \$476k)

Category	Amount (\$'000)
Donations	30,120
Council contribution	4,077
Pledges to be received (see pledge source below)	2,836
Total	37,033

Donations

These are donations that have been received and treated as revenue. At 30 June 2021 the total amount of donations collected was \$30.1 million.

Council Contribution

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

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

This funding is factored in as part of the required funding for the project. At 30 June 2021 the total amount of council funding was \$4.1 million.

Pledges

As all the conditions of the Referendum have been met and the project has commenced, remaining pledges are in essence unconditional, although subject to individual funding agreements. When money is received as part of an overall pledge amount it becomes a donation and recognised as revenue. Remaining pledges do not meet the definition of an asset so are not recorded as an asset of 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 2021 the pledges have been assessed and analysed as follows:

	Pledged \$'000	Collectability %	Net Pledge \$'000
Government	2,335	100%	2,335
Local Government	500	100%	500
General public	1	90%	1
Total	2,836		2,836

'In Kind' Products and Services

There are in kind trade products and services that have been or will be donated to the overall project. All in-kind trade products & services provided were of a minor nature and therefore have not been quantified.

Professional services – various professional services in the form of time have and will continue to be donated to the overall project. These include, legal, accounting, project and other management, planning, architectural, design etc.

Note 27: Financial instruments

(a) Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
FINANCIAL ASSETS				
Fair value through surplus or deficit – Held for trading				
Derivative financial instrument assets	98	-	98	-
Loans and receivables				
Cash and cash equivalents	27,001	36,060	32,075	38,920
Receivables	14,884	19,821	14,947	19,555
Other financial assets:				
- term deposits	-	-	-	-
- community loans	560	600	560	597
- LGFA borrower notes	2,979	2,272	2,979	2,272
Total loans and receivables	45,424	58,753	50,561	61,344
Fair value through the Statement of Comprehensive Revenue and Expense				
Other financial assets:				
- unlisted shares	708	706	708	706
FINANCIAL LIABILITIES				
Fair value through Surplus or Deficit – Held for trading				
Derivative financial instrument liabilities	13,023	21,065	13,023	21,065
Financial liabilities at amortised cost				
Payables	20,242	23,669	21,372	24,594
Borrowings:				
- debentures	172,000	152,000	172,000	152,000
Total financial liabilities at amortised cost	192,242	175,669	193,372	176,594

(b) Fair value hierarchy disclosures

For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:

- quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets
- valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable
- valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
30 June 2021 – Council				
Financial assets				
Derivatives	-	-	-	-
Unlisted shares	708	-	708	-
Financial liabilities				
Derivatives	13,023	-	13,023	-
30 June 2020 – Council				
Financial assets				
Unlisted shares	706	-	706	-
Financial liabilities				
Derivatives	21,065	-	21,065	-
30 June 2021 – Group				
Financial assets				
Derivatives	-	-	-	-
Unlisted shares	708	-	708	-
Financial liabilities				
Derivatives	13,023	-	13,023	-
30 June 2020 – Group				
Financial assets				
Shares	706	-	706	-
Financial liabilities				
Derivatives	21,065	-	21,065	-

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 \$30.0m (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:

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash at bank and term deposits	27,001	36,060	32,075	38,920
Receivables	14,884	19,821	14,947	19,555
Community and related party loans	560	600	560	597
Short term deposits	-	-	-	2,887
Derivative financial instrument assets	98	-	98	-
Financial guarantees	250	250	290	257
Total credit risk	42,793	56,731	47,970	62,216

Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note 26.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to S&P Global Ratings credit ratings (if available) or to historical information about counterparty default rates.

