



ATTACHMENTS

**Ordinary Council meeting
Separate Attachments 1**

**Monday, 13 December 2021
(continued 15 December 2021, 9am)**

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DRAFT ANNUAL REPORT

PŪRONGO O TE TAU 2020/21

About this report

This annual report provides a review of the work we carried out from 1 July 2020 to 30 June 2021.

It outlines our operational and financial performance (especially with regards to our budget) and our progress in relation to the third year of our 2018-28 Long-term Plan.

It also provides an overview of our highlights, our challenges, and our future prospects – including our plans to ensure the sustainability of our organisation, our city and the community we serve.

Our audience

This report will be of interest to a broad range of people – including residents, ratepayers, local iwi and hapū, businesses, non-government organisations, our partners, and other government departments and agencies.

Our Commissioners and staff will find information on how well we have performed over the year, how their efforts have contributed to achieving our vision, and what we can expect in the year ahead.

Acknowledgements

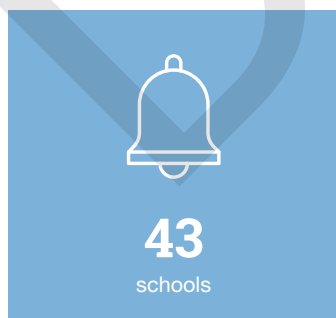
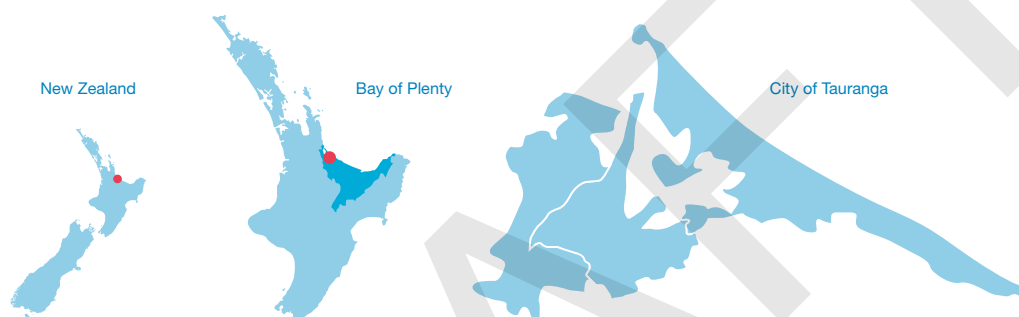
We acknowledge the work of the many staff who contributed to this report.



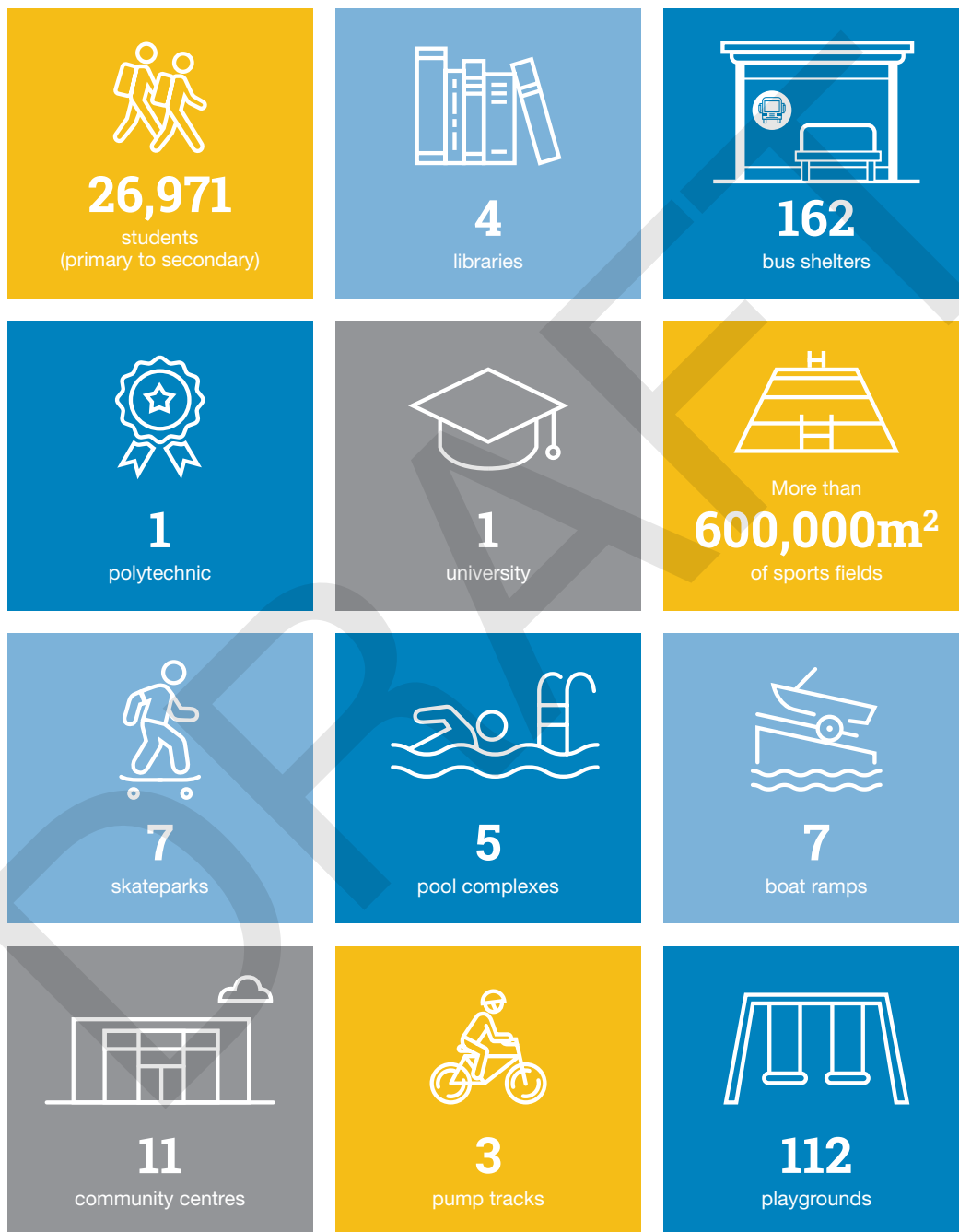
INTRODUCTION

Tauranga

2020/21



INTRODUCTION





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INTRODUCTION

Commissioners' message

A year without precedent

Tēnā koutou katoa

Welcome to Tauranga City Council's Annual Report for 2020/21.

It's fair to say that this has been a year without precedent for Tauranga City Council, and for the way our city is governed.

The Minister of Local Government's decision to replace the council's elected members with an appointed commission was not taken lightly. And inevitably, it had significant ramifications for the organisation, not least being the loss of preparation time for the 2021-31 Long-term Plan (LTP) as a result of the governance transition.

The LTP is hugely important, because it sets out the council's proposed workplan and budgets for the next 10 years and provides an opportunity for the community to submit on and influence the city's direction. Before we took the draft plan out for feedback, we had to learn about the council's business and get a sense of the community's priorities. That put the overall process back by a month and meant that the final LTP could not be adopted before the end of June, as would normally be the case.

Taking that additional time was vital, however, because it meant that we could engage comprehensively with the wider community, to ensure that we have a robust, future-focused long-term plan that will meet the needs of our fast-growing city. As a result, we have a workplan that corrects our historic underinvestment in community facilities and the infrastructure we need to cater for our existing population and allow the city to grow.

By their nature, long-term plans can never please everyone and the Commission and the organisation are acutely aware of the financial impact of increased rates, particularly for people living on fixed incomes and for those businesses that are struggling in our post-COVID economic environment. That makes it even more important that we live up to our workplan and deliver the assets and services that we have said we will provide, that will allow Tauranga to regain its status as a great place to live, work, play and learn – now and in the future.

This report provides a comprehensive description of our highlights and challenges, and the council's operating and financial performance for the year that ended on 30 June 2021. Within that detail, there is much that we can be proud of, and a base that we can continue to build from.

Our city has an exciting future, and we all have the opportunity to contribute to and benefit from the tasks we have in front of us.

The Commissioners wish to thank everyone who has shared their concerns, priorities, and above all else their positivity and commitment to the city they are passionate about.

Ngā mihi, nui



Anne Tolley
Commission Chair



Bill Wasley
Commissioner



Stephen Selwood
Commissioner



Shadrach Rolleston
Commissioner

Statement of compliance

The Council of Tauranga City Council hereby confirms that all statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

The Annual Report and the Audited Financial Statements of Tauranga City Council, together with the report of the Audit office, were adopted by Council on 15 December 2021, in compliance with S.98 of the Local Government Act 2002.



Anne Tolley
Commission Chair



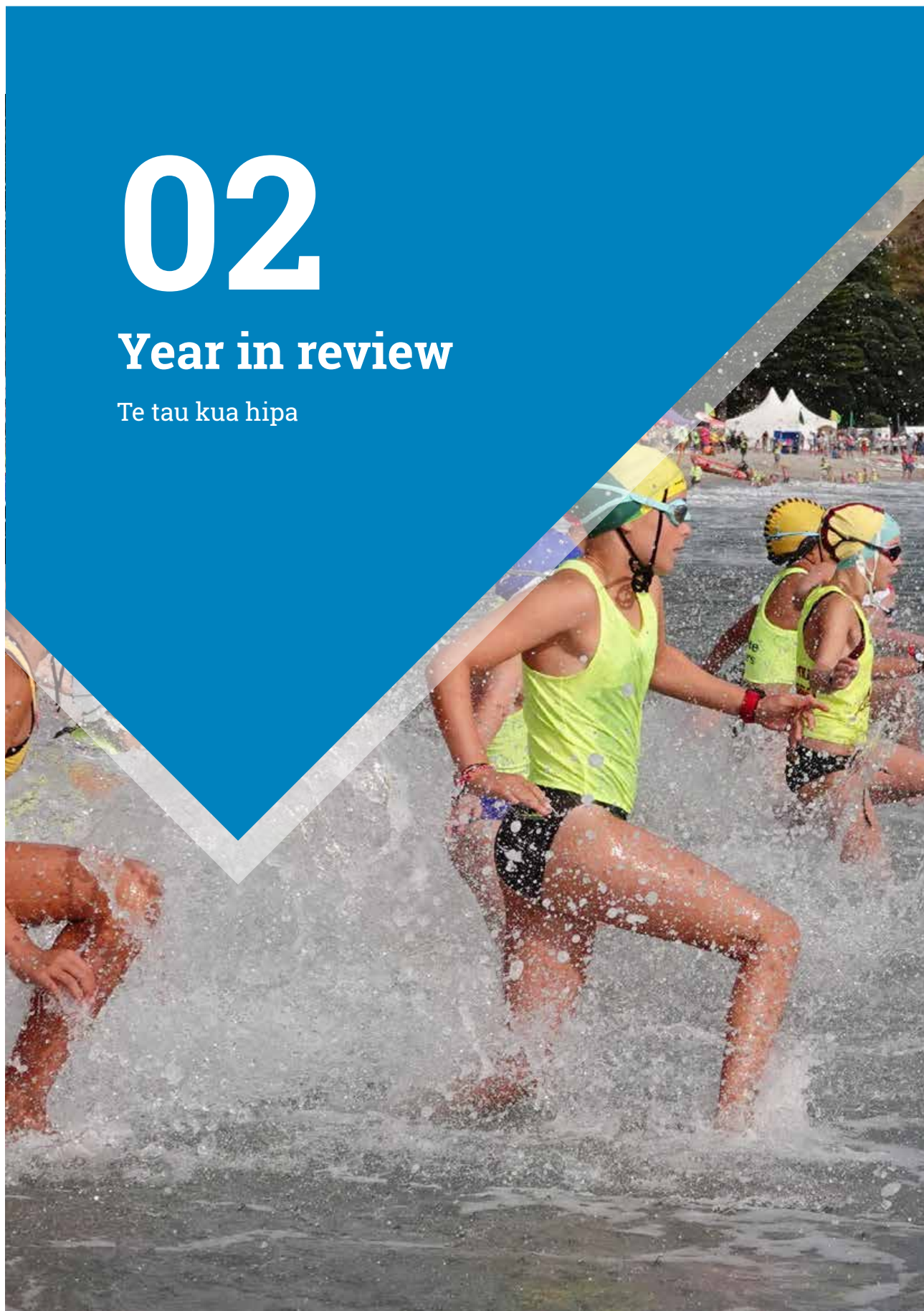
Marty Grenfell
Chief Executive

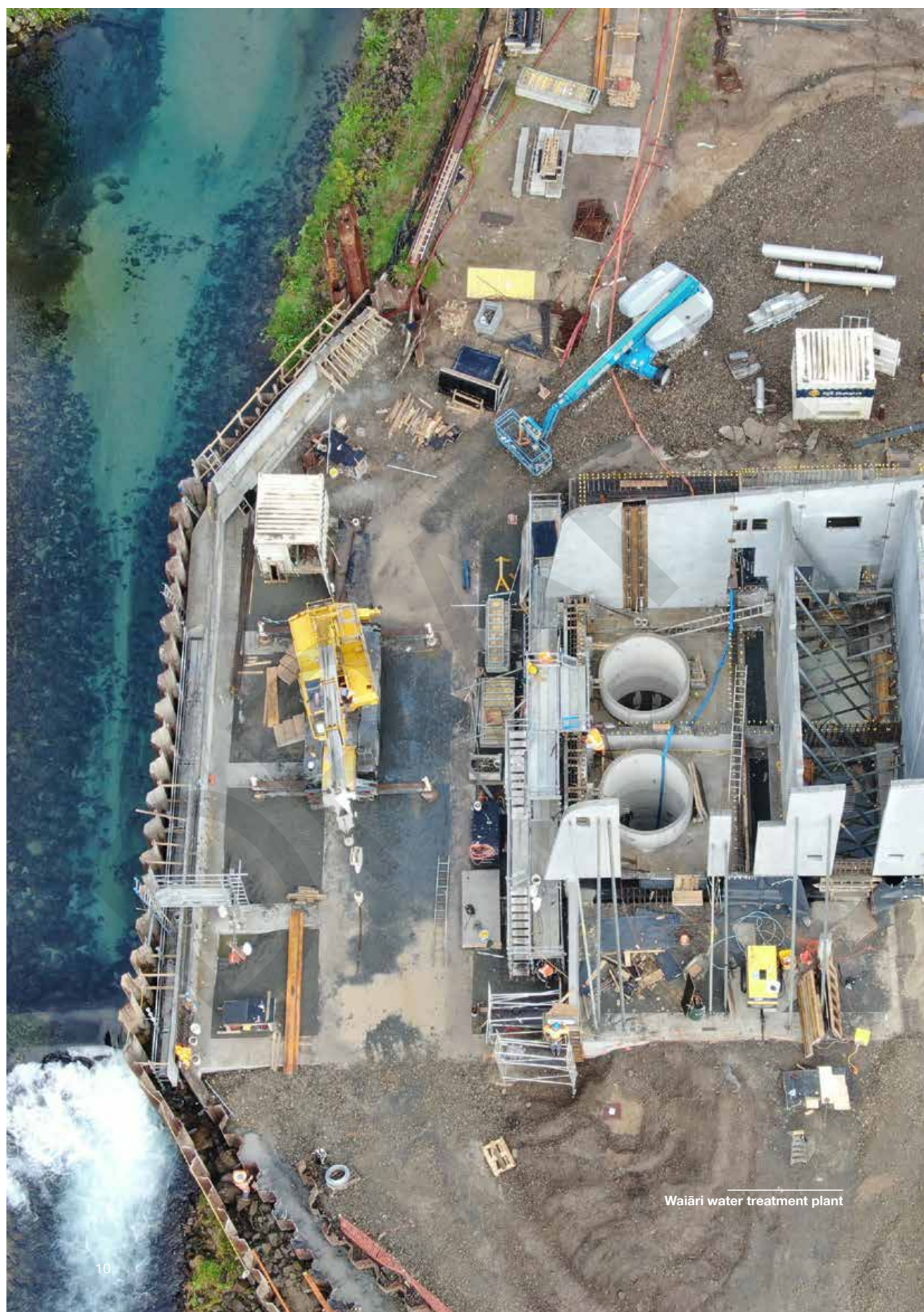


02

Year in review

Te tau kua hipa





Council planning and reporting cycle

Reporting on our progress

Every year council produces an annual report. This provides the community, council leadership and our team with a summary of the work we have completed during the year. The report aims to deliver a transparent insight into our operations and decision-making processes.

This annual report covers the period 1 July 2020 to 30 June 2021, which is the third year of our 2018-28 Long-term Plan.

In between annual reports, we produce regular reports to our Strategy, Finance and Risk Committee to track our progress against targets and budgets.

What is a long-term plan?

Every three years we develop a Long-term plan in consultation with our community. This sets council's vision, direction, budgets and work plans for the following 10 years. The LTP was finalised in June 2018, after substantial community input.

The LTP is our lead document and provides detail on all our activities. It sets out council's financial strategy, details our performance measures and provides the rationale for delivery of our activities. This should be the first port of call if you require additional information.

What is an annual plan?

In the two years between adopting our LTP, we develop annual plans. Essentially these plans update what we agreed through the LTP, highlighting any changes to our budgets and workplans for each specific year.

For significant or material changes, we consult with the community. This process ensures that our budgets and workplans are flexible and responsive to our community's needs and the demands of growth.



YEAR IN REVIEW

Highlights, opportunities and challenges

Our community's quality of life and opportunities are enhanced by a combination of social, cultural, economic and environmental factors.

Council's Community Outcomes show the way we are taking a holistic, interconnected and strategic approach to creating the city our community has told us they want to live in.

During 2020/21 there have been many highlights, along with opportunities and a range of challenges, which are summarised in the following sections.

HIGHLIGHTS

Our highlights from 2020/21 are grouped under these key themes:

- Urban form
- Community amenity
- Planning for growth
- Sustainability
- Partnerships
- Future delivery models

Urban form

By using a coordinated approach to bring together the different plans and projects from across the western Bay of Plenty and take us forward as a unified sub-region council was involved in the Urban Form and Transport Initiative (UFTI).

The aims of UFTI are to deliver an integrated, strategic and shared investment programme which defines the immediate and future priorities and funding opportunities for key social and economic areas, including:

- transportation, and the support of sub-region and regional transport flows
- urban development
- education
- housing

As part of our commitment to advancing this vision, we have been considering new ideas and partnership and collaboration opportunities.

Highlights from council's investment in urban form projects in 2020/21, include:

Te Papa Peninsula - Futureproofing Cameron Road

The Te Papa Spatial Plan provides for increasing housing choice throughout the Te Papa peninsula, with a focus on increased height and higher densities close to key centres, public transport and amenities. This will enable people to choose from more housing types and encourage more people to walk, cycle and take public transport to get to where they need to go.

Key to increasing the density of the Te Papa peninsula is developing Cameron Road into a multimodal transport corridor with frequent rapid transit bus stops, active modes and amenity improvements

Cameron Road is also one of our city's main arteries, connecting residents in Tauranga's southern suburbs to the city centre. To futureproof this important road, council secured \$45 million from central government's Crown Infrastructure Projects (CIP) initiative. This project aligns with the initiative's overarching objectives to enable recovery from COVID-19, including supporting growth, safety, alternate transport choices and creating attractive public spaces for the community.

Improvements to Cameron Road will include new part-time bus lanes, a two-way cycleway, and making it more walkable, attractive and community friendly. Native plantings will reflect the history of the area and attract bird life, and there will be new community spaces and areas for outdoor dining so businesses can interact with their street. Existing traffic lanes will be retained.

Other proposed improvements include layout changes to some of the side-road intersections connecting with Cameron Road, more pedestrian crossings and upgrades to stormwater and wastewater. Investigatory works started in April 2021, with wastewater and stormwater works due to begin at the end of July 2021. The main works will get underway in September 2021.

Wharf Street upgrade

The Wharf Street upgrade was completed in December 2020, on time and well within budget. The street upgrade was a collaborative effort with businesses, the contractor and council working together to achieve a space that can be enjoyed by residents and visitors alike.

This project is part of council's ongoing effort to create inviting and people-friendly spaces within the city centre – to support business, strengthen community and enhance the city centre's vibrancy. The design celebrates a wharf aesthetic through layout and materials, and the unique lighting has been a major factor contributing to the success of the street.

The new Wharf Street now features limited vehicle access, more space for pedestrians and an enhanced outdoor dining experience. The upgrade connects the city to the harbour, with a focus on providing a flexible space with multiple uses, as was demonstrated by the recent National Jazz Festival.

Elizabeth Street upgrade

Council is upgrading Elizabeth Street to create an attractive, safe and people-friendly environment. The upgrade will contribute to our city centre revitalisation through better amenity to support and attract new business and investment in additional residential development.

Significantly, the upgrade will complement the Thirty-Eight Elizabeth development, which is set to bring major anchor store Farmers back to the city centre, as well as hundreds of new city centre residents. The streetscape enhancements include a new public green space at the south end of the CBD, better access between Elizabeth Street and First Ave, and some safety improvements at the First Ave and Devonport Road intersection.

We are coordinating work on the overlapping site boundaries between the Thirty-Eight Elizabeth development and our streetscape upgrade by using the same lead contractor. Construction on the project began in November 2020 with upgrades to wastewater and water mains on First Ave, Devonport Road and Elizabeth Street. By the end of June 2021, the wastewater and water upgrades were 95% complete. Streetscape works on First Ave started in May 2021 and by the end of June, trees and ground level planting were in the ground and construction was underway on all frontages – Elizabeth Street, Devonport Road, First Ave, and the accessway between Elizabeth Street and First Ave.

Completion of the streetscape project will be done in stages as sections of the Farmers site area become available. Farmers retail is expected to open for Christmas 2021 shopping and Elizabeth Towers are due to be completed in early 2022, with the streetscape upgrade set to be finished approximately three months later.

YEAR IN REVIEW

Community amenity

Community facilities are an integral part of our infrastructure network. They contribute to building strong, healthy and vibrant communities by providing spaces where people can connect, socialise, learn and participate in a wide range of social, cultural, art, sporting and recreational activities. These activities help to improve wellbeing and create a sense of belonging and pride in our community.

Highlights from council's investment in community amenity during 2020/21, include:

Hartford Avenue Reserve pump track and playground

Council was pleased to upgrade Hartford Avenue Reserve with a new pump track and playground this year. Community feedback has been positive, with the reserve becoming a hub for locals.

During the pre-construction phase we engaged extensively with the community, and Ngā Pōtiki and Tahatai Coast School presented a range of ideas. The final playground design incorporates the legend of Mangatawa, the Three Whales, which is significant to local Māori. Colours represent the surrounding Pāpāmoa hills, beach and sea.

The pump track includes options for younger riders as well as more advanced sections for confident riders. It follows the existing contour of the reserve to minimise environmental impact. The picnic structure and basketball area were refurbished with new furniture, and we relocated the barbeque to be more accessible.

Together with the Mount Pump Track Society community group, we also established a large pump/jump track at Arataki Park. The project was community driven and proudly supported by council alongside several public and private organisations. The track was opened in November 2020 and has proven to be hugely popular.

Trail Rider – Te Kaiwhakaterere

Te Kaiwhakaterere (Trail Rider) takes accessibility and unique experiences to the next level. This innovative all-terrain wheelchair enables families, whānau and volunteers to come together in support of our community members who have additional mobility needs. It provides them with access to sites, heights and views that they have previously been unable to enjoy.

Prior to the implementation of Te Kaiwhakaterere, people with additional accessibility and mobility needs could not easily access walking tracks and the summit of Mauao. A four-wheel drive vehicle was required to reach the summit, and access was limited and only granted in special circumstances.

Te Kaiwhakaterere has provided our disabled and elderly community with the opportunity to choose to be active participants, on their own schedule, with their own whānau and support networks.

The project was highly commended at the LGFA Taituarā Awards 2021. This recognised not only the community outcome, but also the relationships formed between council and project partners Ngā Poutiriao o Mauao, Halberg Foundation and Mount Maunganui Beachside Holiday Park.

Mobile library

The replacement of the end-of-life mobile library bus with a new mobile library was a major achievement this year. The service brings library materials to schools, preschools, rest homes and neighbourhoods where people find it difficult to access our physical libraries.

The mobile library breaks down barriers to use and contributes to a liveable city by visiting people in the places and neighbourhoods where they live. To ensure the new mobile library is fit for purpose, ideas were gathered from current customers, other local and overseas mobile libraries, and Tauranga-based company Kiwi Bus Builders.

The Mobile Library - Te Ao Mārama o Tauranga Moana was blessed and launched in March 2021. With wider aisles, seating, bright shelving, cabinetry, soft music and coloured lights, it has given users an accessible and fun library experience and has been very well-received by the community.

Planning for growth

Tauranga continues to grow quickly as people move here from other regions, attracted by the lifestyle options our city offers.

In general, well-managed growth is good. It creates jobs, increases economic activity and can improve efficiency. However, it also increases the cost of providing roads, water, parks, libraries and most other services and infrastructure that a modern city requires to meet its community's needs.

To tackle these long-term challenges, in 2020/21 we focused our efforts on initiatives to help better plan for growth, including:

Completion of the Western Bay of Plenty Transport System Plan

Council together with tangata whenua, Waka Kotahi NZ Transport Agency, Bay of Plenty Regional Council, Port of Tauranga, Priority One and KiwiRail contributed to the development of the Western Bay of Plenty Transport System Plan (TSP), which was completed this year.

The TSP focuses on our region's future transport needs and ensures our transport planning keeps all parts of our community in mind. It covers the Western Bay's entire transport system including roads, rail, public transport, walking, cycling, parking and travel demand management, and the impact these have on one another.

The TSP outlines the first 30 years of transport planning required to make the Urban Form and Transport Initiative (UFTI) Connected Centres vision a reality. This includes setting priorities and detailing projects that need to begin in the next 0-3 years, 3-10 years, and 10-30 years respectively.

Notification of Plan Changes (Housing choice, Flooding and Earthworks)

In November 2020, we publicly notified three plan changes to the Tauranga City Plan. These addressed emerging issues such as the city's need to meet housing supply and changing demographics, ensuring growth is resilient to natural hazards, and providing clarity of rules.

- Housing choice (Plan Change 26): proposes changes to make it easier to build a variety of compact type homes like duplexes, terraced houses, townhouses and apartments, that better suit people's needs.
- Flooding from intense rainfall (Plan Change 27): introduces a new rule framework to manage the effects of flooding in intense rainfall events on people, properties and infrastructure.
- Earthworks (Plan Change 30): clarifies wording of existing provisions to ensure that earthworks are undertaken in a safe manner, avoiding negative environmental effects.

The submission periods have now closed for these plan changes and hearings are scheduled towards the end of 2021.

Waiāri water supply scheme

The Waiāri water supply scheme is one of the most important projects undertaken in our region in the past decade. It is designed to improve resilience and help meet the future water supply needs of Tauranga and the wider Western Bay of Plenty.

The water treatment plant will enable growth areas by servicing the Pāpāmoa coastal strip/Te Tumu and in time will provide a backup for Western Bay of Plenty District Council's Te Puke water supply.

In the 2020-21 year, all 25km of pipeline was completed and works are now underway on the plant. The intake site construction is also moving ahead, with the scheme planned to be operational in December 2022.

Alongside project construction, council is working with tangata whenua to develop a mauri (life force) model to protect the Waiāri stream into the future.

YEAR IN REVIEW

Sustainability

Significant steps have been undertaken to adapt in response to climate change, however council still has further work to do in order to reduce our own impact on the environment.

We made progress this year, by completing the following:

Sustainability stocktake

In 2020/21 a sustainability stocktake was undertaken to review the performance of council and the city so we can develop a Sustainability Framework by the end of 2021. This will provide council with clarity around the outcomes we want for Tauranga, along with measurable objectives and an implementation plan.

Resourcing for this will be proposed through the 2022/23 Annual Plan process for the balance of this Long-term Plan.

LTP commitment to multi-modal

Planning for the growth of our city is a key focus for council, our SmartGrowth partners and Waka Kotahi, through processes like the development of the Urban Form and Transport Initiative (UFTI). UFTI describes how growth and transport will be addressed through a 'Connected Centres' concept supported by a multi-modal transport system.

Our 2021-31 LTP provides for \$2 billion investment in transport and roading over the next decade. Included in this expenditure is an objective to achieve a multi-modal transport system, allocating \$192 million for walkways, cycleways and more accessible streets, and \$112 million for bus infrastructure (including park and ride facilities).

This investment aims to generate a noticeable shift from cars onto public transport, improving safety, providing reliable travel times including freight journeys, and creating better walking and cycle connections.

Kerbside rollout

In August 2020, council confirmed the details of the rates-funded kerbside collection service that it decided on in-principle in 2018, with the aim being to halve the amount of waste being sent to landfill by 2028.

The new service was established to ensure that 65% of current waste is diverted to composting or recycling. The system consists of a weekly food scraps collection and fortnightly rubbish and recycling collections, with an optional garden waste service (fortnightly or four-weekly). It is in addition to the existing glass collection service that began in October 2018.

Most households will now have their previous waste disposal costs reduced, while receiving a more comprehensive service. This also means a reduction in methane produced by landfills and therefore a reduction in our greenhouse gas emissions.

Throughout the 2020/21 year, our team worked hard to ensure the service would start on 1 July 2021. This included hiring extra staff and communicating with residents to keep them informed and ensure they knew how to use the service when it started. In total, council staff had more than 4,000 face to face interactions with members of our community.

We worked closely with the contractor to ensure that three sets of new bins were delivered to more than 58,000 households (over 170,000 individual bins) in our city; specially designed trucks could service the bins; and staff were trained to deliver the service.

Partnerships

To realise our region's ambitions, strategies and plans, we rely heavily on building successful partnerships.

In 2020/21 we have been concentrating on strengthening our partnerships with tangata whenua, Waka Kotahi NZ Transport Agency, neighbouring councils, central government and other organisations to make Tauranga a better place to live, work, play and learn.

Some examples of our activities in 2020/21, include:

Te Rangapū Mana Whenua o Tauranga Moana

The Te Rangapū Mana Whenua o Tauranga Moana Partnership is an autonomous body made up of 17 representatives from each of the hapū and iwi in the Tauranga City Council area.

This partnership is founded through the principles of Te Tiriti o Waitangi and has seen a longstanding and ongoing relationship developing. The benefits of the partnership can be seen in the calibre of representatives that have been added to the Strategy Finance Audit & Risk Committee adding significant skills and qualifications at the decision making table. This partnership enables council to deliver our obligations to Māori participation at all levels of council and together we build a stronger team than alone. With significant input into all strategies, policies and processes within council we can bring the value of a tangata whenua lens to our activities.

The Rangapū provides a forum for tangata whenua within the Tauranga City Council area to discuss and debate local authority concerns and allow Te Rangapū Mana Whenua o Tauranga Moana to implement initiatives to advance and protect the interests of tangata whenua often enhancing the wider City. This also provides an opportunity for council and the Te Rangapū Mana Whenua o Tauranga Moana Partnership to discuss and develop council concepts, procedures, policies and projects that will impact on Tauranga Moana Tangata Whenua.

Dive Crescent – Tauranga City Council and Otamataha Trust

On 29 March 2021, council resolved to transfer a 50% share in the reclaimed land at 9 Dive Crescent to Otamataha Trust. This milestone was the result of council and the trust working in partnership for more than a decade to legalise and formalise this whenua.

The transfer reflects the existing Memorandum of Understanding between council and the trust. Most administrative requirements have now been completed, and we expect to lodge an application for title with Land Information New Zealand (LINZ) shortly.

Going forward, Otamataha Trust and council plan to better develop the reclaimed land, which forms an integral part of the foreshore experience for all of Tauranga.

Māori wards

Council voted on 25 August 2020 to establish a Māori ward for Tauranga, and the Commissioners confirmed this decision on 12 April 2021. This reflects our commitment to our Treaty of Waitangi partnership and was met with approval from tangata whenua.

One Māori ward will cover the whole of our city and in the next local body election (October 2022) voters on the Māori electoral roll will be able to vote for and be represented by the Māori ward councillor. This ensures a formal voice for local Māori in the council chamber when important decisions are made about our city's future.

The establishment of a Māori ward will help council meet its Local Government Act 2002 obligations to improve Māori participation in decision-making, by having a distinctive Māori perspective on all matters and ensuring that priority issues for Māori are directly brought to council. It will also go towards meeting Local Electoral Act 2001 requirements for fair and effective representation of our communities.

Working with the community

We regularly ask for our community's opinions on a wide range of projects, plans, bylaws and services that affect people across the city. Your contributions and feedback help ensure that council's decisions reflect the aspirations of everyone who lives in Tauranga.

During the past 12 months we have solidified our aim to place the community at the heart of our work. This saw us put additional focus on how we engage with our community.

Community relations strategy

This year we developed a new community relations strategy, centred around putting our community at the heart of everything we do. Our focus will shift to building and maintaining strong relationships with community groups across the city using a place-based model of engagement, rather than project-based. We will also be creating more innovative types of digital and creative content to share the work we are doing with our community.

The strategy includes an enhanced structure to deliver more coordinated and strategic communications across council. A newly created community relations team (in place of the previous communications and engagement teams) will implement our new strategy in 2021/2022.

 YEAR IN REVIEW

Working with regional partners

Tauranga City Council works together with Te Rangapū Mana Whenua o Tauranga Moana Partnership, Bay of Plenty Regional Council and Western Bay of Plenty District Council, along with several central government organisations. We recognise that these relationships have great importance, especially as we continue to implement SmartGrowth and jointly achieve the outcomes identified through Urban Form and Transport Initiative (UFTI) and the Western Bay of Plenty Transport System Plan (TSP).

An example of our work with our regional partners in 2020/21, includes:

Kāinga Tupu

Kāinga Tupu: Growing Homes is the Western Bay of Plenty's response to support people experiencing homelessness across the sub-region. In March 2020, the Kāinga Tupu: Growing Homes strategy was launched in Tauranga. Its vision is that homelessness is prevented where possible, or is rare, brief and non-recurring.

We believe no one agency can solve homelessness alone – it takes a partnership approach. Our mission is to ensure that all residents have the right to warm, safe, habitable and affordable housing.

With the support of the Kāinga Tupu taskforce, the Kāinga Tupu action groups, and the WBoP Homelessness Provider Network, a total of 13 homelessness projects have been delivered in our first year, 2020/21.

Projects to date have focused on capability building across the sector, policy and planning advocacy, feasibility studies, a housing campaign, and the publication, When the Dominoes Start to Fall. The strategy is managed through council's Kāinga Tupu Advisor within our Community Partnerships team.

Future delivery models

Key reforms are currently underway that will impact local government – and we have no certainty about how they will affect us in the future. These are:

- Three Waters reform;
- Resource Management changes; and
- Future for local government.

The following shows how council is responding to the first two reforms, based on information released in 2020/21.

Three Waters reform

In July 2020, the Government launched the Three Waters reform programme, which aims to reform the way councils provide water services. As part of this process, we and other councils are working with central government to find ways to improve water management nationwide.

Just prior to our 2021-31 Long-term Plan being adopted, the Minister of Local Government announced what the Three Waters reform would mean, including:

- that water services will be amalgamated into four publicly owned entities to take responsibility of drinking water, wastewater and stormwater infrastructure across New Zealand; and
- the proposed boundaries (based on scale and population size) of the four water providers; and
- further details on the proposed water services entities, including governance arrangements, the role of iwi, and how they would be regulated.

The Minister said the Government remains interested in continuing discussion with local government and iwi / Māori most affected by the proposed boundaries, before progressing them in legislation.

The following timeline has been proposed by Government and may be subject to change should a decision be made to make the reform mandatory:

- Late 2021: We expect to engage with our community on the proposed structure and whether we should take part.
- End of 2021: Councils will be asked whether they wish to participate in the new system.
- 2023/24: The structure is likely to take effect.

Resource Management changes

In 2021, the Government released details on the Proposed Government Policy Statement on Housing and Urban Development, and the Select Committee Inquiry on the Natural and Built Environments Bill: Parliamentary Paper.

Government Policy Statement on Housing and Urban Development (GPS-HUD)

Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) is leading the development of the GPS-HUD, which is intended to communicate the long-term vision and change needed in housing and urban development in New Zealand.

The discussion document for the proposed GPS-HUD outlines a vision, outcomes, focus areas, actions, and ways of working to shape housing and urban development over the next 30 years. It sets out how central government and others will work together to make this happen and shape future government policy, investment, and programmes of work.

Select Committee Inquiry on the Natural and Built Environments Bill: Parliamentary Paper

On 29 July 2021, public submissions were called for the Select Committee Inquiry on the Natural and Built Environments Bill: Parliamentary Paper. This inquiry is the first part of reforming the resource management (RM) system and replacing the Resource Management Act 1991 (RMA) with three new pieces of legislation.

The Parliamentary Paper includes an 'Exposure Draft' of the Natural and Built Environments Bill (NBA). The process is intended to test and improve the contents of the bill before it goes into the formal parliamentary process. The exposure draft provides an early look at key aspects of this legislation, including:

- a) the purpose of the NBA (including Te Tiriti o Waitangi clause) and related provisions;
- b) the National Planning Framework; and
- c) the Natural and Built Environments plans.

Tauranga City Council supports in principle the Government's objectives for RM reform. As with other high growth councils around New Zealand, we have struggled to respond effectively to urban development pressures under the current planning system. We therefore welcome a reformed system that seeks to better enable development within environmental limits, better prepare for adaptation to climate change and risks from natural hazards, and to improve efficiency and reduce complexity.

However, based on the proposed framework set out in the exposure draft (and discussed in the parliamentary paper), we are concerned that the objectives for reform will not be met and that existing challenges will be perpetuated.

OPPORTUNITIES AND CHALLENGES

Our opportunities and challenges during 2020/21 related to these key themes:

- Leadership
- Community amenity
- Growth
- Sustainability
- Project delivery

Each section below briefly describes council's approach and provides some examples from during the year.

Leadership

2020/21 has been a challenging year for council leadership. However, new beginnings presented plenty of opportunity to rebuild and create a new spirit of partnership between the council, tangata whenua and the community, with further work undertaken to restore our community's trust and confidence.

Challenges that we faced and the opportunities that arose from these, include:

YEAR IN REVIEW

The transition from elected members to an appointed Commission

On 9 February 2021, council's elected members were replaced by a Commission appointed by the Minister of Local Government, Hon. Nanaia Mahuta. This decision followed an extended period of governance problems marked by infighting, relitigation of council decisions, questioning of recommendations for remedial action provided by independent observers, and the respective resignations of the Mayor and a councillor. Minister Mahuta commented that council faced substantial infrastructure and funding challenges that needed to be addressed in its 2021-31 Long-term plan and specifically addressed this within the Terms of Reference of the Commission.

Since their appointments, Commission Chair Anne Tolley and Commissioners Stephen Selwood, Bill Wasley and Shadrach Rolleston have focused on:

- familiarising themselves with council's business,
- providing decisive and stable governance,
- engaging extensively with key stakeholders and the wider community; and
- forming a strong working relationship with council staff.

Delivering a quality Long-term Plan (LTP)

Due to the transition process described above, we were unable to make significant progress on preparing the draft 2021-31 Long-term Plan (LTP) during January and February this year. The timeframes for the LTP process were condensed to the point it was not possible to deliver a quality document for adoption before the end of the 2020/21 financial year. It was decided that the LTP would be adopted in July instead, providing time for the Commissioners and council team to develop a robust draft plan to address the city's longstanding underinvestment in community facilities and infrastructure.

Formal consultation on the draft plan occurred from 7 May to 7 June 2021 and featured a sustained period of intensive community engagement, led by the Commission. This involved 34 community meetings to provide information, answer questions and encourage submissions, and more than 2,000 face-to-face discussions.

As a result, close to 1,800 submissions were received, with more than 200 people and organisations providing 50 hours of oral submissions at the subsequent hearings. After deliberating on the submissions, additional funding requests for several community-led initiatives were included in the LTP, with the cost involved offset by savings elsewhere in the budget.

The future-focused LTP developed through that process was sent for audit in early-July and was formally adopted on 26 July.

Community engagement – new direction

During 2020/21 we focused on better engagement to understand our community's expectations around important issues, notably in relation to the 2021-31 Long-term Plan, as well as other locally significant matters such as plan changes, policies and bylaws.

Community and stakeholder engagement are now an integral part of council's work. Our aim is to put our community at the heart of everything we do, meeting your needs by being more proactive and responsive, and empowering our community to become more involved in council decision-making processes.

We engage with our community and stakeholders in three primary ways:

- Responding to specific requests for information and services;
- Participating in multi stakeholder relationships; and
- Conducting our own engagement activities.

Community Amenities

Community spaces and places are where people can engage in sport and play, walk and cycle, have connections with others, learn, and have fun. They include parks, pools, libraries, halls, theatres and sports fields.

These amenities contribute to our social, cultural, physical and mental wellbeing – and make our city a great place to live.

However, one of our biggest challenges is that Tauranga does not have enough spaces and places to provide for the people who live here now, let alone those who will move here in future. Many facilities are worn out or nearing the end of their lives, because

for many years they have not received the investment they needed.

Our city's population has doubled or tripled since many of our spaces and places were built or developed, and more people are coming to live here every day. This means we need to work with our partners to redevelop what we already have and fund the upgrades, replacements and new places and spaces we need.

For decades Tauranga has suffered from under-investment in community facilities, but in the new Long-term Plan we have taken on this challenge.

Read more about the investment council has recently made:

Community Facilities Investment Plan (CFIP)

In 2020/21, council developed and adopted a new Community Facilities Investment Plan (CFIP), informing decisions on community facility investment in the 2021-2031 Long-term Plan (LTP) and 30-year Infrastructure Strategy.

The plan seeks to ensure we have the right facility, in the right place, at the right time, taking into consideration wider priorities for growth and investment across the city and financial constraints. It covers council's core 'multi-use' facilities and identifies investment needs in:

- libraries;
- community centres and community halls;
- indoor sports centres;
- aquatic centres; and
- active reserves or sports fields.

Council has developed the plan in collaboration with Bay Venues Ltd.

Community amenity spend in the Long-term Plan

As a result of the planning done for CFIP over the next 10 years, we have committed to investing \$689m in spaces and places. This includes aquatics, sports halls, sports fields and libraries.

Through the accessible recreation programme, we are also proposing to invest in boardwalks, park furniture, shade, sports facilities and accessibility solutions so our varied and growing community can connect, explore and engage in valued experiences across the city.

This expenditure will enable us to:

- Catch up on under-investment over recent years;
- Provide facilities on both sides of the harbour;
- Replace old facilities that no longer meet the needs of our community; and
- Secure land for future community spaces and places (beyond the timeframe of the recently adopted Long-term Plan).

Growth

We know that more than 35,000 homes will be needed in the next 45 years to accommodate people who will be living here.

While land for new housing is limited in Tauranga, areas being developed in Tauriko and Te Tumu respectively will see fresh new communities spring up. There will also be new 'city-living' type investment in housing infrastructure along the Te Papa peninsula from Sulphur Point to Barks Corner.

Tauranga City Council is aware that during the next 10 years there is likely to be more demand than can be met – even though the developments outlined above will be actioned. This means council does not currently comply with the National Policy Statement on Urban Development set by central government.

Growth puts pressure on council in many ways, such as the examples below:

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Pressure on land supply

Ensuring there is enough land and associated infrastructure to support residential growth is a high priority for Tauranga. In the short term (1-3 years), there is an under-supply of around 1,000 houses. The new LTP seeks to put significant investment into two new growth areas, Tauriko and Te Tumu, along with intensification planned along Te Papa peninsula.

The short-term supply shortage has been discussed with central government ministers, and officials from the Ministry of Housing and Urban Development and Waka Kotahi. There is a willingness to work collaboratively to address these matters and a need to ensure that responses align with the Government's broader urban growth agenda.

Existing rules for suburban residential, commercial and city living zones are inconsistent with emerging land use strategies and are not achieving the outcomes we need for our urban and suburban areas. To address this, council is working on planning initiatives, plan change proposals and technical planning studies. Further information on these plan changes can be found in our highlights section, above.

Transport and housing

More people are travelling around our city and this causes challenges such as traffic congestion, so council is considering better ways for people and goods to be transported.

While growth is affecting all types of infrastructure, the most visible impacts for our community relate to the transport network, with traffic congestion highlighted in submissions to our Long-term Plan.

We understand the importance of cars, and significant investment in a car-based transport network has occurred in Tauranga during the past 25 years. Unfortunately, investment in other types of transport has fallen well behind.

The Government has directed that transport projects focusing mostly on cars will not be looked upon favourably for future funding. The Government and councils across New Zealand, including Tauranga, want to invest more in public transport, encourage more walking and cycling, and reduce the impact of transport on the environment.

These priorities are reflected in the type of projects included in our Long-Term Plan, and in the formation of the Urban Form and Transport Initiative (UFTI) and Western Bay of Plenty Transport System Plan (TSP).

Water restrictions

A city-wide sprinkler ban was implemented on 23 December 2020 and lifted on 28 June 2021, making this year's water restrictions the longest in Tauranga's recent history. In previous years, city-wide sprinkler restrictions have not been necessary beyond the first week of April.

Water restrictions have been required during the past four summers to regulate water demand and minimise the risk of water treatment capacity being exceeded. This year however, we faced unprecedented drought in our region and the challenge of source water stream levels being at an all-time low.

While flow levels in the streams that supply Tauranga with water have stabilised, they remain lower than normal. If the stream flows do not recover with winter rainfall, this could signal a likelihood of earlier water restrictions coming into effect. The construction of the Waiāri water supply scheme is due to be completed late 2022, which will help to meet our city's future water supply needs.

Sustainability

In addition to ensuring we have resilient infrastructure that can respond to the challenges of climate change, we have a range of strategies and actions that together will achieve measurable reductions in our city's carbon emissions.

This is a huge challenge for council now and in the future. Below are some of the opportunities we have progressed, over 2020/21:

Climate change

As a city we generate 5.9 tonnes of carbon dioxide emissions equivalent per person. The Urban Form and Transport Initiative (UFTI) and the Western Bay of Plenty Transport System Plan (TSP) include investment objectives of reducing emissions to net zero by 2050. SmartGrowth partners are also committed to achieving the Government's climate change targets for transport emissions.

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Through the implementation of both the UFTI and TSP plans, tailpipe emissions are anticipated to reduce by as much as 50% by 2030 and 90% by 2050 through a mix of transport interventions / investments and increase in non-fossil fuel powered transport. Specific projects through the TSP include Cameron Road – Stage 1 and Stage 2, the accessible streets programme, the parking strategy, Tauriko enabling works, and the Totara Street and 15th Ave / Turret Road improvements.

Aligned with these plans, Plan Change 26 focuses development within our city to create more compact living environments. This reduces the need for cross-city travel as well as improves accessibility to public transport along main transit routes, thereby also reducing carbon emissions.

While most emissions in Tauranga are related to road transport (60%), council is also considering our community's electricity consumption and solid waste disposal. These together make up another 22% of our city's greenhouse gas emissions.

For further information on how we aim to make progress, please see the sustainability section of the year's highlights.

Resilience

Our city is exposed to a wide range of global and localised threats. These can challenge us in both expected and unexpected ways, with effects occurring over time or very suddenly. We need to be prepared for all eventualities.

Climate change will intensify our experience of intense rainfall events leading to flooding, landslides and erosion. There is also the threat of potential tsunamis, earthquakes and volcanic eruptions.

Sea level rise will lead to inundation of some areas, so to reduce the likelihood of this happening council must plan ahead and provide appropriate infrastructure to reduce the risks. Of course, all of this requires funding.

With increasing threats from natural hazards and already stressed infrastructure, continued and renewed investment is vital to keep our communities safe.

In 2020/21 we continued planning for this changing environment so that our assets, particularly pipes and roads, can operate during hazard events and provide a solid platform for our communities to thrive.

In preparation for our Long-term Plan, 315 projects were identified to improve our city's resilience to natural hazards such as:

- sea level rise;
- tsunamis;
- land slide;
- flooding;
- liquefaction;
- inundation; and
- erosion.

Council introduced a targeted rate for resilience in the previous Long-term Plan, to cover the costs of planning for resilience projects. This concluded in 2020/21.

During the Long-term Plan process, the council agreed that this targeted rate will now be increased to cover capital costs, enabling us to bring forward delivery of resilience projects to futureproof our city.

Project delivery

To meet Tauranga's needs and challenges, our organisation has had to review the way it approaches capital expenditure.

Council's large capital programme comes at a time when the city and the country need improvements to core infrastructure, coupled with delays in supply chains and skill shortages in the construction sector due to the COVID-19 pandemic. This means that we are experiencing delays and difficulty in obtaining resources and that costs are significantly higher than they have been previously.

Some council projects have drawn criticism from people in the community who believe they have not delivered the expected outcomes. An example of one such project in the past year, is the Harington Street transport hub. We are taking on board our community's feedback, learning from these occurrences and aiming to improve our project delivery over the coming years.

The investments outlined in the recently adopted Long-term Plan are by far the biggest ever proposed for our city. Being able

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to deliver on our commitments as outlined in the new LTP requires significant investment in both our people and our systems, as well as providing an appropriate place for our city-based staff to work. We need a highly capable, responsive and skilled organisation if we are to deliver for our community.

Some of our learnings and challenges from project delivery over 2020/21, include:

Harington Street transport hub

In June 2020, council abandoned construction of the Harington Street transport hub building. It was clear from expert engineering advice that remedying significant seismic design defects in the structure would make the cost of completing the project prohibitive.

Options for the site included demolition of the structure and restoration of the site for ground level parking, at an estimated cost of just under \$10 million, or sale of site and building 'as-is'. In March 2021, an unconditional sale and purchase agreement was reached with WAIBOP (Harrington) Limited, a subsidiary of lead project contractor Watts and Hughes, for a nominal sum of \$1. After the sale of unused materials and structural steel, and a negotiated settlement for the cancellation of the construction contract, the final payment to council was \$200,000.