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and term deposits				
AA-	27,001	36,060	32,075	41,807
Total cash at bank and term deposits	27,001	36,060	32,075	41,807
Derivative financial instrument assets				
AA-	98	-	98	-
Total derivative financial instrument assets	98	-	98	-

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Community and related party loans				
Existing counterparty with no defaults in the past	560	600	560	597
Total community and related party loans	560	600	560	597

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. (2020 \$30.0 million). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses Council and the Group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount \$'000	Contractual cash flows \$'000	Less than one year \$'000	Greater than one year \$'000
Council 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

	Carrying amount \$'000	Contractual cash flows \$'000	Less than one year \$'000	Greater than one year \$'000
Council 2020				
Payables	23,669	23,669	23,579	90
Bank overdraft	-	-	-	-
Debentures	152,000	158,620	34,615	124,005
Financial guarantees	250	250	250	-
Total	175,919	182,539	58,444	124,095
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
Group 2020				
Payables	24,594	24,594	24,504	90
Bank overdraft	-	-	-	-
Debentures	152,000	158,620	34,615	124,005
Financial guarantees	257	257	257	-
Total	176,851	183,471	59,376	124,095

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 26.

Contractual maturity analysis of derivative financial instrument liabilities

The table below analyses Council and the Group's derivative financial instrument liabilities into those that are settled on a net basis and those that will be settled on a gross basis into their relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Liability carrying amount \$'000	Contractual Cash flows \$'000	Less than one year \$'000	Greater than one year \$'000
Council and Group 2021				
Net settled interest rate swaps	13,023	13,023	452	12,571
Council and Group 2020				
Net settled derivative liabilities	21,065	21,065	142	20,923

Contractual maturity analysis of financial assets

The table below analyses Council and the Group's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying amount \$'000	Contractual Cash flows \$'000	Less than one year \$'000	Greater than one year \$'000
Council 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
Council 2020				
Cash and cash equivalents	36,060	36,060	36,060	-
Receivables	19,821	19,821	19,821	-
Net settled derivative assets	-	-	-	-
Other financial assets:				
- term deposits	-	-	-	-
- community loans	600	681	176	505
- LGFA borrower notes	2,272	2,559	451	2,108
Total	58,753	59,121	56,508	2,613
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:				
- 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

	Carrying amount \$'000	Contractual Cash flows \$'000	Less than one year \$'000	Greater than one year \$'000
Group 2020				
Cash and cash equivalents	38,920	38,920	38,920	-
Receivables	19,555	19,555	19,555	-
Other financial assets:				
- term deposits	-	-	-	-
- community loans	597	681	176	505
- LGFA borrower notes	2,272	2,559	451	2,108
Total	61,344	61,715	59,102	2,613

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.

	2021				2020			
	-50bps Surplus \$'000	-50bps Other equity \$'000	+100bps Surplus \$'000	+100bps Other equity \$'000	-50bps Surplus \$'000	-50bps Other equity \$'000	+100bps Surplus \$'000	+100bps Other equity \$'000
Council								
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	(135)	-	270	-	(180)	-	361	-
Derivatives – held for trading	-	-	-	-	-	-	-	-
Financial liabilities								
Derivatives – held for trading	(3,179)	-	6,010	-	(3,222)	-	6,075	-
Borrowings:								
- secured loans	-	-	-	-	-	-	-	-
- debentures	860	-	(1,720)	-	760	-	(1,520)	-
Total sensitivity	(2,454)	-	4,560	-	(2,642)	-	4,916	-
Group								
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	(160)	-	321	-	(195)	-	389	-
Derivatives – held for trading	-	-	-	-	-	-	-	-

	2021				2020			
	-50bps Surplus \$'000	-50bps Other equity \$'000	+100bps Surplus \$'000	+100bps Other equity \$'000	-50bps Surplus \$'000	-50bps Other equity \$'000	+100bps Surplus \$'000	+100bps Other equity \$'000
Financial liabilities								
Derivatives – held for trading	(3,179)	-	6,010	-	(3,222)	-	6,075	-
Borrowings:								
- secured loans	-	-	-	-	-	-	-	-
- debentures	860	-	(1,720)	-	760	-	(1,520)	-
Total sensitivity	(2,479)	-	4,611	-	(2,657)	-	4,944	-

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -50bps/+100bps.