While the sum realised was considerably less than the site's land value (assessed at \$5.35 million in mid-2020), it provided the best possible outcome for the city, avoiding the cost of demolition and ensuring that public car parking must be provided on the site, either at ground level if the structure is demolished, or as part of a future development of the site.

Council has filed a claim in the High Court against the building's designer and the design peer reviewer, to attempt to recover as much as possible of the cost expended on the project, the loss of land value and other consequential costs and losses.

Establishment of a Capital Programme Assurance Division (CPAD)

Our Capital Programme Assurance Division (CPAD) is a business unit created as part of council's new project delivery model. This unit will support and enable all project delivery teams across council, providing industry best practice frameworks, systems, reporting, processes, procedures and advice.

CPAD's aim is to become a centre of excellence for programme and project management, by providing guidance and support for anyone within council undertaking a project or building a programme.

The delivery function and accountability for projects still sits within the relevant activity area, e.g. City Waters, Transportation, Spaces and Places etc. However, the CPAD team will play a big part in the support and enabling of project managers, and programme and outcome managers to successfully deliver their projects and programmes respectively.

CPAD provides assurance for the successful delivery of our capital works programme, in accordance with the Long-term Plan, and confidence that we are delivering exceptional outcomes for our community. It also provides our Commissioners, executive, and senior leadership group with meaningful data and information on our performance, to allow for effective governance and decision making.

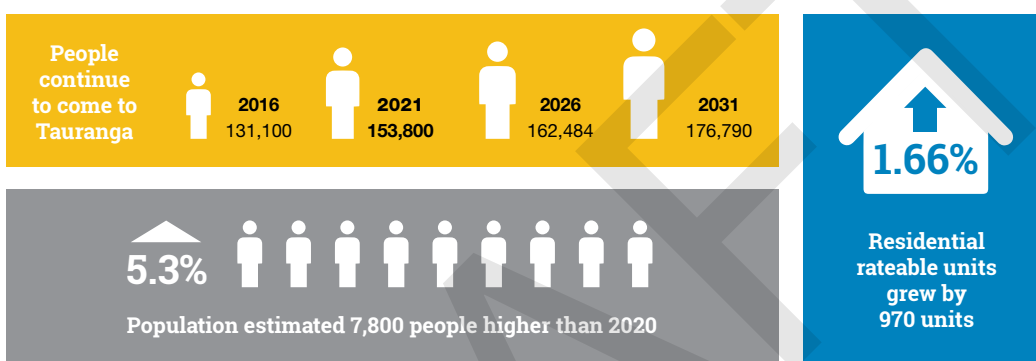
These are just some of our highlights, opportunities and challenges for the year. Others are discussed throughout this report.



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Our performance snapshot

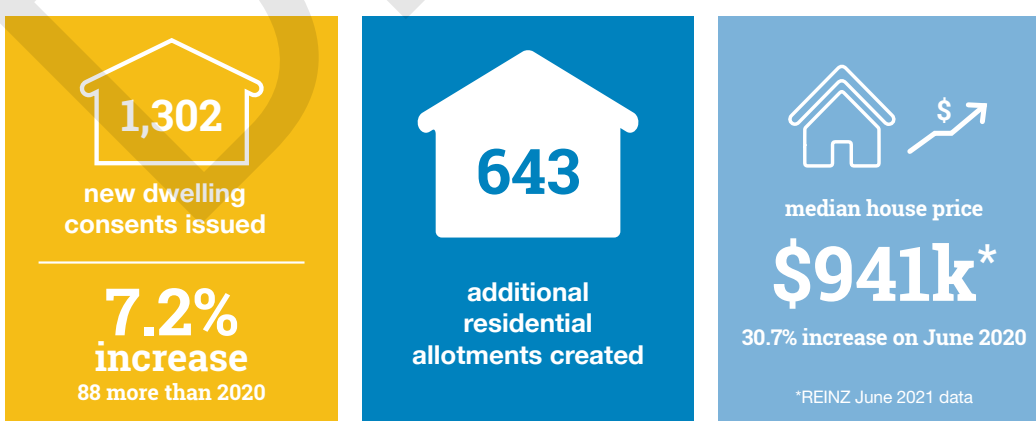
Our city continues to grow



We continue to see commercial investment



But the rate of growth is putting pressure on our city



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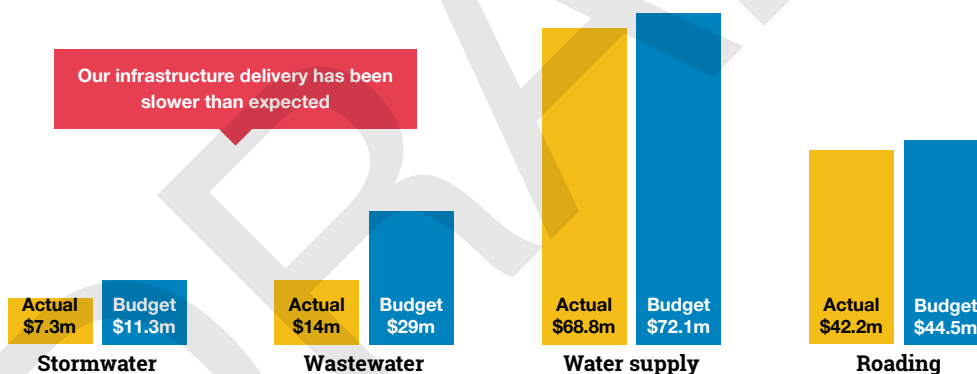


We need to encourage behaviour change in both our community and industry to ensure water is treated as a precious resource.



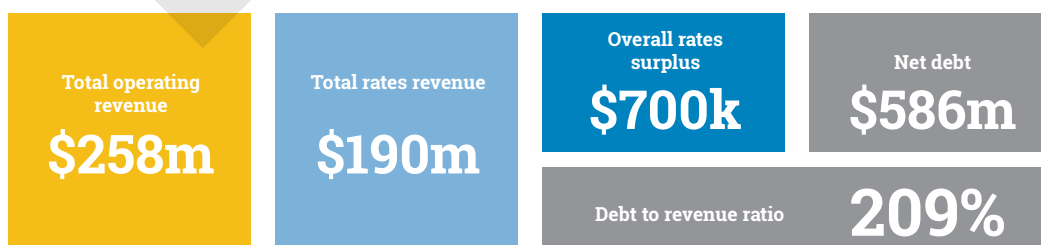
We are in the process of building more infrastructure to support growth.

Our infrastructure delivery has been slower than expected



(all totals include vested assets)

Our overall financial position is following underlying trends towards higher debt and debt ratios



Key themes from financial results

Impact of COVID-19 on 2020-21 financials

Revenue

The 2020-21 Annual Plan was revised downward as a result of post COVID-19 lockdown impacts and uncertainty about future economic conditions and level and timing of recovery. As well as the lower level of rates increase, annual plan revenue budgets were adjusted downwards across key user fee earning areas of business including parking, regulatory services, airport and property.

Reflecting the better than expected economic bounce-back, the actual user fees revenue for council direct activities for the year, was nearly \$10m (20%) higher than budgeted. Consenting revenues (e.g. building and resource consenting) led the favourable result (\$3m above budget) with strong building activity which included new housing builds, commercial development and building renovations. This was part of a nationwide trend where expenditure on housing and goods replaced lower expenditure on services such as overseas travel.

The airport and Beachside Holiday Park were favourable performers, reflecting higher domestic holiday demand and rapidly recovering domestic air travel. The airport recorded higher than budgeted revenue post COVID-19 (\$0.8m above budget), while Beachside Holiday Park revenue was just under \$2.2m, the first time it has exceeded \$2m in revenue.

Half (\$1.8m) of the Government COVID-19 response wage subsidy received in May 2020 has been recognised as income in 2021 as the payment was to cover through to August 2020. Consolidated revenue was higher than the previous year's results. Bay Venues Limited reported revenue 23% higher than last year, whilst the Art Gallery reported a positive year for visitor numbers (against revised post COVID-19 expectations) but noted a loss of revenue from international visitors.

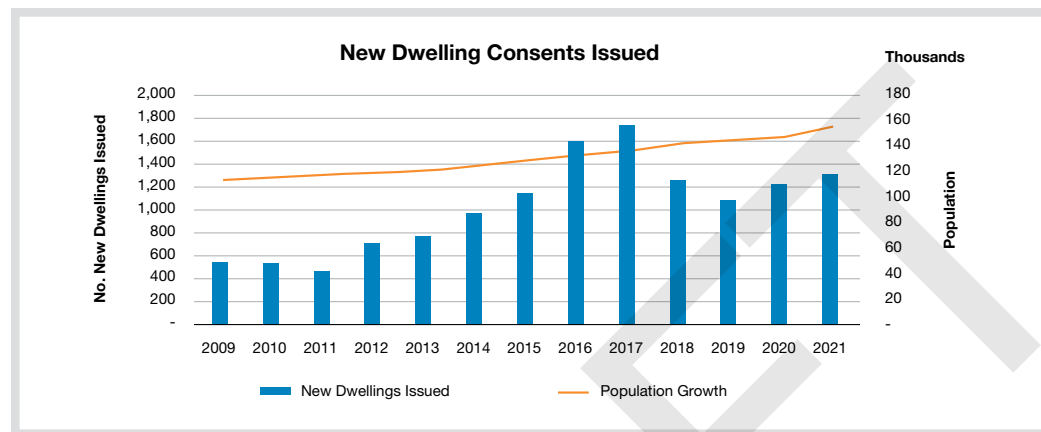
Government Stimulus Funding through Crown Infrastructure Partners (CIP) (capital)

Post lockdown, government made available through its stimulus funding package \$45m for the upgrade of Cameron Road through to 17th Avenue to enable better multi-modal transportation options and for various approved three waters projects, which included \$7.5m for stage one. A small portion of this funding was received prior to July 2021 with the remainder to be reimbursed once expenditure has occurred primarily in the 2021-22 financial year.

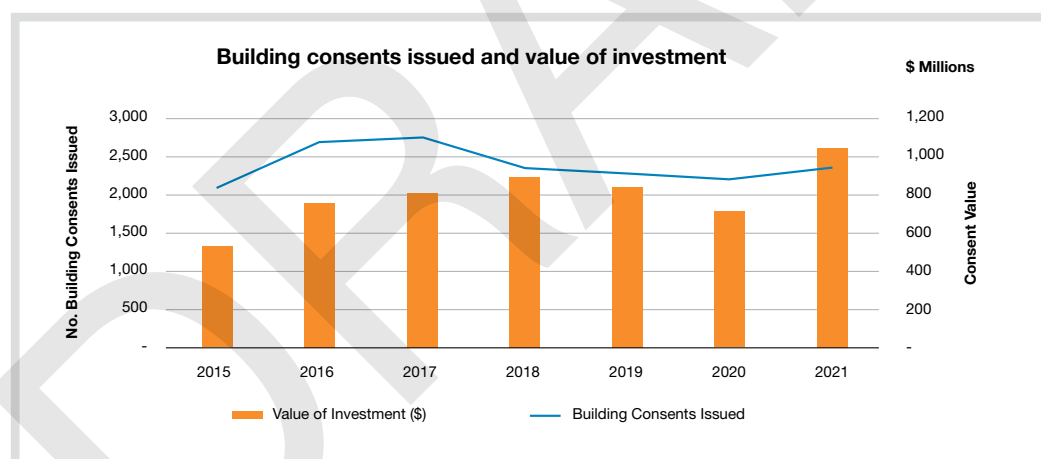
Managing our Growth and Future Infrastructure Requirements

Tauranga continues to grow with an estimated population of 153,800, which is 7,800 more people than estimated in our 2020 report. However, the number of new residential dwellings increased by less than that, at 1302 new residential dwellings consents issued for the year. The number of new dwellings consented was 88 dwellings higher than last year.

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Overall building consent numbers - which include commercial consents and upgrade of existing dwellings-increased in both number and value from the previous year with a total number of building consents (2,374) which is slightly ahead of last year. The total value of consents was \$1billion, significantly higher than 2020.

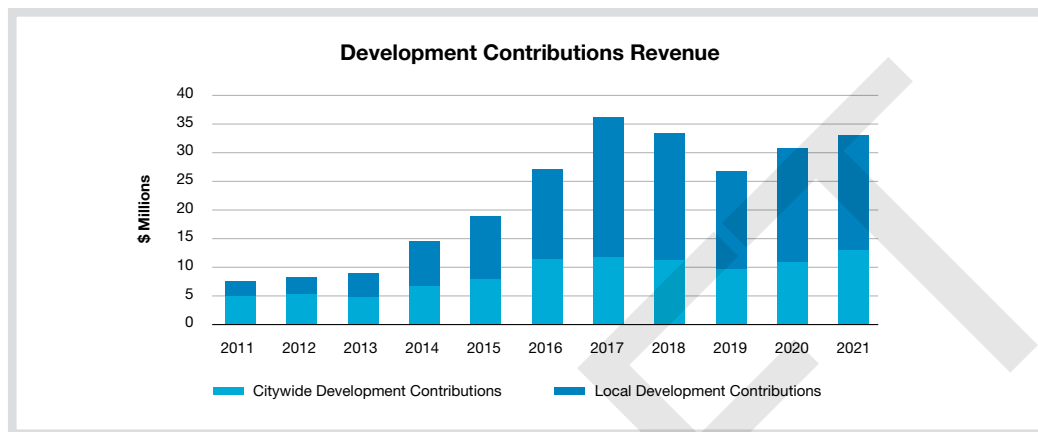


Our existing growth areas at Pyes Pa West and Wairakei continue to fill with new residences. In Wairakei development surged ahead with large areas now being made ready for development. As well as developing areas for residential property, a large amount of development occurred within Tauriko industrial catchments

Available land in our existing growth areas is fast running out and we are relying on commencing development in the new growth areas of Te Tumu and Tauriko West by 2026. While we are underway planning for these new growth areas, development of these areas has been delayed as a result of a third-party court case and ongoing discussions with NZTA around funding and upgrades to state highways.

Our development contribution (DC) revenue has continued to remain high at \$33.5m for the year, with both city-wide DCs and local DCs (from new subdivision) ahead of last year and ahead of the downwardly revised budget post COVID-19. We had anticipated a reduction in development in relation to COVID-19 restrictions, but this did not eventuate.

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New Capital Delivery

We are also well underway with the provision of new water supply at Waiari and upgrading and expanding our wastewater treatment and disposal at Te Maunga and through to the ocean outfall.

In total we budgeted \$223m of new capital but delivered \$182m. The following word cloud shows the main programmes of work for 2020-21 which account for most of the capital programme spend. The size of the spend is shown in the relative size of the lettering of that programme.

Of the \$182m of capital delivered by council \$57m was spent on the new Waiari Water Treatment Plant, which is planned to be completed in the next two years and \$8m on Te Maunga Wastewater Treatment Plant and Outfall, a project which is planned to continue through the next few years of the LTP. Remaining water, stormwater and wastewater capital expenditure totalled \$24m. Therefore, in total \$89m (49%) of the capital programme delivered in 2020-21 related to the three waters.

The other activities with significant capital expenditure included:

- Streetlight renewals and LED upgrades \$8.8m
- Kerbside Waste Collection \$5.9m
- Elizabeth Street upgrades associated with major Farmers development \$4.2m
- Cameron Road commencement of the upgrade from Harington Street to 17th Avenue \$5.3m to be funded by central government under its post COVID-19 stimulus package.
- Roading \$28.2m across various programmes (excluding Cameron Road and Streetlights,)
- Digital \$11.5m including the first stage of the replacement of the core systems platform, with SAP finance and reporting
- Spaces and Places \$13.7, including city centre streetscape and other parks development

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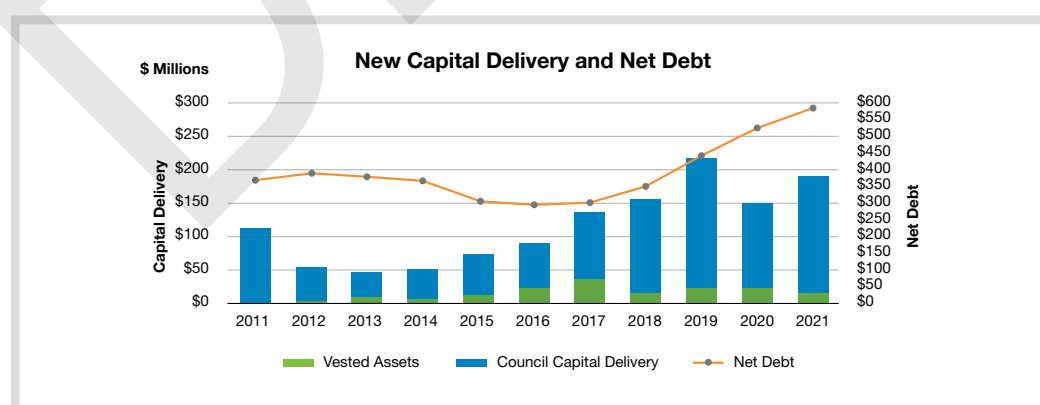
Vested assets, which are delivered by developers and vested to council made up a further \$10.7m of assets to council. Of these \$4.5m were in roading and \$5.9m across three waters. Spaces and Places comprised \$0.2m of vested assets.

Future capital delivery

The shortfall in delivery to budget by \$41m further pushes the bow wave of projects to be delivered into later years. These delayed projects have been incorporated into the 2021-31 Long-term Plan which has a planned capital delivery over the ten years of \$4.6b.

Costs of materials and services to deliver new infrastructure are increasing significantly, and this is being reflected in higher costs and unit rates across the capital programme. Challenges to source materials and labour are an increasing driver of the timing and cost of the capital programme.

During the year an increased focus on capital programme delivery and assurance has led to the establishment of the new Capital Project Assurance Division, which will look at improving processes for procurement, risk management, contracting and reporting across the council's capital programme. The additional staff resources taken on for this team, along with a strengthened support for capital delivery within our core service areas of three waters, transportation and community, will assist in driving the delivery of a much larger capital programme in the future.

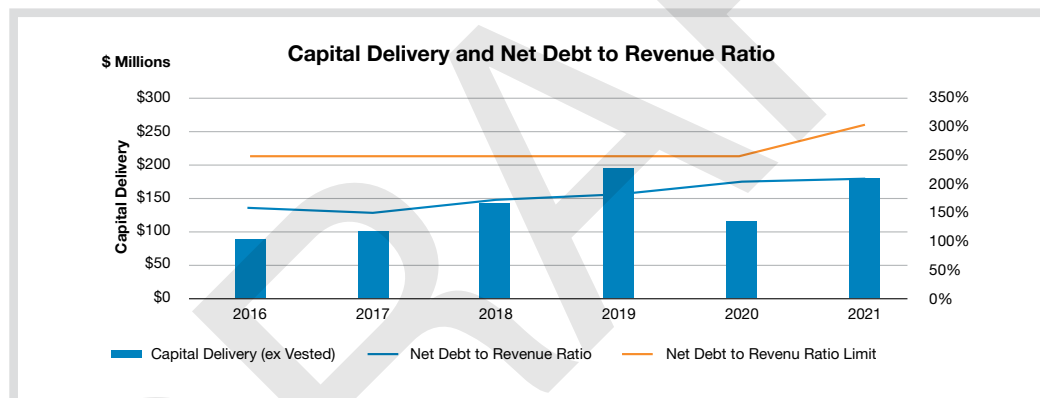


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Council's capacity to borrow has been extended by an increase in the Local Government Funding Agency (LGFA) net debt to revenue ratio limit from 250% to 300% for the next two years and then reducing to 280% by 2026. Overall, this means council can borrow about \$120m (in total) more than it would have under the previous 250% ratio. A prudent borrowing limit for council would see an amount of debt headroom maintained below these LGFA limits to provide capacity to respond to the risk of unforeseen events, and realisation of known risks.

Government has also provided financing assistance to council through the Housing Infrastructure Fund zero interest loans made as costs are incurred on the Waiari and Te Maunga growth projects. By agreement with the Crown the financial benefit of these zero interest rates is shared across all debt of council, recognising that debt is managed at the whole of council level rather than against specific projects.

Significant new "stepped" infrastructure investment is needed across the business over the next ten years with limited capacity for council to fund and finance this investment from its balance sheet without debt retirement or funding by an entity other than council. These factors were a key theme in developing the 2021-31 Long-term Plan and continue to drive workstreams in the council and with our regional and national partners to investigate alternative funding and financing arrangements for future investment. The costing, prioritisation and physical delivery of projects remains a significant challenge over the next ten years.



Key Financials

Overall, the financial results for Tauranga City Council (TCC) reflect continuation of the themes outlined above. The economy performed more strongly than anticipated at the time of budgeting so that overall financial results are more favourable than budget, particularly across the building, community facilities and airport activities.

Operational Results For Tauranga City Council

In most cases council aims to balance its operational budget so that operational costs are funded through rates or another form of operational revenue such as user fees or subsidy. Operational expenditure includes depreciation expense, which is an accounting entry reflecting the annual amount by which the useful lives of council assets are reduced. The dollar value of depreciation that is funded each year can be available to fund renewal of assets, or otherwise reduce borrowing so that over time council has capacity to renew assets when they are at the end of their useful lives.

Council budgets for an overall operational deficit for a number of reasons. The operational deficit is due to specific circumstances where council does not budget revenue to cover operational costs. These are:

1. Non-funding depreciation (\$7.5m) in transportation to reflect the amount of renewal cost funded by Waka Kotahi New Zealand Transport Agency (NZTA) (51%). In recent years a portion of stormwater depreciation (\$1m) has been unfunded.

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2. Loan funded expenditure on long-term structural planning for our growing city to reflect intensification, transport planning and new growth areas. While this expenditure is recognised as operational, council has chosen to loan fund it as it is providing long term benefit to the community and so is more fairly contributed to by future ratepayers as well as current ratepayers.
3. Loan funding of project expenditure that could not be capitalised so recognised in the accounts as operating expenditure
4. Funding of expenditure from a reserve such as the stormwater reserve or the risk reserve
5. Deficit in operations of user fee funded activities, including parking activity where there has been a reduction in parking fee revenue as a result of city centre on street parking charges on hold post COVID-19.

There is an overall rates surplus for the year. This is due to a favourable interest rate variance of \$695,000 and otherwise rates collected cover the rates requirement for the year.

Interest rate variance - proposed transfer to interest rate reserve

There is a favourable net external interest variance of \$700,000, which has been primarily due to achieving favourable interest margins on both external debt and short-term investments. This is equivalent to 3.5% of annual net interest.

Surplus before tax

The surplus before tax reflects total revenue against total expenditure. This includes asset revenue and other gains and other expenditure. The consolidated operating surplus before tax was \$64m.

Other expenses were \$40.8m higher than budgeted reflecting a number of unbudgeted items including:

- a) recognition of various asset write-offs and amortisation losses of \$9.7m, including \$3.4m to write off the Bella Vista remediation costs.
- b) weathertight and provisions expense of \$26.4m which includes provision for a settlement of a large weathertight claim in December 2021 which has been recorded as an event after balance date.
- c) assets vested to NZTA of \$5.8m

Asset revenue and other gains was greater than budgeted by \$44m due to gains on revaluation of interest rate swaps and investment property. Lower vested assets (assets provided to council by developers during the year) and capital subsidies and contributions received were substantially offset by higher development contributions received.

Council assets and debt

Council (group) assets total \$5.4 billion. This year the three waters assets and land and buildings were revalued. Three waters assets were revalued upward by \$354m and land and buildings were revalued upwards by \$225m as at 01 July 2021. Because the revaluation was significant, it has been recognised as a prior period error and the June 2021 accounts have been restated to reflect this value at year end rather than at 01 July 2021.

Overall net debt has increased to \$586m from \$525m the previous year. This is less than the budgeted figure for the year of \$686m, reflecting slower capital delivery, which means less has been borrowed.

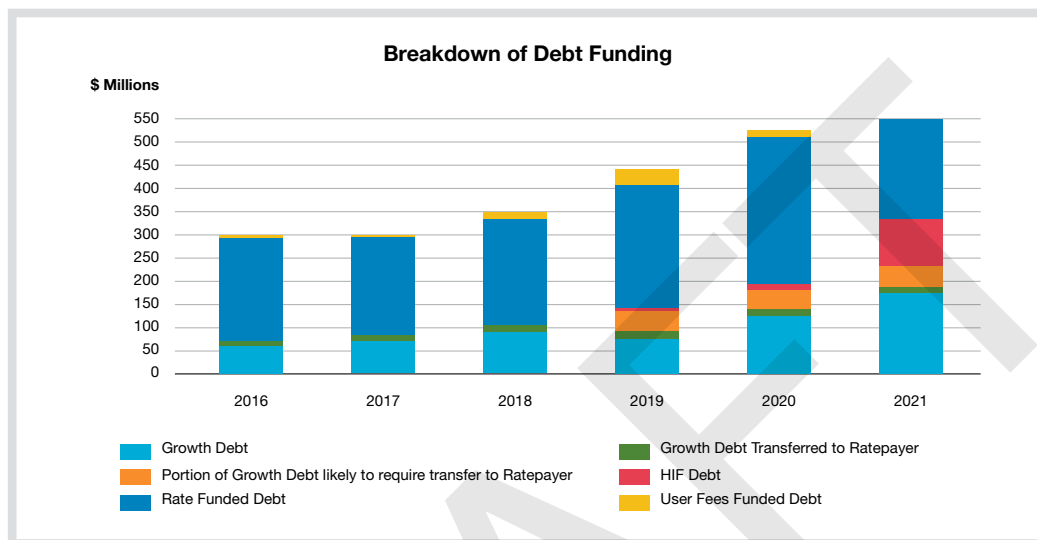
The net debt-to-revenue ratio at year-end is 209%. This ratio excludes Bay Venues Limited (BVL) revenue. At a consolidated level which includes BVL revenue the debt to revenue ratio is below 200%.

The following graph shows the increase in debt and how it is funded over time. Both growth debt and rates debt have steadily increased over time.

Council borrowings in 2021 is made up of debt that is 47% growth-related and funded (development contributions (DC) and Housing Infrastructure fund (HIF) borrowing), 53% is non-growth related debt (with interest funded from rates and some user fees).

Rates debt comes from capital investment to enhance community levels of service or to upgrade facilities and infrastructure when such upgrades are not able to be recovered from DCs. It also includes growth related investment that has not in practice been able to be fully recovered from development contributions. Current rates debt includes \$16m initially identified as growth funded debt which was transferred to ratepayer funded debt due to under-collection of development contributions. Last year an additional amount of growth debt of \$43m has been identified as potential DCs under-collection. This amount is to be transferred over the next ten years to ratepayer debt.

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Risk Management Fund and Weathertight Reserves

The risk management fund and weathertight reserves are reserves created by council to help manage and account for council's financial risk and to fund unforeseen events and weathertight claims. Previously, this was one reserve, but the two elements were separated in 2021. During Annual Plans and Long-term Plans some rates have been agreed to be collected for these reserves and rates surpluses have been directed to address the deficit in these reserves.

Since 1 July 2013 the reserve have been used to fund:

- leaky homes and weathertight provisions
- removal of staff from Willow Street administration building which has since been demolished
- Bella Vista operating costs

Due to the large value of payments recorded through the reserve and the relatively low level of reserve funding, the Weathertight Reserve deficit at the end of June 2021 is \$30m. The Risk Management Fund has an available balance of \$0.4m.

Council grants and community contracts

We support a range of other organisations that deliver services and benefits to the Tauranga community, with grants and community contracts.

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Tauranga City Council Support for External Organisations above \$39,000

	Actual 2020/21 \$'000	Actual 2019/20 \$'000
Support to council controlled organisations		
Bay Venues Limited (CCO's) ¹	7,108	6,305
Tourism Bay of Plenty ²	2,320	2,214
Art Gallery (CCO)	970	976
BOPLASS Ltd	54	243
Rates collected to fund mainstreet organisations³		
Tauranga Mainstreet	342	335
Mount Mainstreet	189	180
Greerton Mainstreet	64	122
Papamoa Mainstreet	50	50
Grants to organisations		
Priority One	1,485	1,322
Surf Lifesaving ⁴	285	1,598
Sport BOP	408	398
Creative Bay of Plenty	304	380
Venture Centre	0	250
Elms Foundation	234	225
The Incubator Growing Art & Culture Charitable Trust	98	98
Citizens Advice Bureau	61	61
Chamber of Commerce	61	60
Harbourside Netball Centre	0	30
Tauranga Hockey Association	0	10
Other community initiatives receiving council funding		
Recycling /Waste Minimisation initiatives ⁵	50	55
Community Development match fund, civic and other community grants ⁶	297	186
Collaborative initiatives	146	115
	14,526	15,259

¹ Support for Bay Venues Limited includes capital and operating grants and payments. It includes the renewals grant of \$3.7m (2020: \$3.1m) which was funded from the depreciation reserve held by Tauranga City Council, but excludes the rate funded contribution to the depreciation reserve of \$4.4m (2020:\$4.4m)

² Includes \$493k (2020: \$493k) for the Visitor Information Centre contract.

³ Mainstreet organisations are funded from Targeted rates on the relevant commercial businesses.

⁴ Includes contribution towards the Papamoa Surf Rescue Base.

⁵ Includes \$20k to the Good Neighbour Food Rescue Project.

⁶ Includes Community Development Match Fund grants as and grants to various community groups

YEAR IN REVIEW

Council controlled organisations

Our financial accounts are consolidated with the accounts of two of our Council Controlled Organisations: Bay Venues Limited and Tauranga Art Gallery Trust. The largest of these entities is Bay Venues Limited (BVL), which owns and operates recreation and community facilities on behalf of council, including the Trustpower Arena, Baywave and the University of Waikato Adams Centre for High Performance. BVL has total assets of \$132m.

The Tauranga Art Gallery has total assets of \$10.2m, consisting mainly of the art gallery itself and the underlying land.

Other partner organisations

Tauranga City Council has a 50% interest in Tourism Bay of Plenty (TBOP) and also provides TBOP an operational grant which is funded from commercial rates, and a service delivery contract to operate the Visitor Information Service. Further funding for destination management is also provided funded from airport revenues.

YEAR IN REVIEW

Trends in our core financials

The following table summarises five years of key financial data.

Operating revenue and expenditure have increased over the past five years with continued population growth and associated significant demand for new infrastructure. The main investments in new infrastructure were summarised above in a word graph of the capital programme and detail of significant projects are outlined for each activity in the Groups of Activities section of this report.

Financial overview

Tauranga City Council five year performance summary (\$ millions)

	2017	2018	2019	2020	2021
Rates Revenue ^{*1}	145	155	167	180	190
Other Revenue	73	55	62	63	68
Operating Expenditure	201	223	242	259	271
Operating Surplus/(Deficit)	17	(13)	(12)	(16)	(14)
Development Contribution Revenue	36	33	27	31	33
Capital Expenditure ^{*2}	145	142	206	147	182
Capital Subsidies ^{*4}	8	22	22	12	22
Gross External Debt	355	370	458	540	635
Net External Debt	301	349	441	525	586
Fixed Assets (Net Book Value) ^{*3}	3,535	4,000	4,333	4,983 ^{*5}	5,096

^{*1} Including water by meter revenue.

^{*2} Capital expenditure less vested assets and excluding land sales.

^{*3} Fixed Assets include physical assets, property, plant and equipment, forests, investment property and non current assets held for sale.

^{*4} Capital subsidies are predominantly from NZTA for local roading infrastructure.

^{*5} A prior period adjustment in 2021/22 accounts has increased fixed assets from \$4,404m to 4,983m.

	Limits	2017	2018	2019	2020	2021
Proportion of Rates to Operating Revenue		63.4%	64.4%	66.7%	70.5%	67.8%
Net External Term Debt to Total Assets		8.0%	8.5%	9.8%	10.9% ^{*6}	10.9%
Net External Debt per Rateable Property		5,541	6,223	7,766	8,975	9,848
Net Interest Expense to Operating Revenue	< 20%	8.4%	7.9%	7.4%	7.7%	6.8%
Net Debt to Operating Revenue	< 250%	151%	167%	176%	206%	209%
Net Interest Expense to Rates Revenue	< 25%	11%	11%	11%	11%	10%
Rates increase after growth ^{*5} including water by meter		2.6%	3.9%	5.4%	5%	4.1%
Rates increase after growth including water by meter - Limit	Varies each year	3.9%	4.0%	5.8%	7.5%	4.7%

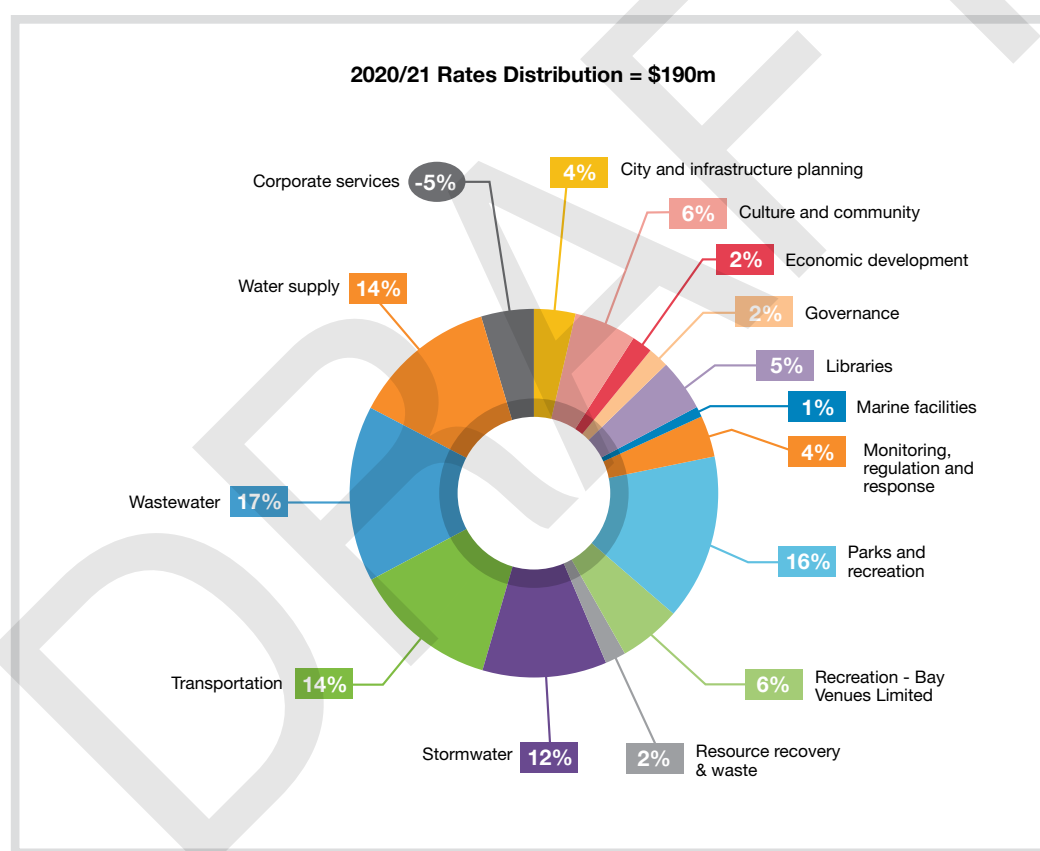
^{*6} A prior period adjustment in 2021/22 accounts has increased fixed assets from \$4,404m to 4,983m, leading to a higher total assets figure.

YEAR IN REVIEW

What did rates pay for over the last year?

Rates and user fees cover the operational (day to day) costs of running a city. This includes providing core services and ensuring infrastructure is maintained. About 70% of our operating expenditure was covered by rates this year, which is higher reflecting user fee revenue loss primarily from COVID-19 impacts. Loans also covered a portion of operational costs with debt retirement rates funded.

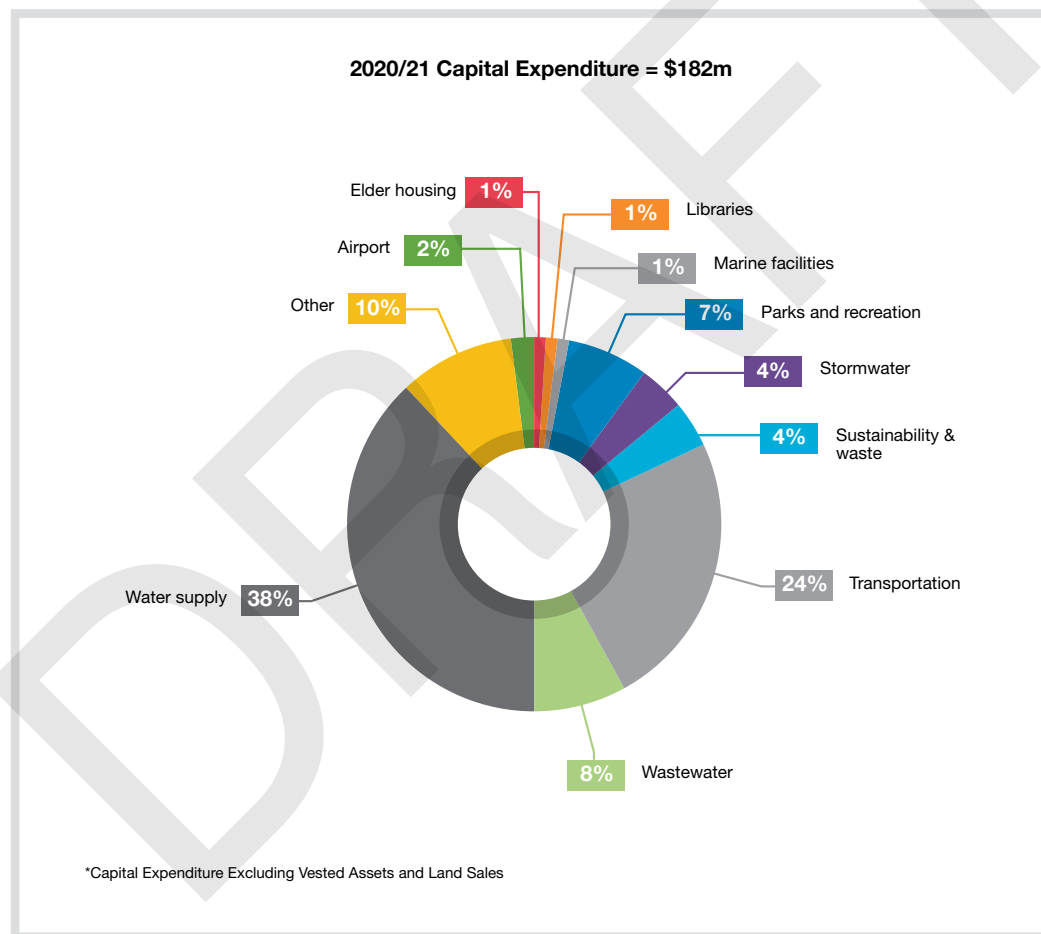
The rates graph below shows the services that rates fund. Three waters and transportation accounted for 57% of the rates spend, with a further 28% funding our city's libraries, parks and recreation and other community facilities. Corporate services includes corporate treasury in which interest revenue offsets a portion of rating requirement for the organisation.



YEAR IN REVIEW

What did our new debt pay for over the last year?

Capital expenditure pays for new assets, renewing existing assets and improving them to deliver a better service. The majority of our capital works programme was spent on core network infrastructure (transportation, wastewater, water supply and stormwater), which accounted for 74% of our capital expenditure this year. Key projects delivered this year were identified earlier in this section.





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YEAR IN REVIEW



Non-financial performance

53%

of measures achieved
78 measures

37%

of measures not
achieved
55 measures

10%

of measures unable
to be assessed
15 measures

All targets achieved for 3 activities



Cemeteries



Wastewater



Water supply

We exceeded a number of our targets

414,169

Number of passengers
through the airport
Target was 407,000

85,452

Number of guest nights at
Beachside Holiday Park
Target was 72,500

266,139

Number of annual visitors to
Historic Village
Target was 225,000

121,839

e-books loaned
Target was 41,000

780,843

Virtual visits to our libraries
Target was 470,000

473

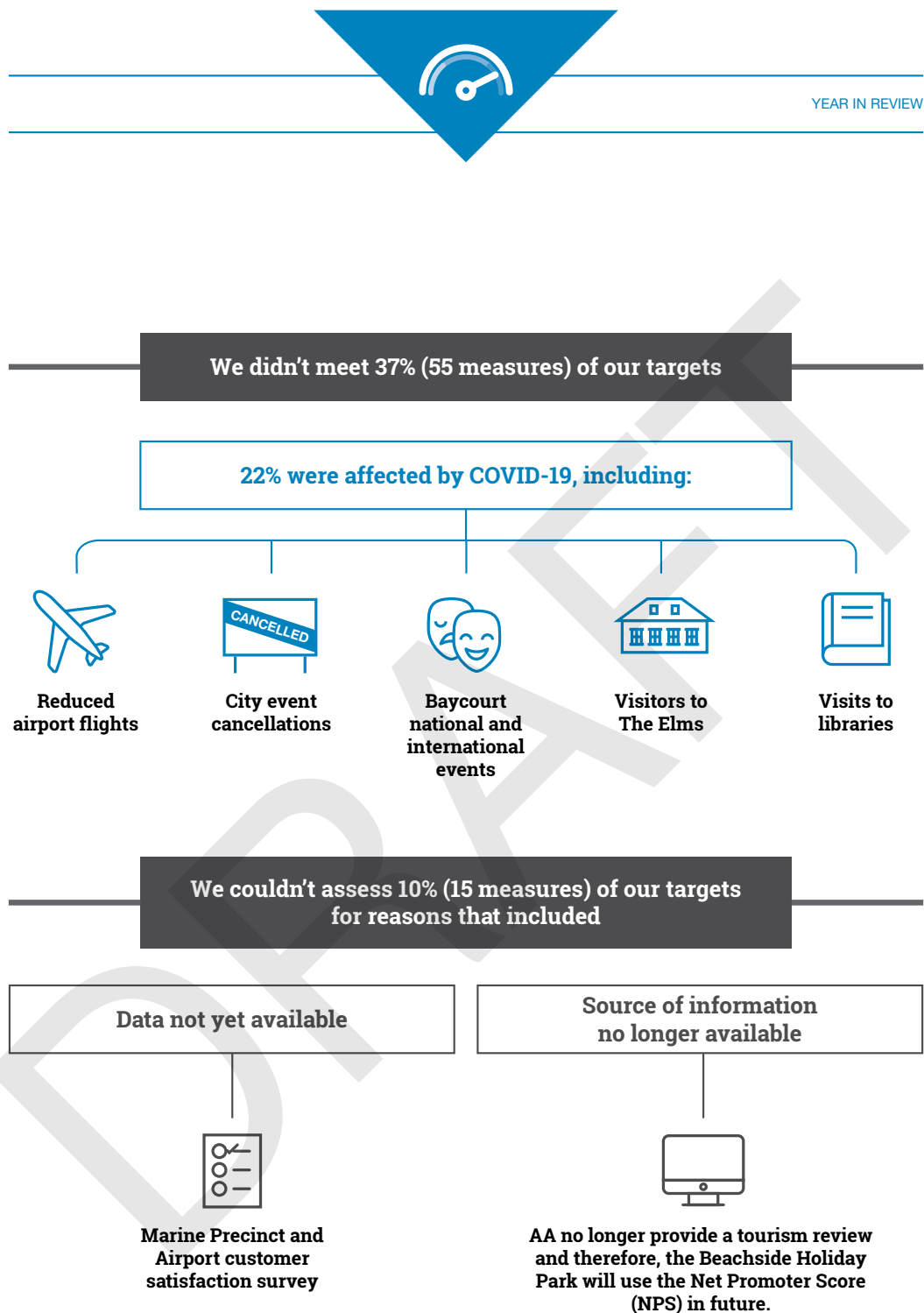
Number of participants in adult
cycling programmes
Target was 470

9,946

Number of participants in school
children's walking and cycling
programmes
Target was 5,600

26min

Median response time to attend a
flooding event
Target was ≤60 min



YEAR IN REVIEW

Non-financial performance summary

We achieved 53% of our non-financial performance measures

We provide a wide range of activities and services for our community, and we strive to deliver the high level of service that our community expects from us.

The 2018-28 Long-term Plan (LTP) sets our performance and 'level of service' targets, as well as the measures we use to assess them. In total, we use 148 measures for our 27 activities.

These measures vary greatly depending on the activity. For example, we use bacteriological standards as a measure for drinking water quality and perception-based measures to assess the percentage of residents who feel safe in their neighbourhood after dark.

We measure our performance throughout the year, reporting the results quarterly and annually.

Seven measures in the LTP were changed after resolutions by the Audit, Finance, Risk and Monitoring Committee on 19 February 2019 and 27 November 2019. They relate to arts and heritage, emergency management, and resource recovery and waste. These measures are tabled separately under 'Additional measures monitored' and have been excluded from our overall performance summary.

We have measured and reported on 133 of the 148 non-financial performance measures. We were unable to

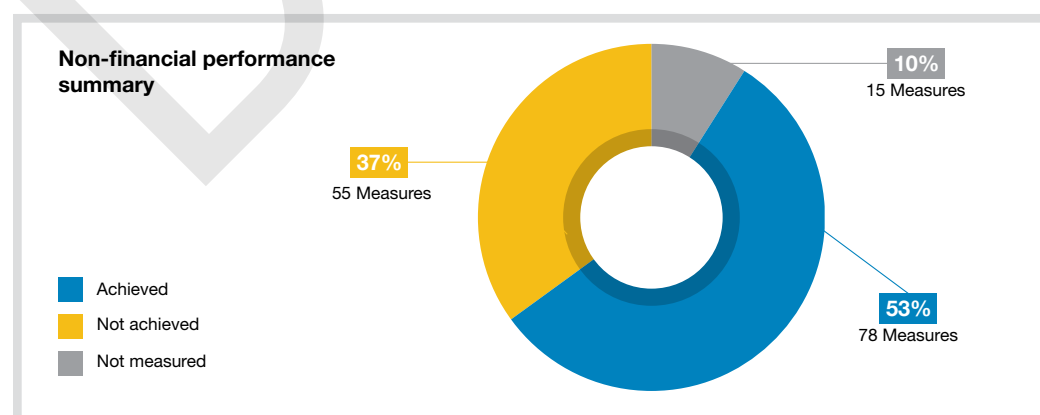
report on the remaining 15 because data was unavailable (e.g. census data is released every five years) or because there was no directly comparable result from previous years.

Of the measures that have been reported, 78 (53%) were achieved and 55 (37%) were not achieved. Of the 55 measures not achieved, 12 measures (22%) were affected by COVID-19, for reasons including:

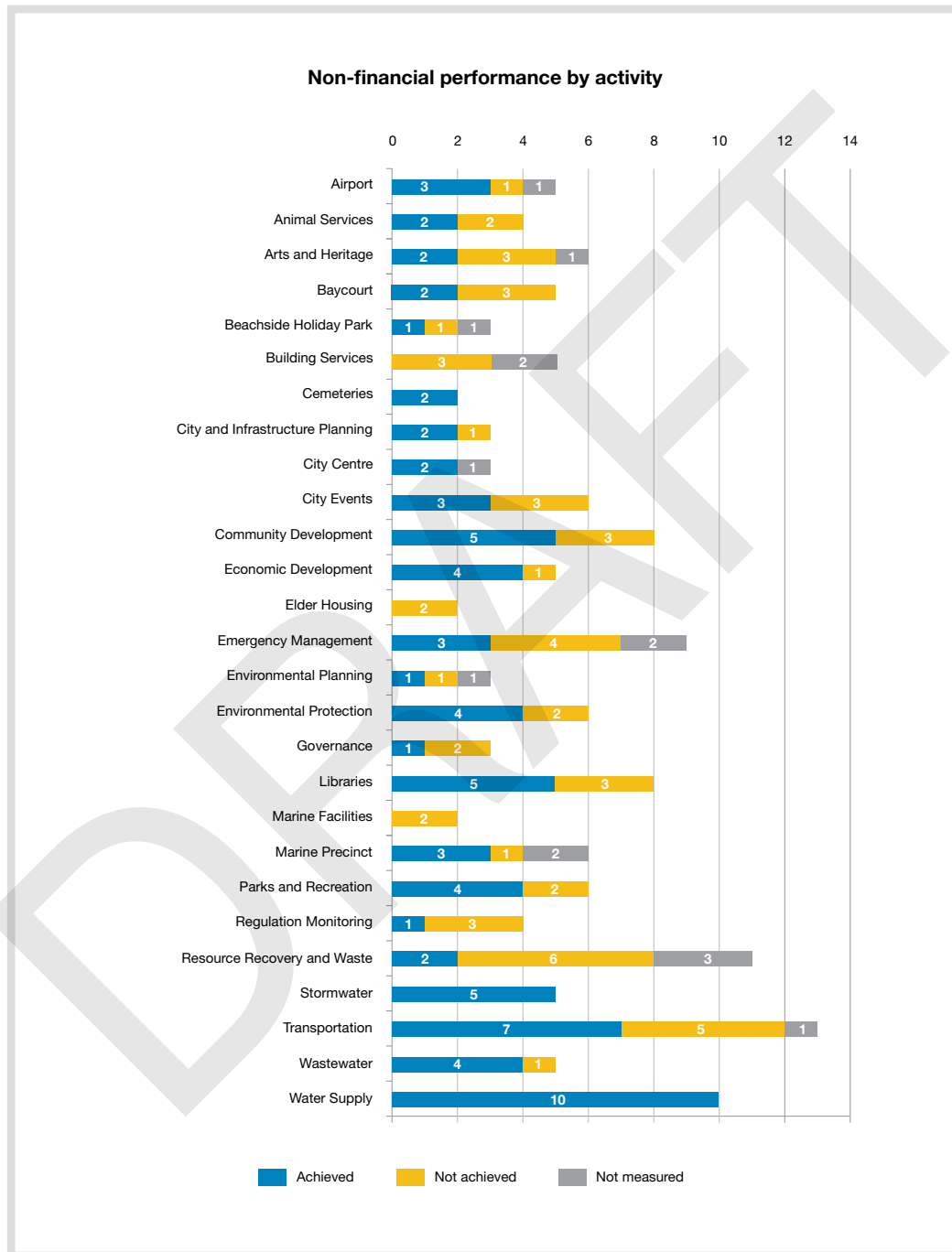
- event cancellations
- reduced utilisation and visitor numbers due to alert level restrictions
- disruption to business-as-usual operations

The following seven activities were affected:

- Airport
- Arts and Heritage
- Baycourt
- City Events
- Community Development
- Emergency Management
- Libraries



YEAR IN REVIEW



YEAR IN REVIEW

City events

Bay of Plenty Garden and Art Festival

The 12th biennial Bay of Plenty Garden and Art Festival was held in November 2020, with the heart of the festival, the garden and art trail, comprising of 80 stops spanning from Katikati to Te Puke.

For the last 24 years, the event has showcased Tauranga and the wider Bay of Plenty with trail-goers exploring the region's most beautiful private gardens in full bloom. This year the event's festival hub, Bloom in the Bay, moved to a new home at the Tauranga Racecourse. It comprised of concept gardens, a festival gallery, sculpture display, live music and entertainment, a kids' zone, food and beverage offerings, and an array of events including workshops, a speaker series and the Long Lunch.

A comprehensive 2020 post-event analysis showed that 3,116 visitors were attracted to Tauranga city as a direct result of the festival, with the event generating 3,739 visitor nights and returning an impressive net benefit of ~\$751,000.

New Year's Eve community celebrations

Back in 2016, many community stakeholders, including the NZ Police, had significant and ongoing safety concerns around the New Year's Eve (NYE) event on the Mount Main Beach. This prompted council to cancel the event and instead develop a five-year plan to transform NYE in Tauranga. The city's renewed vision focused on bringing people together through a series of family-friendly events, and for people to celebrate in and with their own communities.

On 31 December 2020, Tauranga's NYE community celebration events welcomed over 12,000 residents and visitors at five locations across the city, meeting the ambitions of the five-year plan. These picnic-friendly and smoke-free community events took place in the city centre, Greerton, Matua, Pāpāmoa and Mount Maunganui. Starting at 6pm, each location hosted live music, roving entertainment, sports activities, bouncy castles, children's games, fireworks (or light display in Greerton) and a local radio MC to host.

The events and pyrotechnics received strongly positive feedback from the wider community and attendees at each of the event sites. Of those surveyed, 97.6% were either satisfied or very satisfied (55.22% were satisfied and 42.38% very satisfied) with the council-delivered events.

Boxing Day test at Bay Oval

This year the Bay Oval hosted the prized Boxing Day test for the first time, further cementing its position as one of the highest rated cricket grounds in the country. The five-day match between the BLACKCAPS and Pakistan was well-attended and saw the BLACKCAPS come away with a convincing victory.



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Calendar of events

2020



JUL

Zirka Circus
Matariki Tauranga Moana 2020



AUG

Good Vibes Winter Festival
Canvas Careers Expo
Junior Tough Guy and Gal Challenge



SEP

Anchor AIMS Games cancelled due to COVID-19
Tauranga Marathon cancelled due to COVID-19



OCT

Turban Up Tauranga
Pedal and Pump (previously Pedal Pāpāmoa)
HopeWalk
Fluro Fest
Vegan Vibes
HoopNation



NOV

Bay of Plenty Garden and Art Festival
Mitre 10 Cup Rugby
Tauranga City to Surf
Tinman Triathlon
Weetbix Kids TRYathlon
Christmas at the Lakes
Orange Day Parade
Mount Maunganui Half Marathon (postponed from August 2020)
International Cricket – BLACKCAPS vs. West Indies T20



DEC

Tauranga's Christmas in the Park
Mount Monster
Pāpāmoa Christmas Parade
Red Bull Ignite7 Tournament
International Cricket – BLACKCAPS vs. Pakistan Test Match
EVES Surfbreaker Triathlon
Katchafire concert
New Year's Eve community events (Blake Park, Pāpāmoa, Tauranga City Centre, Matua and Greerton)

YEAR IN REVIEW

Calendar of events

2021

JAN

Bay Dreams
Thundercats Racing
Sikh Community Street Parade
Mount Festival of Multisport
Surf Life Saving Eastern Regional Championships
First We Eat

FEB

NZ Secondary School Beach Volleyball Champs
One Love festival
Gincredible – Bay of Plenty Gin Festival
Generation Homes Women's Triathlon
Waitangi Dawn Service
Waitangi Day Festival
Oceans '21 – Under 14 Surf Life Saving Championships
Tauranga Auto Extravaganza
The Mount Surf Festival
Holi Colour Splash

MAR

Wharf Street Festival
Marra Sprint Triathlon
All Ford Car Day
Festival of Disability Sport
Tauranga Multicultural Festival

APR

The Mount Swim
58th National Jazz Festival
Good Locals Give Back Easter Sunday family community event
The Great Tauranga Duck Race
Anzac Day commemorations – Mount Maunganui, Pāpāmoa, Tauranga

MAY

MayDay 2021 – Physical Impact & Parafed team event
We Run the Night Half Marathon
The Kiwi Walk and Run Series

JUN

Mount Runners and Walkers Half Marathon
Ultimate Athlete NZ
Volfest
Matariki Tauranga Moana 2021

YEAR IN REVIEW

Awards and recognition

We received the following awards and commendations during 2020/21.

Award	Association	Received for
Best Transition to Remote Training	The Lenny Awards	Tauranga City Council
Commemorative Service in the Emergency Operation Centre (EOC)	Emergency Management Bay of Plenty	Tauranga City Council EOC: 12 x gold for 200+ hours 18 x silver for 50+ hours 6 x certificates for up to 50 hours
Datacom Transforming Service Delivery - Highly Commended	2021 LGFA Taituarā Local Government Excellence Awards	Tauranga City Council - Trail rider Te kaiwhakatere
Innovation Showcase Award – Highly Commended	Water New Zealand Stormwater Awards	Ngā Hau e Whā – The Four Winds manhole cover design: Tauranga City Council and Whare Thompson
New Zealand's most innovative top 50 CIO	CIO New Zealand	Tauranga City Council (placed 20th)
Stormwater Conference Paper of the Year	Water New Zealand Stormwater Awards	Tauranga City Council and WSP
The BERL Award for Collaborative Government Action - Highly Commended	2021 LGFA Taituarā Local Government Excellence Awards	Tauranga City Council - Notice of Change Project

Project Tauranga

Project Tauranga is a unique programme that encourages organisations to invest in innovative, exciting projects that benefit our community, so we can get more done in our rapidly growing city.



By matching our partners' strengths, values and aspirations with great community projects, promising ideas can be transformed into successful ventures. Organisations contribute cash, goods or in-kind services, or a mixture of these. Since 2003, the programme has generated millions of dollars in funding and assistance for community projects. It has become a model for council-related philanthropic giving and has fostered a collaborative way of working for the good of our community.

Project Tauranga partner organisations have had a busy year. They supported artists and art exhibitions, and promoted and supported community events. Partners have worked to improve our beautiful environment, cleaning streams

and estuaries and educating local children about pollution. They helped the homeless and supported initiatives to keep women and children safe. Partners have built school bike tracks and improved road safety for our kids.

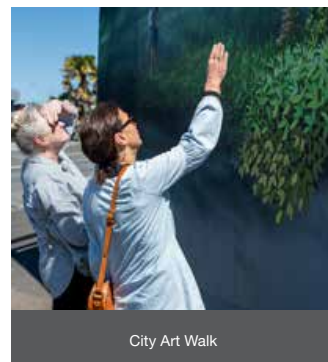
In short, Project Tauranga partners have worked hard to deliver many community-focused projects, making our city an even better place to live, work and play. Tauranga City Council would like to extend a warm, heartfelt 'thank you' to all our partners for their generous support this year, and for making a real difference in our community.



Creative Bay of Plenty Public Art display



Creative Bay of Plenty Beautifying our Electrical Cabinets



City Art Walk

For more information visit www.tauranga.govt.nz/community/project-tauranga

YEAR IN REVIEW

Working with Tangata Whenua

Tuia i runga tuia i raro
 Tuia te herenga waka i
 Tauranga Moana.
 Whanake mai whanake atu
 Whanake te tai nō tuārangi
 Whanake te tai ki raurangi
 Te tai mānunu e pari mai nā
 ki te onepū o nukuātea.
 Tihēi mauri ora!



At the time of writing it is Matariki and we acknowledge the transition of whānau we have lost in the last year. To those in our community whose loved ones have passed, we extend our thoughts and prayers and share in your grief. Together, we reflect on the positive influence our departed whānau have left for future generations.

Matariki encourages us to look to the opportunities the future year presents. As we develop our mutual understanding of mātauranga Māori (Māori knowledge) as it relates to Tauranga Moana, we are privileged to have a strong navigational and astrological influence. Most recently we enjoyed seeing Te Hau Kōmaru, an international traditional navigational festival, hosted right here in Tauranga. Seeing whānau in their thousands from all ethnicities descend upon the Bridge Marina to share their knowledge and stories is a great example of what we can achieve together. Council looks forward to supporting more events like this.

The partnership between Tauranga City Council and tangata whenua has continued to progress well this year. The high calibre of our Māori representatives has added governance, legal, resource management and planning expertise to several committees, consolidated into the current Strategy, Finance and Risk Committee. This has not only enabled Māori to be part of the decision making, but has strengthened the team supporting the Commissioners.

These advances stem from a longstanding partnership that has increased in trust and confidence over the years. Every relationship has its challenges, but we continue to demonstrate our commitment to our Treaty relationship through protocols with iwi and hapū, our close relationship with Te Rangapū Mana Whenua o Tauranga Moana and through the representation partnerships we have developed together.

This year presented opportunities to make further progress. Te Pou Takawaenga has continued to provide quality support and guidance for the council in all its operations. We have added capacity in mātauranga Māori and provided workshops for staff and community partners. This has increased awareness and understanding, enabling Māori concepts and frameworks to enhance our mainstream systems. Greater connection has led to clear direction in Three Waters Reform and spatial planning. This has helped us to meet the community's expectations, as reflected in projects such as the Long-term Plan consultation and Vital Updates.

Here are a few of the highlights from the year:

Te Mahere Whakamahinga o Mauao (Mauao Implementation Plan) and He Korowai Ariki o Mauao: He Mahere Tiako mo Mauao (Mauao Trust Strategic Plan)

These are two of several key documents that guide the way we reflect the mana of our most iconic and precious community asset, Mauao. Careful thought and planning is required to balance the competing demands of recognising the role of iwi as owners of the maunga (mountain), protecting the authenticity of stories, messages and activation on the reserve, and enabling sustainable community use.

We are extremely grateful for the willingness of iwi to consistently balance these needs, and the commitment of our team to undertake their mahi in a respectful manner. The development of key strategic documents has helped us to clarify our shared intentions and maintain focus on our agreed outcomes.

Te Kete Wānanga

Several internal and external teams have participated in a one-day cultural training session this year that incorporates a marae visit, technical training, presentations and experiences. These sessions provide staff with a practical way to apply their cultural learnings in a marae environment.

Where possible the training has been held in communities where projects or activities are happening, which are of interest to the marae or the hapū. This has enabled open discussion and planning with members of the respective communities. Feedback has been exceptionally positive, particularly around the benefits of demystifying processes, encouraging different learning styles and developing close community relationships.

Papakāinga Development Contributions Grant Scheme

We are pleased to have established this scheme, which recognises the significant and unique barriers to utilising Māori land. By removing some of these barriers, council hopes to see more Māori land being utilised and contributing to the wider housing solution needed for Tauranga. This includes widening the general rental pool and enabling Māori housing on suitable land. Papakāinga (housing developments for Māori on their ancestral land) provide traditional, cultural and social benefits in addition to the physical housing asset. As such, supporting papakāinga is a way of improving overall wellbeing and progress for our Treaty partner.





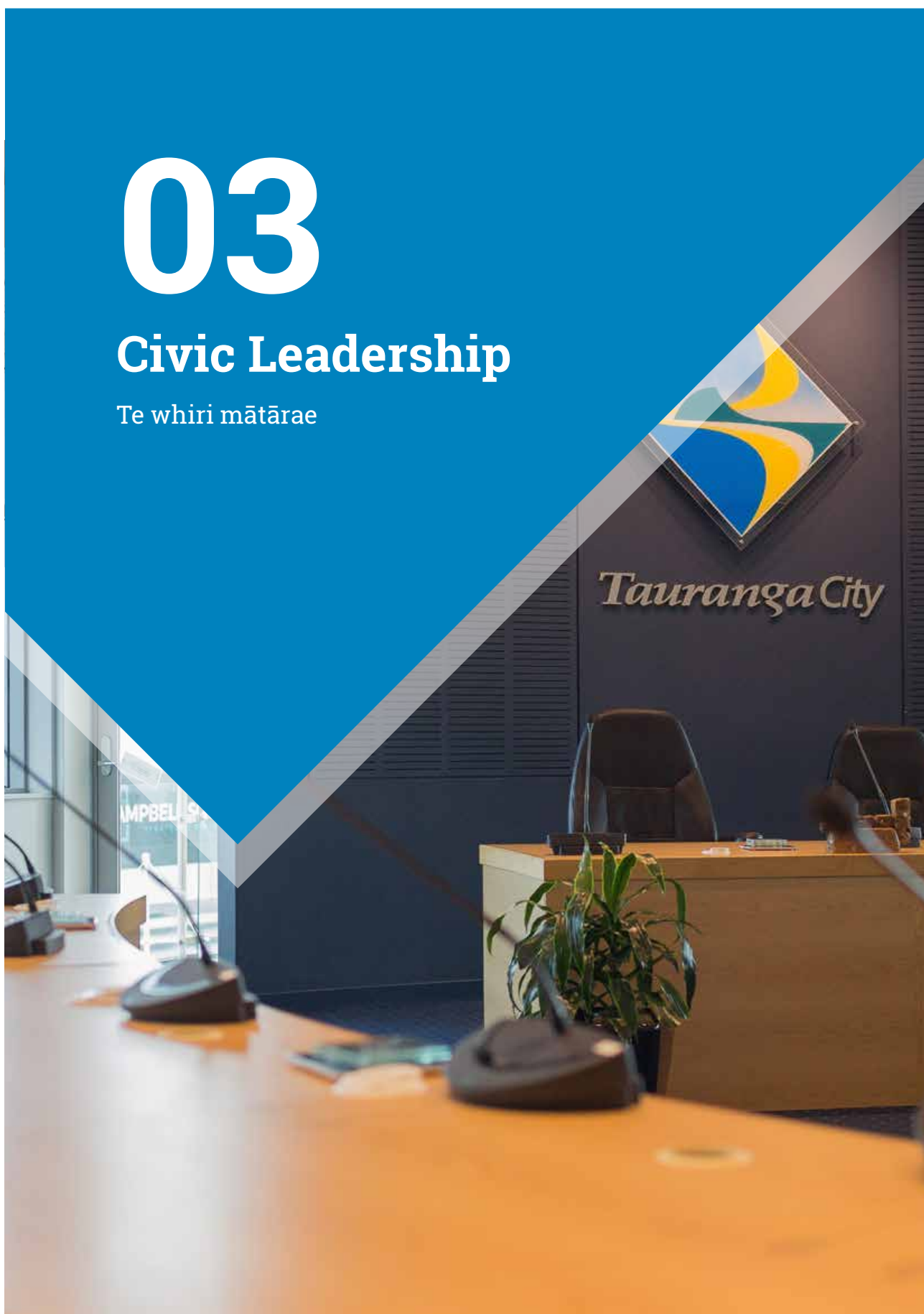
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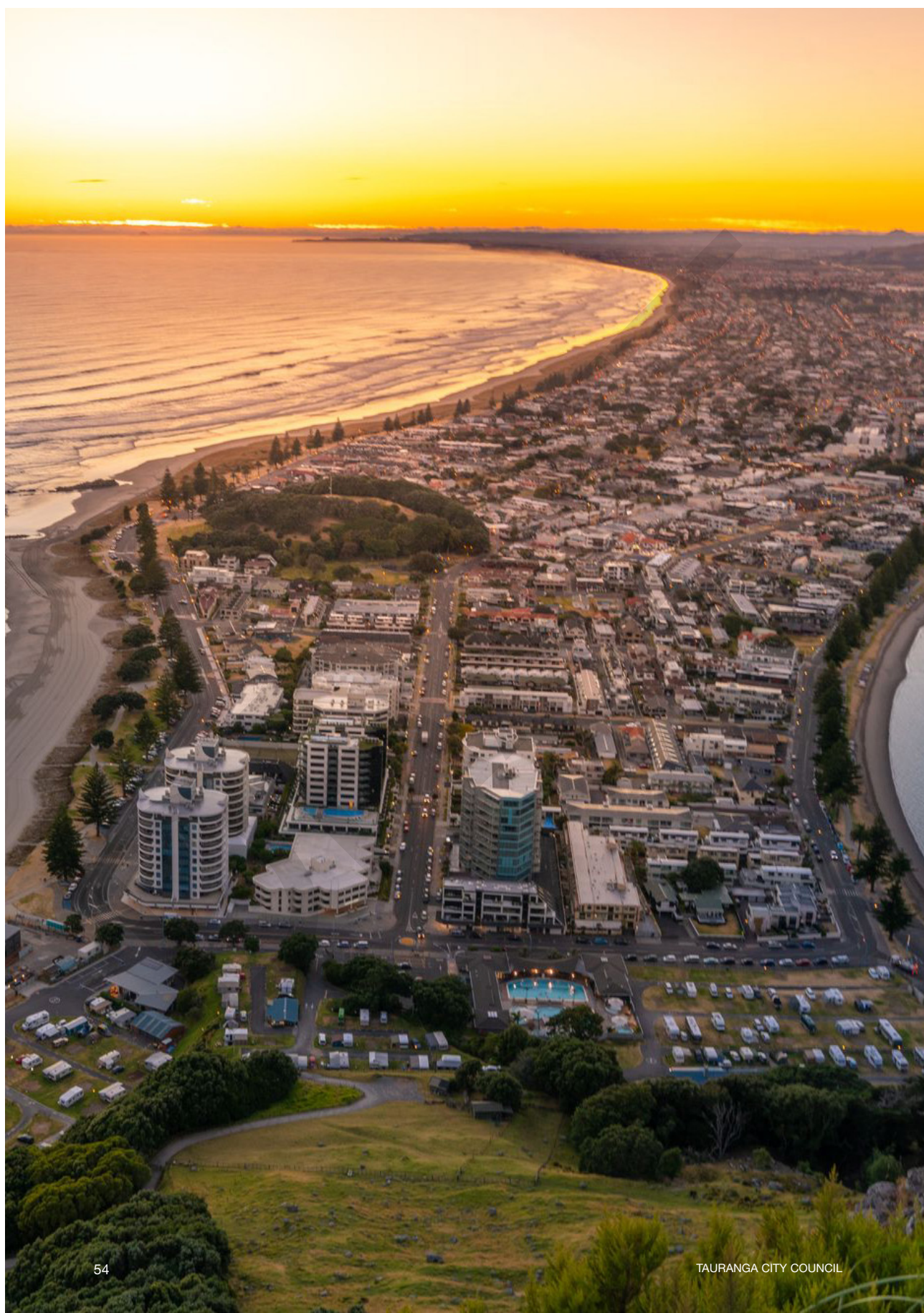
TAURANGA CITY COUNCIL

03

Civic Leadership

Te whiri mātārae





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TAURANGA CITY COUNCIL

The commission (9 February 2021 - 30 June 2021)

The Minister of Local Government Nanaia Mahuta replaced the mayor and councillors with four commissioners from 9 February 2021.

The councillors still hold office, but they cannot act and do not receive any remuneration.

The Commission has been appointed to make good decisions on behalf of the city and its residents, and to ensure that a process is in place to restore full local democracy at the 2022 local government elections. The Commission has the powers, duties and performs the functions of the Tauranga City Council.

Each commissioner brings skills in the fields of governance, infrastructure and strategic and financial planning. Together, they are seeking to:

- deliver a robust 2021-31 Long-term Plan that addresses Tauranga's current infrastructure and funding challenges and sets a platform to create the liveable city of the future;
- create a spirit of partnership between the council, tangata whenua and the community, and work to restore trust and confidence;
- engage with the community openly and honestly; and
- collaborate with our regional partners to implement solutions that address the western Bay of Plenty's high-growth issues.



Commission Chair
Anne Tolley

anne.tolley@tauranga.govt.nz



Commissioner
Bill Wasley

bill.wasley@tauranga.govt.nz



Commissioner
Stephen Selwood

stephen.selwood@tauranga.govt.nz



Commissioner
Shadrach Rolleston

shadrach.rolleston@tauranga.govt.nz

Further information on the commissioners, including their Terms of Reference, is available at

<https://www.tauranga.govt.nz/council/about-your-council/commissioners>

Mayor and Councillors (1 July 2020 - 8 February 2021)

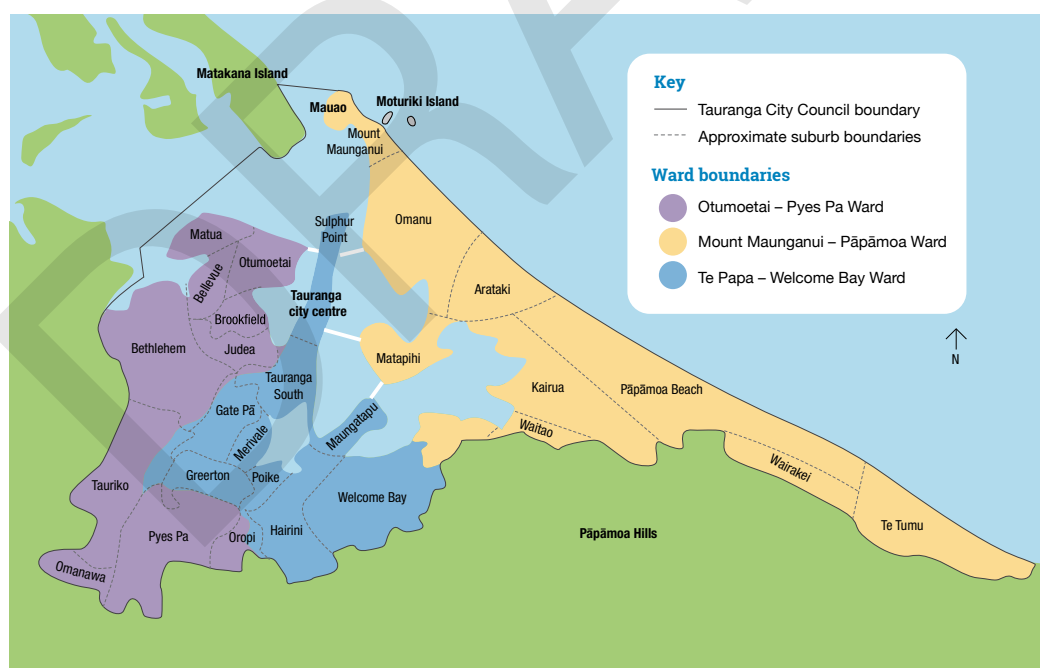
Until 8 February 2021, Tauranga had a mayor and 10 councillors. Collectively, they were known as elected members.

Four of the councillors are elected 'at large' to represent the city as a whole and the remaining six are elected to represent one of three wards:

- two councillors for the Te Papa/Welcome Bay ward;
- two councillors for the Ōtūmoetai/Pyes Pā ward; and
- two councillors for the Mount Maunganui/Pāpāmoa ward.

Local government elections are held throughout New Zealand every three years on the second Saturday in October, with the next being scheduled for 2022. The last election was held on 12 October 2019 using the Single Transferable Vote (STV) electoral system.

Elections are conducted under the provisions of the Local Electoral Act 2001, the Local Electoral Regulations 2001 and the Local Government Act 2002.



TE MAREA HAUTŪ CIVIC LEADERSHIP

Mayor

Tauranga City



Mayor Tenby Powell
Resigned 20 November 2020

Councillors

Te Papa/Welcome Bay Ward



Cr. Bill Grainger
bill.grainger@tauranga.govt.nz



Tina Salisbury
(Deputy Mayor)
tina.salisbury@tauranga.govt.nz

Councillors

Mount Maunganui/Pāpāmoa Ward



Cr. Steve Morris
steve.morris@tauranga.govt.nz



Cr. Dawn Kiddie
dawn.kiddie@tauranga.govt.nz

Councillors

Otumoetai/Pyes Pa Ward



Cr. Larry Baldock
larry.baldock@tauranga.govt.nz



Cr. Jako Abrie
Resigned 15 October 2020

Councillors

At large (city-wide)



Cr. Heidi Hughes
Resigned 22 December 2020



Cr. Andrew Hollis
andrew.hollis@tauranga.govt.nz



Cr. Kelvin Clout
kelvin.clout@tauranga.govt.nz



Cr. John Robson
john.robson@tauranga.govt.nz

How we govern

Council's role

Tauranga City Council is established as a representative democracy. Our role is to determine the public interest and decide on priority areas for the good of the city and its people. Under the Local Government Act 2002, we:

- enable democratic local decision-making and action by, and on behalf of, communities; and
- promote the social, economic, environmental and cultural well-being of communities in the present and for the future.

The council's chief executive is responsible for administration of the council.

We perform our statutory roles, functions and objectives through a corporate and civic governance structure that comprises:

- the council (mayor and councillors) from 1 July 2020 to 8 February 2021;
- the council (commissioners) from 9 February 2021 onwards;
- a chief executive; and
- an executive leadership team.

The governing Council weighs up the issues facing our growing city and ensures that ratepayers' money is allocated to priority areas and spent in the most effective way. This means balancing the community's needs against those of individuals and considering the long- and short-term implications of decisions.

Together, the mayor and councillors (1 July 2020 to 9 February 2021) and the commissioners (from 9 February 2021) form the 'council' governing body. This is a public statutory body constituted under the Local Government Act 2002. Day-to-day operations are delegated to the chief executive, while corporate performance is monitored through reports to council, the community, and this annual report.

Council decisions

The council is recognised as a single entity. The mayor and councillors, and from 9 February 2021, the Commissioners, only have the authority to make group decisions, when they are acting as 'council'. At council and committee meetings, reports from council staff are submitted, with a recommendation for the mayor and councillors/ commissioners to consider.

Depending on the nature of the issue, a committee may have delegated authority to make resolutions that will be implemented by council staff.

If a committee does not have the appropriate delegated authority, the committee will either refer or make a recommendation to council for determination.

Delegating decision-making

The council's purpose is to make decisions on all non-delegable and non-delegated functions and powers.

The council cannot legally delegate the following powers:

- making a rate
- making a bylaw
- borrowing money, or purchasing or disposing of assets, other than in accordance with the Long-term plan
- adopting a long-term plan, annual plan, or annual report
- appointing a chief executive
- adopting policies required to be adopted and consulted on under the LGA 2002 in association with the Long-term plan or developed for the purpose of the Local Governance Statement
- all final decisions required to be made by resolution of the territorial authority/council pursuant to relevant legislation (for example, the approval of the City Plan or City Plan changes as per section 34A Resource Management Act 1991).

Council has chosen not to delegate the power to compulsorily acquire land under the Public Works Act 1981.

Council meetings

Council and committee meetings generally take place inside the council's main building at 91 Willow Street in the city centre. Council and committee meetings are live streamed through YouTube and our website. The meetings are open to the public, though council may exclude the public if there is a need for confidentiality. All council and committee meetings are carried out in accordance with standing orders. Refer to pages 55-57 for details of mayor and councillors'/ commissioners' involvement in the various committees. The committee structure was amended from 22 February 2021.

Council's meeting schedule, agendas and minutes, are available on our website.

The mayor's role, as chair of council meetings and the leader of council, is crucial in managing effective relationships with the chief executive and upholding good governance. Key roles include presiding at council meetings and maintaining orderly conduct.

The commission chair has a similar role in chairing council meetings, managing effective relationships and upholding good governance, however, the commission chair cannot exercise all the legislative powers of the mayor (for example, the mayoral powers under section 41A of the Local Government Act 2002). It is the Commission, not the individual commissioners, that takes the place of the mayor and councillors for the purposes of governance. Specific delegation to the commission chair is required in each instance where legislation confers specific responsibilities, duties or powers to the role of mayor (for example, the power to declare a local civil defence emergency).

Code of Conduct

The Code of Conduct (the code) provides guidance on the standards of behaviour expected from the mayor and councillors. The Code of Conduct does not apply to the commissioners as they are not elected members.

The objective of the code is to enhance:

- the effectiveness of the council in meeting its statutory responsibilities for good local government of Tauranga;
- the credibility and accountability of the council within its community;
- mutual trust, respect and tolerance between all elected members and between elected members and management; and
- engagement with the community in a professional and respectful manner.

The code applies to councillors and those appointed to the governance structure of council in their dealings with:

- each other;
- the chief executive;
- all staff employed by the chief executive on behalf of the council; and
- the public.

The code requires elected members to complete a declaration of interest at least annually. These are recorded in a public Register of Interest.

The code is also concerned with the disclosure of information that members receive in their capacity as elected members and information that impacts on the local authority's ability to give effect to its statutory responsibilities.

The code states the mayor and councillors' roles and responsibilities and outlines the steps for making and investigating allegations of breaches of the code.

During 2020/21 there were two Code of Conduct complaints. The first was made by Councillor Hollis against Councillor Baldock. At a meeting on 28 October 2020, the council concurred with the findings of an independent investigation that there was a minor breach of the code and no action of censure was taken. Councillor Baldock made a Code of Conduct complaint against Councillor Hollis in October 2020, however with the appointment of the Commission, the councillors could no longer act in their role and the investigation into the complaint was not completed.

How you can have your say

There are many ways to have your say on the governing of Tauranga City Council. You can:

- vote for the mayor and councillors every three years through the local government election;
- arrange to speak in the public forum section of a council or committee meeting;
- contact the commissioners;
- attend a Commissioners' Clinic;
- connect with us on our social media channels, including Facebook, Neighbourly, LinkedIn, and YouTube; and
- participate in consultation and engagement by making a submission on plans, projects or notified consents. Opportunities for sharing your ideas and feedback include surveys, workshops, drop in sessions, or via our formal consultation process at www.tauranga.govt.nz/haveyoursay.

TE MAREA HAUTŪ CIVIC LEADERSHIP

Our Significance and Engagement Policy recognises that community information sharing, consultation and participation are vital for effective decision-making. We are committed to engaging our residents, stakeholders and council staff in the development of policies, plans and services for the community.

The mayor and councillors' remuneration and expenses

Under schedule 7 of the Local Government Act 2002, the Remuneration Authority (the Authority) determines the mayor's salary and makes a separate determination on the total size of the councillors' remuneration pool. This is based on factors including population size. The councillors decide how the pool will be split between them, while considering additional responsibilities for certain positions. In some years, councillors opted not to be paid the whole amount in the pool. However, the Authority has since ruled that the full amount must be paid to councillors.

In May 2020, new legislation was introduced in response to COVID-19 which allows the Authority to reduce the remuneration in some circumstances for up to six months.

The remuneration altered on 17 June 2020 as a result of changes to the governance structure and the appointment of a new deputy mayor on 2 June 2020. The new remuneration was reduced temporarily from 9 July 2020 to 6 January 2021 in response to COVID-19.

The Authority sets maximum amounts for allowances and expenses that can be claimed and approves the mayor and councillors' expenses rules.

Current remuneration, expenses rules and claim forms are on our website at <https://www.tauranga.govt.nz/council/about-your-council/governance/mayor-and-councillors-remuneration>.

As stated by the Authority:

In undertaking its duties, the Authority is obliged to have regard to the need to minimise potential for behaviour distortion, maintain fair relativity with other levels of remuneration elsewhere, be fair to both mayors and councillors, and ratepayers, and attract and retain competent persons.

Information about expenses in 2020/21 can be found in Note 43 of the Financial Section.

Commissioners' remuneration and expenses

The commissioners' remuneration is set by the Minister of Local Government.

Commission chair remuneration is set at \$1,800 per day and commissioners at \$1,500 per day.

The council is responsible for paying this remuneration, and withholding tax is deducted.

Actual and reasonable expenses such as travel, meals, accommodation and other expenses incurred by commissioners in carrying out their role will be reimbursed. The expectation is that standards of travel, accommodation, meals and expenses are modest and appropriate to reflect public sector norms. Commissioners who are required to be away from their normal place of residence and travelling to and from meetings, or other business for their role, are entitled to be paid mileage at rates set out below (Inland Revenue rates). Locally based commissioners will not be entitled to claim mileage for local travel but will be entitled to claim mileage expenses when traveling outside of the city on council business.

For details of the mileage reimbursement rates please refer to <https://www.tauranga.govt.nz/council/about-your-council/commissioners/commissioners-remuneration>

Commissioners Anne Tolley and Stephen Selwood receive a sum of \$750 per week towards the cost of permanent accommodation in Tauranga. Having the commissioners living in the Tauranga community is a more efficient use of their time and results in a neutral financial outcome for the council, with potential savings in commuting costs, hotel accommodation and meals. It also allows the commissioners to be more accessible to the council and community when fulfilling their responsibilities. This amount was reviewed in October 2021 and remains the same at \$750 per week.

For details of the commissioners' remuneration please refer to <https://www.tauranga.govt.nz/Portals/0/data/council/about/files/commissioners-remuneration-and-expenses-february-april-2021.pdf>

By-elections

The by-election process began with the resignation of Councillor Abrie on 15 October 2020 and was restarted with the resignation of Mayor Powell on 20 November 2020. It then started again with the resignation of Councillor Hughes on 22 December 2020. Nominations for the three vacant positions (the mayor, an at large councillor and an Ōtūmoetai-Pyes Pā ward councillor) opened on 18 January 2021 and would have closed on 15 February 2021, however the by-elections were cancelled by the appointment of the Commission from 9 February 2021.

The committee structure

The council's committee structure was established in October 2019 and remained in place until 22 February 2021.

Following the appointment of the Commission the committee structure was amended.

For the period 1 July 2020 to 9 February 2021 the following structure was in place.

The committees, their membership and their terms of reference are as follows:



Urban Form and Transport Development Committee

Chairperson: Cr Baldock

Deputy chairperson: Cr Hughes

Members: The mayor, all councillors and tangata whenua representative Te Pio Kawe

Terms of reference: Develops a vision and pathway for the future of the city and shapes and manages sustainable, vibrant and interactive communities. Particular areas of focus include land availability for housing, and transport outcomes to support the growth of the city and sub-region. Also includes resilience and the development of the City Plan.



Policy Committee

Chairperson: Cr Morris

Deputy chairperson: Cr Kiddie

Members: The mayor, all councillors and tangata whenua representative (Marcia Rohario Murray was appointed on 10 December 2020, but no meetings were held following her appointment)

Terms of reference: Develops the framework that shapes the direction of the city and sub-region. Includes the development of the long-term and annual plans, policies and bylaws. Also approves council submissions to other organisations, changes to service delivery under Section 17A reviews and Council Controlled Organisations' Statements of Intent and letters of expectation.



Projects, Services and Operations Committee

Chairperson: Cr Clout

Deputy chairperson: Cr Abrie (until 15 October 2020) then Deputy Mayor Salisbury

Members: The mayor, all councillors and tangata whenua representative Emily Gudsell

Terms of reference: Monitors, reviews and enables the progress of the council's activities, projects and services. Monitors operational performance for three waters, transport/road closures, community services and facilities, and oversees economic development, regulation and compliance, project reporting and monitoring.

TE MAREA HAUTŪ CIVIC LEADERSHIP

**Finance, Audit and Risk Committee****Independent chairperson:** Bruce Robertson**Deputy chairperson:** Cr Robson**Members:** The mayor, all councillors and tangata whenua representative Dr Wayne Beilby

Terms of reference: Ensures risk management, internal controls and financial management practices, frameworks and processes are robust, appropriate and safeguard the council's financial and non-financial assets. Monitors council's financial and non-financial performance, manages the treasury, develops the annual report, external and internal financial control and reporting, identifies and manages council's significant risks and manages legal risks.

**Chief Executive's Performance Committee****Chairperson:** Mayor Powell**Deputy chairperson:** Deputy Mayor Salisbury**Members:** All councillors

Terms of reference: To ensure the council is being managed responsibly and to deliver the expected performance. Reviews the chief executive's performance. Negotiates terms and conditions of the chief executive's employment including any performance agreement measures and annual remuneration in accordance with the chief executive's employment agreement.

**City Plan Hearings Committee****Chairperson:** Cr Morris**Deputy chairperson:** Cr Baldock**Members:** Two councillors to be appointed

Terms of reference: To enable effective decision making through hearings and recommendations to council on city and private plan changes as referred to the committee by council, subject to compliance with the requirements of the Resource Management Act 1991 (RMA).

This committee was discharged on 30 August 2021 and replaced with independent commissioners to conduct hearings and make decisions in respect of Plan Change 26 (Housing Choice), Plan Change 27 (Flooding from intense rainfall) and Plan Change 30 (Earthworks).

**Regulatory Committee****Chairperson:** Cr Morris**Deputy chairperson:** Cr Robson**Members:** Cr Abrie, Cr Grainger and Cr Hollis

Terms of reference: To conduct hearings and make decisions of a quasi-judicial nature on regulatory matters and matters arising from the exercise of council's enforcement functions, through specific hearings and decision making including (but not limited to) dog control matters, gambling, any hearings under the Local Government Act 1974 and 2002. Also considers and approves temporary road closures. It does not have the power to hear matters relating to the sale and supply of alcohol or the RMA.



District Licensing Committee

Terms of reference: to consider applications and matters as set out in the Sale and Supply of Alcohol Act 2012. Hears and/or determines matters of a quasi-judicial nature in accordance with the Sale and Supply of Alcohol Act 2012. Undertakes all functions, duties and obligations as set out in the Sale and Supply of Alcohol Act 2012 relevant to the District Licensing Committee.

Members: Commissioner Mary Dillon, Commissioner Murray Clearwater, Commissioner David Stewart and Commissioner Beverley Edlin.



Tangata Whenua / Tauranga City Council Committee

Independent chairperson: Huikakahu Kawe

Deputy chairperson: Mayor Powell

Tauranga City Council members: Cr Abrie, Cr Clout, Cr Grainger, Cr Hughes and Deputy Mayor Salisbury

Tangata whenua members: Matire Duncan, Hayden Henry, Puhirake Ihaka, Whitiora McLeod, Buddy Mikaere and Irene Walker

Terms of reference: Rapua te huarahi whānui hei ara whakapiri i ngā iwi e rua i te whakaaro kotahi / Seek the broad highway that will unite the two peoples toward a common goal.

Role and scope

- To forge an ongoing effective and meaningful partnership between the council and tangata whenua.
- To facilitate meaningful understanding of future impacts on key issues affecting tangata whenua and Māori that council can influence.

Functions and key tasks

- To bring to the other partner's attention issues / concerns in respect of existing strategy or policy.
- To exchange information of mutual interest.
- To discuss new initiatives, approaches and directions.
- To agree agenda topics for the next three meetings.

Partners

Council and ngā hapū me ngā iwi o Tauranga Moana representing tangata whenua within the council rohe (boundaries). Tangata whenua representatives are to be those with signed hapū protocols. One of the six tangata whenua representatives is to be a kaumātua (senior member/elder). Kaumātua representation may be shared between two kaumātua if required.

TE MAREA HAUTŪ CIVIC LEADERSHIP

**Wastewater Management Review Committee****Chairperson:** Cr Clout**Deputy chairperson:** Matire Duncan (Ngā Pōtiki)**Members:** Cr Abrie, Cr Hughes, Cr Morris, Whitiara McLeod (Ngāi Te Rangi), Carlton Bidois (Ngāti Ranginui) and Erana Brewerton (Ngā Pōtiki)**Purpose:** To ensure wastewater operations are in accordance with the Wastewater Management Review Committee Management Plan.

Of the committee's eight members, four are councillors, two are appointed as representatives of the Ngāti Ranginui and Te Rūnanga o Ngāi Te Rangi Iwi Trust, and two represent Ngā Pōtiki Resource Management Unit.

There are also several joint committees, advisory groups and panels that include our mayor and councillors:

- SmartGrowth Leadership Group (joint committee)
- Bay of Plenty Civil Defence Emergency Management Group (joint committee)
- Regional Transport Committee (joint committee)
- Te Maru o Kaituna (Kaituna River Authority)
- Waiāri Kaitiaki Advisory Group
- Dive Crescent Governance Group
- Ngā Poutiriao o Mauao (Mauao Joint Administration Board)
- Event Funding Panel
- Temporary Road Closure Committee
- Tauranga City Council / Western Bay of Plenty District Council Joint Governance Committee
- Joint Road Safety Committee
- Airport Advisory Group
- Council Controlled Organisations Group
- Community Match Funding Panel

Mayor and councillor appointments to other external organisations and internal working groups include:

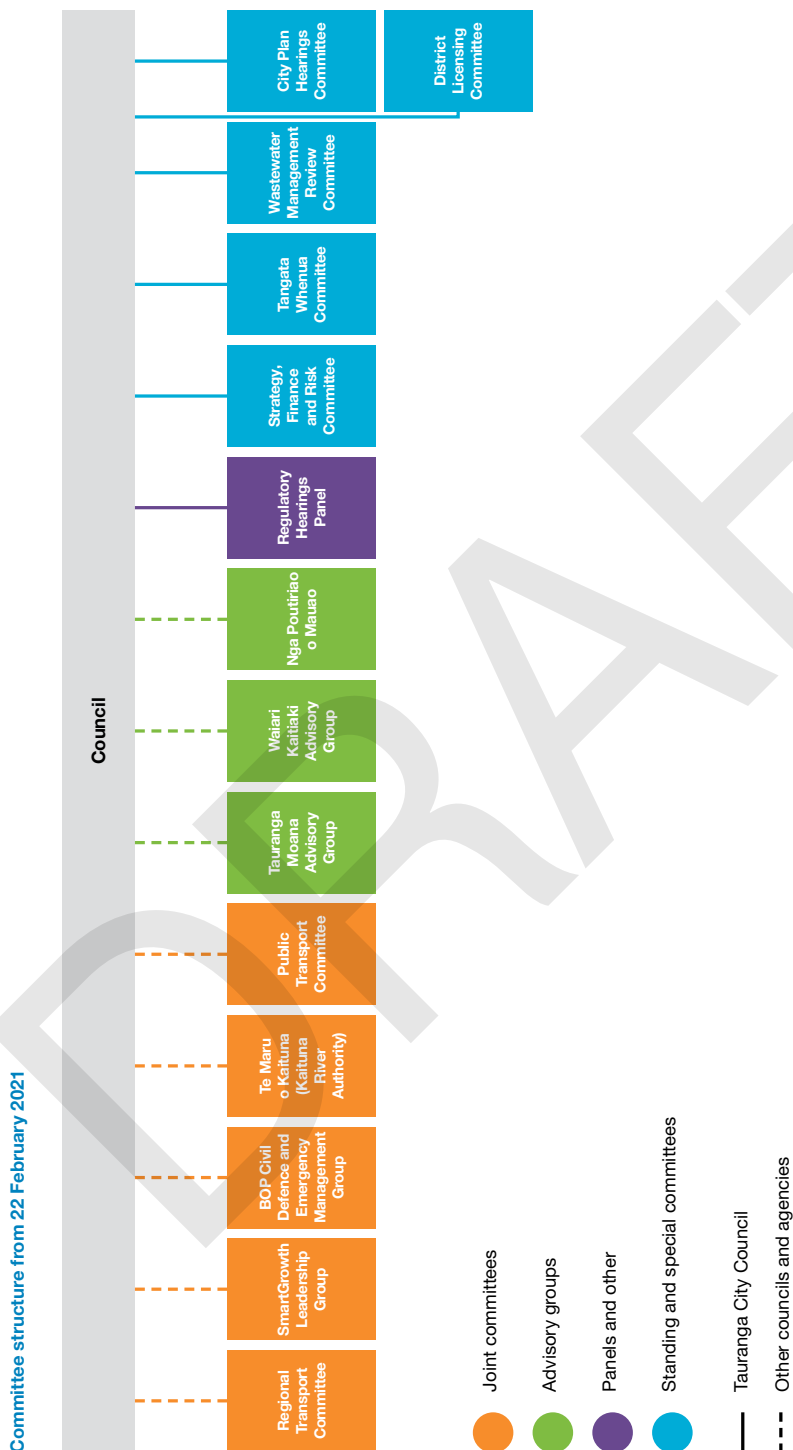
- Local Government New Zealand
- Public Transport Committee (Bay of Plenty Regional Council)
- Tauranga Moana Advisory Group (Bay of Plenty Regional Council)
- Tauranga Western Bay Safer Communities
- Creative Communities Tauranga Funding Panel

Mayor and councillor attendance at council meetings and committee meetings for the period 1 July 2020 to 9 February 2021

July 2019 to September 2019													
Committee	Total Meetings	Mayor Powell	Abrie	Baldock	Clout	Grainger	Hollis	Hughes	Kiddle	Morris	Robson	Salisbury	
Council	18	13	12	18	17	15	16	18	15	18	18	18	
Finance, Audit & Risk	4	2	2	4	4	3	4	4	3	4	4	4	
Policy	8	7	6	8	8	6	7	7	8	8	8	8	
Projects, Services & Operations	4	2	2	4	3	4	3	4	4	4	4	4	
Regulatory	3	0	2	1	0	3	3	0	0	3	3	0	
Tangata Whenua / TCC	2	1	1	0	2	1	0	2	0	0	0	2	
Urban Form & Transport Development	4	2	3	4	4	4	4	4	4	4	4	4	
Wastewater Management Review	2	0	1	0	2	0	0	2	0	2	1	1	
Meetings	45	27	29	39	40	36	37	41	34	43	42	41	

TOTAL: February 2021 - June 2021							
Committee	Total Meetings	Tolley	Rolleston	Selwood	Wasley		
Council	9	9	9	9	9		
Strategy, Finance & Risk	1	1	1	1	1		
City Plan Hearings	0	0	0	0	0		
Tangata Whenua / TCC	2	2	2	2	2		
Wastewater Management Review	0	0	0	0	0		
Meetings	12	12	12	12	12		

TE MAREA HAUTŪ CIVIC LEADERSHIP





Strategy, Finance and Risk Committee (established 27 April 2021)

Chairperson: Commission Chair Tolley

Deputy chairperson: Dr Wayne Beilby – Tangata Whenua representative

Members: Commissioner Rolleston, Commissioner Selwood, Commissioner Wasley, Matire Duncan – Te Rangapū Mana Whenua o Tauranga Moana Chair, Te Pio Kawe – tangata whenua representative, Rohario Murray – tangata whenua representative, Bruce Robertson – external appointee with finance and risk experience

The role of the Strategy, Finance and Risk Committee is:

- (a) to assist and advise the council in discharging its responsibility and ownership of health and safety, risk management, internal control, financial management practices, frameworks and processes to ensure these are robust and appropriate to safeguard the council's staff and its financial and non-financial assets;
- (b) to consider strategic issues facing the city and develop a pathway for the future;
- (c) to monitor progress on achievement of desired strategic outcomes; and
- (d) to review and determine the policy and bylaw framework that will assist in achieving the council's strategic priorities and outcomes.



Tangata Whenua / Tauranga City Council Committee

Independent chairperson: Huikakahu Kawe

Deputy chairperson: to be appointed

Tangata whenua members: Matire Duncan, Puhirake Ihaka, Nathan James, Whitiora McLeod, Buddy Mikaere and Irene Walker

Tauranga City Council members: Commission Chair Tolley, Commissioner Rolleston, Commissioner Selwood, Commissioner Wasley

Terms of reference: Rapua te huarahi whānui hei ara whakapiri i ngā iwi e rua i te whakaaro kotahi / Seek the broad highway that will unite the two peoples toward a common goal.

Role and scope

- To forge an ongoing effective and meaningful partnership between the council and tangata whenua.
- To facilitate meaningful understanding of future impacts on key issues affecting tangata whenua and Māori that council can influence.

Functions and key tasks

- To bring to the other partner's attention issues / concerns in respect of existing strategy or policy.
- To exchange information of mutual interest.
- To discuss new initiatives, approaches and directions.
- To agree agenda topics for the next three meetings.

Partners

Council and ngā hapū me ngā iwi o Tauranga Moana representing tangata whenua within the council rohe (boundaries). Tangata whenua representatives are to be those with signed hapū protocols. One of the six tangata whenua representatives is to be a kaumātua (senior member/elder). Kaumātua representation may be shared between two kaumātua if required.

TE MAREA HAUTŪ CIVIC LEADERSHIP

**City Plan Hearings Committee****Chairperson:** Commissioner Wasley**Other members:** yet to be appointed**Role:** To enable effective decision making with regards to city and private plan changes through specific hearings**District Licensing Committee**

No changes to membership and terms of reference.