Note 28: 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

NORTHLAND EVENTS CENTRE TRUST (NECT)

Prior to Year End 2019, Council had chosen to underwrite operating shortfalls in NECT operations. No underwriting was provided from Council to NECT for the Year End June 2021 (2020: nil). An amount of nil was outstanding at 30 June 2021 (2020: nil).

HATEA ART PRECINCT TRUST (HAPT)

HAPT received an annual operating grant (including rent concession) from Council of \$578,747 (2020: \$569,970). An amount of nil was outstanding at 30 June 2021 (2020: nil).

Services relocation costs of nil (2020: \$310,948) are owing to Council.

Note 29: Events occurring after the balance date

Northland Events Centre Trust – governance arrangements

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.

A new Council controlled organisation ‘Northland Events Centre (2021) Trust’ has been formed. The transition process is being managed by Council in collaboration with newly appointed Trustees of the Northland Events Centre (2021) Trust. Operational activities, assets and liabilities will be transferred to the new Trust at 30 November 2021.

Three Waters Reform

In July 2020, the Government launched the Three Waters Reform Programme – a three-year programme to reform local government three waters service delivery arrangements. Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand. The proposed reform programme is being progressed through a partnership-basis approach with the local government sector, alongside iwi/Māori as the Crown’s Treaty Partner.

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated ‘all-in’ approach. The three waters reform involves the creation of four statutory Water Services Entities (WSEs) to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities, and the control and governance of these entities. Notwithstanding the current uncertainty the announcement once legislated will mean Council is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024.

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. The matter is currently with the High Court.

Public Consultation – Oruku Landing Conference and Multi-Events Centre

During the period 18 October – 18 November 2021, Council consulted with the public on a proposed Long Term Plan amendment focused specifically on the Oruku Landing Conference and Multi-Events Centre. The consultation was to seek public feedback on plans for Council to proceed with the project and invest up to \$57m.

On 26 November 2021 Council considered submissions and resolved to abandon the Oruku Landing Conference and Multi-Events Centre project.

COVID-19

Our District continues to be impacted by COVID-19 restrictions with the emergence of the Delta variant in New Zealand. Council anticipates potential issues with supply chain, cost escalations, and delays to project delivery over the coming year. The post 30 June 2021 changes in the COVID-19 alert levels had no impact on the financial statements for the year ended 30 June 2021.

Note 30: Explanation of major variances against budget

Key financial information	Actual 2021 \$'000	Budget 2021 \$'000	Comments
Statement of comprehensive revenue and expense			
Total revenue	217,603	152,866	<p>Total revenue was higher than budget by \$64.7 million:</p> <ul style="list-style-type: none"> • development contributions were \$5.1 million higher than budget, reflective of the continuing growth in the region and the recovery from COVID-19. • subsidies and grants was \$22.9 million higher than budget due to subsidies received from the following: \$2.6m from Waka Kotahi re flooding repairs, \$3.7m from the Ministry of Health re Three Waters, \$13.3m from MBIE re worker redeployment, \$1.8m from MBIE re Bike Northland and \$1.8m from Crown Infrastructure Partners re shovel ready projects. • fees and charges revenue were \$4.0 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 \$3.8 million due to the conservative nature of the budget and reflective of continued growth. • an unbudgeted investment property revaluation gain of \$15.6 million was due to the rapid increase of investment property values over the previous year. • an unbudgeted gain on derivatives of \$8.1 million due to rising interest rates. • an unbudgeted gain from property sales of \$1.0 million. • other revenue was \$4.3 million higher than budgeted.
Total expenses	164,552	149,818	<p>Total operating expenses were higher than budget by \$14.7 million:</p> <ul style="list-style-type: none"> • personnel costs were \$1.3 million lower than budget due to staff vacancies. • depreciation and amortisation was \$1.5 million less than budget as the previous years Roding valuation was a smaller increment than expected. • finance costs were \$2.7 million lower than budget due to lower interest rates. • general grants were higher than budget by \$8.5 million due to the Te Tai Tokerau redeployment package payments to other Northland councils. • unbudgeted losses on disposal of other assets of \$1.7 million which are not budgeted due to the uncertainty regarding timing of asset disposals. • other expenses were \$10.0 million higher than budgeted due to an increase in professional services, contractors and consultants.
Surplus/(deficit)	53,051	3,048	