**Wastewater Management Review Committee****Chairperson:** to be appointed**Deputy chairperson:** Matire Duncan – Ngā Pōtiki**Members:** Commissioner Selwood, Commissioner Wasley, Whitiora McLeod – Ngāi Te Rangi, Carlton Bidois (until 30 April 2021), Des Heke with Destiny Leaf as alternate representative (from 30 April 2021) – Ngāti Ranginui**Purpose:** To ensure wastewater operations are in accordance with the Wastewater Management Review Committee Management Plan**Regulatory Hearings Panel (established 29 March 2021)****Chairperson:** Mary Dillon**Deputy chairperson:** Terry Molloy, Alan Tate, Puhirake Ihaka**Members:** To conduct hearings and make decisions of a quasi-judicial nature on regulatory matters through specific hearings and decision making.**Waiāri Kaitiaki Advisory Group****Chairperson:** to be appointed**Deputy chairperson:** Darlene Dinsdale – Mokopuna o Tia me Hei**Tangata whenua representatives:** Jo'el Komene – Tapuika Iwi, Maru Tapsell – Waitaha-a-Hei Iwi, Manu Pene – Ngāti Whakaue ki Maketu (Te Hononga)**Tauranga City Council members:** Commissioner Rolleston, Commissioner Wasley**Western Bay of Plenty District Council members:** Mayor Webber and Deputy Mayor Scrimgeour**Role:** Monitor and provide advice to Tauranga City Council and Western Bay of Plenty District Council as the joint consent holders in relation to matters covered under Resource Consent #65637 being to take water from the Waiāri stream for municipal supply



Ngā Poutiriao ō Mauao

Chairperson: Dean Flavell (Ngāti Pukenga)

Deputy chairperson: Commissioner Rolleston

Mauao Trust Representatives: Jack Thatcher (Ngāi Te Rangi,) Antoine Coffin (Ngāti Ranginui) Punohu McCausland (Waitaha-a-Hei)

Council representatives: Commissioner Bill Wasley

Role: To give effect to the purpose of the Mauao Trust to protect and preserve the mauri of Mauao to ensure the natural, physical and cultural integrity of Mauao is maintained



Dive Crescent Governance Group

Chairperson: Independent Chair Alan Tate

Otamataha Trust Representatives: Puhirake Ihaka, Peri Kohu

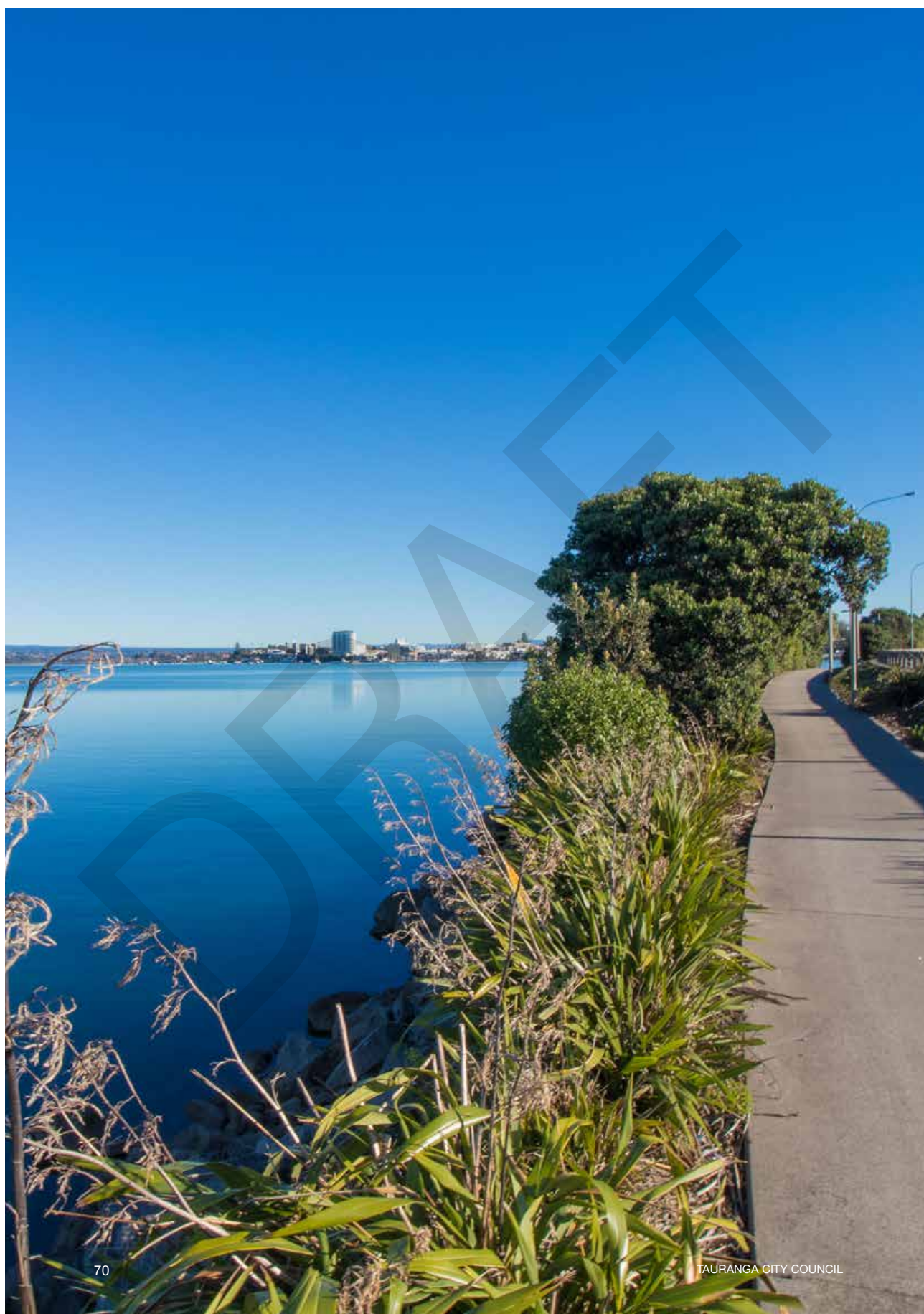
Council representatives: Commissioner Rolleston, Commissioner Wasley

Role: To develop a joint management agreement between the council and the Otamataha Trust of a portion of land alongside Dive Crescent

Joint Committees

Joint Committee	Membership (Tauranga City Council)
SmartGrowth Leadership Group	Commission Chair Tolley Commissioner Selwood Commissioner Wasley Alternate: Commissioner Rolleston
Bay of Plenty Civil Defence Emergency Management Group	Commission Chair Tolley Alternate: Commissioner Wasley
Te Maru o Kaituna (Kaituna River Authority)	Commissioner Rolleston Alternate: Commissioner Wasley
Regional Transport Committee	Commission Chair Tolley Alternate: Commissioner Selwood
Public Transport Committee (Bay of Plenty Regional Council Committee)	Commissioner Selwood Alternate: Commissioner Wasley

Refer to the Governance Structure and Terms of Reference document for further details of the terms of reference.



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TAURANGA CITY COUNCIL

04

Our Organisation

Te āhua o te kaunihera





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TAURANGA CITY COUNCIL

Organisational leadership

Our executive team is led by our chief executive and comprises six groups:

- Strategy & Growth
- Corporate Services
- Community Services
- Infrastructure
- People & Engagement
- Regulatory & Compliance

We employ skilled people who are passionate about our city and its future. Within the six groups there are 763 full-time equivalent (FTE) employees working to deliver quality services and projects.

Executive team

Our executive team has a chief executive and six general managers – one for each of the groups above.

Chief Executive

Marty Grenfell

General Manager Strategy & Growth

Christine Jones

General Manager Infrastructure

Nic Johansson

General Manager Community Services

Gareth Wallis

General Manager Regulatory & Compliance

Barbara Dempsey

General Manager People & Engagement

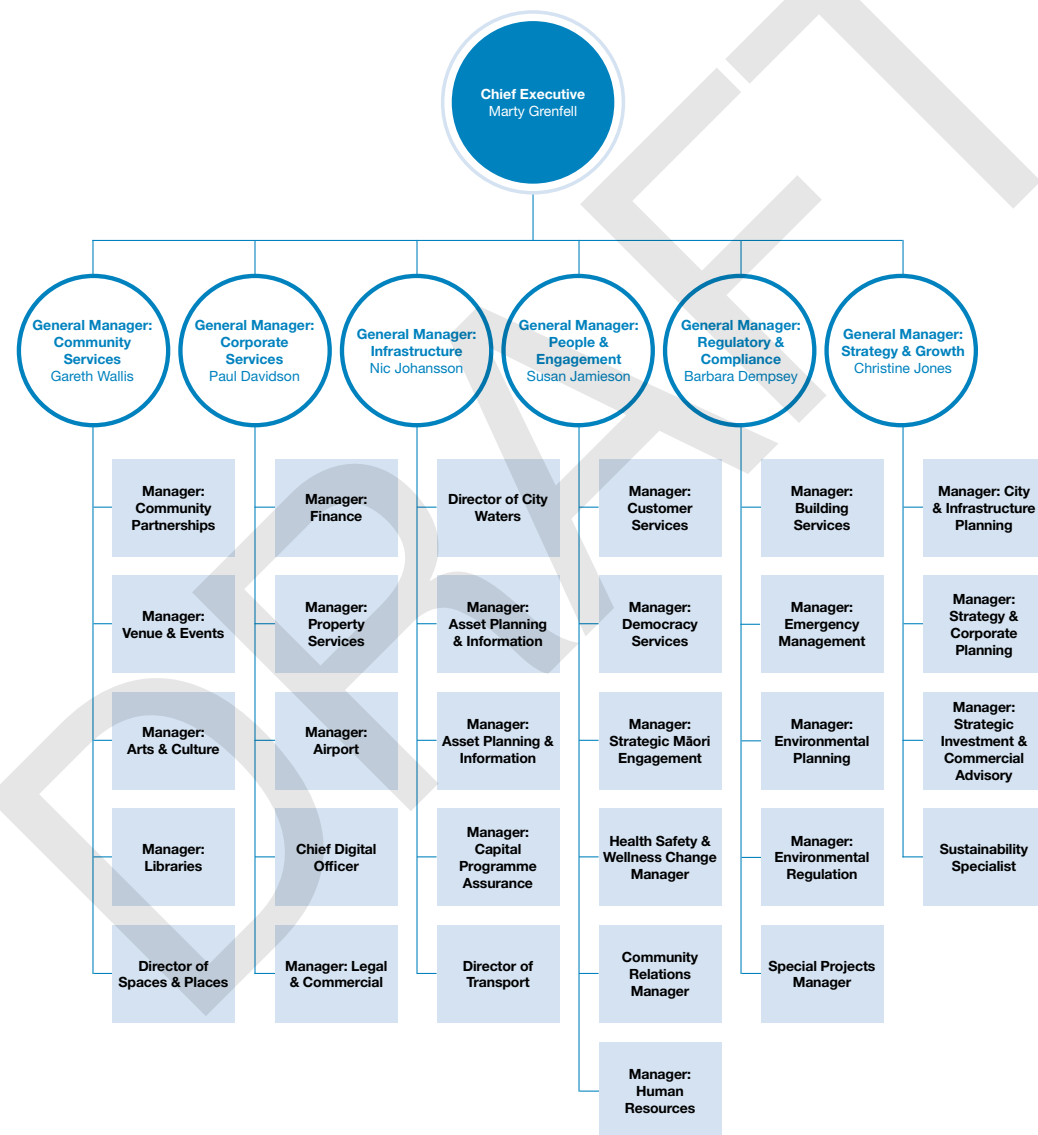
Susan Jamieson

General Manager Corporate Services

Paul Davidson

OUR ORGANISATION

Organisational structure





ANNUAL REPORT 2020/21

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OUR ORGANISATION

Our stakeholders

Our engagement with the community is a key priority for the commissioners. The Minister for Local Government made it a clear directive in the Commission's Terms of Reference, and the commissioners have asked staff to focus on this when delivering the Long-term Plan.

Throughout the consultation phase of this year's LTP, commissioners undertook extensive community engagement. They attended 34 separate events and spoke to over 2,000 people.

This kanohi ki te kanohi (face to face) engagement along with around 1,800 submissions helped steer and influence the Commission's decisions.

This year we also developed a new community relations strategy, centered around putting the community at the heart of everything we do. We will look to strengthen our relationships with community groups going forward, so that we are engaging consistently throughout the year and not only on a project by project basis. This strategy will be implemented in 2021/2022.

Currently council primarily engages with our community in these ways:

- Conducting our own engagement activities that are related to a strategy, project or issue.
- Participating in multi-stakeholder relationships and forums.
- Responding to requests for information and services.

We engage with a broad range of stakeholders including ratepayers, customers, visitors to the city, businesses, community groups, and media. We deeply value our relationship with tangata whenua and the commissioners have been strengthening these unique and vital relationships further, with regular communication and collaboration, including through the new committee structure. We also partner with regional and national organisations as well as working with central government.

Developing our people

We have focused on growing our people's leadership capability, as well as activities and learning opportunities that support our growth and performance as a council.

Our COVID-19 response meant we had to pause many development initiatives that had been happening prior to the nation entering lockdown in March 2020. The development opportunities that remained were only those deemed necessary for professional, technical and legal training to fulfil our responsibilities.

This pause provided an opportunity to evaluate our approach to developing our people. It led to the internal completion of a full learning needs analysis, designed to properly understand our current and future needs, particularly in the area of leadership.

As a result, we are now focusing our efforts on developing a range of in-house learning initiatives and leadership programmes. These will complement the existing externally-provided programmes, to provide a full learning pathway that is relevant to everyone in the organisation.

In the meantime, we have completed a full cycle of our performance development framework: 'Our Development Conversations'. This framework requires all staff to identify deliverable and behavioural goals that are relevant to them and their role, and regular conversations are held throughout the year to enable progress and successful achievement of these goals.

Key activities include:

- introducing a new performance and development framework: Our Development Conversations;
- surveying staff to measure internal perceptions of council performance and leadership effectiveness, and guiding teams to debrief and take ownership of agreed actions to address any areas of concern identified; and
- conducting a learning needs analysis (LNA) to fully understand our current leadership competence and capability in areas that will make the greatest impact.

Development opportunities from the past year:

- Leading development/performance conversations and team debrief sessions as a result of our engagement and culture survey.
- The suite of kete from our Kaupapa Māori team. These include:
 - o Te Kete Whakatau – both a welcome and a chance for new starters to understand the role of Te Pou Takawaenga;
 - o Te Kete a Rohe (Cultural Connections) – new employees learn about our region's history, local iwi and hapū, and the cultural richness of our whenua;
 - o Te Kete Kōrero – sessions to help employees with te Reo Māori pronunciation;
 - o Te Kete Mahi Pai – an essential toolkit for teams who engage with tangata whenua on projects or processes;
 - o Te Kete Ipurangi – regularly facilitated online sessions about local iwi and the history of Tauranga Moana; and
 - o Te Kete Wānanga – a full strategic and team building day based at a local marae.
- GROW coaching – an eLearning module aimed at helping our leaders lift their team's capability through effective coaching.
- Leading change – an eLearning module designed to enable leaders to lead change effectively.
- Compliance learning and professional development aimed at maintaining the technical, professional and legal competence of our staff.

OUR ORGANISATION

- Taituarā (LG) Management Challenge – an opportunity to form a team with diverse strengths to lead the way in addressing a real challenge faced in local government. This is a competitive experience that involves teams from throughout New Zealand and Australia.

Staff turnover (%)

2017/18	14%
2018/19	12%
2019/20	10%
2020/21	12%

Total staff salary and wages spent on training and development (%)

2017/18	2.8%
2018/19	2.6%
2019/20	2.5%
2020/21	1%

Managing risk

Council continued to manage risk throughout our organisation this year. We are committed to integrating the systematic and proactive management of risks into the way we do business at all levels. We understand that risk management contributes to our economic, environmental and social outcomes.

All council staff are responsible for managing risk, and we provide resources to help meet our responsibilities, most of which are managed by our legal and commercial teams.

Risk management

We continuously identify, analyse, evaluate, treat, monitor and review risks under a framework consistent with standard AS/NZS ISO 31000:2009.

These activities are managed in corporate risk registers that are reviewed by our council / commissioners, and executive team.

These registers highlight our strategic risks and our overall risk level – information that can be shared with teams and managers. We believe that creating awareness of risk and a commitment to addressing it helps to foster a proactive risk-management culture.

Information about council's corporate risk is provided quarterly to the executive team and the Strategy, Finance and Risk Committee.

Business continuity

Council's Business Continuity Management System provides advanced planning and preparation to ensure our organisation can operate time critical business activities during disruptive or emergency events. This means we can continue to provide the most important services to our community.

The system is based on ISO22301 Business Continuity Standard and the Business Continuity Institute Best Practice Guidelines.

Internal audit

The internal audit function is a key element of our risk management. This involves testing the effectiveness of existing controls and providing the Strategy, Finance and Risk Committee with a level of assurance of the management of the risk.

Internal planned audits have been completed and reported on to the committee, and we continue to follow-up with risk owners to ensure recommendations are completed in the agreed timeframe.

Strategy, Finance and Risk Committee

The Strategy, Finance and Risk Committee ensures that we manage risk appropriately. It was established on 27 April 2021, superseding the previous Finance, Audit and Risk Committee.

The committee comprises all commissioners, along with independent representation. The committee is chaired by Commission Chair Anne Tolley.

External audit

Our external auditor is Audit New Zealand. In 2021, Audit New Zealand audited our Long-term Plan (a process undertaken every three years) and our annual results. The Long-term Plan 2021-31 received an unqualified audit opinion on 26 July 2021, meaning the auditor was satisfied it met statutory requirements.

The 2020/21 interim audit focused on our internal control environment and systems for financial and non-financial information.

The final audit of the year-end results provides transparency into our non-financial information, operations and decision-making processes, whilst providing assurance that our financial statements accurately reflect our financial position.

OUR ORGANISATION

Health, safety and wellbeing

Governance and leadership

The commissioners and our executive team have continued to spend time with our people out and about where work happens. This gives them the opportunity to hear directly from those on the frontline, understand how work really happens and make personal commitments to ensuring our workplaces are healthy and safe, every day. Sites visited this year include Omanawa Falls, Waiāri Water Treatment Plant construction sites, our city libraries and animal service facilities.

In addition to site visits, the commissioners and executive leadership team are monitoring mental health and wellbeing through relevant Executive Business Plan workstreams. A Mental Health and Wellbeing quarterly report has also been established for the Strategy, Finance and Risk Committee.





Focus on health and safety in capital works



We acknowledge that project managers and engineers play a pivotal role in ensuring safe outcomes across our capital works programme. This year we have worked to strengthen collaboration and learning across our multidisciplinary project teams to improve overall health and safety outcomes.

Strategy roadmap

Priority Risks

Across Tauranga City Council we have focused on identifying hazards and activities with the greatest potential for harm (physical or psychological) and ensuring we manage these risks in the most effective way. We have achieved this through engaging across the business and gaining support from our people leaders.

Focus Area	Controls
 <p>To control risk from assault and violence we have de-escalation training & monitoring of sites.</p>	
 <p>Managing mental illness through proactive and reactive approaches, such as resilience training and counselling support.</p>	

Focus Area	Controls
 <p>The potential for long-term health effects of asbestos has been mitigated through replacement with non-asbestos materials.</p>	

Mental health & wellbeing

Our health, safety and wellbeing team is working across the organisation to build a positive working environment. This includes maximising performance and productivity, while supporting the mental health and wellbeing of our people. Our management of mental health and wellbeing risks is aligned with national and international practices, and is monitored by the commissioners and our executive leadership team.

Workstreams have been identified in the Executive Business Plan that will contribute to managing mental health and wellbeing risks, including:



COVID-19 success

The disruption caused by COVID-19 created an opportunity for us to think differently about how and where our people work. This thinking led to the establishment of the Flexible Ways of Working Policy (FWOW). This policy has allowed us to maximise productivity and office space, while contributing to improved wellbeing of our people.

Through the recent Health, Safety and Wellbeing survey, we were able to quantify the success of this new flexible working environment, with 84% of participants agreeing COVID-19 improved their working from home options.

OUR ORGANISATION

Counselling

We are pleased to see that our staff are increasingly seeking support when they need to, for both work and personal challenges. Anonymised data gathered from council's counselling and advisory services between September 2020 to February 2021 has highlighted the willingness of our people to take up these services.

**Insights and Injuries**

Our incident and injury data incorporates health and safety events across all areas of council. The total events recorded increased by 8% between 2019/20 (702) and 2020/21 (765). COVID-19 may have played a part in reducing the overall number of events in 2019/20 due to alert level restrictions. During 2020/21, we focused on sharing these events and stories within our workplaces, which in turn saw an increase in reported health and safety events. Understanding the context around such events means we can investigate trends and shape our spaces and places to ensure everyone goes home healthy and safe, every day.

	Year	Incident	Minor Injury	Major Injury	Total
Staff	2019/20	303	50	6	359
	2020/21	282	59	9	350
Contractors	2019/20	85	18	5	108
	2020/21	97	39	6	142
Member of public	2019/20	188	43	4	235
	2020/21	215	55	3	273

Incidents

- minor property damage or vandalism, undesirable behaviour in our public places or minor events that did not result in injury.

Minor Injuries

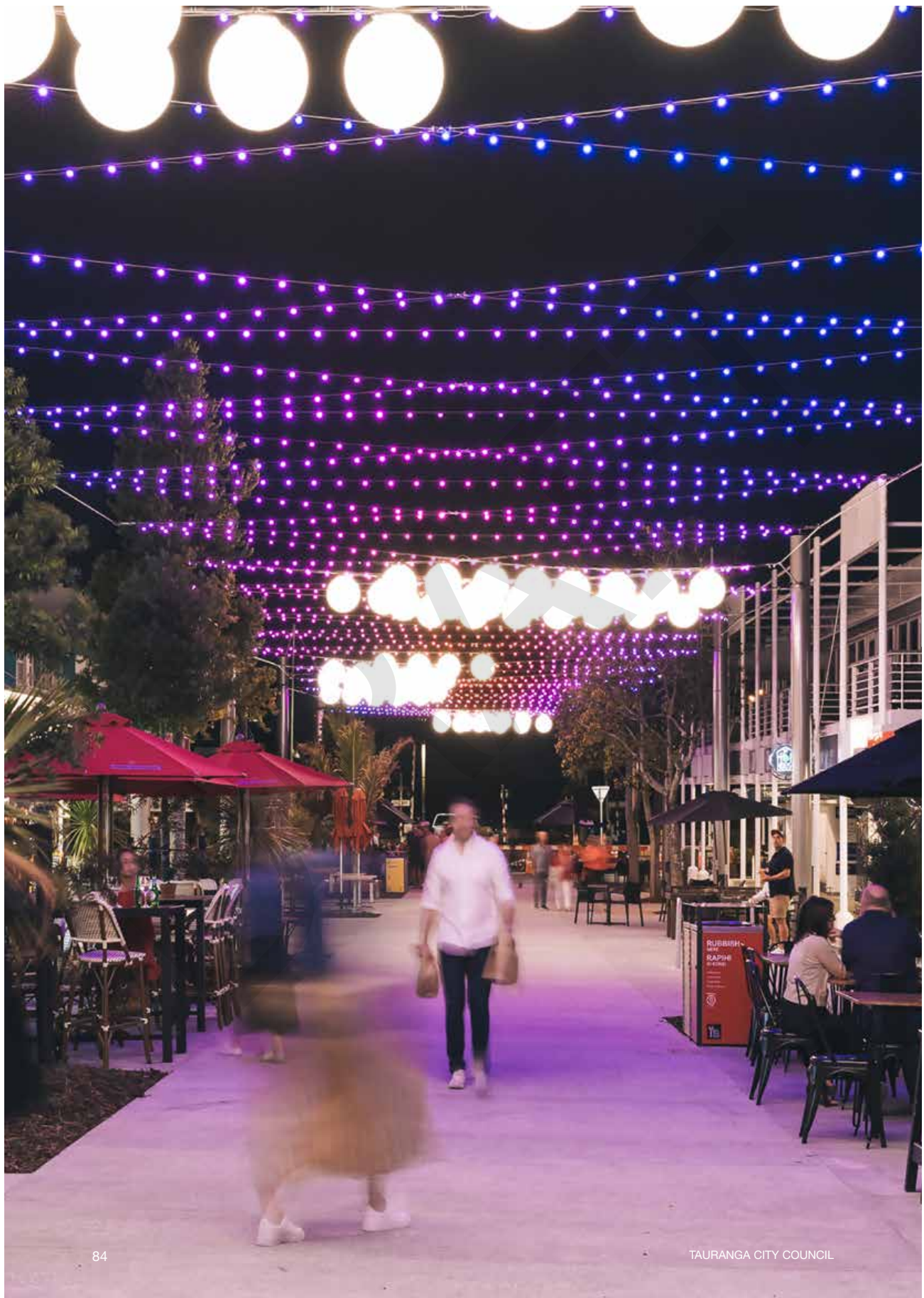
- injuries that we treated with first aid, such as strains, sprains, cuts and bruises.

Major Injuries

- injuries that required treatment by a medical practitioner or time off work to recover.

OUR ORGANISATION

DRAFT



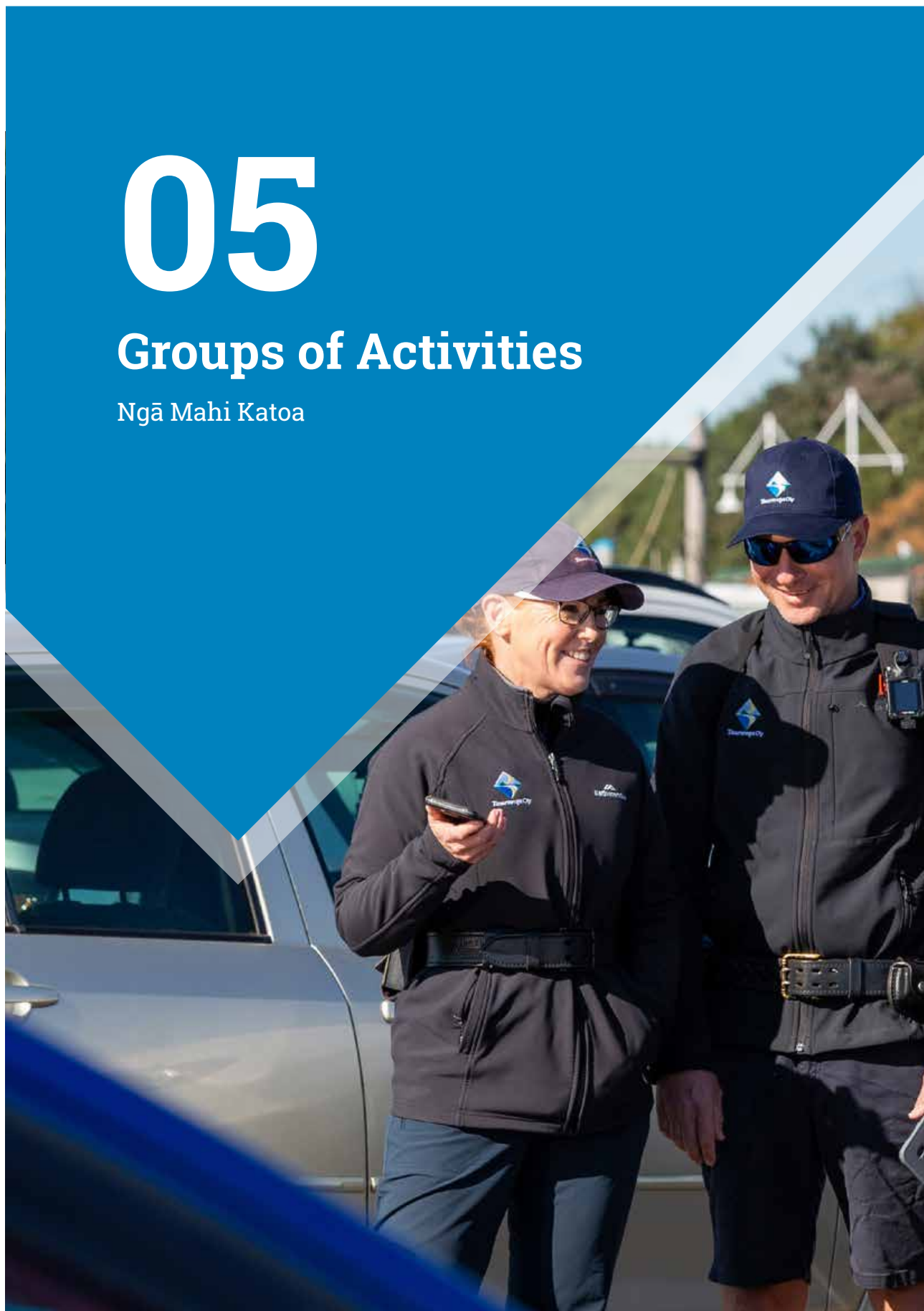
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TAURANGA CITY COUNCIL

05

Groups of Activities

Ngā Mahi Katoa





Groups of activities

This section outlines all of the activities of the Council and explains what we do, what we achieved, how we performed and what it cost.

This section is divided into two groups of activities: **Delivery (including Governance)** and **Corporate**

Delivery

This group of activities includes all council activities that predominantly have an 'on-the-ground' service delivery function. These include:

Airport	89
Animal Services	93
Arts and Heritage	98
Baycourt	103
Beachside Holiday Park	108
Building Services	112
Cemeteries	117
City and Infrastructure Planning	121
City Centre	126
City Events	130
Community Development	135
Economic Development	142
Elder Housing	147
Emergency Management	151
Environmental Planning	157
Environmental Protection	161
Governance	166
Libraries	171
Marine Facilities	177
Marine Precinct	181
Parks and Recreation	186
Regulation Monitoring	192
Resource Recovery and Waste	197
Stormwater	205
Transportation	211
Wastewater	220
Water Supply	226

Corporate

This group of activities includes corporate services that predominantly assist management of the 'delivery' activities and general operations of the council.

Corporate services	232
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This is made up of the following services:

- Asset Planning and Infrastructure
- City Development
- City Waters Support
- Civic Complex
- Communications
- Customer Service
- Digital Services
- Executive
- Finance
- Fleet Management
- Infrastructure Delivery
- Insurance
- Legal and Risk
- People and Capability
- Property Management
- SmartGrowth
- Strategy
- Treasury

GROUPS OF ACTIVITIES

Community well-being

As per schedule 10, Part 3 (d) council has to describe any identified effects that any activity within the groups of activities has had on the social, economic, environmental or cultural well-being of the community. We report on the impact our activities have on helping us to achieve the four community well-beings set out below:



Economic



Environmental



Social



Cultural

In the following pages as we report on our performance for each activity over the last financial year. For each activity, we have set out a description of how the activity has contributed to that aspect of well-being.

Community outcomes*

We're working to manage Tauranga's growth and to deliver a city with heart, great spaces and real opportunities. Refer to the icons in this document to see which community outcomes we're working to achieve through each activity.



Protects and
enhances
the natural
environment



Is well planned,
with a variety of
successful and
thriving compact
centres



Attracts
businesses,
people and
visitors



Is inclusive, safe,
resilient and
healthy



Has predictable
travel times and
transport choice

Performance measures

The following icons have been used to indicate the status of each activity's performance measures:



Achieved



Not achieved



Not measured

* Community outcomes were recently updated during the 2021-31 Long-term Plan process.

GROUPS OF ACTIVITIES

Airport



What we do

We provide a high-quality airport that meets Tauranga's air connectivity needs both domestically and internationally.

How this affects you

Tauranga airport connects our city with the rest of the country and the world. This provides social and economic benefits.

The airport provides scheduled air services, recreational aviation and aviation education in Tauranga by working with airlines, educators, service and maintenance providers.

Our airport is self-funded by generating income from commercial operations. The Airport Master Plan ensures strategies are in place for Tauranga's future aviation requirements.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

- 1 While the effects of COVID-19 on the airline industry have been well publicised, we were particularly impressed by how resilient and collaborative aviation personnel were throughout the year. This included pilots, air traffic controllers, grounds staff, cleaners and taxi drivers, right through to Air New Zealand head office and Ministry of Transport officials.
- 2 Domestic air travel regained momentum to almost 100% of pre-COVID-19. This was markedly faster than anticipated.
- 3 Our runway overlay project was completed successfully and did not impact scheduled operations.

SIGNIFICANT CAPITAL PROJECTS

	2020/2021 Actual \$000's	2020/2021 Budget \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
Reseal Main Runway	3,898	3,400	498	Project was completed slightly above budget.
Apron Resurfacing	0	320	(320)	Project has been further delayed and carried over to the 2022 year.
New Hangar Lease Sites	0	258	(258)	Project has been further delayed and carried over to the 2022 year.
Car Park Resurface Renewals Funded	0	139	(139)	Project has been delayed and carried over to the 2022 year.

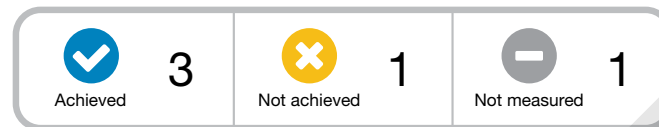
GROUPS OF ACTIVITIES











TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - AIRPORT					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges	0	0	0	0	
Targeted Rates	0	0	0	0	
Subsidies and grants for operating purposes	18	19	0	(19)	Revenue of \$25k received and categorised as User Fees.
Fees and charges	7,947	8,276	7,757	(519)	Under LTP budget due to reduced travel as a result of COVID-19. However revenue was significantly above the 2021 Annual Plan budget.
Internal charges and overheads recovered	178	182	57	(125)	Interest on working capital less than budgeted due to decreased revenue and increased costs.
Local authority fuel tax, fines, infrastructure fees & other	0	0	0	0	
Total Sources of Operating Funding (A)	8,143	8,477	7,814	(663)	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	2,361	2,416	3,730	1,314	Increases in fire rescue service, repair and maintenance costs and other operational expenses.
Finance Costs	764	673	475	(198)	Interest costs less than budget due to project delays.
Internal Charges and Overheads applied	669	744	626	(118)	Internal charges below budget as outlined in the Corporate Services Activity.
Other Operating Funding applications	0	0	2	2	
Total Applications of Operating Funding (B)	3,794	3,833	4,833	1,000	
Surplus/(Deficit) of Operating Funding (A-B)	4,349	4,644	2,981	(1,663)	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase/(Decrease) in debt	(1,092)	(1,999)	149	2,148	Increase is as a result of prior years capital programme and final payments relating to those projects in the current year.
Gross Proceeds from the Sale of Assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Other Dedicated Capital Funding	0	0	0	0	
Total Sources of Capital Funding (C)	(1,092)	(1,999)	149	2,148	

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - AIRPORT					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	854	195	150	(45)	Mix of projects different to LTP, with cost slightly below budget. Project costs less than budgeted.
- to replace existing assets	471	3,871	3,921	50	Overbudget due to overspend on runway resurface, offset by unspent budget on delayed projects.
Increase/(Decrease) in reserves	1,931	(1,420)	(941)	480	Reserve decrease less than budgeted due to delay in some renewal projects.
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	3,256	2,646	3,130	485	
Surplus/(Deficit) of Capital Funding (C-D)	(4,348)	(4,645)	(2,981)	1,663	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide an airport that caters for scheduled commercial flights and enables growth in traveller numbers.	Number of passengers through the airport each year	 389,000	407,000	 414,169	Target exceeded. Passenger numbers are showing positive signs in the domestic market.
	Number of flight movements through the airport each year	 53,926	62,000	 51,656	The closure of a large flight school operating out of Hamilton due to COVID-19 has affected flight numbers.
We will provide an airport that meets the safety requirements of CAA rules and regulations.	Level of compliance with the Civil Aviation Authority rules and regulations	 100%	100%	 100%	Annual surveillance audit was completed with no adverse CAA findings.
We will provide an airport that accommodates private and general aviation operators, and non-scheduled commercial aviation users including charter and emergency flights.	Runways and aprons are operational and compliant	 100%	99%	 100%	All runways were operational and compliant, with the exception of closures for airport night works.
We will provide airport customers with fit-for-purpose airport facilities.	Customer satisfaction with airport facilities as measured by point of user survey	 Not measured	90-100%	 Not measured	This survey was not undertaken this year.

Challenges

In 2020/21:

- COVID-19 provided many challenges, including continually changing schedules and inability to forward plan, through to increased hygiene requirements and monitoring of staff wellbeing. With no clear end date or certainty around future international travel, it has been an ongoing challenge to forecast where we will be post-COVID and whether to expect growth or reduction in the industry over the next 12 months.

Looking ahead

In 2021/22, we will focus on:

- Working closely with airlines to ensure our community's air travel needs are catered for as best as possible, while we remain in a state of standby for the potential worsening of the pandemic over the next 12 months.
- The possible implementation of passenger and baggage screening at regional airports across New Zealand, and the resulting adjustments to our working environment and passenger experience.

GROUPS OF ACTIVITIES

Animal Services



What we do

We ensure safe interactions between animals and people. Specifically, we manage legislation and associated policy to ensure we have a safe environment in which animals, animal owners and the wider community live harmoniously.

How this affects you

We promote an environment in which people and animals can interact without fear or intimidation.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

1

This year saw a decrease in the number of dog attacks on people and domestic animals in addition to a reduction in the number of roaming dogs. Despite dog numbers increasing by 17.6% over the last five years, our compliance strategies have helped reduce aggression against people by 31%, attacks on domestic animals by 12% and roaming dogs by 27%.

2

The Animal Services team remained incredibly dedicated throughout the year, ensuring our community received a high level of service despite increased capacity challenges.

3

"Microchip Monday" has been very successful with 80 dogs microchipped as a direct result of the programme, which launched in July 2020.

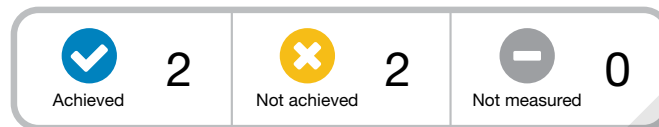
GROUPS OF ACTIVITIES









TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - ANIMAL SERVICES					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges	269	295	267	(28)	
Targeted Rates	0	0	0	0	
Subsidies and grants for operating purposes	0	0	0	0	
Fees and charges	1,421	1,603	1,234	(369)	Staff are undertaking site visits to identify unregistered dogs. Revenue will increase either through registration fees, or infringements will be issued.
Internal charges and overheads recovered	10	10	20	10	
Local authority fuel tax, fines, infrastructure fees & other	88	91	1	(90)	
Total Sources of Operating Funding (A)	1,788	1,999	1,522	(477)	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	1,075	1,198	1,024	(174)	Employee costs under due to unfilled positions.
Finance Costs	52	50	60	10	
Internal Charges and Overheads applied	652	706	539	(167)	Internal charges below budget as outlined in the Corporate Services activity.
Other Operating Funding applications	0	0	0	0	
Total Applications of Operating Funding (B)	1,779	1,954	1,623	(331)	
Surplus/(Deficit) of Operating Funding (A-B)	9	45	(101)	(146)	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase/(Decrease) in debt	26	5	0	(5)	
Gross Proceeds from the Sale of Assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Other Dedicated Capital Funding	0	0	0	0	
Total Sources of Capital Funding (C)	26	5	0	(5)	

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - ANIMAL SERVICES					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	26	5	0	(5)	
- to replace existing assets	14	0	0	0	
Increase/(Decrease) in reserves	(6)	45	(101)	(146)	
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	34	50	(101)	(151)	
Surplus/(Deficit) of Capital Funding (C-D)	(8)	(45)	101	146	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide an effective dog registration process that supports a safe community.	Known dogs are registered.	 96%	98%	 96%	Target was not achieved. Staff shortages throughout the year negatively impacted enforcement efforts.
We will provide a prompt response time to animal behavioural issues.	All urgent animal requests are responded to within 30 minutes where there is an ongoing risk to safety.	 98%	98%	 93%	Of the 28 urgent requests received this year, all but two were responded to within 30 minutes.
We will provide dog management and behavioural education to the community.	Number of school visits.	 6	6+	 8	Eight schools were visited this year, with a total of 1,332 students. Some students who had received bite prevention education previously, were well versed in safety procedures when confronted with an aggressive dog.
We will provide dog management and behavioural education to the community.	We will deliver educational programmes as requested.	 100%	100%	 100%	We achieved this goal by delivering bite prevention programmes to 64 employees from four businesses.

GROUPS OF ACTIVITIES

Challenges

In 2020/21:

- Animal Services saw a significant change of staff this year, with six out of ten team members having either changed roles, retired or moved on. This placed increased pressure and workload on the wider team, particularly around the busy dog registration renewal period in late-May.

Looking ahead

In 2021/22, we will focus on:

- Completing the neutering programme for menacing dogs.
 - In 2020/21, we reduced the number of unneutered dogs from 26% to 17% and all non-compliant owners received infringements for failing to neuter their dogs. Many of these dogs were classified before the change in our bylaw, which now requires them to be neutered.
- Redeveloping the Tauranga dog pound to improve safety for staff dealing with impounded dogs while enhancing the experience for customers.
- Training new staff and reducing the number of unregistered dogs in the city.

GROUPS OF ACTIVITIES

Arts and Heritage



What we do

The provision of arts and heritage preserves and promotes our city's history. It also provides tourism opportunities and encourages creative people to feel connected to Tauranga. Our Arts and Heritage activity manages the Tauranga Heritage Collection (THC), helps fund and support the Tauranga Art Gallery, provides a funding grant to The Elms, and manages a relationship agreement with Creative Bay of Plenty. It also identifies opportunities for Council support of arts and heritage, with a strong focus on building on our strengths and competitive advantage.

How this affects you

These initiatives contribute to the sense of community, mana, pride and identity of our region. Arts and heritage attract visitors to our city, and the creative economy contributes \$46.3 million in gross domestic product annually, or 0.7% of the western Bay of Plenty sub-region's GDP.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

- 1 Several exhibitions were held in conjunction with partnership organisations, including Matatoki: Mata ā Waka – the first exhibition to open Tauranga Art Gallery's 2020 programme, celebrating Mana Moana - Mana Tauranga. The exhibition brought together internationally recognised, contemporary Māori carvers and displayed taonga tūturu (historical objects) from the Tauranga Heritage Collection.
- 2 Archaeological display: 107 Wharf Street was held in partnership with MishMish Heritage, Tauranga City Library and the Heritage Collection. It exhibited archaeological finds from our region's history, from early Māori to British Imperial troops and colonial settlement.
- 3 Heritage Collection staff initiated a wet-organics laboratory this year, the first of its kind in the Bay of Plenty. This treats artefacts found in wetland areas to increase their stability, durability and resistance.

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - ARTS AND HERITAGE					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges, Rates Penalties	2,627	2,643	2,572	(71)	
Targeted Rates	0	0	0	0	
Subsidies and grants for operating purposes	85	87	130	43	
Fees and charges	0	0	0	0	
Internal charges and overheads recovered	0	0	0	0	
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Sources of Operating Funding (A)	2,712	2,730	2,702	(28)	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	2,498	2,489	2,601	112	Delayed delivery of the heritage collection digitisation project (spend budgeted in 2019-20 FYs in the LTP). Employee costs higher than budgeted as a result of the Community Services restructure, including a new management position.
Finance Costs	2	2	1	(1)	
Internal Charges and Overheads applied	201	228	186	(42)	Internal charges below budget as outlined in the Corporate Services activity.
Other Operating Funding applications	0	0	0	0	
Total Applications of Operating Funding (B)	2,701	2,719	2,788	69	
Surplus/(Deficit) of Operating Funding (A-B)	11	11	(86)	(97)	













GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - ARTS AND HERITAGE					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase/(Decrease) in debt	0	0	0	0	
Gross proceeds from the sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	0	0	0	0	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	0	0	0	0	
- to replace existing assets	0	0	0	0	
Increase/(Decrease) in reserves	10	10	(86)	(96)	Operational carry forward related to the delayed delivery of the heritage collection digitisation project.
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	10	10	(86)	(96)	
Surplus/(Deficit) of Capital Funding (C-D)	(10)	(10)	86	96	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES





excluding additional measures

PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will facilitate, support and advocate for the arts in Tauranga including management of relationships with Creative Bay of Plenty, Tauranga Art Gallery, and The Elms.	Percentage of users satisfied with the services provided by Creative Bay of Plenty	 Not measured	50%	 Not measured	Creative BOP has no separate customer satisfaction measurement in place. This is an old measure that has been replaced by our Net Promoter Score (NPS), following a resolution of the Audit, Finance, Risk and Monitoring Committee on 19 February 2019. See below table: Additional measures monitored.
	Percentage of residents that agree that there is a culturally rich and diverse arts scene in Tauranga.	 45%	50%	 39%	Target not met. This score continues to decrease year-on-year.
	The Elms continues to operate as a "must see" visitor destination in Tauranga with increasing visitor numbers.	 10,267	13,400	 4,942	Whilst visitor numbers are significantly lower as a result of international border closures, the Elms saw growth during the last quarter- despite this period being traditionally quieter.
We will provide a museum collection that is available to the community, while safeguarding historical and culturally important items.	Number of enquiries from the community that receive advice and / or assistance regarding the preservation or protection of artefacts / taonga and access to the collection.	 62	12	 308	A total of 308 requests for assistance and advice were received this year. Work included advisory services to Paamu Marae on conservation and restoration of whariki, and collaboration with Tauranga Arts Festival on the "Echoes" project, a digital art installation using photos from the Heritage Collection.
	The number of items loaned to schools through the Hands On Tauranga service.	 465	300	 243	The reduction of items on loan is largely attributable to COVID-19, with schools increasing safety measures regarding external items being brought into schools.
	The frequency number of exhibitions / displays of the Heritage Collection.	 12	2	 4	Highlights included a display on traditional kete-making as part of Te Kete o Matariki, a display with Tauranga NZ Customs and archaeological findings from 107 Wharf Street development.

GROUPS OF ACTIVITIES

Additional measures monitored

The below table measures were changed from the 2018-28 LTP following a resolution of the Audit, Finance, Risk and Monitoring Committee on 19 February 2019. The level of service has not changed. These measures are not included in non-financial performance summary figures.

ADDITIONAL MEASURES MONITORED					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will facilitate, support and advocate for the arts in Tauranga including management of relationships with Creative Bay of Plenty, Tauranga Art Gallery, and The Elms	Services provided by CBOP are recommended by users and the sector. This is indicated by an NPS increasing or consistent.	 +10.5	+9	 Not measured	This is the updated measure that was adopted following a resolution of the Audit, Finance, Risk and Monitoring Committee on 19 February 2019. The level of service has not changed. No data provided for this period by CBOP. Following a review, CBOP and TCC are negotiating what the future state looks like. CBOP have been granted a three month extension to their funding agreement to enable operations to continue.

Challenges

In 2020/21

- Workloads increased with minimal staffing resources.
- The Tauranga Heritage Collection digitalisation required service upgrades.

Looking ahead

In 2021/22, we will focus on:

- Participating in a feasibility study for a potential heritage centre in the city centre.
- Uploading the collection to our digital platform to provide better access to our heritage artefacts and taonga.
- Participating in the development of a sub-regional Heritage Strategy.
- Storage requirements to accommodate relocation of Tauranga City Library, including the Civic Art collection.

GROUPS OF ACTIVITIES

Baycourt



What we do

We manage and operate Baycourt to bring to life a comprehensive programme of arts and cultural events for everyone in our community.

Baycourt:

- provides a premier facility and a hub for the performing arts in Tauranga, with an auditorium, conference/hospitality spaces, and a ticket office;
- focuses on building performing arts capabilities and taking our expertise into the community to grow, enrich and support arts and culture in our city;
- contributes to the vibrant arts and culture of our city by entertaining our residents, growing and supporting local practitioners and showcasing national and international product; and
- provides a comprehensive fully functional venue with up-to-date facilities and expertise, that meets the diverse needs of a wide variety of events.

How this affects you

Baycourt is available for our community's use.

Our performing arts venue grows and supports local practitioners, while showcasing national and international productions. It provides a balanced and diverse programme of live performances for local residents that enriches, engages and contributes to a vibrant city.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

- 1 While the venues and event industry was undoubtedly impacted by COVID-19, there have been some benefits brought about by Alert Level restrictions. During this time, Baycourt could focus on building maintenance and improvement projects, such as updating sound console systems, many kilometres of network cabling and relocating two large follow spots (lighting equipment) to better suited front of house positions.
- 2 Baycourt embraced technology by delivering online events, such as adapting the International Youth Silent Film Festival showcase and awards event from a theatre-based film screening, to an online format.
- 3 Another unexpected benefit of COVID-19 was that prominent local and international promoters included Tauranga on their touring itineraries. Baycourt hosted two sold out shows for UK comedian Russel Howard, two sold out shows for Ben Elton, and a one-night-only sold out performance from soul singer, Teeks. The success of these acts has demonstrated to promoters that there is a strong local appetite for high-profile, high-quality productions in Tauranga.

GROUPS OF ACTIVITIES

SIGNIFICANT CAPITAL PROJECTS

	2020/2021 Actual \$000's	2020/2021 Budget \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
Baycourt building and equipment renewals & capital works	255	150	105	Additional spend to complete unforeseen building remediations and replace live streaming equipment in response to COVID-19 mass gathering restrictions.

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - BAYCOURT











	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges, Rates Penalties	1,700	1,757	1,742	(15)	
Targeted Rates	0	0	0	0	
Subsidies and grants for operating purposes	0	0	0	0	
Fees and charges	705	741	729	(12)	Revenue below budget as a result of COVID-19 and the lack of international touring productions due to border closures.
Internal charges and overheads recovered	0	0	0	0	
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Sources of Operating Funding (A)	2,405	2,498	2,471	(27)	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	1,553	1,612	1,519	(93)	Reduced marketing and administrative costs as a result of COVID-19, partly offset by increased maintenance costs.
Finance Costs	61	63	36	(27)	Interest rates lower than budgeted through 2018-28 LTP.
Internal Charges and Overheads applied	483	535	432	(103)	Internal charges below budget as outlined in the Corporate Services activity.
Other Operating Funding applications	0	0	0	0	
Total Applications of Operating Funding (B)	2,097	2,210	1,987	(223)	
Surplus/(Deficit) of Operating Funding (A-B)	308	288	484	196	

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - BAYCOURT					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase/(Decrease) in debt	45	43	66	23	Higher than anticipated during the LTP due to increased capital spend.
Gross proceeds from the sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	45	43	66	23	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	15	15	21	6	
- to replace existing assets	160	147	234	87	Additional renewals funding to complete unforeseen building remediations and replace live streaming equipment in response to COVID-19 mass gathering restrictions.
Increase/(Decrease) in reserves	177	169	295	126	Depreciation reserve higher than budget due to a higher depreciation expense.
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	352	331	550	219	
Surplus/(Deficit) of Capital Funding (C-D)	(307)	(288)	(484)	(196)	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
Provide a comprehensive and fully-functional performing arts venue, which is for use by the community and to attract world-class performers to our city.	Number of patrons that attend shows / events.	 34,264	70,000	 48,888	Total ticketed attendance was 48,888 across all bookable Baycourt spaces i.e. Addison Theatre, X Space, Terraces and Lawn. This represents a 19% increase from 2019/20, demonstrating customer and industry confidence levels are starting to return to pre-COVID levels.
	Percentage of usage that is: a) commercial b) community	 a) 17% b) 83%	a) 35-45% b) 55-65%	 a) 37% b) 63%	Community usage continued to dominate Baycourt's programme, while commercial usage is showing signs of recovery with new bookings increasing slowly.
	Level of satisfaction based on monthly survey of hirers to Baycourt.	 100%	80-85%	 95%	A total of 16 people completed the survey and were either 'satisfied' or 'very satisfied'. There has however been consistent negative feedback regarding the Ticketek service.
Increase the national awareness of Baycourt as a performance venue among the industry and audiences, and provide a diverse programme of events to appeal to local audiences, and visitors from New Zealand and overseas.	The amount of national and international events held at Baycourt.	 22	55-60	 21	The international touring programme continues to be impacted by COVID-19 and associated border restrictions. Promoters are expecting to see international events resume in the latter half of 2022.
	The number of event days that Baycourt is occupied using booking information and total possible available days.	 51%	72-75%	 47%	Result not met. Venue utilisation for Q1 and Q3 remained low, at only 36% and 35% respectively. During Q1, Baycourt was also only able to operate partially due to Alert Level 2 restrictions. Due to low utilisation rates, Baycourt proactively prioritised building maintenance projects that required the full use of the building.

GROUPS OF ACTIVITIES

Challenges

In 2020/21:

- We had several staff vacancies toward the latter half of the year, placing increased pressure and workload on the wider team, in what had already been a challenging year.
- Our team's workload also increased substantially due to COVID-related requirements including meeting industry and public needs, and rescheduling numerous event postponements and cancellations.
- Unclear advice from central government on how to operate when the country was under mixed COVID-19 Alert Levels created uncertainty and inconsistency across the sector. For example during Q3, while Auckland was operating at Alert Level 2 and the rest of the country was at Alert Level 1, Baycourt was required to treat the cast/crew touring from Auckland in AL2 conditions, whereas our own staff and audience were treated at AL1. Managing these complexities resulted in a significant amount of additional work.

Looking ahead

In 2021/22, we will:

- Continue to integrate te reo Māori into Baycourt kaupapa, ensuring we are at the forefront in normalising te reo and te ao Māori in an arts centre context.
- Review our booking policy, venue utilisation and prioritisation procedure, venue hire agreement and venue rental rates to ensure they are fit-for-purpose and producing positive outcomes for Council and our community.
- Look forward to the long-awaited replacement of our sound desk and commencing the exterior painting of Baycourt.

GROUPS OF ACTIVITIES

Beachside Holiday Park



What we do

We provide camping sites and accommodation (cabins, onsite caravans) with an onsite visitor information centre at the base of Mauao.

How this affects you

Our quality accommodation in one of Tauranga's prime spots encourages tourism and creates a social atmosphere in the northern part of Mount Maunganui. This commercial activity generates revenue for our city.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

- 1 Completed kerb and channeling around our new cabins, allowing rainwater to be directed to stormwater drains.
- 2 Renewed water services in Harbour sites (H1A - H43), while providing new taps to power supply boxes across this area.
- 3 Added eight (8) more cabins across various sites in our park.
- 4 Achieved record occupancy and revenue for the year.

SIGNIFICANT CAPITAL PROJECTS

	2020/2021 Actual \$000's	2020/2021 Budget \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
Purchase Standard Cabins	472	375	98	Project slightly over budget due to additional set up and installation costs.
Ocean Kitchen	465	275	189	The tender price came in above the LTP budget. Additional budget was approved in 2020 Financial year. The final cost came in under the revised budget of \$524k.
Various capital renewals	38	155	(117)	Some Holiday Park improvement projects delayed due to continuation of prior year projects.

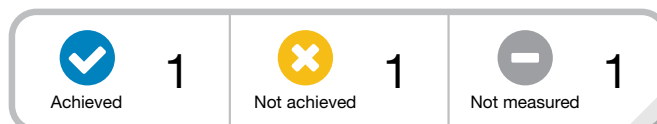
GROUPS OF ACTIVITIES







TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - BEACHSIDE HOLIDAY PARK					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges	0	0	0	0	
Targeted Rates	0	0	0	0	
Subsidies and grants for operating purposes	0	0	0	0	
Fees and charges	1,943	2,038	2,162	124	Revenue above budget due to increased occupancy.
Internal charges and overheads recovered	4	4	(4)	(8)	
Local authority fuel tax, fines, infrastructure fees & other	0	0	6	6	
Total Sources of Operating Funding (A)	1,947	2,042	2,164	122	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	947	976	1,206	230	Higher staffing costs during peak times due to occupancy increase.
Finance Costs	201	193	105	(88)	Interest costs lower than budgeted.
Internal Charges and Overheads applied	269	299	244	(55)	Internal charges below budget as outlined in the Corporate Services Activity.
Other Operating Funding applications	0	0	1	1	
Total Applications of Operating Funding (B)	1,417	1,468	1,556	88	
Surplus/(Deficit) of Operating Funding (A-B)	530	574	608	34	

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - BEACHSIDE HOLIDAY PARK					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase/(Decrease) in debt	38	(201)	975	1,176	Over budget due to carryforward of prior years capital program.
Gross proceeds from the sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	38	(201)	975	1,176	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	211	0	937	937	Variance due to capital works carried forward from prior year.
- to replace existing assets	349	73	38	(35)	Some renewal projects delayed due to continuance of prior years projects.
Increase/(Decrease) in reserves	8	300	608	308	Less renewal funding and debt retirement from reserve than was budgeted.
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	568	373	1,583	1,210	
Surplus/(Deficit) of Capital Funding (C-D)	(530)	(574)	(608)	(34)	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide a range of accommodation options for visitors to the region.	Number of Guest Nights.	 67,950	72,500	 85,452	We had a record occupancy this year, up 26% on the previous year.
We will provide accommodation meeting visitor expectation.	TripAdvisor reviews: maintain 90% approval rating.	 78%	90%	 66%	Over the past 12 months we received seven reviews to give us an overall score of 66% for the year.
	AA Tourism review: maintain 90% approval rating.	 Not measured	90%	 Not measured	AA no longer provides tourism reviews.

Challenges

In 2020/21:

- It was a challenge to find sites for larger camper vehicles and tents.
- We struggled with staff retention during the off season.

Looking ahead

In 2021/22, we will be:

- Looking forward to the arrival of five cabins in November 2021.

GROUPS OF ACTIVITIES

Building Services



What we do

We ensure that new and existing building developments are safe and compliant.

We provide technical advice and consent decisions efficiently and within substantive compliance timeframes, providing quality outcomes to support residential and commercial building development across the city.

Our activity ensures Council implements the Building Act 2004, Building Code, and associated legislation, and ensures all building projects meet these requirements.

Our overall aims are to support development in Tauranga, to provide efficient and effective services to customers, and to encourage best practices in building design and construction to provide assurance to consumers.

How this affects you

We ensure all building work in the city is completed correctly so people can use buildings safely and without endangering their health.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

- 1 We maintained International Accreditation New Zealand (IANZ) accreditation for the Building Consent Authority (BCA).
- 2 We commenced a programme of improvements to increase staff retention and attract high-quality staff, of which early results are looking positive.
- 3 We introduced virtual inspections and worked together with industry to allow greater levels of third party certification of building work. This allowed us to reduce physical inspection demand and increase our focus on more important aspects of the building process.

GROUPS OF ACTIVITIES











TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - BUILDING SERVICES					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges, Rates Penalties	5	5	1,007	1,002	Building compliance which was a partially rate funded function was transferred into building services during the 2020 financial year as a result of a restructure.
Targeted Rates	0	0	0	0	
Subsidies and grants for operating purposes	0	0	0	0	
Fees and charges	13,478	12,931	13,523	592	Driven by increase in building consent revenue.
Internal charges and overheads recovered	18	19	5	(14)	
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Sources of Operating Funding (A)	13,501	12,955	14,535	1,580	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	8,323	8,154	10,167	2,013	Increase driven by consultants cost to cover staff vacancies, related costs and other operating expenditure.
Finance Costs	158	138	204	66	
Internal Charges and Overheads applied	3,716	4,174	3,323	(851)	Internal charges below budget as outlined in the Corporate Services activity.
Other Operating Funding applications	0	0	0	0	
Total Applications of Operating Funding (B)	12,197	12,466	13,694	1,228	
Surplus/(Deficit) of Operating Funding (A-B)	1,304	489	841	352	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase/(Decrease) in debt	0	16	0	(16)	
Gross proceeds from the sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	0	16	0	(16)	

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - BUILDING SERVICES					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	0	16	0	(16)	
- to replace existing assets	0	0	0	0	
Increase/(Decrease) in reserves	1,304	489	841	352	Cash reserve increase higher than budgeted due to increased revenue.
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	1,304	505	841	336	
Surplus/(Deficit) of Capital Funding (C-D)	(1,304)	(489)	(841)	(352)	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide technical advice and consent decisions within substantive timeframes.	Percentage of building consent applications processed within substantive timeframes.	 95%	98%	 95%	High consent volumes and ongoing resourcing challenges have made it difficult to achieve compliance within processing timeframes.
	Carrying out of building inspections (on average).	 7-10 days	4 days	 7-10 days	Due to staff shortages the waiting time for inspections is greater than desired. We are attempting to recruit to fill the vacancies within the building services team. Building Services has begun contacting builders prior to inspection to allow for cancellations (without penalty) and rescheduling. This new process is lowering wait times by reducing last minute cancellations.
	Mean elapsed working days to granting building consent applications.	 35 days	30 days	 34 days	Ongoing resourcing issues and high consent volumes have made it difficult to achieve target. This issue is prevalent amongst many Building Control Authorities (BCA) in the country. Recruitment is continuing and we are continuing to review and improve our processes to reduce the elapsed working days.
We will provide customers with project advice.	Customers are satisfied with service provided.	 Not measured	85- 86%	 Not measured	This has been replaced by our online point of contact survey, which gives us data throughout the year.
	Customers for large-scale commercial and residential building projects are satisfied with direct customer liaison services.	 Not measured	85- 86%	 Not measured	

GROUPS OF ACTIVITIES

Challenges

In 2020/21:

- Tauranga's growth continues to create high demand for our services. Our application volumes are the highest we've seen in more than a decade.
- It has been difficult to reduce inspection waiting times due to resourcing and industry demands.
- We have found it challenging to retain and attract experienced staff, particularly in our technical areas such as processing, inspections and engineering. This has led to backlogs and increasing rates of non-compliance with statutory timeframes.

Looking ahead

In 2021/22, we:

- Will be looking to commence a programme of work around minimising Requests for Information (RFI). This will include working with our internal team to ensure consistency and clear communication, and with our customers to identify repeat RFI and individual customers who need more support to avoid RFI.
- Expect to continue to see increased volume and complexity of applications. This gives us a great opportunity to attract and develop our own technical experts.
- Will be working as part of the Construction Accord to develop national standard templates, risk based consenting guidance and standard operating procedures for greater on site quality assurance. These have the potential to assist Tauranga City Council and our fellow Building Control Authorities.

GROUPS OF ACTIVITIES

Cemeteries



What we do

Cemeteries are part of Tauranga's essential infrastructure. Our focus is to provide burial, cremation and chapel services while maintaining active cemeteries. We also aim to be financially self-sustainable.

Our activity occurs at Pyes Pa Cemetery and Crematorium, along with five older denominational cemeteries in the Avenues.

We generate revenue from burial and cremation fees, and by selling plots at Pyes Pa Cemetery.

Our activity is managed to ensure the Council meets its requirements under the Burial and Cremations Act 1964. We do not manage the Mission Cemetery, as this is managed as a historic reserve by Parks and Recreation.

We are also planning for the future provision of memorials.

How this affects you

We provide an efficient and supportive cemetery and cremation service for our community.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

- 1 We hired a new staff member to assist our team in operating a six-day roster.
- 2 A new cremator was installed, replacing a previous model installed in 1966. The new model will provide a more efficient service.

SIGNIFICANT CAPITAL PROJECTS

	2020/2021 Actual \$000's	2020/2021 Budget \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
Convert cremator to natural gas and put in gas line	110	79	31	Border restrictions associated with COVID-19 caused unforeseen storage costs. Delayed delivery also resulted in higher than budgeted project management costs.
Various capital renewals	69	39	31	Additional spend required for unforeseen utility renewals, including commercial dishwasher and weedeater.
New cremator and cremator improvements	110	0	110	Delayed delivery caused final costs for this project to be deferred from 2020 FY.

GROUPS OF ACTIVITIES





TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - CEMETERIES					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges, Rates Penalties	0	0	0	0	
Targeted Rates	0	0	0	0	
Subsidies and grants for operating purposes	0	0	0	0	
Fees and charges	1,017	1,074	793	(281)	Income from cremations and burials lower than budgeted as a result of the COVID-19 lockdown and fewer illnesses over the winter months.
Internal charges and overheads recovered	11	11	0	(11)	
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Sources of Operating Funding (A)	1,028	1,085	793	(292)	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	547	562	573	11	
Finance Costs	77	92	152	60	Higher debt servicing costs as a result of a land purchase in 2019 financial year.
Internal Charges and Overheads applied	214	236	190	(46)	Internal charges below budget as outlined in the Corporate Services activity.
Other Operating Funding applications	0	0	0	0	
Total Applications of Operating Funding (B)	838	890	915	25	
Surplus/(Deficit) of Operating Funding (A-B)	190	195	(122)	(317)	

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - CEMETERIES					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase/(Decrease) in debt	563	6	117	111	Higher debt than anticipated due to rephasing of capital project delivery.
Gross proceeds from the sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	563	6	117	111	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	561	3	110	107	Delayed delivery of the new cremator due to border restrictions.
- to replace existing assets	26	42	179	137	Unforeseen utility renewals and delayed delivery of the cremator installation.
Increase/(Decrease) in reserves	168	157	(294)	(450)	Cash reserve balance less than budgeted due to reduced revenue.
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	755	202	(5)	(206)	
Surplus/(Deficit) of Capital Funding (C-D)	(192)	(196)	122	317	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide well-maintained cemeteries and memorial gardens for the community.	Cemetery sites are to pass audit for the following criteria; gardens, turf, litter, mulch, structures and edging.	 97%	86%	 98%	Sites have passed audits for the year with an average percentage of 98%.
We will provide appropriate services for burial, cremation and lounge facility.	Non-denominational burial and cremation services are provided 6 days per week under normal operating conditions. Christmas Day, Boxing Day, Good Friday, Easter Monday and ANZAC Day are excluded.	 Achieved	Achieved	 Achieved	Business as usual operations require regular maintenance on cemetery sites. This has been carried out as expected.

Challenges

In 2020/21:

- Our biggest challenge was training a new team to conduct the crematorium operation and cemeteries maintenance.
- COVID-19 restrictions delayed the installation of the new cremator and rose gardens to the end of the financial year.

Looking ahead

In 2021/22, we will:

- Repurpose a section of grazing land and prepare it for use.
- Build a positive and constructive team culture, supported by learning and development opportunities.
- Focus on collaboration as a team to develop new options for our cemetery to benefit the community.

City and Infrastructure Planning



What we do

We prepare the Tauranga City Plan and manage plan changes and implementation issues within the requirements of the Resource Management Act 1991. We also provide technical input into the SmartGrowth partnership.

Our team provides policy and technical advice to the Council on national, regional, sub-regional and local planning and growth management.

We monitor national, sub-regional and local population and land-use trends so that good information is available for Council policy development and decision making.

We are also responsible for transport, water supply, wastewater and stormwater planning for Tauranga. This includes the structure planning for new urban growth areas and input into local Waka Kotahi (NZ Transport Agency) projects, along with their funding through the development, review and implementation of the Council's Development Contributions Policy.

How this affects you

We promote the sustainable management of Tauranga's resources for our communities. We take an integrated land-use and infrastructure approach to managing our city's growth.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

1

We made significant progress on both the enabling works and long-term transport business cases for Tauriko. This will unlock near-term growth in Tauriko West and the Tauriko Business Estate, as well as further long-term opportunities.

- The short-term enabling works business case is near completion and will enable up to 2,000 houses to be developed in Tauriko West.
- The long-term transport business case, led by Waka Kotahi, is also approaching a decision on a preferred option.

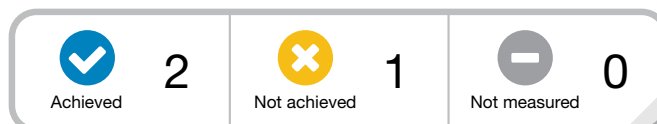
GROUPS OF ACTIVITIES







TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - CITY AND INFRASTRUCTURE PLANNING					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges, Rates Penalties	4,822	6,832	7,188	356	Additional rates required to fund increases in operating expenditure.
Targeted Rates	0	0	0	0	
Subsidies and grants for operating purposes	0	0	0	0	
Fees and charges	638	104	731	627	Unbudgeted funding from NZTA received to cover actual costs spent for Transport System Plan.
Internal charges and overheads recovered	0	0	0	0	
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Sources of Operating Funding (A)	5,460	6,936	7,919	983	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	4,267	4,941	6,440	1,499	Increased staff cost due to organisation structural changes and increased workload. Partly offset by NZTA funding referenced in Fees and charges commentary.
Finance Costs	138	160	119	(41)	
Internal Charges and Overheads applied	1,692	1,940	1,606	(334)	Internal charges below budget as outlined in the Corporate Services activity.
Other Operating Funding applications	0	0	0	0	
Total Applications of Operating Funding (B)	6,097	7,041	8,165	1,124	
Surplus/(Deficit) of Operating Funding (A-B)	(638)	(104)	(246)	(141)	

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - CITY AND INFRASTRUCTURE PLANNING					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase/(Decrease) in debt	638	104	792	688	Opex funding of water, wastewater and stormwater before moving out of this activity.
Gross proceeds from the sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	638	104	792	688	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	0	0	0	0	
- to replace existing assets	0	0	0	0	
Increase/(Decrease) in reserves	0	0	546	546	
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	0	0	546	546	
Surplus/(Deficit) of Capital Funding (C-D)	638	104	246	142	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will develop and review the City Plan, including public consultation, to guide the growth of the city and the provision of land able to be developed for the next 10 years.	Percentage of building consents approved for new dwellings that will be located in the zone(s) where permitted (refer City Plan zones)	 100%	100%	 100%	All building consents approved for new dwellings were located in the zone(s) where permitted.
We will deliver and monitor a planning framework for the city that provides sufficient development capacity to accommodate ongoing growth.	Compliance with the National Policy Statement for Urban Development Capacity which requires three, 10 and 30 years of development capacity and infrastructure capacity to be provided/identified along with additional buffers.	 Short-term compliance achieved	Short-term compliance achieved	 Not achieved	A dwelling supply shortfall was identified for Tauranga under both scenarios assessed (assuming projected housing demand is accommodated as follows: S1 - 85% greenfield and 15% infill intensification, and S2 - 75% greenfield and 25% infill intensification) with and without the 20% "competitiveness margin" (required under the NPS on Urban Development) applied. This shortfall is expected to increase until addressed by the release of additional greenfield land supply around 2025 (Tauriko West, Te Tumu) along with increasing levels of residential intensification enabled and encouraged through revised City plan provisions and spatial planning.
We will provide a Development Contributions Policy which enables collection of development contributions to fund growth-related capital expenditure.	All building consent, resource consent and service connection applications are assessed for development contributions as well as invoiced and collected as appropriate	 100%	100%	 100%	No identified issues. All consents have been assessed and development contribution notices and invoices issued within the required timeframes.

Challenges

In 2020/21:

- The challenges faced regarding a lack of progress or resolution with Māori land in Te Tumu remain as per 2019/20. This is creating risk and uncertainty for the project while delaying urbanisation of this area.
- Natural hazards provisions in the Regional Policy Statement present unresolved challenges to our greenfield and intensification plan changes, which affects our ability to provide development capacity for our growing city. An independent review of technical provisions has been agreed through the SmartGrowth partnership.
- Central Government's freshwater reforms (especially in respect of wetlands) have created significant risks for Te Tumu and Tauriko West projects and have subsequently caused much delay and rework. The Government has acknowledged these issues and unintended outcomes and we are working collaboratively to resolve.
- Our team continues to experience a heavy workload and there are ongoing challenges in hiring senior and technical positions.

Looking ahead

In 2021/22:

- Subject to appeals, Plan Changes 26, 27 and 30 will be completed and made operative.
- We will complete the business case, structure plan and planning framework for Tauriko West (and possibly Te Tumu) and notify plan changes to rezone these areas for urban development.
- Spatial planning for the greater Otumoetai / Brookfield area will commence.
- We will progress natural hazard work for the coastal strip to enable decision-making to advance the Mount/Arataki spatial plan. These plans are focused on redevelopment and intensification to deliver the UFTI connected centre programme.

GROUPS OF ACTIVITIES

City Centre



What we do

The city centre is the commercial heart of Tauranga, providing employment and other economic activity. It encourages a sense of pride and ownership for residents.

We are focused on maximising the city centre's contribution to the local economy. We want to create vibrant city centre that is a great place to work, live, learn and play.

How this affects you

A successful city centre produces environmental, economic, and social benefits by enabling the interaction of people for business, cultural and social activities.

Success can be measured by:

- attracting more people to the city centre more often, and for longer;
- attracting investment into the city centre through private development; and
- businesses migrating to the city centre.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

1

We completed construction of the Wharf St upgrade, on time and within budget. This project was well received by the public and surrounding businesses

2

We commenced work on the upgrade of Elizabeth Street and other streets surrounding the Farmers redevelopment project. The project is scheduled for completion alongside Farmers in 2022.

GROUPS OF ACTIVITIES







TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - CITY CENTRE					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges, Rates Penalties	2,314	2,555	332	(2,223)	Lower than budgeted rates requirement due to expenditure transferred to Parks & Recreation activity as a result of reorganisation.
Targeted Rates	0	0	0	0	
Subsidies and grants for operating purposes	0	0	0	0	
Fees and charges	0	0	0	0	
Internal charges and overheads recovered	0	0	0	0	
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Sources of Operating Funding (A)	2,314	2,555	332	(2,223)	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	934	808	17	(791)	Payments now applied to Parks & Recreation activity.
Finance Costs	729	929	265	(664)	Interest costs below budget as streetscape capital expenditure has been transferred to Parks & Recreation activity.
Internal Charges and Overheads applied	436	501	0	(501)	Internal charges now applied to Parks & Recreation activity.
Other Operating Funding applications	0	0	0	0	
Total Applications of Operating Funding (B)	2,099	2,238	282	(1,956)	
Surplus/(Deficit) of Operating Funding (A-B)	215	317	50	(267)	

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - CITY CENTRE					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase/(Decrease) in debt	3,435	3,952	(10)	(3,962)	Lower than budgeted due to streetscape projects transferred to Parks & Recreation activity.
Gross proceeds from the sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	3,435	3,952	(10)	(3,962)	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	3,435	3,952	(10)	(3,962)	Streetscape project budgets transferred to Parks & Recreation activity.
- to replace existing assets	0	0	0	0	
Increase/(Decrease) in reserves	215	317	50	(267)	Depreciation reserve lower than budgeted as capital projects have been transferred to Parks & Recreation activity.
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	3,650	4,269	40	(4,229)	
Surplus/(Deficit) of Capital Funding (C-D)	(215)	(317)	(50)	267	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will facilitate and support investment in the Tauranga city centre to attract new businesses, by being the main point of contact for parties wanting to develop or invest in the city centre.	Employee count in city centre.	 17,967	14,586	 18,653	Information provided by Infometrics shows we had more people employed in the city centre compared to 2019/20. The city centre is defined as between Marsh St and Eleventh Ave.
	Business count in city centre.	 2,700	2,664	 2,778	We had more businesses in the city centre (between Marsh St and Eleventh Ave).
	Percentage of occupied buildings at ground level.	 Not measured	91%	 Not measured	Occupancy was measured for the city centre but not specifically at ground level. As at January 2021, there were 689 total sites, 506 of which were occupied (73% occupancy rate). This was 2% less than last year.

Challenges

In 2020/21:

- The COVID-19 lockdown created several challenges to completing the Wharf Street upgrade on time. However, innovative solutions from the main contractor enabled the project to remain on-track.

Looking ahead

In 2021/22, we will:

- Commence planning and design for projects confirmed through the Long-term Plan.
- Complete the streetscape upgrades around the Farmers redevelopment.

GROUPS OF ACTIVITIES

City Events



What we do

We work with the events industry to support the creation of distinctive Tauranga events to share with the world.

Our focus is on events that are safe, smoke free, support accessibility and work towards zero waste.

Priority is given to events that reflect a healthy lifestyle, showcase Tauranga's distinctive landscapes, are vibrant, and are culturally diverse.

How this affects you

Economic and social benefits to our community include:

- encouraging visitors to our city;
- driving regional GDP growth;
- addressing seasonal variations;
- contributing to a sense of community pride, identity and belonging;
- providing entertainment and recreational opportunities; and
- driving participation in sporting and cultural activities.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

1

We began developing the City Events Strategic Plan, which will provide the direction of future events in the city.

2

For the first time, the Bay Oval hosted the prized Boxing Day Test, further cementing its position as one of the highest rated cricket grounds in New Zealand. The five-day match between the BLACKCAPS and Pakistan was well attended and saw the BLACKCAPS come away with a convincing victory. In conjunction with NZ Cricket and Bay of Plenty Cricket, council staff organised a beach cricket event on Mount Maunganui Main Beach, which provided the community with an opportunity to meet their BLACKCAPS heroes.


GROUPS OF ACTIVITIES











TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - CITY EVENTS					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges, Rates Penalties	2,962	3,315	2,716	(599)	Reduced rates requirement due to lower than budgeted operating expenditure and overhead costs.
Targeted Rates	0	0	0	0	
Subsidies and grants for operating purposes	0	0	38	38	Unbudgeted contributions to cover additional expenditure across various events.
Fees and charges	0	0	11	11	
Internal charges and overheads recovered	0	0	0	0	
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Sources of Operating Funding (A)	2,962	3,315	2,765	(550)	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	2,352	2,620	2,053	(567)	Reduced Events Framework Funding and New Years Eve event funding from that budgeted in the LTP in response to COVID-19 restrictions.
Finance Costs	(4)	(4)	1	5	
Internal Charges and Overheads applied	610	695	578	(117)	Internal charges below budget as outlined in the Corporate Services activity.
Other Operating Funding applications	0	0	0	0	
Total Applications of Operating Funding (B)	2,958	3,311	2,632	(679)	
Surplus/(Deficit) of Operating Funding (A-B)	4	4	133	129	

GROUPS OF ACTIVITIES



TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - CITY EVENTS					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase/(Decrease) in debt	0	0	0	0	
Gross proceeds from the sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	0	0	0	0	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	0	0	0	0	
- to replace existing assets	0	0	0	0	
Increase/(Decrease) in reserves	4	4	133	129	Unspent Event funding transferred to the Event investment reserve.
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	4	4	133	129	
Surplus/(Deficit) of Capital Funding (C-D)	(4)	(4)	(133)	(129)	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES

	3		3		0
Achieved		Not achieved		Not measured	

PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will invest in and attract major events to Tauranga that meet the objectives of the Major Events Fund.	Number of visitor nights as a direct result of Major Events Fund investment	 110,579	80,000	 25,591	Cancellation of key events due to COVID-19 included the Anchor AIMS Games, A Night Before Christmas, Pacific Rim Gymnastics Championships and BLACKCAPS vs. Australia T20. The Anchor AIMS Games is a significant contributor to our annual target, previously contributing 74,787 visitor nights in 2019/20.
	Contribution of the major events to regional GDP	 \$7,303,249	\$8M	 \$2,565,857	Cancellation of key events due to COVID-19 impacted our ability to achieve target. The Anchor AIMS Games is a significant contributor to our annual target, previously contributing \$4,122,571 to GDP in 2019/20.
	Addressing seasonal variation i.e. numbers (%) of events held between April and November	 47%	70%	 50%	Of the 18 events held this year, nine were between April and November.
We will provide safe and successful council-led events including ANZAC Day commemorations, New Year's Eve activity, Winter Night Winter Lights, and significant civic functions.	Customers are satisfied or very satisfied (via survey) with the council-provided event they attended	 96.7%	85%	 97.6%	Of the 402 attendees surveyed, 97.6% were either satisfied or very satisfied with the New Year's Eve community events.
We will provide events which attract youth.	The number of youth events held in the city on public open space.	 59	>10	 33	We significantly exceeded our target. Events included the Youth Jazz Competition, Oceans U14 Surf Life Saving Championships, Weetbix Kids Tryathlon and Omanu Junior Surf Carnival.

GROUPS OF ACTIVITIES

PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will ensure booking and facilitation of all events on public open space is as event-friendly and enabling as possible.	Customers are satisfied or very satisfied (via survey) with the booking and facilitation services provided by the City Events Team.	 92%	85%	 100%	Target met. We received 100% very satisfied or satisfied.

Challenges

In 2020/21:

- Our workload increased through ongoing postponements or cancellations of events due to unexpected COVID-19 alert level changes. This required substantial extra planning by our team, often in reduced timeframes. We provided support to event organisers across the sector as they navigated the associated challenges and uncertainty.
- We reworked the Event Funding Framework to respond to industry impacted by COVID-19, while managing a \$200,000 reduction in the revised Annual Plan budget.
- The quantity, scale and complexity of events continued to increase despite COVID-19, adding pressure to our roading network, spaces and places and event approval process.

Looking ahead

In 2021/22, we plan to:

- Continue to gather community insights into the development of the City Events Strategic Plan, to help shape the future of events in our city.
- Recommence the implementation of Smarty Grants, a centralised, cloud-based grants software and data service, to manage event funding administration.
- Provide ongoing support to the industry by ensuring proactive plans are in place to navigate any future changes to COVID-19 alert levels.
- Deliver the ICC Women's Cricket World Cup 2022, in accordance with our Host City commitments. The revised ICC Women's Cricket World Cup schedule sees the event taking place through March and April 2022.

GROUPS OF ACTIVITIES

Community Development



What we do

We are responsible for driving positive social outcomes in our community.

We do this by:

- educating and supporting community organisations and internal teams;
- working as a conduit between the community and Council processes;
- facilitating collaboration;
- building capacity; and
- connecting people, organisations and communities.
- and communities.

We also manage the Historic Village, which provides a platform for community collaboration.

Our team works with communities to help them recognise their strengths, identify the issues they want to address, and find sustainable solutions that work for them.

We encourage and facilitate collaboration between communities, our council and other organisations to ensure the most effective use of resources and to find innovative solutions to community problems.

How this affects you

We empower communities to participate in decision-making, become involved in policies that affect them, make decisions, and work towards self-reliance.

These activities help build strong, resilient, sustainable communities that celebrate our people and what they do.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

- 1 The Historic Village recorded its highest number of visitors with 266,139 entries.
- 2 Upgrades to venue spaces were also completed and are proving popular in Tauranga's venue market.
- 3 The Tauranga Youth Development Team, Bay of Plenty DHB, Tauranga City Council and Tauranga Western Bay Safer Communities hosted Fluro Fest at Memorial Park, an afternoon of free, family-friendly activities for Mental Health Awareness week. The purpose of this community-based event was to provide people with an opportunity to improve their own wellbeing.
- 4 Approved Match Fund community projects included cultural celebrations, a community revegetation project, and youth leadership development.
- 5 Twenty-two projects totalling \$138,738 were funded through medium grants (\$1,000-\$10,000). A further 16 projects totalling \$14,560 were funded through small grants (up to \$1,000).

GROUPS OF ACTIVITIES

SIGNIFICANT CAPITAL PROJECTS				
	2020/2021 Actual \$000's	2020/2021 Budget \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
Historic Village Renewals	127	656	(529)	Building renewals deferred to 2022 FY due to contractor availability.
Historic Village Infrastructure Upgrade	504	403	101	Overspend offset by underspend in the Historic Village New Capital project.
Heritage Village New Capital Projects	202	310	(109)	Underspend offset by overspend in the Historic Village Infrastructure Upgrade project.

GROUPS OF ACTIVITIES







TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - COMMUNITY DEVELOPMENT					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges, Rates Penalties	4,385	4,785	3,939	(846)	Reduced rates requirement due to lower than budgeted operating expenditure and overhead costs.
Targeted Rates	0	0	0	0	
Subsidies and grants for operating purposes	0	0	239	239	Unbudgeted contributions from external funders to cover additional expenditure across programmes, including Kainga Tupu and 'Here to Help U' website development.
Fees and charges	1,128	1,190	579	(611)	Lease revenue lower than budgeted due to tenant vacancies at the Historic Village while awaiting the roll-out of a new strategy, in combination with lower market demand for retail and commercial space in the tourism and hospitality industry as a result of the COVID-19 impacted economy.
Internal charges and overheads recovered	(66)	(68)	0	68	
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Sources of Operating Funding (A)	5,447	5,907	4,757	(1,150)	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	4,250	4,336	3,214	(1,122)	Costs related to investigation, feasibility studies and collaboration lower than anticipated due to transfer of Housing Action Plan initiative to SmartGrowth. Employee costs lower than budgeted as a result of the Community Services restructure and vacant positions.
Finance Costs	194	222	270	48	Interest costs higher than budgeted due to a greater portion of capital expenditure being funded through loans rather than the depreciation reserve.
Internal Charges and Overheads applied	899	1,027	834	(193)	Internal charges below budget as outlined in the Corporate Services activity.
Other Operating Funding applications	0	0	3	3	
Total Applications of Operating Funding (B)	5,343	5,585	4,321	(1,264)	
Surplus/(Deficit) of Operating Funding (A-B)	104	322	436	114	

GROUPS OF ACTIVITIES











TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - COMMUNITY DEVELOPMENT					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase/(Decrease) in debt	526	575	454	(121)	Lower debt due to delay of Historic Village building upgrades from programme set out in the 2018-28 LTP.
Gross proceeds from the sale of assets	0	0	0	0	
Lump sum contributions	1	(1)	0	1	
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	527	574	454	(120)	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	880	936	706	(230)	Various Historic Village upgrades and restoration projects deferred to 2022 FY.
- to replace existing assets	576	536	127	(409)	Various Historic Village building renewals deferred to 2022 FY.
Increase/(Decrease) in reserves	(825)	(576)	57	633	Decrease in depreciation reserve lower than budgeted due to delayed renewals programme delivery at the Historic Village.
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	631	896	890	(6)	
Surplus/(Deficit) of Capital Funding (C-D)	(104)	(322)	(436)	(114)	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will facilitate social outcomes by working with other organisations, and coordinate approaches to enable community-led initiatives and community capacity building.	Projects funded via the Community Development Match Fund are successfully implemented in accordance with the funding agreements.	 95%	95-100%	 98%	All projects are either successfully implemented or on track and being monitored.
	Community projects contributed to by Project Tauranga partners each year.	 24	8	 14	Community projects contributed to by Project Tauranga partners included: Fuel Agency and Graincorp Liquid terminals supporting the Hewletts Rd tank banner for community groups. Arbor Care supporting Sydenham Botanical Park. McLeod Cranes supporting Christmas in the Park and the Heritage Collection. Fulton Hogan provided traffic management at Blake Park.
	Capacity-building advice and support provided to at least two community organisations each year.	 4	Achieved	 5	Ongoing support, advice and guidance provided to Welcome Bay Community Centre with recruitment and construction review. Support provided to Merivale Community Centre, Zonta and Red Cross. Continued financial support provided to Gate Pa School projects including a new community digital sign and the Wish Tree fence.

GROUPS OF ACTIVITIES

PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide a well maintained and managed Historic Village as a community facility, available for commercial and community tenancies and as a function and events venue.	Number of annual visitors.	 214,556	225,000	 266,139	Annual foot traffic entries were well over our target of 225,000 and last year's total of 214,556.
	Occupancy rate of village leasable village space.	 95%	95%	 86%	In December 2020, Council approved a strategy enabling The Historic Village to grow further in the space of arts, culture, events, history and as a community hub supporting social wellbeing. As part of delivering the new Strategy, lease occupancy decreased 9.5% compared to last year (95%).
	Occupancy rate of village hireable venue space.	 8%	45%	 8%	Target not met. Venue occupancy remained low at 8%, as per 2019/20 result. No events were held in Q1 due to Alert Level 2 restrictions.
We will ensure Tauranga residents feel safe and well connected in their communities.	Percentage of Graffiti removed within 48 hours.	 98%	98-100%	 97%	There were some months where providers were unable to remove graffiti within agreed timeframes due to wet weather. This impacted on the overall target.
	Percentage of residents who feel safe in their local neighbourhoods after dark.	 73%	55%	 69%	Achieved. We measure this from our annual residents' survey.

Challenges

In 2020/21:

- There was a significant increase in anti-social behaviour reported at bus interchanges in Willow Street, Farm Street, and Chadwick Road. Bus drivers and patrons reported safety concerns and as a result, Bay of Plenty Regional Council (BOPRC) implemented security guard coverage at these sites. TCC is working closely with BOPRC and Police on other potential interventions, to enhance safety in these areas.
- COVID-19 continued to provide challenges for event bookings, with changing alert levels causing event cancellations at the Historic Village and reducing programme outputs for Project Tauranga.

Looking ahead

In 2021/22:

- We will complete a series of pathways providing walking and cycling links in Pāpāmoa, Gate Pā School and 17th Avenue, with an additional pathway connecting Windermere Drive with Sanctuary Point.
- Project Tauranga partners look forward to supporting Tauranga STEMfest, an event to engage and inspire a new generation of scientists, technologists, engineers and mathematicians.
- A sub-regional Global Ambassadors Youth Leadership programme will be piloted alongside Education Tauranga, Priority One and Enigmatic Global. The purpose of the programme is to grow and inspire a group of globally diverse young leaders through certified training and mentoring, and by giving them the opportunity to design and deliver self-driven cultural initiatives to their school and local community, which promote intercultural awareness and global citizenship.
- We look forward to refreshing the Tauranga/Western Bay Welcoming Communities programme with a goal to apply for Advanced Welcoming Accreditation in 2022/2023.

GROUPS OF ACTIVITIES

Economic Development



What we do

The Economic Development activity is funded through a targeted commercial rate. Council's role is largely as a facilitator, working through contractual relationships with organisations such as Priority One and Tourism Bay of Plenty.

- attracting visitors, investors, businesses and skills;
- skills development; and
- support for emerging innovation.

How this affects you

Where there is a clear case for providing support, we invest on behalf of commercial ratepayers to enable wealth creation and job opportunities and to help our economy become more competitive and resilient.

This creates returns for the whole community, and to us by increasing Council's rating base.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

- 1 Our green hydrogen project progressed well with 12 commercial partners and plans for an initial hydrogen refuelling station at Tauriko.
- 2 We commissioned Beca to update the Tauranga/WBOP environmental footprint.
- 3 We progressed the development of a strategy to deliver a low emissions economy, by working with the business community on climate change mitigation and adaptation initiatives.
- 4 Labour market initiatives were implemented to support the COVID-19 recovery and develop a sustainable talent pipeline for the sub-regional economy. This includes:
 - Ara Rau skills and employment hub, which works with a range of employers and supports groups such as Māori, youth and women returning to the workplace, to gain quality employment.
 - Our Future of Work campaign, targeting students and parents to raise awareness and provide information and resources about future skills needs, training pathways and employment opportunities.
 - Our vocational coordination service, working with the school sector to support more rangatahi (young people) into trades-based careers.




GROUPS OF ACTIVITIES











TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - ECONOMIC DEVELOPMENT					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges, Rates Penalties	0	0	0	0	
Targeted Rates	5,105	5,327	4,525	(802)	Rates are down on LTP budget due to costs being lower than budget.
Subsidies and grants for operating purposes	0	0	0	0	
Fees and charges	0	0	0	0	
Internal charges and overheads recovered	0	0	0	0	
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Sources of Operating Funding (A)	5,105	5,327	4,525	(802)	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	4,953	5,153	4,367	(786)	Below LTP budget as a lesser inflation rate was applied to community grants in the Annual Plan compared to the LTP
Finance Costs	5	5	4	(1)	
Internal Charges and Overheads applied	145	166	152	(14)	Internal charges below budget as outlined in the Corporate Services activity.
Other Operating Funding applications	0	0	0	0	
Total Applications of Operating Funding (B)	5,103	5,325	4,523	(801)	
Surplus/(Deficit) of Operating Funding (A-B)	2	2	2	(1)	

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - ECONOMIC DEVELOPMENT					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase/(Decrease) in debt	(2)	(2)	0	2	
Gross proceeds from the sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	(2)	(2)	0	2	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	0	0	0	0	
- to replace existing assets	0	0	0	0	
Increase/(Decrease) in reserves	0	0	2	2	
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	0	0	2	2	
Surplus/(Deficit) of Capital Funding (C-D)	(2)	(2)	(2)	0	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES

	4		1		0
Achieved		Not achieved		Not measured	

PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide facilitation service to increase investment and innovation in Tauranga, leading to a more productive economy.	Gross Domestic Product per Employee in the city.	 \$94,976	\$78,000	 \$103,328	Employment growth in lower productivity industries outstripped that in higher productivity industries. Overall, GDP accounted for 2.5% of national GDP in 2020, with growth in the manufacturing sector contributing the most locally.
	Ratio of working population to non-working population.	 1:1.98	1:1.97	 1:1.97	Achieved (a lower ratio is a better result)
We will provide improved alignment of residents' skills with business needs, leading to maintained or improved levels of labour force participation.	Knowledge-intensive employment level.	 20,855	20,250	 21,608	Achieved
	Knowledge Intensive Employment per employee.	 28%	31%	 28%	Not achieved. Employment growth in lower-skilled industries continues to exceed that in higher-skilled industries.
We will work collaboratively with Tourism Bay of Plenty and the tourism sector to increase visitor expenditure at a faster rate than Tauranga's gross domestic product.	Increased visitor spend - international and domestic.	 \$804M	\$806M	 \$874M	Tauranga's tourism sector was able to weather the impact of COVID-19 better than many other regions, through being less reliant on international visitors.

GROUPS OF ACTIVITIES

Challenges

In 2020/21:

- Housing supply/affordability continued to be a major issue impacting our ability as a region to attract and retain the labour that local businesses needed to maintain sustainable growth. Demand for housing outstripped current development opportunities with most suitably zoned land developed, and greenfield growth delayed due to complex local and central government regulations.
- Labour market: pre-COVID-19 there was strong job growth with many businesses and industries reliant on sourcing talent from overseas. Although there will be a short-term increase in unemployment, our key sectors still forecast strong employment growth in the medium to long term. This means education, skills development and job matching are our most important challenges if we are to lift household incomes and address equity issues in regional prosperity over time.
- Sustainable growth planning: we continued to try to address constraints in available industrial and residential land, and develop robust plans to place industry to help local businesses grow, attract new businesses and achieve environmental and sustainability objectives.

Looking ahead

In 2021/22, we will look to:

- Complete the city centre blueprint to support coordinated public and private sector investment in the CBD. This will include developing a strategy to leverage the University of Waikato Tauranga campus and position Tauranga as a tertiary destination of choice for students.
- Utilise labour market interventions to grow, retain and attract talent needed to enable sustainable business growth.
- Develop the subregional innovation eco-system to support higher value job creation and more research and development enabled businesses. This will involve progressing development of physical spaces for commercial innovation, including a Māori innovation hub and a CBD hub with the University.
- Develop and implement a subregional climate change strategy, including key projects such as green hydrogen to support the transition to a low emissions economy.

Elder Housing



What we do

We provide 246 elder housing units in nine Tauranga and Mount Maunganui villages, offering long-term affordable accommodation for low-income tenants over the age of 65.

After reviewing how the service is governed, funded and delivered to best meet the needs of our communities, we determined that the best outcome for our tenants would be to have the elder housing portfolio owned and managed by approved community housing providers. This means they can enable new tenants to access rent subsidies and wraparound social services. The elder housing divestment is currently underway, and we are continuing to work with our tenants to support them with the transition.

How this affects you

We supply affordable housing for our ageing population and aim to provide a high standard of living for all our tenants.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

- 1 We worked with our tenants to ensure their homes are compliant with the Government's healthy homes standard for heating, insulation, ventilation, moisture and drainage, and draught stopping.
- 2 Alongside our Strategy team we discussed with our tenants the divestment process and submission options, with onsite workshops, letters and meetings.
- 3 Our team sent quarterly newsletters and updates to all our tenants.
- 4 We assisted tenants with upcoming changes to kerbside collections through onsite workshops and meetings.

SIGNIFICANT CAPITAL PROJECTS

	2020/2021 Actual \$000's	2020/2021 Budget \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
Various capital renewals	1,562	1,360	202	Expenditure more than budget due to the timing of renewal works, mainly comprising of the refurbishment of housing units. Completion of this work is dependent on vacancy rates and availability of contractors.
Elder Housing - HVAC Upgrades	839	780	58	The overspend is due to additional HVAC upgrades required in several of the oldest villages.
Disposal of Elder Housing	1,350	0	1,350	Unbudgeted costs associated with divestment of the Elder Housing villages.

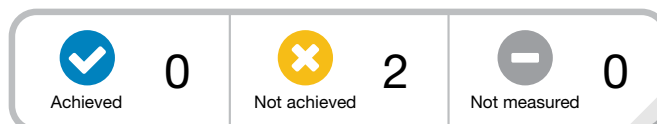
GROUPS OF ACTIVITIES





TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - ELDER HOUSING					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges, Rates Penalties	0	0	0	0	
Targeted Rates	0	0	0	0	
Subsidies and grants for operating purposes	0	0	0	0	
Fees and charges	941	0	1,767	1,767	LTP assumed disposal of all Elder Housing Villages by January 2020, which has not transpired.
Internal charges and overheads recovered	(11)	0	6	6	Interest earned on activity investment not budgeted in LTP.
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Sources of Operating Funding (A)	930	0	1,773	1,773	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	760	0	1,137	1,137	LTP assumed disposal of all Elder Housing Villages by January 2020, which has not transpired.
Finance Costs	4	0	327	327	Interest expense on working capital as cash reserve in deficit.
Internal Charges and Overheads applied	285	0	0	0	
Other Operating Funding applications	0	0	0	0	
Total Applications of Operating Funding (B)	1,050	0	1,464	1,464	
Surplus/(Deficit) of Operating Funding (A-B)	(120)	0	309	309	

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - ELDER HOUSING					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase/(Decrease) in debt	0	0	839	839	Improvements capex that was not budgeted in LTP.
Gross proceeds from the sale of assets	24,049	0	(1,350)	(1,350)	LTP assumed disposal of all Elder Housing Villages by January 2020, which has not transpired.
Lump sum contributions	0	0	0	0	
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	24,049	0	(511)	(511)	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	0	0	839	839	LTP assumed disposal of all Elder Housing Villages by January 2020, which has not transpired.
- to replace existing assets	154	0	1,562	1,562	LTP assumed disposal of all Elder Housing Villages by January 2020, which has not transpired.
Increase/(Decrease) in reserves	(275)	0	(2,603)	(2,603)	LTP assumed disposal of all Elder Housing Villages by January 2020, which has not transpired.
Increase/(Decrease) of investments	24,049	0	0	0	
Total Applications of Capital Funding (D)	23,928	0	(202)	(202)	
Surplus/(Deficit) of Capital Funding (C-D)	121	0	(309)	(309)	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide self-funded Elder Housing Units (246 units), maintained to standard (healthy, safe, secure).	Responded within two hours to all urgent or building health and safety issues.	 80%	95%	 91%	Our contractor Citycare was not able to meet timeframes on certain work orders. Citycare continue to focus on improving response times for urgent or building health and safety issues. Clarity around what defines a priority work order has been provided to Council's call centre.
We will provide effective management of units and tenancies to ensure use of the Elder Housing units is maximised.	Percentage of occupancy of Elder Housing units (habitable time).	 95%	99%	 90%	As part of the divestment process, we are planning to transfer tenants from Pitau and Hinau Villages into vacancies across the Elder Housing portfolio.

Challenges

In 2020/21:

- Naturally the divestment process has impacted our residents, contractors and wider team as we continue to work through the transition.
- Numerous building inspections and upgrades were required to ensure we met the healthy homes standard by 01 July 2021. This was a challenge for both residents and contractors.
- We worked hard to continue to manage our tenants' needs and expectations, regulatory requirements and budgets.

Looking ahead

In 2021/22:

- We will continue to support our tenants through the divestment process and provide relocation options to our other villages.

GROUPS OF ACTIVITIES

Emergency management



What we do

We ensure a coordinated response during civil defence emergencies and business continuity incidents.

This includes ensuring that critical service delivery is maintained to our community during crises or emergencies.

We inform residents of the hazards in their community and how to prepare for and recover from emergencies associated with those hazards.

Our activities enable the city and our community to build resilience and recover from disasters.

How this affects you

We increase community awareness, understanding, readiness, resilience and participation in emergency management and resilience, by:

- reducing the risks from hazards;
- ensuring an effective response capability during and after emergencies; and
- ensuring recovery as quickly as possible from emergencies.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

- 1 We initiated a resilience-based approach to emergency management, and reframed conversations in that emergency management is a shared responsibility between Council, communities, businesses and individuals.
- 2 Our team strengthened relationships to support welfare response to an emergency.
- 3 We began the engagement process and workplan development to support marae with preparedness and community resilience.
- 4 A Tauranga City Council Emergency Operations Centre was established, with function managers trained, standard operating procedures developed or reviewed, and resources sought.