Key financial information	Actual 2021 \$'000	Budget 2021 \$'000	Comments
Statement of financial position			
Total assets	1,959,989	1,936,979	<p>Total assets are higher than budget by \$31.7 million:</p> <ul style="list-style-type: none"> • cash and cash equivalents are \$2.1 million above budget. • debtors and receivables are \$7.0 million below budget mainly due to COVID-19 and Council's \$5.0 million relief response to it last year which did not eventuate. <p>Property, plant and equipment is \$2.2 million below budget:</p> <ul style="list-style-type: none"> • Council's opening position was \$15.0 million less than budget due to timing differences for the completion of projects, and additional unbudgeted projects. • Council's capital expenditure was \$17.0 million more than budget due to timing of completion of projects and also externally funded projects. • Investment properties are \$31.2 million above budget due to the unbudgeted purchase of properties for \$18.0 million and the unbudgeted valuation increment of \$17.0 million. Council's opening position was \$3.0 million less than budget due to the prior year disposals and valuation decrement.
Total liabilities	224,376	221,681	<p>Total liabilities are higher than budget by \$2.7 million:</p> <ul style="list-style-type: none"> • payables and deferred revenue are \$8.4 million higher than budget mainly due to \$4.8 million of income in advance received re Three Waters and Crown Infrastructures Partners. • derivative financial instruments are \$5.1 million under budget due to unrealised revaluation gains. • borrowings are \$2.0 million under budget due to less new borrowing required than budgeted.
Net assets	1,735,613	1,715,298	

Key financial information	Actual 2021 \$'000	Budget 2021 \$'000	Comments
Cash flow statement			
Net cash flows from operating activities	79,615	41,537	<p>Net cash flows from operating activities was higher than budget by \$38.1 million:</p> <ul style="list-style-type: none"> • other revenue including development contributions were higher than budget by \$10.4 million due to COVID-19 not impacting Council's level of services as expected. • rates received were higher than budget by \$3.8 million • fees and charges received were higher than budget by \$6.6 million due to COVID-19 not impacting Council's level of services as expected. • subsidies and grants were higher than budget by \$29.7 million due to subsidies received from the following: \$2.6m from Waka Kotahi re flooding repairs. \$5.9m from the Ministry of Health re Three Waters, \$13.3m from MBIE re worker redeployment, \$1.8m from MBIE re Bike Northland and \$4.0m from Crown Infrastructure Partners re shovel ready projects. • interest paid was lower than budget by \$2.8 million due to lower interest rates than budgeted. • payments to suppliers were \$12.8 million higher than budget due to an increase in professional services, contractors and consultants.
Net cash flows from investing activities	(108,764)	(69,057)	<p>Net cash flows from investing activities was higher than budget by \$39.7 million:</p> <ul style="list-style-type: none"> • Unbudgeted expenditure on investment property \$18.0 million, intangibles \$5.0 million and the development of fixed assets \$18.0 million contributed to the greater spend than budgeted. • proceeds from sale of fixed assets were higher than budget by \$0.6 million due to the sale of properties and other assets. • net receipts from investments and loans was higher than budget by \$1.3 million due to distributions from Joint Ventures.
Net cash flows from financing activities	20,090	22,000	Net cash flows from financing activities was lower than budget by \$1.9 million.
Net (decrease)/ increase in cash, cash equivalents, and bank overdrafts	(9,059)	(5,520)	

Note 31: 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's financial statements.