SIGNIFICANT CAPITAL PROJECTS

	2020/2021 Actual \$000's	2020/2021 Budget \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
Emergency Public Alerting Project	27	800	(773)	Project delayed.
Tsunami vertical evacuation structures	0	50	(50)	Commissioners resolved for us to undertake a project to inform the community of the options relating to Tsunami evacuation in 2022 FY, then consult on the best option for physical works in the next Annual Plan.

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - EMERGENCY MANAGEMENT

	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's
SOURCES OF OPERATING FUNDING				
General Rates, Uniform Annual General Charges, Rates Penalties	2,548	3,364	1,348	(2,016)
Targeted Rates	77	78	125	47
Subsidies and grants for operating purposes	0	0	30	30
Fees and charges	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0
Total Sources of Operating Funding (A)	2,624	3,443	1,503	(1,939)
APPLICATIONS OF OPERATING FUNDING				
Payments to Staff & Suppliers	1,529	2,129	853	(1,276)
Finance Costs	545	691	71	(620)
Internal Charges and Overheads applied	449	517	425	(92)
Other Operating Funding applications	0	0	0	0
Total Applications of Operating Funding (B)	2,522	3,337	1,349	(1,988)
Surplus/(Deficit) of Operating Funding (A-B)	102	105	154	49
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(Decrease) in debt	4,893	428	27	(401)
Gross proceeds from the sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total Sources of Capital Funding (C)	4,893	428	27	(401)

**Key Variance
Explanations for 2021**

Rates lower than budgeted due to postponement of operational projects

Costs less than LTP budget as a result of the postponement of operational projects and staff increases which were included in the LTP

Lower than budget as planned projects did not proceed due to COVID-19 delays.

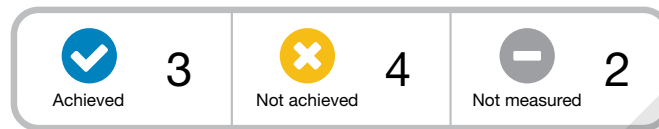
Internal charges below budget as outlined in the Corporate Services activity.

Lower than budget as planned projects did not proceed due to COVID-19 delays.





GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - EMERGENCY MANAGEMENT					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	4,893	428	27	(401)	Lower than budget as planned projects did not proceed due to COVID-19 delays.
- to replace existing assets	0	0	0	0	
Increase/(Decrease) in reserves	102	105	154	49	
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	4,995	533	181	(352)	
Surplus/(Deficit) of Capital Funding (C-D)	(102)	(105)	(154)	(49)	
Funding balance ((A-B)+(C-D))	0	0	0	0	















GROUPS OF ACTIVITIES



excluding additional measures

PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide an Emergency Operations Centre (EOC) to ensure an effective emergency response.	Percentage of roles that have been identified and staffed for 24-hour operation of the EOC	 88%	85%	 89%	Percentage of roles staffed remained above target through a detailed and targeted approach. During Q4, 100% of roles were staffed.
	Percentage of these staff that are trained to an appropriate level set by the Joint Committee of the Bay of Plenty Civil Defence Emergency Management Group	 32%	85%	 56%	During Q1 and Q2, there were limited training opportunities available due to an increased focus on COVID-19 operational response and recovery support by EMBOP. In Q4, staff completed Integrated Framework Training (ITF) and Co-ordinated Incident Management System 4 training to enable us to sustain three eight-hour shifts as part of an independent EOC structure (post 01 July 2021).





GROUPS OF ACTIVITIES

PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide community education initiatives increase public awareness and preparedness.	Number of emergency management community initiatives delivered	 8	8	 10	Ten initiatives were delivered by Emergency Management Bay of Plenty, including: Shakeout, Tsunami Hikoi, Restart a Heart Day and a Chinese community preparedness workshop.
	Percentage of residents that know they need to be self-reliant in a major civil defence emergency	 84%	95%	 79%	This is measured in our annual residents' survey. This target has yet to be achieved over four consecutive years.
	Percentage of residents living in a tsunami evacuation zone who know that they live in the evacuation zone	 Not measured	70%	 Not measured	This is an old measure that has been replaced following a resolution of the Audit, Finance, Risk and Monitoring Committee on 19 February 2019 and does not change the level of service identified. See below table: Additional measures monitored.
	Percentage of residents living in a tsunami evacuation zone who know where their safe location is and how to get there.	 Not measured	50%	 Not measured	This is an old measure that has been replaced following a resolution of the Audit, Finance, Risk and Monitoring Committee on 19 February 2019 and does not change the level of service identified. See below table: Additional measures monitored.
We will provide critical services during and after emergencies.	Business continuity and crisis management arrangements are tested	 Not Achieved	Twice Annually	 Not Achieved	Of the 40 business continuity plans, 33 are complete, five are nearing completion and two were delayed.
We will provide community support through planned arrangements.	Number of community-led or staffed civil defence centres available for communities to evacuate to	 6	8	 8	Target achieved with eight civil defence centres.
	Number of communities supported by community response plans	 4	7	 4	Target not met. A suitable approach for Tauranga is currently being considered and will be implemented in 2021/22.

GROUPS OF ACTIVITIES

Additional measures monitored

The below table measures were changed from the 2018-28 LTP following a resolution of the Audit, Finance, Risk and Monitoring Committee on 19 February 2019. The level of service has not changed. These measures are not included in non-financial performance summary figures.

ADDITIONAL MEASURES MONITORED					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide community education initiatives increase public awareness and preparedness	Percentage of residents that have an emergency preparedness kit	 48%	50%	 49%	This is the updated measure that was adopted following a resolution of the Audit, Finance, Risk and Monitoring Committee on 19 February 2019. The level of service has not changed. This is measured in our annual residents survey. Percentage of residents that have an emergency preparedness kit was 49%, an increase of 1% on 2019/20.
	Percentage of residents that have an emergency preparedness plan	 54%	46%	 54%	This is the updated measure that was adopted following a resolution of the Audit, Finance, Risk and Monitoring Committee on 19 February 2019. The level of service has not changed. This is measured in our annual residents survey. Percentage of residents with an emergency preparedness plan remained constant with previous 2019/20 result (54%).

Challenges

In 2020/21:

- Our ability to reach the required standard for our Emergency Operations Centre (EOC) was affected through a lack of formal staff training.
- Public expectations of the Emergency Management system, particularly around roles and responsibilities during an event were difficult to manage.

Looking ahead

In 2021/22, we will:

- Train all EOC staff to ensure they are confident to respond as required.
- Continue to support iwi, hapū, and marae with preparedness and community resilience.
- Update local evacuation planning and improve education and awareness for tsunami, personal preparedness and community resilience.
- Work with coastal communities to identify all aspects of tsunami evacuation to ensure residents are well informed.
- Develop a citywide risk profile to better understand and manage our city's risks (hazards, vulnerability, exposure) and ways to prevent and mitigate.
- Develop capability, capacity, and resources for management of local recovery.

GROUPS OF ACTIVITIES

Environmental planning



What we do

We enable sustainable growth and development throughout the city, creating quality environmental outcomes by effectively implementing the Tauranga City Plan and associated resource management legislation.

Such legislation includes the Resource Management Act 1991 (RMA) and the Housing Accords and Special Housing Areas Act 2013 (HASHAA).

This is achieved through the efficient delivery of resource consent and related decisions, by assessing building consent applications under the RMA, and providing technical advice to internal and external customers.

How this affects you

We ensure city development and growth occurs effectively and efficiently, and is consistent with our community's expectations.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

- 1 We completed a review of the monitoring function.
- 2 Our team maintained a high level of service despite an increased number of resource consent applications and building consent applications.
- 3 We contributed to plan changes and provided input into the RMA reform process.

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - ENVIRONMENTAL PLANNING

	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's
SOURCES OF OPERATING FUNDING				
General Rates, Uniform Annual General Charges, Rates Penalties	1,332	1,515	2,218	703
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	2,408	2,500	2,729	229
Internal charges and overheads recovered	0	0	0	0
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	1	1
Total Sources of Operating Funding (A)	3,739	4,015	4,948	933
APPLICATIONS OF OPERATING FUNDING				
Payments to Staff & Suppliers	2,403	2,474	3,661	1,187
Finance Costs	2	2	(4)	(6)
Internal Charges and Overheads applied	1,332	1,536	1,242	(294)
Other Operating Funding applications	0	0	48	48
Total Applications of Operating Funding (B)	3,736	4,011	4,947	935
Surplus/(Deficit) of Operating Funding (A-B)	3	2	1	(2)
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(Decrease) in debt	0	0	0	0
Gross proceeds from the sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total Sources of Capital Funding (C)	0	0	0	0

**Key Variance
Explanations for 2021**

Increased rates requirement due to higher than budgeted employee and consultant costs.

Higher volume of applications than budgeted for.

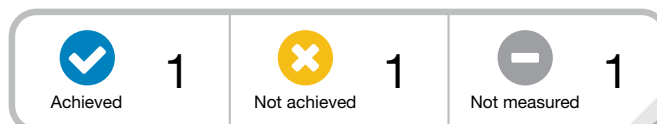
Driven by employee related costs and consultants costs due to staff vacancies.







Internal charges below budget as outlined in the Corporate Services activity.

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - ENVIRONMENTAL PLANNING					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	0	0	0	0	
- to replace existing assets	0	0	0	0	
Increase/(Decrease) in reserves	3	2	1	(1)	
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	3	2	1	(1)	
Surplus/(Deficit) of Capital Funding (C-D)	(3)	(2)	(1)	1	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide efficient planning services that are technically robust, and that meet the community's expectations about decisions made and the quality of information supplied.	Percentage of planning consent applications processed within statutory timeframes	 90%	98%	 81%	Target not met. 81% of applications were processed within statutory timeframes. High consent volumes and several plan changes, particularly PC27, led to increased workloads. We continue to experience resourcing pressures for senior roles.
	Percentage of building consent applications that have planning reviews completed within 10 working days	 Not measured	95%	 Not measured	Alpha One does not report on this measure, however, anecdotal data indicates environmental planners met the 10-working-day timeframe for recordkeeping during certain periods.
	Percentage of planning consent applications subject to successful objection or appeal	 0%	2%	 0.1%	One objection out of 800 was received and upheld by the High Court.

Challenges

In 2020/21:

- Our team faced a significant challenge in implementing plan changes due to a high workload. During this time, we worked closely with many customers explaining the recent changes and clarifying how Council manages certain hazards.
- Resourcing shortages continued to impact our team. This trend has been seen nationally with regards to hiring planners and development engineers.
- The Development Contributions Policy required increased time and resources from our team to implement and address outcomes of the proposed policy changes.

Looking ahead

In 2021/22:

- There will be a continued focus on professional development and supporting the team to implement changes to policy and the City Plan. This is particularly important due to changes in our team's structure through the inclusion of development contribution assessors.
- Resourcing will continue to be a primary focus to ensure we implement the forthcoming changes effectively.

GROUPS OF ACTIVITIES

Environmental protection



What we do

We ensure public spaces are used appropriately and that activities occurring on private property are neighbourly and safe.

We engage with the community and other key stakeholders to ensure compliance with legislation, policies and consents. This is achieved by considering applications and investigating complaints, educating, advising, reporting, negotiating and undertaking enforcement action.

Our activities relate to:

- building compliance;
- earthquake-prone buildings;
- unsafe buildings;
- swimming pool fencing;
- commercial food premises;
- the sale of alcohol;
- noise monitoring;
- hazardous substances;
- sediment monitoring; and
- City Plan and resource consent compliance.

How this affects you

Our work contributes to the health, safety and wellbeing of our community by promoting a safe and healthy environment that meets regulatory standards.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

- 1 Wider group agency meetings were established involving Police, Fire, Western Bay of Plenty District Council, New Zealand Customs and Ministry of Business, Innovation and Employment (MBIE), to target broader alcohol licensing issues.
- 2 We developed a live mapping tool with Digital Services and GIS teams. The tool identifies licensed premises and sensitive sites, which will assist staff on application reporting and during District Licensing Committee (DLC) hearings.
- 3 Our working relationships with Bay of Plenty Regional Council and Western Bay of Plenty District Council were strengthened to foster consistency with environmental health issues.
- 4 The Ministry of Primary Industries selected us to take part in the Ka Ora, Ka Ako - Healthy School Lunches Verification Programme.

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - ENVIRONMENTAL PROTECTION

	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's
SOURCES OF OPERATING FUNDING				
General Rates, Uniform Annual General Charges, Rates Penalties	2,423	3,186	2,166	(1,020)
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	2,003	1,788	850	(938)
Internal charges and overheads recovered	0	0	0	0
Local authority fuel tax, fines, infringement fees, and other receipts	2	2	4	2
Total Sources of Operating Funding (A)	4,428	4,976	3,020	(1,956)
APPLICATIONS OF OPERATING FUNDING				
Payments to Staff & Suppliers	2,694	2,861	1,464	(1,397)
Finance Costs	83	81	(3)	(84)
Internal Charges and Overheads applied	1,648	1,904	1,544	(360)
Other Operating Funding applications	0	0	3	3
Total Applications of Operating Funding (B)	4,425	4,846	3,008	(1,838)
Surplus/(Deficit) of Operating Funding (A-B)	3	130	12	(118)
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(Decrease) in debt	0	0	0	0
Gross proceeds from the sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total Sources of Capital Funding (C)	0	0	0	0

**Key Variance
Explanations for 2021**

Reduced rates requirement due to lower than budgeted operating expenditure and overhead costs.

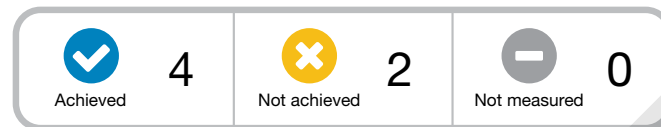
Due to employee related costs and consultants actuals being under budget.













Internal charges below budget as outlined in the Corporate Services activity.

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - ENVIRONMENTAL PROTECTION					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	0	0	0	0	
- to replace existing assets	0	0	0	0	
Increase/(Decrease) in reserves	4	130	12	(118)	Depreciation reserve lower than budget due to change in capital programme planned through LTP.
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	4	130	12	(118)	
Surplus/(Deficit) of Capital Funding (C-D)	(4)	(130)	(12)	118	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will audit all food premises registered with Tauranga City Council.	Percentage of Council verified premises resulting in justified food handling complaints	 <1%	≤2%	 <1%	The number of justified complaints relating to food handling was very low.
We will undertake regulation and monitoring of all alcohol licensed premises within our city.	Percentage of night inspections carried out on high-risk premises (taverns and nightclubs)	 0%	100%	 12.5%	Of the 16 high-risk premise inspections conducted during 2020/21, two were carried out at night. Better results were achieved by carrying out inspections during standard business hours (09:00 - 17:00), as the inspector was able to converse with the manager more effectively and in turn achieve better compliance overall.
We will undertake noise monitoring to ensure community amenity is protected from excessive and unreasonable noise.	Percentage of noise complaints resulting in an Excessive Noise Direction being issued, and seizure of equipment	 <1%	≤9%	 <1%	TCC received 6,863 noise complaints during this year with 703 (10.2%) resulting in Excessive Noise Directions (END) being issued. Of the END issued, only 24 (0.3%) resulted in equipment seizures.
We will ensure all private pool barriers in Tauranga are safe and compliant.	Percentage of properties with compliant pool fencing	 98%	100%	 98%	Of the properties attended, 98% achieved compliance. We continue to work collaboratively with pool owners to bring about compliance. There have been no formal enforcement actions to date.
We will provide monitoring of resource consents to ensure conditions are complied with and existing buildings remain safe.	Percentage of closed building and planning investigations made compliant through non-enforcement action	 99%	90%	 96%	96% of closed building and planning investigations were made compliant through non-enforcement action.
	Percentage of closed building and planning investigations made compliant through enforcement action	 1%	10%	 4%	Only 4% of closed building and planning investigations required enforcement action. The remaining 96% were successfully resolved through education, discussion and negotiation.

GROUPS OF ACTIVITIES

Challenges

In 2020/21:

- We struggled to successfully recruit for vacancies within our team.
- Addressing the backlog of food verifications was difficult despite some progress with a temporary contractor.
- The Epidemic Preparedness (Sale and Supply of Alcohol Act 2012 - Licence Application Inquiries) Immediate Modification Order 2020 was challenging due to the extension of deadlines provided to our partner agencies to report on applications. This extension created frustration for customers and delayed inspectors processing alcohol applications.

Looking ahead

In 2021/22, we will:

- Complete implementation of the Field Service Management System across Environmental Health and Alcohol Licensing. Once implemented, we will develop processes to create more efficient premises inspections and food verification.
- Manage our relationships with other reporting agencies, with the introduction of a memorandum of understanding (MOU), to reduce the number of DLC hearings.
- Implement initiatives to reduce the number of overdue food premises verifications.

GROUPS OF ACTIVITIES

Governance



What we do

The Governance team ensures all Council meetings (committees, hearings, formal meetings and workshops) are accessible and clear to the public.

We provide support and advice to the mayor and councillors, including administering their costs and activities.

Our services ensure that Council meets all requirements for good governance. We manage election processes and various submission processes.

How this affects you

We ensure Council activity, governance arrangements and processes are effective, open and transparent for our community.

We also promote community involvement in local decision-making processes by providing for participation in Council governance bodies, meetings, and consultation/submission processes.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

- 1 Council voted to establish a Māori ward in August 2020, and this decision was confirmed by the Commissioners in April 2021.
- 2 The Chief Ombudsman, Peter Boshier, published his latest four reports into Local Government Official Information and Meetings Act 1987 (LGOIMA) practice and compliance at local authorities, on 3 February 2021.
 - In his review, the Ombudsman recognised that Tauranga City Council takes a proactive approach to its LGOIMA responsibilities and practices, and that the amount of LGOIMA data that is collected and reported is impressive.
 - No Council conduct was identified to be wrong, unreasonable or contrary to the law, so no formal recommendations were included in the report.
 - The report identified several practices that are going well and suggested 37 recommended actions for improvement.




GROUPS OF ACTIVITIES







TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - GOVERNANCE					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges, Rates Penalties	2,912	2,964	3,359	395	
Targeted Rates	0	0	0	0	
Subsidies and grants for operating purposes	0	0	0	0	
Fees and charges	219	15	2	(13)	
Internal charges and overheads recovered	0	0	0	0	
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Sources of Operating Funding (A)	3,130	2,979	3,361	382	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	2,265	1,976	2,540	564	Predominantly relates to the creation of a team of four to centralise LGOIMA queries after the last LTP; an increase in the remuneration for elected members set by the Remuneration Authority; an increase in payments made to external representatives appointed to committees; increased costs related to code of conduct investigations, LGOIMA queries relating to the Mayor and Councillors correspondence and the appointment of a Review and Observer Team in 2020.
Finance Costs	0	0	0	0	
Internal Charges and Overheads applied	866	1,002	820	(182)	
Other Operating Funding applications	0	0	0	0	Internal charges below budget as outlined in the Corporate Services activity.
Total Applications of Operating Funding (B)	3,130	2,978	3,360	382	
Surplus/(Deficit) of Operating Funding (A-B)	0	1	1	0	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase/(Decrease) in debt	0	0	0	0	
Gross proceeds from the sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	0	0	0	0	

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - GOVERNANCE					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	0	0	0	0	
- to replace existing assets	0	0	0	0	
Increase/(Decrease) in reserves	0	1	1	0	
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	0	1	1	0	
Surplus/(Deficit) of Capital Funding (C-D)	0	(1)	(1)	0	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES

	1		2		0
Achieved		Not achieved		Not measured	

PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide agendas and minutes within required timeframes.	Agendas available on Council's website within the statutory timeframe of two clear working days before the meeting	 100%	100%	 92%	The Strategy, Finance and Risk Committee agenda for 21 June 2021 did not meet target due to a combination of technical difficulties and staff resources directed towards LTP hearings. All other public agendas were uploaded to the Council website by end of business, two working days before a meeting.
	Minutes of Council and committee meetings are provided within seven days to the chairperson / deputy chairperson for comments after the relevant meeting	 28%	90-95%	 43%	Unconfirmed minutes of meetings are generally made available to the chairperson/deputy chairperson at the same time the draft agenda for the following meeting is made available, i.e. 7-10 days before the next meeting. The availability of minutes is determined by the number of meetings, the complexity of the meetings and workload. Wording of resolutions, when requested by staff and sometimes by the chairperson/deputy chairperson, are provided as quickly as possible following the meeting.
	Minutes of all public meetings are available within 14 days of the meeting at which they are confirmed	 100%	90-95%	 100%	Minutes are confirmed at the following meeting.

GROUPS OF ACTIVITIES

Challenges

In 2020/21:

- An increased governance workload was created with three by-elections, due to vacancies created after the respective resignations of the Mayor, ward councillor for Ōtūmoetai-Pyes Pā, Jako Abrie, and at large councillor, Heidi Hughes.
 - o This process was later stopped as the appointment of the Commission removed the statutory requirement to hold a by-election.
- Many complex and sensitive LGOIMA requests for information were received, particularly in relation to elected members' communication (texts and emails) on the change to the deputy mayor position. There was a high degree of media attention and enquiry, focused on tension among elected members and damage to public confidence in the Council.
- The Minister of Local Government required assurance and evidence of Council's proactive steps to restore trust and confidence to meet the Crown's expectations of a high performing council.
- As a result, a Review and Observer Team was appointed to make recommendations to the Council and the Minister. This created uncertainty as to the future governance of the Council.
- There was legal and administrative complexity associated with the changes that unfolded following the appointment of the Commission in February 2021, as councillors remained in office but could not act in their role.

Looking ahead

In 2021/22:

- A representation review will be undertaken in 2021. This will include decisions on councillor numbers, whether they will be elected through wards or with a mixture of wards and at large (city-wide), and whether to establish community boards.
- We will prepare for the October 2022 local government elections.
- Our team will develop a policy and process for the proactive release of public-excluded meeting information, to ensure a more systematic release of information once it is no longer confidential.

Libraries



What we do

Libraries provide a recreational and cultural amenity for people of all ages in our neighbourhoods and city centre.

Access to the libraries' services and collections offers educational opportunities, supports literacy and encourages lifelong learning, research and innovation.

Computer and skills training add value to our community, and local history preserves and provides access to Tauranga's story.

How this affects you

Our libraries contribute to creating vibrant and engaged communities in the city centre and our neighbourhood centres.

The key focus areas are:

- digital technologies enabling our community;
- physical spaces that are welcoming and accessible;
- collections that reflect our diversity; and
- community programmes that support learning, literacy and digital skills.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

1

We launched our digital heritage platform, Pae Korokī, which contains over 26,000 images, over 800 maps, 15 digitised archival collections, 11 publication titles, 32 audio visual items and more than 1,000 stories/research articles.

- New content, consisting of items in the Library collection and donations/contributions from the community, has been added to Pae Korokī weekly.

2

Due to increased demand for our digital skill programmes we secured a new staff position, fully-funded under the National Libraries Partnership Programme. This enabled us to expand our core offering across all libraries, with four new programmes introduced:

- Better Digital Futures for Seniors;
- Tech Hour: Robotics;
- Tech Hour Junior; and
- Te Waka Waihanga (an outreach makerspace programme to schools).

3

Our Mahuru Māori events were well attended, with demand for the pronunciation taster event particularly high and requests for the programme to be repeated.

4

The new position of mātanga hōtaka hapori Māori meant we could focus on programmes that engage Māori and promote understanding of Māori culture and te reo Māori.

5

Our Programmes and Partnerships team showed innovation by redesigning programmes to remove barriers to participation.

- We ran a wider breadth of programmes and continued to run engaging programming over the lockdown period, using Facebook and online content

GROUPS OF ACTIVITIES

SIGNIFICANT CAPITAL PROJECTS				
	2020/2021 Actual \$000's	2020/2021 Budget \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
Library stock	876	820	57	Budget reduction in 2021 Annual Plan to reduce stock supply in response to COVID-19. Reduced budget overspent as stock is pre-ordered three months in advance and more arrived than expected at the end of the year.
Library buildings renewals	483	524	(41)	Mobile library wheelchair lift installation delayed due to contractor availability. Budget carried forward to complete installation in 2022 FY.
Library Digital Enhancements	80	80	0	No variance.

GROUPS OF ACTIVITIES















TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - LIBRARIES					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges, Rates Penalties	11,694	13,201	9,832	(3,369)	Reduced rates requirement due to lower than budgeted operating expenditure, overheads and finance costs.
Targeted Rates	0	0	0	0	
Subsidies and grants for operating purposes	8	8	0	(8)	
Fees and charges	503	513	571	58	Unbudgeted income from Lotteries Commission and National Library to cover costs associated with cataloguing and digitisation.
Internal charges and overheads recovered	0	0	0	0	
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Sources of Operating Funding (A)	12,205	13,722	10,403	(3,319)	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	6,042	6,230	6,357	127	Costs associated with the new central library deferred to later years than set out in the 2018-28 LTP. Offset by unbudgeted consultancy costs for the relocation of the central library to a temporary premises and additional employee costs for cataloguing and digitisation (offset by unbudgeted income).
Finance Costs	1,343	2,353	327	(2,026)	Reduced interest costs due to deferral of the New Central Library capital project.
Internal Charges and Overheads applied	2,959	3,340	2,683	(657)	Internal charges below budget as outlined in the Corporate Services activity.
Other Operating Funding applications	21	22	11	(11)	
Total Applications of Operating Funding (B)	10,365	11,946	9,378	(2,567)	
Surplus/(Deficit) of Operating Funding (A-B)	1,840	1,777	1,025	(752)	

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - LIBRARIES					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase/(Decrease) in debt	16,912	18,882	84	(18,798)	Less debt than anticipated due to the delayed delivery of capital projects.
Gross proceeds from the sale of assets	0	0	0	0	
Lump sum contributions	1,933	2,032	0	(2,032)	Capital contribution related to new central library deferred in line with capital spend.
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	18,845	20,914	84	(20,830)	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	18,842	20,911	83	(20,828)	Budget for a new libraries in Central Tauranga and Western Corridor deferred.
- to replace existing assets	1,725	1,243	1,400	157	Deferral of the mobile library vehicle replacement from 2020, partly offset by stock renewal underspend against LTP budget in response to COVID-19 restrictions.
Increase/(Decrease) in reserves	117	537	(374)	(911)	Reduction in depreciation reserve due to deferred delivery of the capital programme.
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	20,684	22,691	1,109	(21,582)	
Surplus/(Deficit) of Capital Funding (C-D)	(1,839)	(1,777)	(1,025)	752	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide technologies to enable customers to connect with information, help themselves to information and participate in the digital society.	Virtual visits total	 584,632	470,000	 780,843	Virtual visits continue to increase with 780,843 visits this year.
	Public internet sessions plus public Wi-Fi logins	 121,834	83,000	 109,711	We had a total of 109,711 public internet sessions plus public Wi-Fi logins, showing the changing use of the library.
	eBooks loans	 121,242	41,000	 121,839	Usage of e-books continued to grow in popularity, with over 121,839 loans.
We will provide buildings that are safe, welcoming spaces and collections reflecting the diverse and changing needs of the community for learning and creative recreation. The Libraries network is accessible to everyone in Tauranga.	Visits to central library	 257,252	385,000	 257,859	Target not met. Difficulty parking and accessing the city centre were mentioned in customer complaints.
	Visits to community libraries	 353,503	557,000	 372,786	Target not met. Contributing factors could be due to an increased uptake of eBook loans and digital resources, which are replacing the need for physical visits.
	Percentage of population who use the library in residents survey	 64%	68%	 57%	57% of our surveyed population use libraries, a decrease of 11% from the previous year. This figure does not account for the number of people using our online services and eBooks, which has exceeded targets.
We will provide programmes and events that support learning, literacy and digital skills, delivered in libraries and in the community. Programmes help build a greater sense of cultural awareness and diversity within the wider Tauranga community.	Number of participants in programmes	 22,712	24,000	 24,436	We had 24,436 participants in our programmes this year, a 7% increase on 2019/20.

GROUPS OF ACTIVITIES

PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide materials that tell the story of Tauranga and the region, ensuring they are collected, preserved and made accessible for current and future research, working with tangata whenua as partners.	Number of programmes imbedding Tauranga heritage topics or tikanga Māori	✓ 251	60	✓ 127	We had 127 programmes that embedded Tauranga heritage topics or Tikanga Māori during 2020/21. The higher number of Tikanga Maori and Heritage events held in 2019/20 was influenced by the timing of the COVID-19 lockdown and an increase in virtual events around Matariki.

Challenges

In 2020/21:

- The layout and lack of library space posed ongoing challenges for managing customer needs, meeting study demands and running library programmes.
- COVID-19 had a significant impact in increasing the number of people using public computers to complete visa applications. This required regular assistance from staff to help print and scan online forms.
- Assisting the digitally disadvantaged in our community required computer systems and staff to remain adaptable.

Looking ahead

In 2021/22, we will:

- Improve our website and events booking system to meet demand for digital services, library collections and face to face learning opportunities.
- Continue to digitise heritage collections and increase digital content, such as eBooks and streaming services.
- Respond to the need for an adaptable public computer network, by joining the national government initiative, Aotearoa People's Network Kaharoa.
- Consider opportunities to provide accessible library and community services from a new site in the CBD.
- Use library usage data, perception surveys and community and stakeholder consultation to assist in determining the function and design of the proposed central library community hub.

GROUPS OF ACTIVITIES

Marine facilities



What we do

We provide facilities including boat ramps and wharves, while leasing land and commercial premises in marine areas such as Sulphur Point and Marine Park.

This encourages outdoor activity and helps residents enjoy the marine environment.

It contributes to the Tauranga lifestyle and supports local marine-based entities.

How this affects you

Our safe and well-maintained marine facilities meet the needs of both the fixed and transient populations of our city.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

- 1 Development commenced on phase one of the Marine Strategy project, which included consultation and asset/planning review. This project will provide Council with fact-based evidence to make confident decisions around our Marine Facilities.
- 2 We began repairs to both Fisherman's and Salisbury wharves to ensure they continue to provide an operationally safe structure for users.
- 3 Our team finalised plans and completed consultation to improve access to the coastal marine area at Sulphur Point for Sailability. This is a charitable organisation that provides sailing programmes for physically and mentally disabled members of the community.

SIGNIFICANT CAPITAL PROJECTS

	2020/2021 Actual \$000's	2020/2021 Budget \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
The Strand Sea Wall	264	1,086	(821)	Strand sea wall repairs have been deferred pending development of a masterplan for waterfront assets. Unspent budget has been carried forward to future years.
Marine asset renewals	707	1,063	(356)	Wharf renewals have been slowed down by the availability of suitable contractors. Unspent budget has been carried forward into future years.

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - MARINE FACILITIES					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges, Rates Penalties	1,482	1,567	1,500	(67)	Rates requirement less than budget due to a funding decision made to create a lower operating funding surplus.
Targeted Rates	0	0	0	0	
Subsidies and grants for operating purposes	0	0	0	0	
Fees and charges	552	564	467	(97)	Adverse impact of COVID-19 on commercial rents and reduced boat storage revenue.
Internal charges and overheads recovered	(513)	(524)	7	531	Actuals included under Finance Costs as cash balance is in deficit.
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Sources of Operating Funding (A)	1,521	1,606	1,974	367	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	577	569	910	341	Higher than budgeted repairs and maintenance costs.
Finance Costs	148	184	424	240	Above budget due to interest charged on deficit cash balance.
Internal Charges and Overheads applied	234	263	225	(38)	Internal overheads are below budget as outlined in the Corporate Services activity.
Other Operating Funding applications	0	0	11	11	Unbudgeted minor spend.
Total Applications of Operating Funding (B)	960	1,016	1,570	554	
Surplus/(Deficit) of Operating Funding (A-B)	561	590	404	(187)	

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - MARINE FACILITIES

	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(Decrease) in debt	1,148	152	26	(126)
Gross proceeds from the sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total Sources of Capital Funding (C)	1,148	152	26	(126)
APPLICATION OF CAPITAL FUNDING				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	1,148	152	26	(126)
- to replace existing assets	1,659	1,337	972	(365)
Increase/(Decrease) in reserves	(1,098)	(747)	(568)	179
Increase/(Decrease) of investments	0	0	0	0
Total Applications of Capital Funding (D)	1,709	742	430	(312)
Surplus/(Deficit) of Capital Funding (C-D)	(561)	(590)	(404)	186
Funding balance ((A-B)+(C-D))	0	0	0	0

**Key Variance
Explanations for 2021**

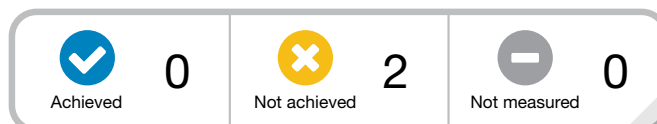
Lower than budget spend on improvement projects, pending completion of waterfront masterplan.





Lower than budget spend on improvement projects.

Waterfront renewals work deferred, pending completion of the waterfront masterplan.

Lower decrease in depreciation reserve, resulting from the below budget expenditure on renewals projects.

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide quality, accessible marine recreation opportunities.	Percentage of residents satisfied with accessibility to boat ramps and associated parking	 76%	95%	 74%	This was measured in our annual residents' survey. The response rate for this measure was low, with only 102 residents providing feedback over the year.
We will provide boat ramps and commercial berths.	Percentage of commercial users satisfied with boat ramps and berths, and recreational users satisfied with boat ramps	 75%	95%	 76%	Several facilities need renewal or are nearing the end of their lifespan. Work on the Marine Strategy project including community engagement is continuing and will help direct when and what we will do to improve these facilities.

Challenges

In 2020/21:

- We struggled to secure contractors for maintenance works on our facilities.
- Managing health and safety on our facilities while making them accessible to the public was an ongoing challenge.

Looking ahead

In 2021/22, we will:

- Continue phase one of the Marine Strategy project and commence phase two, which is development of the strategy and associated management plans.
- Commence planning for the replacement of Fisherman's wharf, the final design/concept of which will be informed by the Marine Strategy.
- Continue improving our existing marine facilities based on feedback received through the Marine Strategy consultation.

GROUPS OF ACTIVITIES

Marine precinct



What we do

The Tauranga Harbour Marine Precinct is a project to provide a purpose-built marine servicing facility at Sulphur Point.

The precinct provides a base for boat building and refit businesses in Tauranga and will be managed by Council under the Vessel Works brand.

How this affects you

We aim to provide one of the best marine precinct facilities in the country. It will offer an efficient 'one stop shop' service for people from the Bay of Plenty and other parts of New Zealand, supporting quality lifestyles and the local marine business economy.

Highlights in 2020/21

- 1 We had a record year for travel-lift movements and hardstand occupancy. To support the increased workload, we have been working to streamline processes.
- 2 We trained two new travel-lift operators, skilled in lifting and blocking work and pleasure vessels. This brings the number of trained operators to four. The training programme is a significant undertaking for both Vessel Works, the trainee and the trainer.
- 3 Several high-profile vessels visited Vessel Works for refits during the year.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

SIGNIFICANT CAPITAL PROJECTS

	2020/2021 Actual \$000's	2020/2021 Budget \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
Marine Precinct renewals	230	1,033	(803)	Delayed due to stakeholder consultation and the completion of a waterfront masterplan. The unspent budget for this project has been carried forward to future years.
Marine Precinct Coastal Structure renewal	70	909	(839)	Delayed due to stakeholder consultation and the completion of a waterfront masterplan. The unspent budget for this project has been carried forward to future years.
Marine Precinct Development	318	0	318	Final construction costs from the original development of the Marine Precinct.

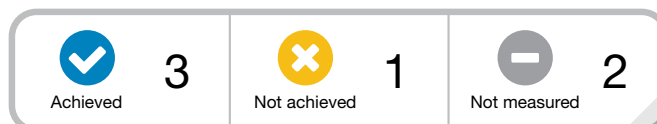
GROUPS OF ACTIVITIES













TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - MARINE PRECINCT					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges, Rates Penalties	0	0	0	0	
Targeted Rates	0	0	0	0	
Subsidies and grants for operating purposes	0	0	0	0	
Fees and charges	885	1,153	1,573	420	Above budget hardstand fees, recoveries and lease revenue.
Internal charges and overheads recovered	0	0	0	0	
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Sources of Operating Funding (A)	885	1,153	1,573	420	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	485	496	1,270	774	Higher than budgeted, reflecting the elevated workload and additional contract managers fees.
Finance Costs	0	0	627	627	Above budget due to interest charged on deficit cash balance.
Internal Charges and Overheads applied	217	241	204	(37)	Internal overheads are below budget as outlined in the Corporate Services activity.
Other Operating Funding applications	0	0	0	0	
Total Applications of Operating Funding (B)	702	737	2,101	1,364	
Surplus/(Deficit) of Operating Funding (A-B)	183	416	(528)	(944)	

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - MARINE PRECINCT					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase/(Decrease) in debt	0	0	389	389	Higher than budget spend on improvement projects.
Gross proceeds from the sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	0	0	389	389	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	0	0	389	389	Budget in LTP was captured under Marine Facilities.
- to replace existing assets	0	0	230	230	Budget in LTP was captured under Marine Facilities.
Increase/(Decrease) in reserves	183	415	(758)	(1,173)	Cash reserve balance was lower than budgeted due to higher operating costs.
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	183	415	(139)	(554)	
Surplus/(Deficit) of Capital Funding (C-D)	(183)	(415)	528	943	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide the marine industry with access to efficient and reliable large / heavy vessel lifting and hardstand facilities.	Average annual hardstand occupancy	 64%	50%	 69%	Target achieved. Our current annual occupancy has continued to increase steadily.
	Number of vessels lifted per annum	 46	150	 40	The number of vessels lifted throughout the year has decreased, however we have seen an increased trend in average hardstand occupancy.
We will provide the marine industry with access to quality vessel berthing facilities that are well utilised and fit for purpose.	Percentage of wharf and berth infrastructure that is assessed as being in "good" or better condition	 Not measured	90%	 Not measured	The wharf containing the fish and ice loading facilities and the timber wharf are to be replaced through the Wharf Extension project in 2021/22. The refit wharf, floating pontoons and bridge wharf fingers are new assets included in the project. A medium-term plan for the bridge wharf will be considered as part of Marine Precinct Master Plan.
	Average annual berth occupancy	 53%	>70%	 74%	We have met our target for berth occupancy.
We will provide the fishing industry with access to fish and ice loading facilities that are readily accessible, fit for purpose and commercially viable.	Percentage of customers satisfied with fish and ice loading facilities	 Not measured	85%	 Not measured	Not measured. Feedback is currently being addressed as part of the Tauranga Marine Facilities Strategy. The Wharf Extension project will provide additional berthage space for the fishing fleet.
	Percentage of bookings that can be accommodated	 100%	60-65%	 100%	We have been able to accommodate all bookings.

GROUPS OF ACTIVITIES

Challenges

In 2020/21:

- Lack of an agreed strategic direction for the facility continued to be a significant challenge. As a result, several initiatives are in progress to clarify outcomes, identify the most appropriate ownership/management model, and establish an agreed vision and development plan for the facility.
- Health and safety was a significant risk for Vessel Works due to the nature of works conducted onsite. As part of our Health and Safety strategy, we are implementing a range of improvements in line with audit advice and industry best practice.
- Competition in our segment of the New Zealand boatyard market increased, with new competitors offering significant discounts to customers. We anticipate competition will grow in the coming years, and our facility will need to adapt to maintain our existing customer base.

Looking ahead

In 2021/22:

- Hardstand Wharf Extension development, tactical Bridge Wharf repairs and dredging are scheduled.
- The strategic direction for Vessel Works and the Marine Precinct will be identified, a new fit-for-purpose operating model for the facility will be implemented, along with a roadmap to develop the remainder of the precinct.
- We are putting in place several health and safety initiatives to improve the wellbeing of people working onsite.

GROUPS OF ACTIVITIES

Parks and recreation



What we do

We protect and enhance natural areas in Tauranga, promoting an awareness of nature and encouraging activity in our city's excellent network of parks and open spaces. These spaces include neighbourhood reserves, passive reserves and sports fields.

How this affects you

By planning and providing a network of open spaces, we encourage people to be more active, more often.

We meet changing community needs while protecting and enhancing our natural areas and biodiversity.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

- 1 We completed construction of a substantial rock seawall at Turret Road, protecting notable pohutukawa trees and Turret Road from coastal erosion.
- 2 Our team successfully delivered the largest renewals budget to date, including considerable areas of coastal fencing, large engineered retaining walls and installation of playground equipment across Tauranga.
- 3 New CCTV cameras were installed at McLaren Falls Park along with new gates and a redeveloped entrance, to provide better management and support a reduction in anti-social behaviour.
- 4 We worked closely with the Disability Advisory Group, Tauranga Intermediate School and a range of other community stakeholders to finalise a design for Tauranga's first accessible changing facility. This facility is available for any person who requires specialised equipment for personal use while out enjoying our city.
- 5 A series of mature pohutukawa, totara, titoki and Norfolk pine trees were planted along Maunganui Road, a project which received an overwhelmingly positive response from the community.

GROUPS OF ACTIVITIES

SIGNIFICANT CAPITAL PROJECTS				
	2020/2021 Actual \$000's	2020/2021 Budget \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
Streetscape projects	5,235	12,055	(6,819)	Wharf Street Streetscape project delivered under budget, with a minor budget carry forward to 2022 FY to complete remaining cultural interpretation elements. Elizabeth Street Streetscape project delayed to align with the updated Farmers construction programme and sequencing, with some budget carried forward to complete the project in 2022 FY. The Strand Extension project (in partnership with BOPRC) also deferred to later years to align with other City Centre priorities.
Omanawa Falls formal track establishment and carpark development	668	3,857	(3,189)	Delayed delivery due to design, engagement and consenting difficulties to address safety concerns and enhance the site. Budget carried forward to 2022 and 2023 FYs.
Renewal projects	2,621	2,724	(102)	Minor variances across the renewals programme.
Open Space level of service land purchase - Growth	748	2,410	(1,662)	Budget carried forward to 2022 FY due to complexities associated with land purchases.
Wairoa active reserve	-166	1,893	(2,060)	Budget carried forward to 2023 FY due to complexities associated with land purchase.
Kulim Park development	174	1,470	(1,296)	Budget carried forward to 2022 FY due to design and consenting delays. Construction anticipated to commence in September 2021.
Gordon Carmichael Reserve Walkway	458	1,147	(689)	Budget carried forward to 2022 FY due to design complexities associated with this development.
Spaces & Places coastal structures	614	966	(353)	Costs associated with Turret Road seawall renewal less than anticipated.
Council contribution for redevelopment of Merivale community centre	0	868	(868)	Budget carried forward to 2022 FY to allow the Trust time to secure additional funding for this development.
Miscellaneous Parks projects	3,356	8,594	(5,238)	Capital adjustment less various capital programme deferrals.

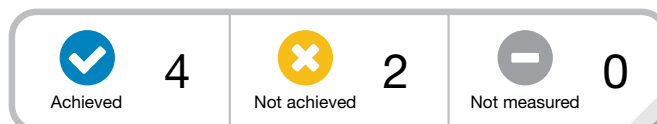
GROUPS OF ACTIVITIES













TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - PARKS AND RECREATION					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges, Rates Penalties	39,870	42,853	40,755	(2,098)	Reduced rates requirement due to delayed timing of capital project delivery and associated decrease in interest costs.
Targeted Rates	148	164	157	(7)	
Subsidies and grants for operating purposes	69	71	102	31	
Fees and charges	1,128	1,162	1,399	237	BVL revenue over budget as a result of higher than budgeted contributions to the depreciation reserve and recoveries of maintenance costs.
Internal charges and overheads recovered	0	0	0	0	
Local authority fuel tax, fines, infringement fees, and other receipts	800	818	612	(206)	Lower interest on BVL loan due to lower interest rate than budgeted through the 2018-28 LTP.
Total Sources of Operating Funding (A)	42,015	45,068	43,025	(2,043)	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	24,086	23,052	27,720	4,668	Above budget due to the transfer of staff costs and other operating expenses from City Centre activity to Parks & Recreation. Other increases due to higher than anticipated rates under new vegetation, reserve and public toilet maintenance contracts. BVL renewals, debt retirement and operational grants also higher than budgeted through the LTP.
Finance Costs	6,751	7,651	5,443	(2,208)	Lower than budgeted interest costs due to delayed capital programme delivery and reduced interest on BVL loan.
Internal Charges and Overheads applied	3,903	4,390	4,107	(283)	Internal charges below budget as outlined in the Corporate Services activity.
Other Operating Funding applications	0	0	9	9	
Total Applications of Operating Funding (B)	34,740	35,093	37,279	2,186	
Surplus/(Deficit) of Operating Funding (A-B)	7,275	9,975	5,746	(4,229)	

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - PARKS AND RECREATION					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	483	483	Unbudgeted contribution from NZTA towards safety improvements on 1st Avenue.
Development and financial contributions	1,505	1,417	1,457	40	Above budget due to higher than anticipated levels of growth in Tauranga.
Increase/(Decrease) in debt	17,164	19,928	8,106	(11,822)	Less debt than anticipated due to rephasing of capital project delivery.
Gross proceeds from the sale of assets	0	1,570	(21)	(1,591)	Land sales budgeted in the 2018-28 LTP no longer proceeding.
Lump sum contributions	(1)	0	499	499	Unbudgeted contributions towards Tauranga Domain training lights, Kopurerua Valley walkway and Mt Drury accessible toilets.
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	18,668	22,915	10,524	(12,391)	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	24,907	25,184	881	(24,303)	Below budget due to programme rephasing associated with land purchase in Te Tumu and development of Western Reserve.
- to improve level of service	16,958	11,833	10,207	(1,626)	Below budget due to programme rephasing associated with land purchase at Eastern Corridor. Partly offset by increased spend against Elizabeth Street Streetscape and Omanawa Falls Development projects from that budgeted through 2018-28 LTP.
- to replace existing assets	2,416	2,856	2,621	(235)	Minor underspends across the renewals programme.
Increase/(Decrease) in reserves	(18,337)	(6,982)	2,561	9,543	Rephasing of growth and renewals project delivery has resulted in higher than budgeted reserve balances.
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	25,944	32,891	16,270	(16,621)	
Surplus/(Deficit) of Capital Funding (C-D)	(7,276)	(9,976)	(5,746)	4,230	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide a network of open spaces, parks and playgrounds for the use of residents and visitors to the city.	Percentage of residential households that are within 500m of an open space	 91%	90%	 91%	While target was achieved, we foresee this being harder to maintain as the city grows, as some new subdivisions do not have reserves.
We will provide a network of playgrounds enabling a variety of experiences for all age groups. Playgrounds can be targeted at young children, older children or can be exercise equipment for both adults and children.	Percentage of residential households that are within 500m of a playground	 60%	65-70%	 60%	Target not met. As the city grows, some new subdivisions do not have a reserve.
We will provide high quality coastal and reserve land and structures, including removing encroachments.	Removal of 20 coastal encroachments from public land each year	 0	20	 6	Six re-encroachments were resolved along the coastal strip. Forrester Drive was targeted this year and is under review for community priorities.
	The amount of parks land protected in the City Plan as a Special Ecological Area that is restored	 71%	67%	 76%	Target achieved. The main areas restored included Hammond Street and coastal dunes.
We will provide a well-maintained street garden network.	All street gardens* (excluding annual [bedding] gardens) for which Council is responsible are maintained regularly (reported via the number of maintenance visits each year and the total area maintained each year). *Note: Additional areas of street gardens are vested to Council as new subdivisions are developed, so the total area is not within Council's direct control.	 100%	86%	 100%	This is a contract performance measure and is combined with other measures in a contract key performance indicator. The contract specifications for this level of service are stringent and we received very few complaints about street gardens throughout the year.
	Minimum size of street gardens in new subdivisions (there is no maximum size)	 Achieved	45m ²	 Achieved	Staff continue to work with developers to achieve this.

GROUPS OF ACTIVITIES

Challenges

In 2020/21:

- We responded to multiple storm and tidal surge forces that resulted in damage to coastal erosion protection structures.
- As usage increases across our greenspace network, it became difficult to complete renovation works under a reduced timeframe and without the necessary tools (e.g. agrichemicals, irrigation water etc.).
- We struggled to prevent beachfront property owners continuing to re-encroach, with no City Plan mechanism that enables enforcement.
- The Top Flat campsite at McLaren Falls needed to be closed as we undertook maintenance and earthworks.
- Ensuring garden maintenance standards were retained on sites with high traffic flow such as Cameron Rd and Takitimu Drive was challenging, as these sites require increased traffic safety management processes.

Looking ahead

In 2021/22, we will:

- Continue upgrade and renewal works of erosion-prone and aging coastal protection structures, such as sea walls across the city.
- Improve overall pest control methods on Mauao using data collected from the new monitoring network.
- Work towards completing an up to date Tree and Vegetation Strategy that will enhance, protect and preserve our urban ngahere (bush/forest).
- Complete the Omanu Beach Trust shared facility on Golf Road, and complete the community facility network study to identify a future use for the old Omanu Bowling Club building.

GROUPS OF ACTIVITIES

Regulation monitoring



What we do

We enforce legislation, ensure a consistent application of city bylaws, and educate our community about their responsibilities.

We also respond to social behaviour incidents and promote road safety through daily patrols of key areas including the city centre.

How this affects you

We improve community wellbeing by ensuring that public nuisance is minimised, and our environment is protected.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

1

We secured \$150,000 funding from MBIE for responsible camping initiatives in Tauranga. This funding supported and involved:

- the roll out of responsible camping education;
- ambassadorial engagement;
- increased enforcement;
- improved signage;
- installation of CCTV;
- increased waste collections from our litter receptacles; and
- increased cleaning of our public toilet facilities.

2

Licence Plate Recognition (LPR) vehicle enforcement technology was implemented after the two-hour free parking trial began in July 2020, to manage the expected decrease in compliance.

- Overall, this technology has improved our ability to identify 'overstay' offences by approximately 60%.
- In addition to supporting the impacts of the free parking trial, this technology has helped us gather accurate occupancy data to inform future parking strategies and decisions.

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - REGULATION MONITORING









	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges, Rates Penalties	707	751	518	(233)	Reduced rates requirement due to lower than budgeted overhead costs.
Targeted Rates	0	0	0	0	
Subsidies and grants for operating purposes	0	0	124	124	Unbudgeted grant from Ministry Business, Innovation and Employment (MBIE) related to tourism facilities development.
Fees and charges	32	32	43	11	
Internal charges and overheads recovered	0	0	0	0	
Local authority fuel tax, fines, infringement fees, and other receipts	66	68	1	(67)	Expected fine revenue transferred to doubtful debts.
Total Sources of Operating Funding (A)	805	851	686	(165)	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	(480)	(641)	(590)	51	Driven by employee related costs.
Finance Costs	2	2	3	1	
Internal Charges and Overheads applied	1,273	1,479	1,199	(280)	Internal charges below budget as outlined in the Corporate Services activity.
Other Operating Funding applications	0	0	67	67	Expected fine revenue transferred to doubtful debts.
Total Applications of Operating Funding (B)	795	840	679	(161)	
Surplus/(Deficit) of Operating Funding (A-B)	10	11	7	(4)	

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - REGULATION MONITORING					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase/(Decrease) in debt	0	0	4	4	
Gross proceeds from the sale of assets	0	0	0	0	
Lump sum contributions	0	0	0	0	
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	0	0	4	4	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	0	0	4	4	
- to replace existing assets	0	0	0	0	
Increase/(Decrease) in reserves	10	12	7	(5)	
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	10	12	11	(1)	
Surplus/(Deficit) of Capital Funding (C-D)	(10)	(12)	(7)	5	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will monitor traffic and parking bylaw and related legislation, taking an educational approach to raise awareness in the community, or enforcement where appropriate.	Respond to all parking complaints within 24 hours	 92%	96%	 92%	Target not met. We received 2,097 complaints, of which 1,938 were attended to within 24 hours.
	Attend school patrols at least eight times per month	 47%	96%	 60%	Target not met. We attended 58 school patrols out of a possible 96 for the year. Patrols are conducted in collaboration with Travel Safe, which works alongside schools to lift the level of road safety. Once hotspots are identified i.e. parking breaches, Travel Safe schedules patrols. As community compliance increases, fewer patrols are required.
We will monitor the Freedom Camping bylaw.	Daily patrols of key designated and prohibited freedom camping sites	 Not Achieved	Achieved	 Not Achieved	During the off-season (1 March - 31 October) patrols reduce to four times per week (Thursday - Sunday), as the number of vehicles using freedom camping sites decreases. In Q4, we adjusted patrols to target key sites seven nights per week, by prioritising sites with the lowest levels of compliance on a given day.
	All complaints about freedom camping are investigated	 93%	100%	 100%	A total of 213 freedom camping complaints received this year were investigated.

GROUPS OF ACTIVITIES

Challenges

In 2020/21:

- We received approximately 260 homeless related complaints. The number of people rough sleeping in tents and vehicles across our city remained high post-COVID-19 Alert Level 4, which presented many challenges. Bylaws officers continued to work with our Community Development team and external support networks to arrange outreach support for our vulnerable people.
- Hairini bus lane monitoring and compliance proved challenging. Prior to enforcement commencing in October 2020, approximately 120 vehicles were using this bus lane illegally each day. Despite automatic number plate recognition technology to capture and enforce all offences, it took over six months to improve compliance and address serious safety concerns identified by our transportation division. By the end of the year peak morning offending had reduced by approximately 80%, however limited staffing resource meant we could not monitor this more frequently.
- The two-hour free parking strategy was challenging, in that it required significant administration and staffing resources. While the LPR increased enforcement productivity, it also needed more resource to process and post a high volume of infringement notices. This included receiving and responding to a higher amount of parking disputes related to LPR parking enforcement.

Looking ahead

In 2021/22:

- We will continue to use and adapt our LPR enforcement system to encourage compliance with parking rules. In addition to the CBD, we will look to use this technology in 'hot spots' across the city, to address road safety issues and support local businesses who rely on time-designated public parking for customers and visitors.
- In preparation for the Future Proofing Cameron Road project, we will work closely with our transportation team to explore current and new technology, and the potential resources required to support compliance for this key piece of infrastructure.
- The bylaws team will continue to work closely with Council and external support agencies as we look for innovative ways to better support vulnerable members of our community. This includes those who are experiencing homelessness, and support for those affected by homelessness, i.e. businesses, residents and our wider community.

GROUPS OF ACTIVITIES

Resource recovery and waste



What we do

We help the Council and our community to improve their sustainability performance. This contributes to the protection of public health and the environment by managing the collection and disposal of the community's waste.

Our focus is on:

- reducing, recovering, recycling and reusing waste within the city;
- reducing energy consumption and carbon emissions within council operations;
- applying the latest proven, cost-effective waste and sustainability approaches;
- collecting data and other information to enable effective decision-making;
- ensuring waste is transported to approved waste facilities for treatment, recovery and/or disposal;
- providing comprehensive sustainability and waste programmes;
- supporting council activities that improve sustainability;
- achieving outcomes from the 2016 Waste Management and Minimisation Plan (WMMP);
- implementing Council's corporate Energy Management Action Plan;
- refreshing our corporate sustainability framework;
- achieving and maintaining Council's Certified Emissions Measurement and Reduction Scheme (CEMARS) certification; and
- contributing to the development and implementation of a city-wide environmental strategy

How this affects you

Our activity protects the health of Tauranga's community and environment.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

1

We awarded contracts for and rolled out our new kerbside collection service.

2

Ministry for the Environment provided funding of \$20.5 million for our upgrades to Te Maunga transfer station and for the purchase of our new kerbside bins.

GROUPS OF ACTIVITIES

SIGNIFICANT CAPITAL PROJECTS				
	2020/2021 Actual \$000's	2020/2021 Budget \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
Kerbside Waste Collection Capital Works	5,880	1,301	4,579	Purchase of the Kerbside Bins was not included in the 2021 year. These costs were brought forward as the bins needed to be delivered prior to commencement of the service. Note this cost was 100% grant funded.
Miscellaneous renewals	19	276	(257)	The work programme for Te Maunga has been updated as a result of the grant funding being awarded to redevelop the site. In addition the unplanned closure of the Maleme Street site has resulted in minimal renewals being required/actioned.
Education Facilities Consent & Planning	0	100	(100)	This project was put on hold as the team focused on the Kerbside introduction. Note City Waters are now leading this project.
Land Purchase Cambridge Rd Closed Tip	1,034	0	1,034	The non compliance with the Resource Consent for this site required the purchase of this land to be brought forward from later years.

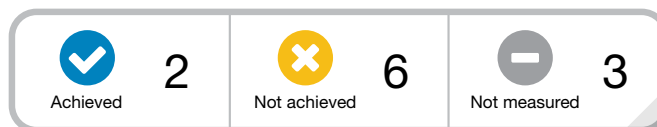
GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - RESOURCE RECOVERY AND WASTE					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges, Rates Penalties	3,555	4,132	1,804	(2,328)	Both a reduction in internal costs (\$500,000) and the reallocation of internal costs to non General rates funded function has contributed to variance. In addition the lease income for the transfer stations was more than budgeted. Rubbish bag costs and facilities maintenance and depreciation were all less than budgeted in the LTP.
Targeted Rates	1,444	5,399	1,863	(3,536)	
Subsidies and grants for operating purposes	482	493	518	25	
Fees and charges	1,453	511	1,413	902	Waste Levy higher than budgeted.
Internal charges and overheads recovered	0	0	0	0	A full year of rubbish bag tag income was received, while the LTP budgeted for a part year.
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Sources of Operating Funding (A)	6,934	10,535	5,598	(4,937)	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	5,474	8,495	4,644	(3,851)	Kerbside set up expenditure less than budgeted in the LTP, which assumed that 3 months of the contract would be payable in the 2021 year.
Finance Costs	430	497	369	(128)	
Internal Charges and Overheads applied	904	1,018	851	(167)	Costs less than LTP due to interest rates significantly lower than forecast and capital programme underspend
Other Operating Funding applications	0	0	0	0	Internal charges below budget as outlined in the Corporate Services activity.
Total Applications of Operating Funding (B)	6,808	10,010	5,864	(4,146)	
Surplus/(Deficit) of Operating Funding (A-B)	126	525	(266)	(791)	

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - RESOURCE RECOVERY AND WASTE					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	0	0	0	
Increase/(Decrease) in debt	604	1,201	524	(677)	Debt less than budgeted as a result of external funding and changes to capital programme via Annual Plan.
Gross proceeds from the sale of assets	0	0	0	0	
Lump sum contributions	0	0	5,011	5,011	Grant received from central government for the Kerbside project.
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	604	1,201	5,535	4,334	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	0	0	0	0	
- to improve level of service	2,629	3,608	6,951	3,343	Kerbside external funding resulted in a significant change to the capital works programme, with the Kerbside bins being purchased in 2021 and other projects being delayed.
- to replace existing assets	178	169	19	(150)	Renewals significantly reduced as a result of the Kerbside project, including redevelopment of Te Maunga.
Increase/(Decrease) in reserves	(2,077)	(2,051)	(1,701)	350	Decrease as a result of drop in renewals and waste levy reserve projects being deferred.
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	730	1,726	5,269	3,543	
Surplus/(Deficit) of Capital Funding (C-D)	(126)	(525)	266	791	
Funding balance ((A-B)+(C-D))	0	0	0	0	















GROUPS OF ACTIVITIES



excluding additional measures

PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide a rubbish collection service to all residential properties in urban and rural residential areas.	Percentage of residents that are satisfied with what happens on rubbish collection day	77%	83%	78%	This is measured in the annual residents' survey. Our current result increased slightly from 2019/20 (77%). Target has not been met for the previous three years.
We will provide transfer stations, and maintain closed landfill sites.	Transfer stations provide customers with a seven-day service for refuse and green waste facilities and free access to a recycling centre (except on Good Friday and Christmas Day)	Not achieved	Achieved	Achieved	Access has been maintained throughout the year.
	Number of abatement notices / infringements issued in relation to closed landfill resource consents	Nil	Nil	2	The two abatement notices received in Q1 were both resolved in Q2 to the satisfaction of Bay of Plenty Regional Council.
Provision of behaviour change programmes across community target community behaviours and reduction of waste to landfill.	Number of new businesses engaging in Resource Wise Business programme per annum	13	12	5	This programme was on hold for Q1 and Q2 to establish ways to make the programme more effective. During Q3 and Q4, five new businesses were engaged. Target was increased from 12 to 15 following a resolution of the Finance, Risk and Monitoring Committee on 27 November 2019. Although not reported on, this new target was not achieved.

GROUPS OF ACTIVITIES

PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
Provision of behaviour change programmes across community, target community behaviours and reduction of waste to landfill.	Number of new schools / pre-schools / education facilities engaged in Resource Wise Schools (RWS) programme per annum	 53	40	 0	Target not met. Programme was on hold this year due to resourcing issues. This measure has been replaced from the 2018-28 LTP following a resolution of the Finance, Risk and Monitoring Committee on 27 November 2019. The updated measure is "Number of students taught within pre-schools/schools/education facilities for the Resource Wise Schools programme per annum". See below table: Additional measures monitored.
	Number of waste reduction workshops delivered via Resource Wise Community per annum	 11	10	 9	Annual target not achieved. Workshops included worm farming, waste free parenting and a food lovers masterclass. Target was increased from 10 to 12 following a resolution of the Finance, Risk and Monitoring Committee on 27 November 2019. Although not reported on, the new target of 12 workshops per year would not have been achieved with the current result.
	Average amount of waste sent to landfill per capita / per annum based on current operating environment (figures for Year 4 onwards reflect proposed introduction of rates-funded system)	 523kg	575kg	 577kg	Target not met. The bounce back from COVID-19 saw waste volumes increase this year. It is expected that the introduction of the rates-funded kerbside collection service, and increased diversion opportunities at Te Maunga transfer station, will decrease the amount of waste to landfill in 2021/22.
We will take action to address Council's own sustainability impacts	Milestones achieved as per Council's EECA agreement	 Milestone 4 achieved	New Agreement Developed	 Not measured	Council is revising its approach to the management of sustainability issues – progress will commence in financial year 2021/2022.
	Completed actions from the corporate Energy Management Action Plan	 In progress	Identified actions for 20/21 implemented	 Not measured	Council is revising its approach to the management of sustainability issues – progress will commence in financial year 2021/22.
	Achievement of CEMARS certification	 In progress	Certification maintained	 Not measured	Council is revising its approach to the management of sustainability issues – progress will commence in financial year 2021/22.
	Number of sustainability education opportunities delivered/supported	 49 (waste) 56 (City Waters)	50	 36 (waste) 32 (City Waters)	Waste - delivering to Resource Wise. City Waters - delivering to Waterline Plan.

GROUPS OF ACTIVITIES

Additional measures monitored

The below tabled measures were changed from the 2018-28 LTP following a resolution of the Audit, Finance, Risk and Monitoring Committee on 19 February 2019. The level of service has not changed. These measures are not included in non-financial performance summary figures.

ADDITIONAL MEASURES MONITORED					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
Provision of behaviour change programmes across community target community behaviours and reduction of waste to landfill	Number of waste audits conducted for businesses for the Resource Wise Business programme per annum	13	45	19	New measure. This measure has been added following a resolution of the Audit, Finance, Risk and Monitoring Committee on 27 November 2019 and was not included in the 2018-28 LTP. The level of service has not changed. During 2020/21, 19 audits were conducted with businesses who have taken steps to reduce waste.
	Number of upskilling workshops for the Resource Wise Business programme	2	3	2	New measure. This measure has been added following a resolution of the Audit, Finance, Risk and Monitoring Committee on 27 November 2019 and was not included in the 2018-28 LTP. The level of service has not changed. One workshop was provided in Q2 at a material recycling facility, and another in Q4 with Zespri.
	Number of waste audits conducted for pre-schools /schools/ education facilities for the Resource Wise Schools programme per annum	6	98	7	New measure. This measure has been added following a resolution of the Audit, Finance, Risk and Monitoring Committee on 27 November 2019 and was not included in the 2018-28 LTP. The level of service has not changed. Programme was on-hold since contract ended 29 Feb 2020. Between Q1-Q3 no audits were conducted in an effort to allow schools time to recover following COVID-19 disruptions. All seven audits were conducted in Q4.

GROUPS OF ACTIVITIES

ADDITIONAL MEASURES MONITORED					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
Provision of behaviour change programmes across community target community behaviours and reduction of waste to landfill	Number of students taught within pre-schools / schools/ education facilities for the Resource Wise Schools programme per annum.	4,148	11,200	10,276	This is the updated measure that was adopted following a resolution of the Audit, Finance, Risk and Monitoring Committee on 27 November 2019. During 2020/21, schools began welcoming back external educators, however despite this, target was still not achieved.

Challenges

In 2020/21:

- There was uncertainty regarding the future of the Sustainability Advisory Board, which meant the sustainability side of our work was on hold pending a sustainability stocktake.
- The kerbside collection roll out required increased resources, which negatively impacted our other programmes, affecting our ability to achieve our desired results.

Looking ahead

In 2021/22, we will:

- Commence the kerbside collection service and respond to questions from the community to help them use the service effectively.
- Begin upgrade work at the Te Maunga transfer station.
- Review our Waste Management and Minimisation Plan and Waste Bylaw, to allow residents an opportunity to provide feedback on what our city should focus on next in order to reduce waste.

GROUPS OF ACTIVITIES

Stormwater



What we do

We manage infrastructure to receive, treat and dispose of stormwater through a network of soakage systems, pipes, open drains, ponds and 'secondary flow paths' (paths the water will take if it cannot go through the main system).

This minimises the risk of flood damage and mitigates adverse effects on our harbour and waterways from stormwater runoff.

Our activities mainly focus on the quality and quantity aspects of stormwater. We also work to minimise the risk of flood damage through education and the planning and provision of infrastructure. We aim to improve the quality of stormwater discharging into the harbour and other coastal/river environments.

How this affects you

We provide all residential, commercial and industrial properties in Tauranga with an efficient stormwater system. We protect public health and safety by disposing of stormwater in an environmentally acceptable way that meets the challenges of population growth.

We manage stormwater in a long-term sustainable way, while acknowledging and respecting the value that tangata whenua place in water resources.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

- 1 A draft Stormwater Strategy was developed to address environmental and social outcomes while giving effect to Te Mana o Te Wai.
- 2 Works in Matua were completed to open constrained overland flowpaths, which are the paths water takes if it cannot go through the main system. These projects aim to make the depth and speed of stormwater flows safer for our communities.
- 3 A minor works programme was continued to address frequent/nuisance flooding around our city.
- 4 We progressed development of a long-term flood mitigation strategy for Mount North (Adams Avenue to Salisbury Avenue). This area is vulnerable to the effects of climate change (stormwater surges, rising sea level and groundwater).
- 5 We have continued to work with tangata whenua to develop cultural interpretation panels for the Wairakei Waterway, which will be in place soon. These panels describe the cultural values and connection of tangata whenua to the area. A motif has also been developed for the corridor and is depicted on all signage and seating.

GROUPS OF ACTIVITIES

SIGNIFICANT CAPITAL PROJECTS				
	2020/2021 Actual \$000's	2020/2021 Budget \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
Papamoa/Wairakei stream stormwater capital projects	1,278	4,845	(3,568)	Project put on hold, post community feedback- a re-engagement process is being worked through with the community stakeholders.
Stormwater recovery programme bulk fund	2,439	3,250	(811)	Further investigations & community engagement required at Awaiti Place and Herald Way meant the project budget had to be carried forward into 2022.
Pyes Pa West growth projects	2,686	1,798	887	Budget brought forward from future years to fund the current year overspend.
Stormwater other level of service projects	721	1,776	(1,055)	Dry seasons have meant that the application for reactive reserve is less than anticipated.
Tauriko Business Estate growth projects	95	1,125	(1,031)	Land purchase delayed due to changing programme priorities.
Stormwater land sales	-1,052	-48	(1,004)	Land sale opportunity realised ahead of schedule.

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - STORMWATER

	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's
SOURCES OF OPERATING FUNDING				
General Rates, Uniform Annual General Charges, Rates Penalties	24,911	26,500	23,424	(3,076)
Targeted Rates	294	50	136	86
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	29	29	58	29
Internal charges and overheads recovered	0	0	0	0
Local authority fuel tax, fines, infringement fees, and other receipts	5	5	0	(5)
Total Sources of Operating Funding (A)	25,239	26,584	23,618	(2,966)
APPLICATIONS OF OPERATING FUNDING				
Payments to Staff & Suppliers	6,821	6,640	8,271	1,631
Finance Costs	8,935	9,972	5,110	(4,862)
Internal Charges and Overheads applied	2,933	3,280	2,783	(497)
Other Operating Funding applications	0	0	6	6
Total Applications of Operating Funding (B)	18,689	19,892	16,170	(3,722)
Surplus/(Deficit) of Operating Funding (A-B)	6,550	6,692	7,448	756

**Key Variance
Explanations for 2021**

Reduced finance costs and overhead allocations resulting in the general rates variance.

Additional repairs and maintenance costs mainly relating to drains and grounds maintenance.

Delayed capital delivery resulting in lower finance charges along with lower overall interest rates.











Internal charges below budget as outlined in the Corporate Services activity.

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - STORMWATER					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	55	55	Crown Infrastructure Partners grant not budgeted for in the LTP.
Development and financial contributions	3,562	3,326	3,144	(182)	Timing differences in capital delivery meant that development contributions were slightly lower than budgeted.
Increase/(Decrease) in debt	11,980	11,283	5,692	(5,591)	Lower than budgeted debt due to lower capital delivery.
Gross proceeds from the sale of assets	0	0	1,052	1,052	Unbudgeted property sale.
Lump sum contributions	0	0	(1,105)	(1,105)	Crown Infrastructure Partners grant not budgeted for in the LTP.
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	15,542	14,609	8,838	(5,771)	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	8,281	19,574	1,543	(18,031)	Under-delivery of some greenfield and intensification infrastructure investment compared to budget. These budgets have been carried forward to 2022- 2024.
- to improve level of service	14,062	13,427	5,762	(7,665)	Stormwater reactive reserve related spend was less than budget due to reduced applications under this category.
- to replace existing assets	208	162	0	(162)	No renewals took place for stormwater network.
Increase/(Decrease) in reserves	(459)	(11,862)	8,981	20,843	A combination of lower growth capex delivery and movements in depreciation reserves contributing to the variance.
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	22,092	21,301	16,286	(5,015)	
Surplus/(Deficit) of Capital Funding (C-D)	(6,550)	(6,692)	(7,448)	(756)	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide a conveyance and treatment network to effectively manage stormwater and to deliver safety to persons.	The number of habitable floors that were affected by flooding events per 1000 properties	 0.14	≤1	 Nil	During 2020/21, no flooding events for habitable floors were reported from the 59,045 connections. This was due to a decrease in heavy rainfall events.
We will provide a timely response to a flooding event.	Median response time to attend a flooding event	 30 min	≤60 min	 26min	We continue to be within target with response times consistent with previous year result for attending flooding events. During 2020/21, flooding event problems were resolved faster than 2019/20 (2hr, 13min).
	Resolution of problem	 2hr, 13 min	≤8 hr	 1hr, 33min	
We will provide satisfaction to our customers.	Number of complaints received about the performance of the stormwater network per 1,000 properties	 2.68	≤2	 1.88	A total of 111 performance related requests were received from a total of 59,045 connections. Results for the current reporting period saw complaints decrease on 2019/20 due to less rainfall events. We will continue our focus to improve operations and maintenance, and asset functionality.
We will provide a stormwater system that avoids impact on the environment.	Council's stormwater compliance with resource consents for discharge from its stormwater system measured by the number of: 1) abatement notices; 2) infringement notices; 3) enforcement orders; and 4) convictions received in relation to those resource consents.	 Nil	Nil	 Nil	Target met

GROUPS OF ACTIVITIES

Challenges

In 2020/21:

- Planting works in the Palm Beach west section of Wairakei waterway remained paused. Further engagement is needed to develop an acceptable solution for the parties involved.
- Plan Change 27 was notified and all flood hazard maps across the city were updated.
- We started flood mitigation planning to support intensification with an initial focus on priority areas in Te Papa.

Looking ahead

In 2021/22, we will:

- Continue to address flooding at three locations within the Kaitemako and Welcome Bay catchments to make the speed and depth of stormwater flows safer for the community.
- Progress, with a view to completing, the planting works in the Wairakei stream corridor (subject to the outcome of engagement in Palm Beach west).
- Advance the design and planning work associated with flood responses in Mount North.
- Continue our flood mitigation planning to support intensification in the city.
- Develop the Kopurererua Catchment Management Plan to ensure it is safe and more accessible for people of all abilities.

GROUPS OF ACTIVITIES

Transportation



What we do

We manage Tauranga's transportation network, improving road safety and ensuring people enjoy easy access to different modes of transport.

We improve, operate and maintain local roads (including streetlights, bridges, footpaths, traffic signals, sumps, berms, bus shelters, parking buildings and parking machines), and monitor crash statistics to identify problem areas and determine solutions.

Our team helps make the transport network more resilient by identifying the effects of land use, growth and development on the network and parking resources while detecting areas for upgrades or control.

Our walking, cycling and education projects encourage greater use of more sustainable transport modes.

How this affects you

We contribute to the efficient and safe movement of people on the local transport network, providing better transport choices and connecting our communities.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

- 1 We obtained funding from Crown Investment Partners to commence Stage 1 of the Futureproofing Cameron Road project.
- 2 The LED streetlight rollout continued, with 90% set for completion by year end. Shipping disruptions due to COVID-19 previously delayed LED fittings ordered from overseas.
- 3 Maunganui Road upgrades were completed, improving safety for those getting to and from Blake Park, providing safer cycling facilities and better connectivity for the surrounding residential areas.
- 4 The Travel Safe team achieved additional funding from their success in delivering high quality programmes to schools and community groups.

GROUPS OF ACTIVITIES

SIGNIFICANT CAPITAL PROJECTS				
	2020/2021 Actual \$000's	2020/2021 Budget \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
Reseals	5,048	5,181	(132)	Successfully completed roading maintenance works programme. Overall the Maintenance and Renewals programme of which this is part fully expended the budget and maximised the available subsidy from NZTA.
Domain Road upgrading	418	3,169	(2,751)	Stage one of project complete and stage two has been put on hold awaiting the result of resource consent relating to future development on Domain Road.
Eastern corridor	1,851	2,400	(549)	Extension of Te Okura Drive delayed. This work is now due for completion in October 2021.
Western corridor	7,767	7,001	766	Budget for land acquisitions to develop the Western Corridor Ring Road brought forward to allow purchase of land when available.
Public transport infrastructure	614	1,499	(885)	Delays in the decision of the location of the planned Arataki Bus Interchange has resulted in this project being pushed out to later years.
15th Avenue, Turret Road and Fraser Street upgrades	651	350	301	Project completed late 2020. Overspend due to additional contract costs incurred during COVID-19 lockdown and variation resulting in extension of contract.
Traffic signals	364	540	(176)	The underspend relates to traffic signals planned on Cameron Road. These projects have now been incorporated into the Te Papa Spatial Framework, and the delivery is dependent on the Framework's timeline for interventions.
New transportation model	936	1,455	(519)	Resourcing issues delayed this project in 2021; the unspent funds have been carried forward to the 2022 year and resourcing is now in place.
Minor Renewal Works (Streetlights, Kerb & Channel, Signs & Footpaths)	5,269	4,486	783	Pavement Rehabilitation overspent as a programme of works was completed including backlog from earlier year. All spend within the NZTA subsidised budget.
Streetlight upgrading to LED	8,228	9,699	(1,472)	Project 95% complete at year end; total project cost \$1m less than budget.
Pedestrian Improvements	2,088	2,991	(903)	Due to delays, a number of projects in year 3 of the 2018-28 LTP have been rephased and are now expected to be completed in the next three years. This includes the Mataphi Bridge Safety works.
Roading upgrades and Improvements	3,422	6,378	(2,956)	A number of factors have contributed to the underspend, including the Mt Maunganui one way trial which did not proceed, resulting in a credit of \$0.5m in the 2021 year and the Beaumaris Boulevard Flood mitigation project delay with completion now due in 2022. Also, since the LTP budgets were set a number of projects have been reprioritised.
Parking Infrastructure	356	1,039	(682)	The Parking Strategy is currently being updated and this has resulted in a number of projects included in year 3 of the LTP being put on hold. This includes the Mount Maunganui Parking review.
Roading land sales	78	(2,990)	3,068	No land sales finalised in the 2021 year.
Te Papa Intensification	5,318	1,500	3,818	Cameron Road Stage 1 was brought forward when Crown funding was allocated. Total spend 100% grant funded.
Accessible Streets	(410)	4,827	(5,237)	Underspend as a result of Cycle Action Plan expenditure being transferred to operating as it did not meet the capitalisation requirements. In addition the Cycle Action Plan LC/LR Programme underspend was offset against other LC/LR projects.

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - TRANSPORTATION

	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's
SOURCES OF OPERATING FUNDING				
General Rates, Uniform Annual General Charges, Rates Penalties	26,053	30,501	25,981	(4,520)
Targeted Rates	376	134	284	150
Subsidies and grants for operating purposes	4,722	4,846	5,282	436
Fees and charges	7,251	8,001	2,787	(5,214)
Internal charges and overheads recovered	16	17	9	(8)
Local authority fuel tax, fines, infringement fees, and other receipts	1,406	1,437	2,157	720
Total Sources of Operating Funding (A)	39,824	44,936	36,500	(8,436)
APPLICATIONS OF OPERATING FUNDING				
Payments to Staff & Suppliers	16,853	16,777	22,165	5,388
Finance Costs	8,545	10,666	4,557	(6,109)
Internal Charges and Overheads applied	6,128	6,738	5,702	(1,036)
Other Operating Funding applications	0	0	14	14
Total Applications of Operating Funding (B)	31,526	34,181	32,438	(1,743)
Surplus/(Deficit) of Operating Funding (A-B)	8,299	10,755	4,062	(6,693)

Key Variance
Explanations for 2021

Rates requirement reduced as a result of operating costs and depreciation reserve requirements less than budgeted in the LTP.

Resilience Rate was increased in the Annual Plan.

Waka Kotahi subsidy higher due to completion of backlog of maintenance works.

The introduction of free parking in the CBD has had a significant impact on Parking income, and in the LTP the Harington Street car park was forecast to be open and collecting revenue.

Parking penalties and fines higher than budget as a result of increased enforcement.

Costs higher than LTP as a result of team re-organisation and significant increase in work load.

Costs less than LTP due to interest rates significantly lower than forecast and capital programme underspend.

Internal charges below budget as outlined in the Corporate Services activity.

Doubtful debt costs not included in LTP expenditure.

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - TRANSPORTATION

	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	34,249	28,631	16,469	(12,162)
Development and financial contributions	5,795	5,247	10,926	5,679
Increase/(Decrease) in debt	32,450	27,948	14,500	(13,448)
Gross proceeds from the sale of assets	46	1,667	(78)	(1,745)
Lump sum contributions	40	41	10	(31)
Other dedicated capital funding	0	0	0	0
Total Sources of Capital Funding (C)	72,579	63,535	41,827	(21,706)
APPLICATION OF CAPITAL FUNDING				
Capital Expenditure				
- to meet additional demand	(10,748)	(5,057)	6,315	11,372
- to improve level of service	59,613	52,033	26,627	(25,406)
- to replace existing assets	8,514	9,145	10,472	1,327
Increase/(Decrease) in reserves	23,501	18,169	2,477	(15,692)
Increase/(Decrease) of investments	0	0	0	0
Total Applications of Capital Funding (D)	80,879	74,291	45,891	(28,399)
Surplus/(Deficit) of Capital Funding (C-D)	(8,299)	(10,755)	(4,062)	6,695
Funding balance ((A-B)+(C-D))	0	0	0	0

Key Variance
Explanations for 2021

Waka Kotahi subsidy less than budgeted as a result of the approved 2018-2021 subsidy being significantly less than the bid. This resulted in a major overhaul of the capital works programme.

Developer Contributions higher than budgeted as a result of the buoyant house building market.

Debt reduced in line with reduction in capital programme.

No land sales completed in 2021.

External funding reduced as projects deferred.

LTP capital included a capital adjustment credit of \$15m, reflecting the delivery challenges of a large capital programme. Actual adjusted expenditure shortfall is \$9m. The Waka Kotahi subsidy was significantly reduced for the 18-21 period resulting in major changes to the programme, including the Papamoa East Interchange and the Cycle Action Plan capital works.



The \$10m transport efficiency programme for 2021 was deferred along with projects linked to the Baypark to Bayfair project.

Renewal higher than LTP to maximize the three-year NZTA renewal allocation which expired at year end.



The free CBD parking initiative resulted in the Parking activity not having a surplus and being funded via the cash reserve. Depreciation was also significantly lower than budgeted in the LTP as a result of the reduced capital works programme.

GROUPS OF ACTIVITIES













PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide an efficient transport network, minimising all-day congestion.	Average speed across key parts of the transport network* (free flow speed = 59km/hr)	 35.37km/hr	27km/hr	 35.7km/hr	In 2016/17, we created a new way to measure congestion. Average speed was compared across 18km of key routes at peak times, against the average speed during night free flow conditions (when traffic can move uninterrupted except for red lights and intersections). To get our sample, we compared the peak traffic speed with the free-flow speed over a seven-day period (1-7 March). Each year we compare our average speed over the same seven-day period in March against the result we recorded in 2017, to see if we are moving faster or slower through these key routes. Results for 2020/21 are based on data for the period between 8 -14 March (35.7km/hr), due to Alert Level 2 restrictions coinciding with the original seven day period (1-7 March). During AL2, less vehicles are using the roads which results in an increased average speed across the network (36.2km/hr). The average speed for 2020/21 was consistent with the previous year result.

GROUPS OF ACTIVITIES













PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide an efficient transport network, minimising all-day congestion.	Duration of peak across the transport network* (where traffic is travelling at 50% of free flow speed of 59km/hr)	 147min	345min	 251min	<p>We measure this by calculating traffic speeds through the same routes as the measure above (we use the same seven-day period in March as well). Through the week-long period we measure the time the routes are congested i.e. moving half as fast as they would under freeflow conditions. This calculates our daily average speed. Results for 2020/21 are calculated based on data for the period between 8-14 March, due to the original seven day period (1-7 March) coinciding with Alert Level 2 restrictions whereby less vehicles are using the network (results for 1- 7 March were 173min of congestion). Data for 2019/20 was slightly faster (238mins) compared to the current reporting period (251mins), despite Alert Level 1. As with 2019/20, this year saw well defined am and pm weekday peaks. We also saw no weekend congestion.</p>

GROUPS OF ACTIVITIES

PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide opportunities for walking, cycling and bus travel, and encourage increasing awareness of sustainable transport initiatives, including school walking/cycling programmes.	Proportion of people journey to work via: 1) a vehicle as the driver 2) a vehicle as a passenger 3) walking/jogging 4) cycling 5) bus 6) did not go to work or not stated 7) Worked from home	 1) 46% 2) 2% 3) 2% 4) 5% 5) 3% 6) 20% 7) 8%	1) 58% 2) 1-2% 3) 3% 4) 6% 5) 8% 6) 23-25% 7) 5-6%	 1) 57% 2) 1% 3) 3% 4) 2% 5) 2% 6) 24% 7) 7%	We take this data from our annual perceptions monitor. The proportion of people driving vehicles to work increased 24% to the previous year's result (46%). Currently, the number of people using buses (2%) or cycling (2%) decreased on 2019/20, whereas the number of people working from home remained similar to 2019/20.
	Number of public transport boardings per annum (Bay Hopper)	 Not measured	2.27m	 1,572,407	Data sourced from the Bay of Plenty Regional Council. Transport boardings decreased 4.7% on 2018/19 figures (1.65M).
	Number of public transport boardings per annum (School Hopper)	 Not measured	674k	 674,544	Data sourced from the Bay of Plenty Regional Council. Transport boardings continue to increase, up 35% on 2018/19 result (435,000).
	Number of participants in school children's walking and cycling programmes	 8,065	5,600	 9,946	Travel Smart leaders promoted walking and cycling in schools. Feet First Programme reached over 8,000 students.
	Number of participants in adult cycling programmes	 332	400	 473	473 adults have been trained in cycle skills this year. Opportunities included e-bike trainings at retirement villages, workplace trainings, Māori historic rides - where cycle skills were taught, urban rides and ride leader trainings. The adult cycling coordinator at Sport BOP was funded by Travel Safe and Cycling NZ due to additional funding from ACC through NZTA. This role rotates around the many cycle groups providing mentorship, guidance and upskilling to regular riders. Promoting safety when riding in groups is the main aim of this ongoing mentoring - the number above does not reflect the number of regular riders mentored on these sessions. The coordinator stays connected with TCC about infrastructure updates and leads the community rides accordingly.

* Public transport information is provided by the Bay of Plenty Regional Council whom manage Tauranga's local bus services.

GROUPS OF ACTIVITIES

PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide a well-maintained and fit-for-purpose road and footpath network, and well-utilised and available city centre parking.	Average quality of ride of the sealed road network as measured by Smooth Travel Exposure	 90%	91-92%	 92%	Target met at 92% as per latest 2020/21 HSD Roughness Data.
	Percentage of footpaths that fall within the level of service standard for the condition of footpaths set out in the Asset Management Plan (less than or equal to 1.5m of grade 4 or 5 faults per km of footpath)	 95%	98-100%	 97.1%	Target not met. 2.9% of footpath network length have Grade 4 and 5 faults as per the latest 2020/21 footpath condition data.
	City centre parking occupancy levels: 1) On-street 2) Off-street 3) Car park buildings	 Not measured Not measured 28%	80%-85% 85%-95% 85%-95%	 Not measured Not measured 92%	Data is no longer available for the on-street and off-street parking. Occupancy levels for car park buildings has increased dramatically since 2019/20. From August 2020, a two-hour time limit was established in the city centre in an effort to help keep free parking available for shoppers and business customers.
	The percentage of the sealed local road network that is resurfaced	 2%	4%	 2%	Target not met. A new maintenance contract is currently being established. The new contractor will deliver the remainder of the resal programme.
	The percentage of customer service requests relating to roads and footpaths responded to within seven calendar days	 93%	85%	 89%	Our contractor achieved 89% response within seven days. Most of these service requests were attributed to unsafe footpaths, hazards on the road or potholes.
We will identify and respond to safety issues, through education and engineering solutions.	The change from the previous financial year in the number of people fatalities and serious injury crashes on the local road network, expressed as a number Decreasing the number of people injured or killed in crashes across the city (the number refers to a five-year rolling average for all roads within the city boundary (state highways and local roads))	 193	165	 230	There were 244 people injured or killed (in 230 crashes) during the five-year period to the end of Q4 2020/21. This is an increase of 37 (15%) from the 213 people injured or killed during the five-year period to the end of Q4 2019/20. Note: This KPI does not consider MVKT (million vehicle km travelled) and so does not account for increases in population and vehicle use.

Challenges

In 2020/21:

- There was difficulty in recruiting for specialised staff due to border closures and an active infrastructure market across New Zealand. This caused delays and required us to hire consultants.
- Speed management across the city remained an ongoing issue, with many residents frustrated or confused around the varying enforcement roles of council and the Police.
- A decision was made not to extend a maintenance works contract beyond the initial term, despite attempts to receive better outcomes on the network.

Looking ahead

In 2021/22:

- The Futureproofing Cameron Road project will begin and is set to continue until October 2023. This will be the largest transport construction project over this period.
- Work will begin on the Transport System Plan (TSP) to address the inefficiencies in the network.
- An improved level of service will be provided to our community via an outcome focused, collaborative Maintenance and Operations contract.

GROUPS OF ACTIVITIES

Wastewater



What we do

We provide a network of infrastructure to manage sewage and protect public health and the natural environment.

Wastewater is collected from all connected properties in Tauranga and transported to two treatment plants. The wastewater is treated through wetlands and ultra-violet disinfection before being discharged into the ocean.

The Southern Pipeline, which was completed in 2019, allows for future development in the southern area of Tauranga. The Te Maunga Wastewater Treatment Plant is being upgraded to accommodate the additional load from the Southern Pipeline.

How this affects you

We enable wastewater to be safely removed from every connected property in Tauranga. Our work ensures that the effluent returned to the environment is high quality, meets community expectations and meets environmental standards.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

Highlights in 2020/21

- 1 Construction begun on the landward section of the outfall and is set to be completed in 2021/22.
- 2 We progressed a programme business case for our wastewater system to right-size future development of the system.
- 3 A contract was awarded for ground improvements to Bioreactor 2 and the construction contract will be awarded in late June 2021.
- 4 The design for Clarifier 3 was completed and is now out to tender.
- 5 Our strategic wastewater network model was calibrated and a network performance assessment has been carried out showing a well performing network.
- 6 Eastern and Western Corridor Wastewater studies have been completed and now inform the long-term investments needed to service growth in these areas.

GROUPS OF ACTIVITIES

SIGNIFICANT CAPITAL PROJECTS

	2020/2021 Actual \$000's	2020/2021 Budget \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
Te Maunga Wastewater Treatment Plant upgrade and outfall pipeline	8,395	19,382	(10,987)	The extent and duration of commercial negotiations delayed the award of 3 physical works contracts resulting in a later than anticipated commencement of physical works.
Eastern Corridor Trunk Wastewater	99	1,850	(1,751)	LTP budget was developed from a high-level programme from the planning team during the early phase of the project. Programme now pushed out.
Tauriko Bus Estate Capacity Improvements	1,516	3,000	(1,484)	Original pump station design scope expanded to include a larger pump station incorporating additional catchments and flows. Additional design time resulted in a delay in Physical Works commencement.
Wastewater Reticulation Renewals	3,011	5,030	(2,020)	CIP Stimulus funding provided for 10 Wastewater Pump Renewals projects. Core samples of the Meadowlands Rising Main show remaining life expectancy and replacement not required. Hold was placed on Wastewater works as the budget was committed for contingency allowance for the Elizabeth Street Upgrade.
Wastewater Reticulation Upgrades	673	2,600	(1,927)	Mansels Access & Renewal of Wastewater Main construction deferred while hydraulic design analysis was undertaken to account for future growth.
Wastewater Treatment Plant Renewals	303	563	(260)	Contingencies and risk budgets associated with treatment plant renewals not required

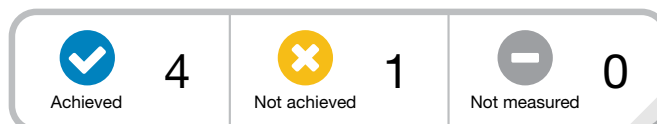
GROUPS OF ACTIVITIES











TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - WASTEWATER					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF OPERATING FUNDING					
General Rates, Uniform Annual General Charges, Rates Penalties	0	0	0	0	
Targeted Rates	29,375	31,687	32,231	544	Changes to revised annual plan for 2021 resulted in the variance against LTP
Subsidies and grants for operating purposes	0	0	207	207	Crown Infrastructure Partners Subsidies received which was not part of LTP budgets.
Fees and charges	2,116	2,262	2,262	0	
Internal charges and overheads recovered	(45)	(46)	(3)	43	
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	
Total Sources of Operating Funding (A)	31,446	33,903	34,697	794	
APPLICATIONS OF OPERATING FUNDING					
Payments to Staff & Suppliers	13,159	14,093	14,383	290	Although the overall variance to budget is quite small, there was a significant increase in repairs and maintenance costs mainly around mechanical and reticulation maintenance categories. This was offset by a reduction in operating costs relating to bio solid removal costs budgeted but not incurred due to asbestos found in Pond 1 resulting in delayed desludging.
Finance Costs	7,440	7,767	4,821	(2,946)	Significant underdelivery of capital projects along with reduced interest rates resulting in reduced finance charges.
Internal Charges and Overheads applied	4,335	4,859	4,125	(734)	Internal charges below budget as outlined in the Corporate Services activity.
Other Operating Funding applications	0	0	2	2	
Total Applications of Operating Funding (B)	24,935	26,719	23,331	(3,388)	
Surplus/(Deficit) of Operating Funding (A-B)	6,511	7,184	11,366	4,182	

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - WASTEWATER					Key Variance Explanations for 2021
	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's	
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	0	0	424	424	Crown Infrastructure Partners Subsidies received which was not part of LTP budgets.
Development and financial contributions	10,052	9,318	11,525	2,207	Large commercial developments in Tauriko Business Estate had significant wastewater impacts.
Increase/(Decrease) in debt	2,108	3,571	3,766	195	Change in the capital delivery project mix resulted in slightly higher debt compared to LTP budget.
Gross proceeds from the sale of assets	0	0	0	0	
Lump sum contributions	0	0	(643)	(643)	Crown Infrastructure Partners Subsidies received that was not part of LTP budgets.
Other dedicated capital funding	0	0	0	0	
Total Sources of Capital Funding (C)	12,160	12,889	15,072	2,183	
APPLICATION OF CAPITAL FUNDING					
Capital Expenditure					
- to meet additional demand	8,693	18,131	8,678	(9,453)	Lower capital delivery, particularly in relation to new greenfield growth investment and Te Maunga upgrade makes up bulk of the variance.
- to improve level of service	1,177	3,833	1,205	(2,628)	Timing difference with regards to Wastewater rehabilitation projects to support inner city intensification makes up bulk of the variance.
- to replace existing assets	3,912	4,383	4,068	(315)	
Increase/(Decrease) in reserves	4,889	(6,275)	12,487	18,762	Variance as a result of higher depreciation collected compared to depreciation funded out of reserve along with lesser growth funding due to delayed growth projects.
Increase/(Decrease) of investments	0	0	0	0	
Total Applications of Capital Funding (D)	18,671	20,072	26,438	6,366	
Surplus/(Deficit) of Capital Funding (C-D)	(6,511)	(7,184)	(11,366)	(4,183)	
Funding balance ((A-B)+(C-D))	0	0	0	0	

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide a reliable, well-maintained wastewater system that is available to all serviced zones.	The number of dry-weather sewage overflows from Council's sewerage system per 1,000 connections	 1.1	≤2	 1.02	There were 58 overflows from 56,988 connected properties. The result demonstrates that the wastewater system, and our maintenance systems, are adequate. We have continued behaviour education with the community, advising not to flush wet wipes, as this causes blockages, and overflows.
	Compliance with Council's resource consents for discharge from our sewerage system, measured by the number of: a) abatement notices; b) infringement notices; c) enforcement orders; and d) convictions, received by Council in relation those resource consents	 Nil	Nil	 1	Abatement notice was received for wastewater overflow at Matapihi from an air valve on the Southern Pipeline.
We will provide emergency response to sewage overflows, to minimise risk of safety to persons or damage to property.	Sewage overflow attendance time for service personnel to reach the site	 26 min	≤60 min	 26 min	Attendance time remains constant with previous year.
	Sewage overflow resolution time	 3 hrs, 08 min	≤8 hr	 3 hrs, 04 min	We had a small decrease in the time it took us to resolve issues this year.
We will provide satisfaction to our customers.	The number of complaints per 1,000 connections received by Council about: sewage odour, system faults, blockages and response to issues.	 4.42	≤10	 3.64	We had 207 incidents per 56,988 connected properties. Results for the current reporting period saw complaints decrease on 2019/20 due to lower sewer blockages brought about through increased community awareness around flushability of products.

GROUPS OF ACTIVITIES

Challenges

In 2020/21:

- The Wastewater Management Review Committee had only one member remaining from the previous year. The gradual progression of changes in membership impacted on the overall progression of issue resolution.
- A large overflow of wastewater from the Southern Pipeline at Matapihi resulted in Council receiving an abatement notice for the discharge. The investigation is nearing completion and further regulatory action is possible.
- The de-sludge project on Pond 1 was delayed due to asbestos-containing material requiring appropriate removal.

Looking ahead

In 2021/22:

- The programme business case for our wastewater system will be nearing completion and the Wastewater Management Review Committee will be in a better position to make progress.
- Network improvements to reduce peak flows into the wastewater treatment plant system will be assessed, to enhance the system's operation.
- We will recognise carbon emissions and potential for reductions from our wastewater system.
- These initiatives will allow for tangata whenua input into the early planning stages of wastewater system improvements, and a more holistic view of our system's environmental performance and impacts through carbon accounting.

GROUPS OF ACTIVITIES

Water Supply



What we do

We provide Tauranga residents and businesses with constant, adequate, sustainable, high-quality potable water.

Water is a primary resource for living, economic activity and firefighting.

Among other activities, we:

- manage water supply catchments, protect source water, abstract raw water from source streams and produce potable water of suitable quality and quantities;
- distribute potable water to the point of supply where it meets flow, pressure and quality standards;
- efficiently operate and maintain council water assets with a replacement cost above \$300 million; and
- plan and provide infrastructure to meet future water supply requirements for our growing city.

We also educate our community about water, wastewater and stormwater conservation, and about how to source water in an environmentally acceptable way that acknowledges and respects the values tangata whenua place in water resources.

KEY IMPACT ON COMMUNITY WELL-BEING



Economic



Environmental



Social



Cultural

How this affects you

We provide a high-quality, efficient, affordable and reliable water supply system that protects public health and meets the needs of our residential, commercial and industrial customers.

We plan for our customers' future by providing sustainable long-term solutions to the challenges of population growth on water volumes and our water supply network.

Highlights in 2020/21

- 1 The final contracts for the Waiāri Water Supply Scheme were awarded, with construction progressing well and due to come online late 2022.
- 2 A notable milestone for the water supply team was the approval of the Water Safety Plan by the Drinking Water Assessor (Ministry of Health). The revision and updating of the plan required significant work, and it is a key document for how we manage water supply risks.
- 3 A long-term three waters maintenance contract with Downer was successfully established and is a joint contract with Western Bay of Plenty District Council. The contract will commence on 1 July 2021 for a potential period of 10 years.
- 4 The treatment capacity of the Oropi Water Treatment Plant began its upgrade as part of the optimisation of the water supply to the city.
- 5 We participated in the Local Authority Drinking Water Reference Group (Taumata Arowai) to provide input into the development of the Drinking Water Standards and aesthetic values and associated operational compliance rules.