Whangarei District Airport (WDA)

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

Name	Principal activity	2021	2020
		Percentage ownership %	Percentage ownership %
Whangarei District Airport	Provision of airport and landing facilities	50%	50%

The joint venture has a balance date of 30 June. Included in the financial statement are the following items that represent Council's interest in the assets, liabilities, revenue and expenditure of the joint venture.

	Actual 2021 \$'000	Actual 2020 \$'000
Council's interest in the Joint Venture		
Current assets	235	236
Non-current assets	2,059	2,152
Current liabilities	84	90
Non-current liabilities	-	-
Revenue	341	314
Expenses	428	411

Northland Regional Landfill Limited Partnership (NRLLP)

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

Name	Principal activity	2021 Percentage ownership %	2020 Percentage ownership %
Northland Regional Landfill Limited Partnership	Provision of waste and landfill facilities	50%	50%

The joint venture has a balance date of 30 June. Included in the financial statements are the following items that represent Council's interest in the assets, liabilities, revenue and expenditure of the joint venture.

	Actual 2021 \$'000	Actual 2020 \$'000
Council's interest in the Joint Venture		
Current assets	1,409	1,215
Non-current assets	16,585	16,783
Current liabilities	2,360	2,071
Non-current liabilities	6,026	5,946
Revenue	6,245	5,589
Expenses	4,792	4,155

Note : The above figures for WDA and NRLLP are subject to final audit clearance.

Note 32: Subsidiaries

The consolidated financial statements include the assets, liabilities and financial performance of the following subsidiaries in accordance with the accounting policies.

Subsidiary	Governed by	Principal activity	Equity holding	
			2021	2020
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. Whilst Council is not involved in the day-to-day operating activities, Council governs the overall financial management and benefits from the HAPT activities.</p> <p>HAPT with the assistance of the Prosper Northland Trust have reached the required funding target for the Hundertwasser Wairau Māori Arts Centre. Project works commenced in June 2018 (see note 26).</p>	Controlling	
Northland Events Centre Trust (NECT)	Charitable Trusts Act 1957 of New Zealand	NECT is a charitable trust that operates and maintains a multi-purpose centre for sports bodies, arts, musical, social and cultural events. NECT is a fully controlled entity for financial reporting purposes. Whilst Council is not involved in the day to day operating activities, Council governs the financial management and benefits from its activities.	Controlling	
Whangarei Waste Limited (WWL)	Companies Act 1993	WWL is a partnership holding company for the Northland Regional Landfill Limited Partnership (NRLLP) joint venture between Council and Northland Waste Limited. WWL operates in New Zealand only.	100%	100%
Whangarei Quarry Gardens Trust (WQGT)	Charitable Trusts Act 1957 of New Zealand	WQGT is a charitable trust that operates a recreational facility. Council has a representative on the board of Trustees. WQGT was formed to develop the former metal quarry in Russell Road which is in Council ownership. WQGT has established a group of volunteers who assist in maintaining the grounds and have completed a master plan for the future development of the site as a horticultural and educational asset for the Whangārei District.	Controlling	

Note 33: Report of Council Controlled Organisations performance

Council Controlled Organisations

NORTHLAND REGIONAL LANDFILL LIMITED PARTNERSHIP (NRLLP)

Objective	Result 2021	Result 2020
Operate at a profit.	Achieved	Achieved
To open both the Puwera landfill and Re-Sort facilities for a minimum of 40 hours each week.	Achieved	Achieved
Ensure no notifiable incidents occur at all operational sites owned by NRLLP.	Achieved	Achieved
Ensure Resort facilitates a minimum of 40% diversion away from landfill of all material being handled through the site.	Achieved	Achieved
Maintain compaction of 0.7 tonnes of placed refuse per cubic metre of airspace used.	Achieved	Achieved
Ensure six months landfill capacity is maintained at all times.	Achieved	Achieved
Achieve a minimum of 70% landfill gas destruction.	Achieved	Achieved

WHANGAREI DISTRICT AIRPORT (WDA)

Performance Target*	Result 2021	Result 2020	Comment			
				Actual 2021	Budget 2021	Actual 2020
1. To operate within agreed financial budgets.	Target met	Target not met	Revenue	\$681,221	\$418,338	\$627,024
	Target not met	Target met	Expenditure	\$856,615	\$827,262	\$821,469
2. Maintain >75% user satisfaction through achieving satisfactory and very satisfactory ratings on the annual user survey.	Target met	Not measured	User survey with 146 participants done in month of June. 93% reported very satisfied or satisfied.			
3. Maintain employee development initiatives.	Target met	Not measured	Whilst the airport doesn't actually employ anyone, all management employees have had training on a regular basis. All five have completed a Level 2 Certificate in Airport Safety via ITO Service I.Q.			
4. Maintain best practise noise management process.	Target met	Not measured	No contour report compiled this year due to nil increase in operations. It is clear we will be well within compliance.			

Performance Target*	Result 2021	Result 2020	Comment
5. Maintain Airport Certification by continuing to meet certification standards required by the Civil Aviation Authority (CAA).	Target met	Target met	No audit by the CAA this past 12 months. However our own independent auditor has carried out an audit against the CAA rules our operation exposition and Safety Management System and has reported to the CEO – no concerns.
6. Meet required legislative timeframes under the LGA and CAA.	Target met	Target met	All requirements met.
7. Achieve overall decline in incidents.	Target met	In progress	Decline is not an ideal measure. SMS encourages reporting of all things – minor or major. These reports all can be defined as incidents albeit mostly very minor in nature. An increase in reports can be taken as a sign the system is working as it shows full participation by all involved and action instigated. We can report there is no trend showing a decline in safety.
8. 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.	In progress	In progress	Did lose one tenant (Thrifty) but have gained two hangar site tenants.

*The Performance Targets and related commentary for WDA are subject to change upon completion of the 2020-21 Audit for WDA.

Note 34: 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.

Audit Report

Independent Auditor's Report

To the readers of Whangarei District Council's annual report for the year ended 30 June 2021

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

We are also required to report on:

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

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

We completed our work on 16 December 2021. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 118 to 219:
 - present fairly, in all material respects:
 - » the District Council and Group's financial position as at 30 June 2021;
 - » the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on pages 43 to 44, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-Term Plan;
- the non-financial performance on pages 28 to 116:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2021, 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 45 to 116, 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 45 to 116, 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 22 to 27, 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.

Emphasis of matter – The Government’s three waters reform programme announcement

Without modifying our opinion, we draw attention to note 29 on page 210, which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the district Council will no longer deliver three waters services.

Basis for our opinion on the audited information

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

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

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

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's Annual Plan and Long-Term Plan.

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

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

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

opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.

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

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

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 21, 117 and 226 to 230, but does not include the audited information and the disclosure requirements.

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

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

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

In addition to our audit and our report on the disclosure requirements, we have audited the District Council's 2021-2031 Long-Term Plan and performed a limited assurance engagement related to the District Council type's debenture trust deed. These engagements are compatible with those independence requirements.

Other than these engagements we have no relationship with or interests in the District Council.



Carl Wessels, Audit New Zealand

On behalf of the Auditor-General, Auckland, New Zealand

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

General information

Abbreviations and acronyms

AMP

Activity or Asset Management Plan

BERL

Business and Economic Research Limited

CAA

Civil Aviation Authority

CAPEX

Capital expenditure

CCO

Council Controlled Organisation

CCTO

Council Controlled Trading Organisation

CE

Chief Executive

CO

Council Organisation

CPI

Consumer Price Index

DCP

Development Contributions Policy

FN

Forum North

GAAP

Generally Accepted Accounting Practice

GIS

Geographic Information System

GST

Goods and Services Tax

HAPT

Hatea Art 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

WQGT

Whangarei Quarry Gardens Trust

Glossary

Activity

The goods or services that Council provides to the community.

Activity Management Plan (AMP)

An operational plan that details policy, financial forecasting, engineering requirements and levels of service for non-asset-related Council activities.

Arrears

Money that is owed and should have been paid earlier.

Assets

Physical items owned by Council and used for the purpose of service provision to the community, for example property, plant and equipment.

Asset Management Plan (AMP)

An operational plan that details policy, financial forecasting, engineering requirements and levels of service for asset-related Council activities.

Annual Plan

An annual plan must be prepared by a council annually except in an LTP year and it must be adopted before the commencement of the year in which it operates. The purpose of the annual plan is set out in the Local Government Act 2002, section 95 (5).

Capital expenditure

The category of funding used for building new assets or increasing the value of existing assets.

Capital Value

The total value of the land including improvements. This is the probable price that would have been paid for the property if it had sold at the date of the last general valuation.

Community

The people of the area covered by Council.

Community Outcomes

Outcomes that a local authority aims to achieve in meeting the current and future needs of communities for good quality local infrastructure, local public services and performance of regulatory functions. A local authority will consider these outcomes in the course of its decision-making.

Council Controlled Organisation (CCO)

An organisation for which Council maintains at least 50% voting rights or has the right to appoint at least 50% of the directors or trustees. CCOs are generally operated without the objective of making a surplus or profit and are usually set up to independently manage Council facilities or deliver specific services.

Council Controlled Trading Organisation (CCTO)

As for a Council Controlled Organisation but with the objective of making a profit.

Depreciation

The accounting expense that reflects the annual consumption of an asset's economic life.

Development Contributions (DC)

Payments received from developers to fund growth-related capital expenditure. These charges recover part of the cost of additional or upgraded infrastructure that is required to service new developments, e.g. roading, water, wastewater.

General rate

The rates charge against each rateable unit. It comprises the Uniform Annual General Charge (UAGC) and the rate in the dollar calculated in accordance with Council rating policies.

Inflation

The Consumer Price Index (CPI) is the inflation rate that relates to household price increases while the Local Government Cost Index (LGCI) is the rate that relates to local government cost increases.

Infrastructure

Fixed utility assets including roads, sewerage, stormwater, water and waste.

Intergenerational equity

A common term used to express the spread of benefits across time. Much of the expenditure of a local authority is for infrastructure assets that have long service lives (such as roading networks). Current ratepayers should not be expected to fund all the benefits of future users, so costs are spread across current and future users.

Land Value

The assessment of the probable price that would have been paid for the bare land as at the date of the last general valuation.

Levels of Service

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

Local Authority (LA)

A regional council or territorial authority.

Local Government Act 2002 (LGA)

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

Long Term Plan (LTP)

A 10-year plan adopted every three years that sets out the planned activities,

budgets and service provision of Council.

Official Cash Rate (OCR)

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

Operating expenditure

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

Penalty (rates)

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

Rating unit

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

Rates postponement

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

Rates remission

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

Regional Council

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

the communities of the Far North, Kaipara and Whangārei districts.

Special Consultative Procedure (SCP)

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

Strategic asset

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

Targeted rate

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

Territorial Authority (TA)

A city council or a district council.

Uniform Annual General Charge (UAGC)

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

Valuation

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

Index

A

Abbreviations and acronyms, 226

Airport feasibility project, 196

B

Balanced budget benchmark, 14, 25

C

Chief Executive, 7, 9, 11

Climate change, 39

Community outcomes, 39

Council activities

Community facilities and services, 42, 78

Community development, 86

Community property, 84

Customer services, 91

Libraries, 82

Parks and recreation, 78–92

Venues and events, 89

Flood protection, 41, 74–75

Governance and Strategy, 42, 95

Democracy and Assurance, 95

Māori Relationships, 99

Strategy, 97

Planning and regulatory services, 42, 102

Building control, 106

District planning, 102

Health and bylaws, 108

Resource consents, 104

Solid waste, 41, 59–61

Stormwater, 41, 69–71

Support services, 42, 113, 113–114

Capital projects, plan-

ning and development engineering, 113

Communications, 114

Financial services, 113

Information services, 113

People and capability, 113

Transportation, 41, 45–49

Wastewater, 41, 64–66

Water, 41, 52–56

Council committees, 10

CE Review Committee, 10

Civic Honours Selection Committee, 10

Commercial Property Committee, 10

Community Development Committee, 10

District Licensing Committee, 10

Infrastructure Committee, 10

Risk and Audit Committee, 10

Strategy, Planning and Development Committee, 10

Exemptions and Objections Subcommittee (of Strategy, Planning & Development Committee), 10

Te Kārearea Strategic Partnership Forum

Standing Committee, 10

Council Controlled

Organisations (CCOs), 12

Northland Events Centre Trust, 12

Whangarei District Airport, 12

Whangarei Waste Ltd, 12

Council Controlled Trading

Organisations (CCTOs), 12

Northland Regional

Landfill Limited

Partnership, 12

Council departments, 11

Business Support, 114

Councillors, 10. See Elected Members

Council Organisations, 12

Whangarei Quarry Gardens Trust, 12

COVID-19, 7, 9, 16, 19, 25, 27, 45, 47, 48, 49, 51, 56, 59, 66, 82, 89, 90, 91, 95, 104, 134, 211, 212, 213, 214

D

Debt, 14

Deputy Mayor, 10

Drought, 41

F

Financial information, 117–219

Financial statements, 118

Reserve funds, 123

Statement of Cash Flows, 122

Statement of Changes in Equity, 119

Statement of

Comprehensive Revenue and Expense, 118

Statement of Financial Position, 120

Financial prudence

benchmarks, 22

Financial targets, 14

Four well-beings, 41

G

Glossary, 227

Governance structure, 10

Group entities, 12

I

internal borrowings, 184

Internal borrowings, 183

L

Local Government Funding Agency (LGFA), 133, 152, 196, 201, 204, 206, 207, 208

M

Māori partnership, 10, 35

Māori Wards, 7, 36, 99

Mayor, 9, 10

Ministry of Business

Innovation and Employment (MBIE), 8, 9, 16, 45, 131, 134, 195, 212, 214

Te Tai Tokerau

Redeployment Package, 9, 131, 134, 212, 214

N

Non-financial performance, 28

O

Organisational structure, 11

Community, 11

Civil Defence, 11

Community Development, 11

Customer Services, 11

Libraries, 11

Venues and Events

Whangārei, 11

Corporate, 11

Business Support, 11

Communications, 11

Finance, 11

ICT, 11

Revenue, 11

Infrastructure, 11

Infrastructure Capital

Programme, 11

Infrastructure Develop-

ment, 11

Infrastructure Planning, 11

Parks and Recreation, 11

Waste and Drainage, 11

Water Services, 11

Northland Transportation Alliance, 11

Transportation, 11

People and Capability, 11

Health and Safety, 11

People and Capability, 11

Planning and

Development, 11

Building Control, 11

District Development, 11

District Plan, 11

Health and Bylaws, 11

RMA Consents, 11

Strategy and Democracy, 11

Democracy and Assurance, 11

Māori Relationships Kaitakawaenga Māori, 11

Strategy, 11

Oruku Landing Conference and Multi-Events Centre, 211

R

Recycling. See Solid waste

Rubbish. See Solid waste

S

Shared path network, 41

S&P Global Ratings, 9, 18, 152, 204

Statement of Compliance and Responsibility, 5

T

Te Kārearea, 10, 35, 36, 42, 99

Three Waters Reform, 19, 58, 126, 210, 212, 213, 214, 222

W

Waka Kotahi, 8, 16, 29, 134, 171, 212, 214





Private Bag 9023, Whangārei 0148, New Zealand

Forum North Building, Rust Avenue, Whangārei

Ruakākā Service Centre, Takutai Place, Ruakākā

P +64 9 430 4200

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

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