GROUPS OF ACTIVITIES

SIGNIFICANT CAPITAL PROJECTS				
	2020/2021 Actual \$000's	2020/2021 Budget \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
Waiari new water supply system	57,306	70,060	(12,755)	Budget carried forward due to delays associated with COVID-19 and an extended tender period for the Water Treatment Plant contract.
Eastern corridor	9	1,100	(1,091)	Programme has been put on hold until further development progresses.
Reservoir development: water supply Welcome Bay	2,327	1,976	351	Delays associated with COVID-19 deferred the spend into 2021
Oropi Water Treatment Plant Capacity Upgrade	789	2,230	(1,441)	Delays due to supply chain issues created by COVID-19 meant that the project budget is carried forward into FY 2022.
Western Corridor	594	2,093	(1,499)	LTP budget was developed from a high-level programme from the planning team during the early phase of the project. Programme now re-phased.
Reservoir seismic upgrade and renewals	2,473	4,260	(1,786)	Delays associated with COVID-19 resulted in the contractor unable to resource for Summer/Autumn roof membrane works. Extended seismic strengthening works at Waikite 2 deferred spend on Poplar Lane works.
Water Netwrk Upgrades & Renewals	2,692	3,505	(813)	Delays associated with COVID-19 resulted in deferred physical works for the Elizabeth Street development.
Water Supply Plant Upgrades & Renewals	1,848	1,819	29	Spend aligns with forecast budget

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - WATER SUPPLY

	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's
SOURCES OF OPERATING FUNDING				
General Rates, Uniform Annual General Charges, Rates Penalties	0	0	0	0
Targeted Rates	25,523	27,726	26,591	(1,135)
Subsidies and grants for operating purposes	0	0	85	85
Fees and charges	2,076	529	209	(320)
Internal charges and overheads recovered	2	2	(20)	(22)
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0
Total Sources of Operating Funding (A)	27,601	28,256	26,865	(1,392)
APPLICATIONS OF OPERATING FUNDING				
Payments to Staff & Suppliers	11,024	10,589	12,033	1,444
Finance Costs	3,110	2,958	5,249	2,291
Internal Charges and Overheads applied	3,605	4,241	3,533	(708)
Other Operating Funding applications	0	0	0	0
Total Applications of Operating Funding (B)	17,739	17,788	20,815	3,027
Surplus/(Deficit) of Operating Funding (A-B)	9,862	10,469	6,050	(4,419)

**Key Variance
Explanations for 2021**

Lower volume due to extended water restrictions and lesser growth meant slightly lower revenue compared to LTP budget, but almost on par with the Annual Plan.

Crown Infrastructure Partners Subsidies received which was not part of LTP budgets.

Hydrant usage reduction in fees due to water restrictions, thereby preventing water being used for dust suppression.

Higher than expected repairs and maintenance costs mainly relating to non-planned reticulation repairs were offset by a reduction in Waiari operational costs due to delays in commissioning from the original LTP forecast.

Increase in overall Waiari programme costs compared to LTP budgets mainly driving the increased finance costs.

Internal charges below budget as outlined in the Corporate Services activity.

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - WATER SUPPLY

	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	659	659
Development and financial contributions	10,386	9,036	6,419	(2,617)
Increase/(Decrease) in debt	3,243	1,745	1,959	214
Gross proceeds from the sale of assets	0	0	0	0
Lump sum contributions	(1)	0	(648)	(648)
Other dedicated capital funding	0	0	0	0
Total Sources of Capital Funding (C)	13,628	10,781	8,389	(2,392)
APPLICATION OF CAPITAL FUNDING				
Capital Expenditure				
- to meet additional demand	53,056	41,735	61,024	19,289
- to improve level of service	3,158	1,718	1,935	217
- to replace existing assets	5,009	5,059	5,866	807
Increase/(Decrease) in reserves	(37,733)	(27,261)	(54,386)	(27,125)
Increase/(Decrease) of investments	0	0	0	0
Total Applications of Capital Funding (D)	23,490	21,251	14,439	(6,812)
Surplus/(Deficit) of Capital Funding (C-D)	(9,862)	(10,469)	(6,050)	4,420
Funding balance ((A-B)+(C-D))	0	0	0	0

**Key Variance
Explanations for 2021**

Crown Infrastructure Partners Subsidies received which was not part of LTP budgets.

Timing differences in capital delivery meant that development contributions were slightly lower than budgeted.

Higher level of service projects compared to LTP budget resulted in higher debt.

Crown Infrastructure Partners Subsidies received which were not part of LTP budgets.

Increase in infrastructure costs, particularly related to the new Waiari treatment plant, has resulted in higher variance compared to LTP budget.











Additional spend in reservoir upgrades and treatment plant membrane purchases resulted in higher spend compared to LTP budgets.

Reservoir and pipe renewals timing difference makes up bulk of the variance.

Variance due to higher funding of DC reserves than what was budgeted.

GROUPS OF ACTIVITIES



PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide a water supply network across the city, delivering safe drinking water that meets drinking water standards (bacteria and protozoal) and customer expectations around clarity, taste, odour, water pressure and continuity of supply.	The extent to which council's drinking water supply complies with: a) part 4 of the drinking-water standards (bacteria compliance criteria); and b) part 5 of the drinking water standards (protozoal compliance criteria)	 100% for both*	100% for both	 100% for both*	We achieved bacterial compliance. The protozoal compliance is assessed annually based on a five-yearly survey. Oropi Water Treatment Plant survey has been completed and submitted to the Drinking Water Assessor. We also publish bacterial compliance on council's website: www.tauranga.govt.nz/council/water-services/water-supply/water-testing-and-reports . Please note these results are provisional, pending the assessment of compliance by the independent Drinking Water Assessor.
We will manage the average consumption of drinkable water.	The percentage of residents who are aware of ways they can conserve water and have taken steps to do so	 85%	≥ 80%	 82%	80% of residents are aware of ways to conserve water at home and work, with 82% of those indicating that they have taken steps to conserve water in the past year.
	The percentage of real water loss from council's networked reticulation system (includes real losses through leaks in the network, non-revenue water and apparent losses through metering inaccuracies or water theft)	 17.3%	≤ 16%	 16%	Achieved. Of the properties which are connected to Tauranga City Council's water supply network, 99.9% are metered connections.
	Annual peak demand in litres per capita per day	 397	≤ 450	 371	Achieved. This is based on a peak day of 55,487 cubic metres using population data of 149,713.
	The average consumption of drinking water per day per resident within the city based on water leaving the water treatment plants in litres per capita per day	 299	≤ 330	 292	Achieved. This is for the year's consumption and based on a population of 149,713 supplied with water.

* Please note these results are provisional, pending the assessment of compliance by the independent Drinking Water Assessor.

GROUPS OF ACTIVITIES

PERFORMANCE MEASURES					
Level of service	Performance measures	2019/20 result	2020/21 target	2020/21 result	Comments
We will provide an efficient response to faults and complaints.	Median fault response time for urgent call out is less than 60 minutes	✓ 26 min	≤ 60 min	✓ 28 min	Achieved
	Median fault response time for urgent call out is resolved in less than eight hours	✓ 2 hours 26 min	≤ 8hr	✓ 2 hours 28 min	Achieved
	Median fault response time to non-urgent call outs is less than 18 hours	✓ 4 hours 17 min	≤ 18hr	✓ 3 hours 32 min	Achieved
	Median fault response time to non-urgent call outs is resolved in less than 3 days	✓ 16 hrs 49 min	≤ 72hr	✓ 14 hrs 57 min	Achieved
	Number of complaints per 1,000 connections in relation to water quality (clarity, taste, odour), water pressure or flow, continuity of supply or in relation to council's response to these issues	✓ 2.59	≤ 10	✓ 4.35	Achieved. Of the 257 customer complaints received across 59,045 connected properties, the majority were in relation to water pressure (44%) and 28% regarding quality of water (taste, colour, odour, grit). Results for the current reporting period were higher than 2019/20, and were predominantly due to a greater number of complaints received regarding water pressure.

Challenges

In 2020/21:

- The low flow from source water streams, Tautau and Waiorohi, which supply the city reached an all-time low. In order to avoid future water restrictions, we need to encourage behaviour change to ensure water is treated as a valued resource in both our community and industry.
- A city-wide sprinkler ban was introduced on 23 December 2020 and only lifted on 28 June 2021. The length of this year's water restrictions reflects the knock-on effect of three unusually dry summers.

Looking ahead

In 2021/22:

- We will participate in and facilitate the water reform process, commencing with the implementation of the Water Services Bill, once enacted, and meet the requirements of Taumata Arowai (Water Regulator).
- Our team will focus on bringing the Waiāri Water Supply Scheme online by the summer of 2022/23. We will also begin the roll out of phases 2 and 3 of the project, which includes the extension of the pipelines into the wider coastal strip of Pāpāmoa and Mount Maunganui.
- We will optimise and maintain the city's water supply during the summer period, in conjunction with commencing the reconsenting process for the existing source water takes, expiring in 2026.

GROUPS OF ACTIVITIES

Corporate Services

What we do

Corporate Services predominately provides internal support to the organisation. Our activities assist in the effective and efficient delivery of all council services and include:

- Asset Planning and Infrastructure
- City Development
- City Waters Support
- Civic Complex
- Communications
- Customer Service
- Digital Services
- Executive
- Finance
- Fleet Management
- Infrastructure Delivery
- Insurance
- Legal and Risk
- People and Capability
- Property Management
- SmartGrowth
- Strategy
- Takawaenga Maori Unit

How this affects you

We support activities and services that affect our community directly.

Highlights in 2020/21

- 1 Our Customer Service activity included:
 - Establishing a virtual meeting system with customers for property and LIM enquiries. This enabled our customers to maintain an element of face to face contact with the council team but removed their need to travel.
 - Receiving close to 5,000 customer satisfaction responses and achieving a very good overall net promoter score of 47 for the year.
- 2 Our Communications team helped establish the Arataki Liaison Group. This is a new way for us to engage with local communities around our work in their area and to understand and act on their priorities.
- 3 For our Takawaenga Māori unit, this year saw significant progress with the confirmation of a Māori ward for Tauranga city, and a higher calibre of representatives on all Committees. Our partnership with tangata whenua means we have added governance, legal, policy and planning expertise to the Strategy, Finance and Risk Committee. Creating space for a Māori perspective and contribution into decision-making means stronger outcomes overall and at pace with Māori aspiration, capability and capacity.
- 4 Our Asset Services team supported the delivery of fit for purpose infrastructure for our community, and in particular:
 - completed renewal planning and Asset Management Plans for seven activities that informed the Long-term Plan and Infrastructure Strategy;
 - launched the Street Design Toolkit that will be used when planning a greenfield development or upgrading an existing street, to create safe streets for people using different transport modes; and
 - launched the new Tauranga Moana manhole cover, designed by local artist Whare Thompson.

GROUPS OF ACTIVITIES

SIGNIFICANT CAPITAL PROJECTS

	2020/2021 Actual \$000's	2020/2021 Budget \$000's	2020/2021 Variance \$000's	Key Variance Explanations for 2021
Various land purchases	2,206	4,000	(1,794)	Strategic land purchases are dependent on suitable land becoming available for purchase. One major purchase has been completed, and several minor acquisitions are in progress. The unspent budget for this project has been carried forward to future years.
Digital Services Capital Programme	11,869	14,792	(2,923)	Digital successfully delivered the bulk of its FY21 programme of work, on time and on budget. Variations were due to underspend in planned lifecycle and hardware activities due to global supply chain delays, delays and changes in timing for Cameron Road fitout/new ways of working and delays to approving GIS 3D model data capture.
Various land sales	58	(1,214)	1,271	Several sales in progress but none completed.
Civic Complex renewals	107	307	(200)	Lower spend on the Willow Street civic complex, as these buildings are now planned to be demolished.
People & Engagement Capital Works	39	173	(133)	Several minor projects. Not all completed.
Prop Management Upgrades & Renewals	532	694	(161)	Improvements to the Cargo Shed were not completed. The unspent budget for this project has been carried forward to future years.
Health & Safety Risk Control Capital	60	245	(185)	Underspend predominantly relates to transfer station upgrades delayed due to imminent closure of site.

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - CORPORATE SERVICES

	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's
SOURCES OF OPERATING FUNDING				
General Rates, Uniform Annual General Charges, Rates Penalties	(15,679)	(15,902)	(8,777)	7,125
Targeted Rates	0	0	0	0
Subsidies and grants for operating purposes	3	3	1,999	1,996
Fees and charges	10,628	11,064	11,251	187
Internal charges and overheads recovered	86,299	97,588	71,684	(25,904)
Local authority fuel tax, fines, infringement fees, and other receipts	1,970	2,320	1,451	(869)
Total Sources of Operating Funding (A)	83,221	95,073	77,608	(17,465)
APPLICATIONS OF OPERATING FUNDING				
Payments to Staff & Suppliers	44,844	48,622	44,352	(4,270)
Finance Costs	(15,186)	(15,332)	(8,594)	6,738
Internal Charges and Overheads applied	44,849	51,141	33,623	(17,518)
Other Operating Funding applications	1,227	1,253	26,480	25,227
Total Applications of Operating Funding (B)	75,734	85,684	95,861	10,177
Surplus/(Deficit) of Operating Funding (A-B)	7,487	9,389	(18,253)	(27,642)

**Key Variance
Explanations for 2021**

Rates allocation less than LTP budget due to lesser costs than budgeted within Activities.

\$1.9m of positive variance relates to the COVID-19 Wage Subsidy received from Central Government in relation to lost revenue, mainly driven by lease and parking revenue.

In-line with LTP.

Recovery of internal costs are below budget. This reflects lower costs of Support activities - refer below.

Lower interest income received from money market investments, due to falling interest rates.

Below budget mainly due to Digital Services reflecting higher than budgeted levels of time charged to capital projects. Also there were lower building lease costs, as budgeted new civic administration building has not eventuated yet.

Finance costs primarily relate to the net interest in Corporate Treasury. This is the difference between interest paid on external debt and interest charged on internal debt to all other activities within Council. Variance reflects lower than budgeted capital spend across Council.

Internal charges include the elimination of internal debt within Council. Overall the difference between finance costs and internal charges relating to internal debt net off, with the difference being external debt within the Treasury activity.

Provisions to cover new leaky buildings legal claims.

GROUPS OF ACTIVITIES

TAURANGA CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 2020/21 - CORPORATE SERVICES

	2019/2020 LTP \$000's	2020/2021 LTP \$000's	2020/2021 Actual \$000's	2020/2021 Variance \$000's
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase/(Decrease) in debt	(21,569)	(1,130)	7,229	8,359
Gross proceeds from the sale of assets	833	0	(58)	(58)
Lump sum contributions	0	(1)	911	912
Other dedicated capital funding	0	0	0	0
Total Sources of Capital Funding (C)	(20,736)	(1,131)	8,082	9,213
APPLICATION OF CAPITAL FUNDING				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	(22,361)	(3,179)	2,098	5,277
- to replace existing assets	4,693	7,095	10,694	3,599
Increase/(Decrease) in reserves	4,419	4,342	(22,963)	(27,305)
Increase/(Decrease) of investments	0	0	0	0
Total Applications of Capital Funding (D)	(13,249)	8,258	(10,171)	(18,429)
Surplus/(Deficit) of Capital Funding (C-D)	(7,487)	(9,389)	18,253	27,642
Funding balance ((A-B)+(C-D))	0	0	0	0

**Key Variance
Explanations for 2021**

Additional capital expenditure, per below.

Minor unbudgeted asset sales.

Funding received from Central Government in relation to three waters reform.

The LTP included a capital adjustment credit of \$20m, reflecting the delivery challenges of a large capital programme. Offsetting this in the LTP was budget for a new civic administration building, which has not eventuated yet.

Digital Services expenditure on renewal of core systems.

Reduction in reserves in order to fund the weathertight provision.

** Activities that make up Corporate services currently include: Asset Planning & Information, City Development, City Waters Support Services, Civic Complex, Communications, Customer Service, Digital Services, Executive, Finance, Fleet Management, Infrastructure Delivery, Insurance, Legal & Risk, People & Capabilities, Property Management, Smartgrowth, Strategy, Te Tumu and Treasury.

GROUPS OF ACTIVITIES

Challenges

In 2020/21:

- Our Service Centre received 3,776 LIM applications over the year, an unprecedented number that at times stretched our resources to ensure they were returned within the required timeframes.
- As our city grows and intensifies, our Development Engineering team's work has become much more complex as they are required to assess and monitor developments on increasingly challenging sites.
- Our Takawaenga Māori unit has continued to strive to maintain relationships with 17 iwi and hapū along with many other connection points. As our city develops rapidly, quicker and more detailed responses are being demanded from tangata whenua. This in turn requires us to ensure appropriate consideration and resource is available to support these crucial relationships.
- The council's Human Resources, Communications, and Engagement teams were restructured in late 2020. Maintaining our service quality and continuity was a challenge during this period of significant structural change.

Looking ahead

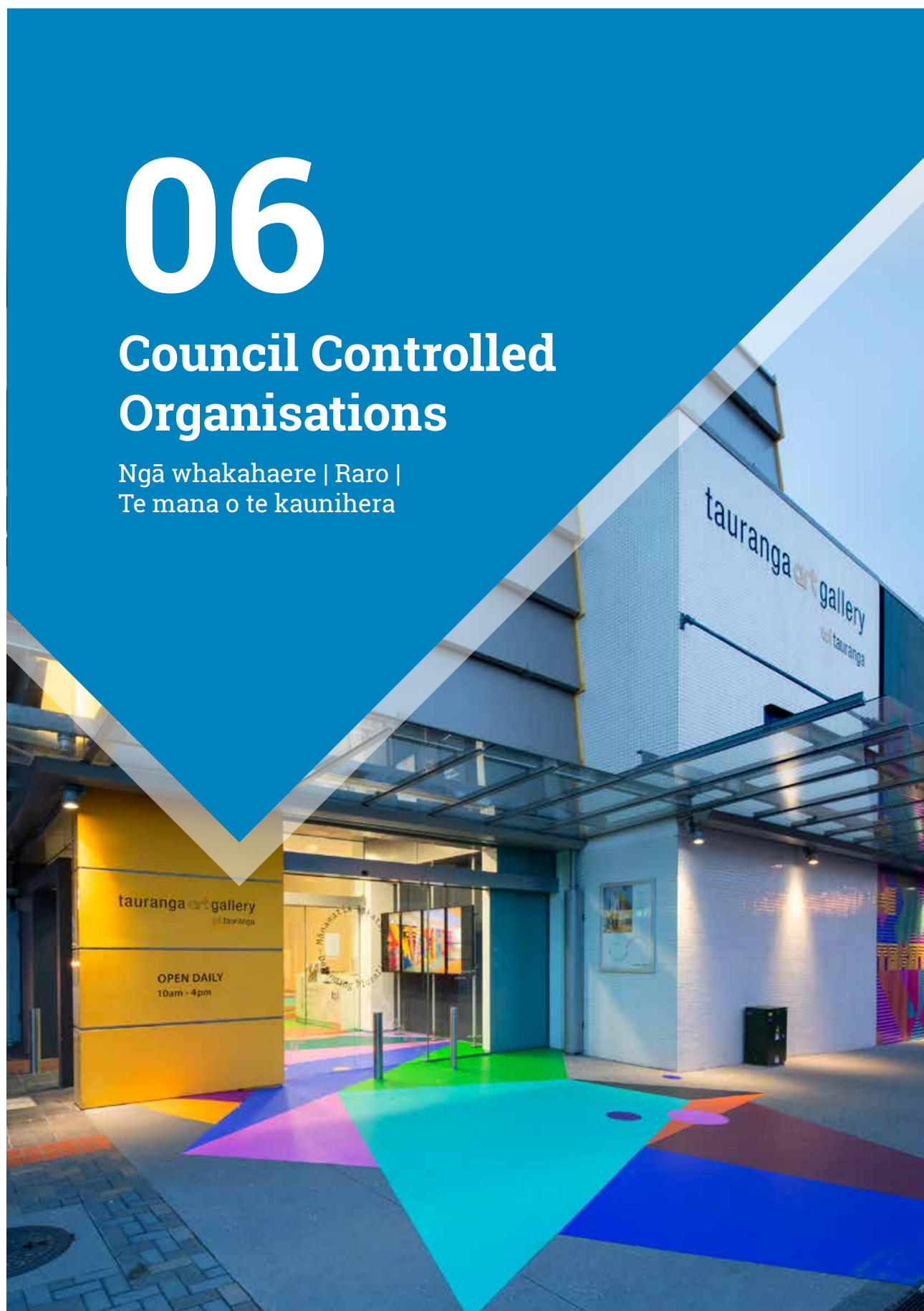
In 2021/22:

- A newly created Community Relations team (in place of the previous communications and engagement teams) will implement our new strategy to better connect with our community. An enhanced structure will be put in place to deliver more linked-up and strategic communications across council. This focuses on establishing strong relationships with community groups across the city, using a place-based model of engagement, rather than project-based. We will also be creating more engaging types of digital and creative content to share the work we are doing with our community.
- Our Customer Service Centre will establish a permanent presence at the Pāpāmoa Library for two days per week, from September 2021. Customers will be able to avoid travelling to the CBD for matters they would previously have needed to come into the main Service Centre for.
- Our Takawaenga Māori Unit will be:
 - o Creating a Professional Development Programme for iwi, hapū and Māori Land Trusts, to coordinate the support we can offer by bringing whānau up to speed with legislative and Council processes. Having greater understanding will enable more effective conversations and sharing of information to get the best outcomes.
 - o Investing in stronger planning through iwi and hapū management plans. With greater detail and direction in these plans we can ensure the city develops in a culturally appropriate manner. This includes both reviving key historical events and learning from them, as well as informing future projects and activities so they capture the value Tauranga has to offer.

06

Council Controlled Organisations

Ngā whakahaere | Raro |
Te mana o te kaunihera





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TAURANGA CITY COUNCIL

Council-controlled organisations

Council-controlled organisations (CCOs) give a local authority the opportunity to engage people with the right skills and experience to focus on operating a business or other undertaking on its behalf.

Tauranga City Council has established several CCOs to achieve certain objectives for our city. We support the CCOs, which manage facilities and/or deliver services on behalf of the council and our community.

The CCOs include:

- Bay Venues Limited (BVL)
- Western Bay of Plenty Tourism and Visitors Trust, trading as Tourism Bay of Plenty (TBOP)
- Local Government Funding Agency Limited (LGFA)
- Bay of Plenty Local Authority Shared Services (BOPLASS)
- Tauranga Art Gallery Trust (TAGT).

The CCOs each have an approved statement of intent that includes set targets. The following section describes each of these organisations, what they do, how they have performed, and what they have achieved over the past year.

More information

The CCOs' statements of intent and annual reports are available on their websites:

- www.bayvenues.co.nz
- www.bayofplenty.co.nz
- www.lgfa.co.nz
- www.boplass.co.nz
- www.artgallery.org.nz

COUNCIL CONTROLLED ORGANISATIONS

Bay Venues Limited



What we do

- Bay Venues Limited (BVL) manages recreation and community facilities on behalf of Tauranga City Council and is 100% owned by the council.
- BVL's mandate is to manage and operate venues within the company's portfolio, providing a high standard of sport, recreation, event and exhibition facilities, programmes and services to the residents of Tauranga and visitors to our area.
- There are 24 venues in the Bay Venues network. These include Trustpower Baypark, Mount Hot Pools, Baywave, the University of Waikato Adams High Performance Centre, plus several community centres, halls and community pools.

Our highlights for 2020/21

Ka Ora, Ka Ako, healthy school lunches programme

Bay Venues has become the biggest lunch provider in the region, with around 4,000 lunches per day being delivered under the Government's Ka Ora, Ka Ako healthy school lunches programme. The CCO model has enabled us to capture this opportunity quickly and proactively.

The initiative has capitalised on Baypark's under-utilised kitchen space, which was refurbished at a capital cost that has already been recovered. This has allowed us to create 33 new jobs for local people, making and distributing lunches. Additional jobs have also been created within local businesses that supply us with protein, salads and baked goods each day.

Using the CCO model means we are redirecting profits from this taxpayer-funded initiative towards subsidising the cost of operating our network of community facilities. So, the community outcomes resulting from this programme are providing double benefits, not only for the children receiving lunches, but for all Tauranga residents who pay less to access their local swimming pools and other facilities.

Digital Transformation Strategy

Impressive progress has been made on the implementation of the Digital Transformation Strategy (DTS) this year. We are seeing major improvements in the way we communicate with our customers, and our team are more efficiently able to do their jobs.

Significant milestone projects implemented successfully in FY21, include:

- Moving our document management repository off the server and into the cloud (SharePoint), making it easier to collaborate and access our system remotely.
- Replacing the outdated and frustrating Point of Sale and Booking system (Links) with Envibe, which is far more interactive and user friendly. This makes it easier for our teams to do their jobs and mitigates double-handling and risk of human error by integrating directly with the finance system.
- The roll-out of a new automated system to collect and collate customer feedback (Ask Nicely), is near completion. Ask Nicely will replace the annual customer survey that occurs manually across our facilities, providing a static view of customer satisfaction. Ask Nicely will instead provide a real-time picture of customer sentiment, enabling us to respond immediately to issues and monitor trends.

The next significant DTS project is the upgrade of our websites, to transform the way customers interact and transact with us. Online bookings and payment will be available, as well as targeted marketing that responds to individual patterns of behaviour and customer journeys through our facilities and services.

Mount Hot Pools Upgrade

The Mount Hot Pools closure was completed in a 10-week window (two weeks earlier than anticipated), and opened in time for residents and visitors to enjoy the pools over the Easter holidays. The project was achieved under budget, and involved significant works that will ensure the facility can be utilised for many years to come.

Underground piping that had been leaking more frequently

COUNCIL CONTROLLED ORGANISATIONS

(resulting in wasted energy and water and heightening the risk of an unscheduled closure during winter) has been completely replaced. This has saved over 30 cubic metres of water per day and gained a life expectancy of more than 30 years. The façade has been given a much-needed upgrade, including a unique cultural element that is still to be finalised.

A key highlight of this project was the complete resurfacing of the entire concourse with non-slip flooring, which has significantly reduced the frequency of slips at the facility. Slips and falls carry significant risk of serious injury, particularly for our older customers, so this is a fantastic result for the health and safety of all who enjoy the pools.

Bay Dreams

The Bay Dreams festival was held over two days, from 2 to 3 January 2021, at Trustpower Baypark and attracted 16,500 attendees. The size and configuration of the event was heavily impacted by COVID-19 restrictions and required comprehensive planning, including the stage configuration, general event management and the consenting environment.

Overall, the 2021 event was a resounding success. The venue layout resulted in a more intimate atmosphere, which produced exceptionally positive feedback about the quality of the concert, and the final financial result was well ahead of budget.

Customer Satisfaction

We put a significant amount of focus in this area during the year, and we are very proud of our results. FY21 delivered a record high result of 90% of customers either satisfied or very satisfied with their experience, significantly ahead of our benchmark target of 85%. This is particularly impressive given the frustrations caused by COVID-19 Alert Level protocols and demonstrates the commitment of our team to living our 'customer-crazy' approach.

COVID-19 alert level protocols and processes

Our communication with customers and ability to swiftly put in place strict protocols (including efficient contact tracing systems) in response to Alert Level changes, has been honed into a fine art.

Our efforts were widely recognised by our customers, who said they appreciated the robust measures we have taken to contribute to the fight against the pandemic. This is evidenced by the following example of feedback received: "Compared to other facilities around the country, BVL was streets ahead in its response and approach to COVID-19 and communication with its users".

Challenges for 2020/21

Over the last year recruitment and resourcing has been increasingly challenging, particularly with regard to recruiting new staff within our Aquatics division. This has highlighted our previous reliance on the migrant workforce living in Tauranga and Mount Maunganui on short term visas, a tap that has turned off over the last 12 months. We recognise this is a challenge shared nationwide, with employers struggling to recruit, particularly at the lower wage end of the employment market. It will require a clear strategy to mitigate, including a comprehensive review of the remuneration strategy across our organisation.

Looking ahead in 2021/22

New Board of Directors and Chief Executive Officer

A new Board of Directors was appointed on 1 July 2021. The board consists of five new directors (including one from the Tauranga City Council executive team), and one re-appointed director from the previous board. Our immediate focus will be on welcoming and inducting the new board and developing their understanding of the business as quickly as possible.

Following the resignation of our CEO Justine Brennan, recruitment for a new CEO has been begun and we look forward to welcoming the successful applicant in due course.

Strategic review outcomes

Following completion of the recent Council-led strategic review, several recommendations have been adopted and communicated to the organisation. BVL's new board and management team will now begin developing an action plan to deliver on the recommendations, which include:

- Moving the organisation towards paying the living wage for all staff (in 2021 we have 355 full-time, fixed-term, part-time and casual staff).
- Working to position the organisation as an integral part of Council's business-as-usual operations.
- Looking for opportunities to deliver operational efficiencies through shared service delivery models with Council.
- Reorganising BVL's finance structure and funding model to be more transparent, simple and easy to understand.









COUNCIL CONTROLLED ORGANISATIONS

- Developing a clearer Statement of Intent and more focused Key Performance Indicators, in the delivery of identified community outcomes.
- Investigating the viability of moving community halls and community centres back under the direct control of Council.
- Working with Council to review the new board arrangements within 12 months of establishment

Greerton Aquatic & Leisure Centre upgrade and remediation

This centre was opened nearly half a century ago as an outdoor swimming pool facility, and has received little investment since, apart from the addition of a roof some 20 years ago. A capital and renewals project is scheduled for 2021-22 to improve the entrance, front area and changing rooms. We will also introduce recreation and leisure amenities into the pool area and work on general maintenance and renewal projects. The facility will be closed for eight weeks and we will engage with our regular users well in advance to ensure they can access facilities elsewhere.

COUNCIL CONTROLLED ORGANISATIONS

PERFORMANCE MEASURES				
Activity	Target	Weighting	Status	Comments
Health and safety	Declining trend in facility-related incidents measured from previous year	10%	 Achieved.	A declining trend in facility-related incidents is evident as of end May 2021 when adjusted for COVID-19 facility closures.
Asset management	Rated on zero major service disruptions over four hours due to asset maintenance or operational deficiencies.	10%	 Achieved.	There have been no major service disruptions over four hours to date due to maintenance or operational deficiencies.
Staff Engagement	Maintain staff survey results over previous year as measured by average variance percentage on our 13 key themes	10%	 Not achieved.	Results show we are down on all 13 themes by a small margin for the most part, but particularly around reward and recognition. We believe is due to no pay increases and training this year as a result of COVID-19. We have met with each business area post our staff survey and will continue to work on actions as a result of the survey to improve staff engagement.
Customer satisfaction	85% of respondents in annual customer survey are satisfied or higher with the overall customer experience received	20%	 Achieved.	Our annual customer satisfaction survey was completed, and we achieved a 90% satisfied or very satisfied rating from our customers. The customer satisfaction survey was conducted via Survey Monkey, and sent out to 12,910 customers that use a range of key Bay Venues Facilities. 1,398 responses were received with a 2% margin of error at 95% confidence level. In FY22 we will be moving to a customer sentiment tool providing real time customer feedback.
Community outputs	Provide 13 points of evidence required by TCC as per Schedule A	10%	 Achieved.	We are meeting all requirements outlined in Appendix A of the SOI providing evidence of all 13 areas for community outputs.
Financial sustainability	Achieve budgeted earnings before interest, taxes, depreciation and amortization (EBITDA)	10%	 Achieved.	Revenue: \$22,964,000 (Budget \$17,429,000) EBITDA: \$1,144,000 (Budgeted Loss (\$1,457,000))
	Non-funded network achieves positive result at NPBT (net profit before tax) level to help subsidise the funded network	10%	 Achieved.	Non-funded network – A NPBT result in the non-funded network of \$672,000 for FY21.
Strategic plan implementation actions	85% of FY21 actions from strategic implementation plan are completed.	10%	 Achieved.	We have achieved all but three of our objectives for the financial year totaling 90%.

COUNCIL CONTROLLED ORGANISATIONS

FINANCIAL PERFORMANCE		
	2021 Actual \$000's	2020 Actual \$000's
Revenue	27,683	22,908
Expenditure	28,225	27,470
Surplus/(Deficit)	(542)	(4,562)
Tax Benefit/(Expense)	2,036	2,750
Net Surplus/(Deficit) After Tax for Year	1,494	(1,812)

INCOME DERIVED FROM COUNCIL		
	2021 Actual \$000's	2020 Actual \$000's
Operational Grant	2,887	2,692
Debt Servicing Grant	550	550
Debt Retirement Grant	735	0
Renewal Funding Grant	3,433	3,862
Total Council Derived Income	7,605	7,104

Tauranga Art Gallery Trust (TAGT)

tauranga art gallery
te taiao tauranga

What we do

- The Tauranga Art Gallery Trust (TAGT) was established in 2005 to manage and operate the Tauranga Art Gallery Toi Tauranga (TAG), ensuring sound governance and financial management.
- TAGT aims to create exceptional art experiences that engage, inspire, challenge and educate through exhibitions, public programmes and events.

Our highlights for 2020/21

Tauranga Art Gallery continued to deliver a diverse and stimulating exhibition programme. The programme included leading Māori practitioners, such as the 16 master carvers represented in *Matatoki: Mata ā Waka*. Displaying a range of traditionally carved works, the exhibition explored themes such as te moana (the ocean), voyaging, vessels and navigation, as well as demonstrating the continued contemporary relevance of traditional waka carving. Alongside the 16 contemporary practitioners featured, the exhibition showcased selective taonga tūturu (historical objects) from the Tauranga Heritage Collection.

Tauranga Moana Collections: Art from the Tauranga Art Gallery and Civic Art Collections brought together a focused selection of treasures from the respective collections of Tauranga Art Gallery and Tauranga City Council (Civic Art Collection). Reflecting on both past and present depictions of our region, the exhibition featured works by leading Aotearoa contemporary artists, many of which have been generously gifted by many donors over the years for our community's cultural benefit.

In February 2021, TAG presented a major commission by the inaugural recipient of the Rydal Art Prize. Christina Pataialii's *Proximity and Distance* featured a suite of paintings produced by the celebrated Wellington-based painter, including two massive wall works specially produced for the gallery's eight-metre high atrium. This was the largest presentation to date by Pataialii, who is currently receiving significant international exposure for her work. Paintings

produced for this exhibition will soon appear in the prestigious New Museum Triennial, New York (October 2021) and the Asia Pacific Triennial, Brisbane (December 2021) – carrying with them Tauranga Art Gallery's reputation as a significant art organisation in the Southern Hemisphere.

A community highlight for this period was the inaugural Acorn Foundation Junior Art Awards. Presenting work by children aged 4-14 years of age, the gallery received over 200 entries from students across the Bay of Plenty region. Responding to the theme *Te Taiao (Nature)*, a wide range of artworks were submitted, each providing a snapshot of the playful and honest ways that the next generation views the world, and a window into their genuine concerns for retaining the quality of our natural environment.

The bold and colourful rope installation in *The Unseen* was initiated by artist Gabby O'Connor. A unique project, *The Unseen* straddled both installation art and social forms of artmaking. Involving over 2,000 participants and eight kilometres of rope in its production, the exhibition sought to advance leading environmental research through the participatory act of drawing. As part of the exhibition, O'Connor led a series of further workshops at the gallery involving over 200 Tauranga-based participants. These provided opportunities for children and adults alike to be directly involved in artmaking while learning about the environment.

In addition to these highlights, the gallery continued to showcase the best of local, national and international art, including critically acclaimed exhibitions by Pāpāmoa-based artists Laurie Steer and Tawhai Rickard, celebrated Christchurch-based sculptor and video-artist Steve Carr, and USA-based ex-pats JK Russ and Matthew Couper.

Challenges for 2020/21

- COVID-19 continued to substantially impact our gallery's international and local visitation. While the closed borders had the most pronounced impact on international visitation, the shifting COVID-19 Alert Levels also continued to hamper domestic and local visitation. Even a shift from Alert Level 1 to 2 brought

COUNCIL CONTROLLED ORGANISATIONS







about by stricter lockdowns in cities such as Auckland and Wellington, impacted not only our scheduling of events and exhibitions but also resulted in the abrupt cancellation of scheduled teaching programmes and group gatherings.

- Despite these challenges, the gallery received an impressive 42,019 visitors over the year (1 July 2020 to 30 June 2021) – exceeding our previously reduced visitation forecast of 30,000 visitors by 40%.









Looking ahead for 2021/22

- Tauranga Art Gallery enters the new financial year in a strong position. Following community support for TAGT's Long-term Plan submission, we received increased funding that will enable us to recruit a new staff member to strengthen the gallery's existing fundraising initiatives and identify new sources of revenue.
- This funding also enables us to launch an expanded offsite education programme, which will allow our professional art educators to venture outside the gallery into schools across the Bay of Plenty region. This aims to establish relationships with new schools that are either unable to come to the gallery or are apprehensive to take their children offsite in the unpredictable climate of the pandemic. These initiatives bode well for the gallery's goals to build our capacity to deliver leading art programmes and to strengthen community relationships and gallery visitation over the coming year.
- With a new director at the helm and new trustees in place, we are well-placed to develop exciting and dynamic programmes for the coming years. The gallery also continues to partner and work closely with other Tauranga-based CCOs, community organisations and businesses, ensuring that our visionary art programmes continue to have a positive local impact by stimulating Tauranga's CBD.




COUNCIL CONTROLLED ORGANISATIONS

PERFORMANCE MEASURES				
Objective	Strategies	Performance Target	Status	2020/21 Results
TAGT will take all practical steps to ensure our people are valued & supported.	Continue our commitment towards enhancing a positive staff culture and staff well-being.	Staff turnover of not more than 20% in the financial year.	 Achieved	2 FTE staff changeovers in period (15% of FTEs).
		Move towards a living wage for all staff by the end of 2020, but subject to review because of fiscal implications of Covid-19.	 Achieved	Phased pay increases have begun with the view towards implementing a staff-wide living wage in the 2021-22 year. Minimum wage earners received a pay rise in July 2020 to \$20/hr (the new minimum wage as at April 2021). These employees are due to receive a further increase to the living wage in Dec 2021.
	Explore opportunities and appropriateness from the TAGT perspective to link in with TCC's staff culture survey or investigate other alternatives.	Investigate developing staff survey options and implement the best option for TAG management and governance.	 Achieved	Our initial investigations concluded that TCC's internal survey wasn't an ideal fit with TAG's work culture. The Gallery is on track to implement its own newly developed annual staff survey, with the first to be completed midway through the 2021/2022 period.
TAGT will take all practical steps to ensure Health & Safety policies & procedures are adopted as per statutory requirements.	Health & Safety Policies and Procedures are up to date.	Health & Safety Policy and operational procedures meet statutory requirements and best practice standards of reporting.	 Achieved	H&S operational procedures are kept up to-date through scheduled H&S committee meetings, with respective department representatives in attendance.
		Monthly Health & Safety staff meetings are held to identify risks or concerns, minutes recorded, required actions and details are promptly conveyed to all staff.	 Achieved	The TAG H&S committee continue to meet monthly, with incidents and near-misses captured and recorded and behavioural activity captured in community captured.
	The TAGT Board receives regular and detailed information about the status of TAG Health and Safety performance and / or issues and risk mitigation plans	Detailed information on H&S performances will be provided as part of the Director's Board report.	 Achieved	H&S reports included in Director's Report at TAGT monthly meetings.










COUNCIL CONTROLLED ORGANISATIONS

PERFORMANCE MEASURES				
Objective	Strategies	Performance Target	Status	2020/21 Results
Demonstrate a commitment towards being financially sustainable.	Post Covid-19 lockdown new strategies to be explored. Gross revenue target achieved, and forecasted expenditure is contained within the approved budget.	Budget is met.	 Not achieved	While gross revenue fell below forecast targets, expenditure was also reduced. This resulted in only a small shortfall, due largely to reduced staffing. With a new Director and recruitment for other roles underway, and TCC funding confirmed for a new Business Developer role, the Gallery is tracking well to achieve its renewed revenue and expenditure targets.
	TAG will investigate ongoing opportunities to future proof both the physical and fiscal future proofing of the Gallery for current and future generations.	The Director will provide information to the Board and work with the Board to agree on strategies for future-proofing physical and cost-effective management of the Gallery.	 Achieved	Over the past year the TAGT Board meetings have increased in regularity, shifting from bi-monthly to monthly meetings, in order to develop various strategy & visioning work between TAGT, TAG staff, TCC, industry partners & stakeholders.
	Maintaining no deficit. Maintaining this financial position relies upon prudent management and accountability.	The Board will determine the most appropriate fiscal actions and cost-effective options to meet future needs.	 Not achieved	Proactive governance fiscal management has mitigated the potentially significant anomalies resulting from lost revenue from international visitation.
	TAG explores alternative funding mechanisms and increases the level of income generated by the TAGT from sources other than Council.	Develop TAGT funding strategy (for the post COVID-19 environment).	 Achieved	TAGT continued to accrue revenue from a range of funding sources, exploring new initiatives for revenue generation, such as partnering with Rotary Foundation on a charity auction (Treasured Art). TAGT funding strategy work ongoing. We continue to identify and pursue new funding sources within the volatile COVID-19 environment.
TAGT will pursue opportunities to secure funding and manage all funds with prudence and care.	Manage all funds with prudence and care.	Compliance with TAGT Audit Committee policy, Audit NZ requirements and approved general accounting practices.	 Achieved	Financial statements complied with the required reporting standards.
	Achieve a diversity of revenue generation, from benefactors, sponsors, build external partnerships and secure grants.	Not less than 20% of TAGT operating expenditure will be provided from sources other than Council funds.	 Achieved	TAG achieved non-TCC funding of \$254,249 during the reporting period, which was 21% of income from other sources excluding interest.
	Our financial management is supported by appropriate systems & controls.	External accountant to perform monthly checks on monthly financial processes.	 Achieved	KPMG have performed monthly checks on financial processes throughout the year.
	Maintain good working relationships with TCC staff and elected members, observing the 'no surprises' principle.	Regular meetings with TCC & elected members as mutually agreed.	 Achieved	Regular meetings were held with the CCO representative and with the Governance to Governance working groups and Commissioners throughout the 2020-2021 year.

COUNCIL CONTROLLED ORGANISATIONS

PERFORMANCE MEASURES				
Objective	Strategies	Performance Target	Status	2020/21 Results
Provide the opportunity for all to access, learn and experience visual arts.	Due to COVID-19 lockdown, CBD downturn / construction; the number of visitors taking part in TAG art experiences to be increasingly measured by online engagement due to significant drop in visitation.	Total gallery visitation is not less than 30,000 in the financial year 2020/2021 [during COVID-19 closure, reporting nil visitation to gallery, limitation on capacity to 50 at Level 2, and slow build up over next year restoring pre-COVID-19 visitation]. Increase in online engagement contributing to reporting measures. Visitation targets to be revised post-pandemic.	 Achieved	The gallery achieved 42,019 visitors during this financial year which was 12,019 above our revised COVID-19 target of 30,000. This was down 21% on last year's figures, due to lockdowns & closed borders, however our touring shows this year helped to generate 61,537 visitors collectively over two institutions, Terminus at The Dowse in Lower Hutt and Whatu Manawa at Te Puia in Rotorua. This was up by 25,325 on previous year.
	Provide an ArtBus to deliver school students to and from the Gallery.	The ArtBus is offered to school groups and funding raised to meet the demand. (when school buses resume after COVID-19 lockdown level 1 with social-distancing measures in place. Numbers will necessarily decrease according to Government requirements, e.g., at Level 2, the Gallery is limited to groups of 10 with a max. capacity of 50 people in gallery including staff)	 Achieved	6,620 students travelled via the ArtBus from 56 schools to participate in our Education Programme this year.
	Investigate alternative ways to provide art experiences for the city with key stakeholders.	Deliver art experiences and activities with key stakeholders, subject to satisfactory fiscal commitments by all parties.	 Achieved	Matatoki: Mata a Waka, displayed a range of traditionally carved works. Alongside the 16 contemporary practitioners featured, the exhibition showcased selective taonga tuturu (historical objects) from the Tauranga Heritage Collection. We partnered with the Acorn Foundation to host the inaugural Acorn Foundation Junior Art Awards, received over 200 entries as well as partnered with Rotary of Tauranga Sunrise to stage this year's Treasured Art Charity Fundraiser, which raised funds for the Graeme Dingle Foundation and Gallery ArtBus.

COUNCIL CONTROLLED ORGANISATIONS

PERFORMANCE MEASURES				
Objective	Strategies	Performance Target	Status	2020/21 Results
Ensuring TAG is seen as a destination for both visitors and residents	Stage an annual signature event, attracting visitors to the Gallery and the city centre.	Present at least one signature event annually, with that event attracting not less than 7,500 visitors (and/or online engagement).	 Achieved	18,099 visitors attended the Tauranga Moana exhibition, a collaboration between Tauranga City Council Civic Collection and Tauranga Art Gallery on show from 29 August 2020 – 21 February 2021.
	Offer a wide range of exhibitions and art experiences to engage with a diverse audience	Deliver not less than 12 exhibitions and other art experiences (including online projects) that cover contemporary and historical content, and which feature a range of multicultural perspectives.	 Achieved	We delivered 18 exhibitions during the course of the year. Highlights from the programme include Matatoki: Mata a Waka, a group of 16 master carvers, Tauranga Moana Collections: Art from the Tauranga Art Gallery and Civic Art Collections, and a major commission, Proximity and Distance, by the inaugural recipient of the Rydal Art Prize, Christina Pataiali. The Gallery continued to showcase the best of local, national and international art, including critically acclaimed exhibitions by Papamoa-based artists Laurie Steer and Tawhai Rickard, celebrated Christchurch-based sculptor and video-artist Steve Carr, and USA based ex-pats, JK Russ and Matthew Couper.
	Achieve a high level of customer satisfaction.	At least an 80% 'highly satisfied' / positive visitor response rating.	 Achieved	Achieved 80% 'Extremely' or 'Highly' satisfied visitor responses from 1,541 surveys.
	Collaborate with other organisations to create and promote art opportunities in Tauranga.	Partner with not less than 1 other organisation to develop and present an exhibition or event per calendar year.	 Achieved	We partnered with Tauranga City Council to present the Tauranga Moana exhibition, which presented the Civic collection alongside the Tauranga Art Gallery collection.
	Explore opportunities to engage with the community through art experiences outside the gallery.	Deliver not less than 1 off-site exhibition in collaboration with another CCO or community group and increase online experiences.	 Achieved	Artist and researcher Gabby O'Connor led a series of workshops at local schools providing rich learning experiences for primary and intermediate-level
Ensuring TAG is seen as a destination for both visitors and residents	Use of technology and digital platforms to provide alternative art experiences, to enhance audience development and enable greater visitor access to the visual arts.	Deliver not less than 2 alternative art experiences per calendar year. Report on website and social media engagement.	 Achieved	In addition to the above interactive drawing workshops, as a new initiative we upgraded our website, allowing us to present works by 235 students via an online viewing gallery. The unique browsers to our website during April 2021 increased to 9,766 compared to 5,687 in April 2020.
	Work collaboratively with TCC Events team with the development of the TCC city-wide events strategy.	Participate in TCC's strategic process for a city-wide events strategy.	 Achieved	Two Gallery staff attended the TCC workshop in June and will participate further as the process continues.
		Submit listings into mytauranga.co.nz event website as a shared space for all Tauranga events.	 Achieved	Our TAG marketing/comms staff continue to communicate and coordinate with TCC Comms on upcoming programmes and events.
		Both TCC and TAG agree to collaborate to cross promote city wide event & activities.	 Achieved	Our TAG marketing/comms staff continue to communicate and collaborate with TCC Comms to promote upcoming programmes and events, and events are included in the TAG newsletters as necessary.

COUNCIL CONTROLLED ORGANISATIONS

FINANCIAL PERFORMANCE

	2021 Actual \$000's	2020 Actual \$000's
Revenue	1,293	1,460
Expenditure	1,311	1,392
Net Surplus/(Deficit) for Year	(18)	68

INCOME DERIVED FROM COUNCIL

	2021 Actual \$000's	2020 Actual \$000's
Operational Grant	970	976
Collection curation service contract	4	-
Sponsorship	-	40
Total Council Derived Income	974	1,016

*Note that at the date of publication, the draft results have not been audited.

COUNCIL CONTROLLED ORGANISATIONS

Tourism Bay of Plenty (TBOP)



What we do

- The Western Bay of Plenty Tourism and Visitor Trust, trading as Tourism Bay of Plenty (TBOP), supports the Council's vision to support community wellbeing in order to provide a higher standard of living for all.
- This CCO is owned by Tauranga City Council and Western Bay of Plenty District Council.
- TBOP takes the leading role in sustainable growth of the Western Bay of Plenty visitor economy and management of the destination.
- TBOP's vision is to 'share our love of the Bay of Plenty with the world' and our mission is 'to grow the visitor economy for the benefit of our community'.

Our highlights for 2020/21

Elevating the destination's unique features

Extensive research in previous years has helped to identify the elements that combine to make this destination unique. These are referred to as the destination's Place DNA® and are: Horticultural Provenance, Māori Culture, Ocean and Beaches, and Natural Environment.

In the past year, TBOP has trialled the idea of concentrating efforts on the Place DNA® elements to showcase the tourism possibilities in these areas. The trial in 2020-2021 focused on Horticultural Provenance. TBOP audited the region's horticultural provenance landscape, developed product ideas, and created a marketing plan. From this work, Flavours of Plenty was launched.

Flavours of Plenty is a brand, a collective, and a vehicle for funding, designed to bring the food community together and to help share the region's food story. This activity was led by a steering group of locals passionate about the foodscape. The initiative has also been successful in launching a new product – Dine on a Lime – New Zealand's first self-guided food tour on a scooter. This maps out foodie hotspots in Mount Maunganui.

Activity in the Māori cultural tourism space is ongoing. A key highlight of the 2020-2021 year was the launch of Te Whānau Tāpoi Māori o Tauranga Moana, a Māori tourism collective in Tauranga.

Upskilling operators in digital marketing and social media

In the wake of the COVID-19 pandemic, it became even more important to support and help grow the capability of operators. One key area of need identified was to help operators grow their digital capability and social media marketing skills. TBOP contracted a digital specialist to work with industry in this space. Feedback from the initiative was very positive and almost all the 30+ participants made changes to their digital platforms based on these sessions. The programme was also successful in facilitating closer connections between TBOP and the operators involved.

Telling the Te Moananui ā Toi, the Coastal Bay of Plenty story through the media

TBOP's media familiarisation programme provides an opportunity to share the region's stories widely through the media. TBOP has had at least one travel story in a major New Zealand publication every month of this financial year. These stories have been pitched and planned to cover:

- The breadth of Te Moananui ā Toi, the Coastal Bay of Plenty;
- Promotion of activities for operators; and
- Important positioning of the Bay of Plenty's food scene and our heritage and history.

The total investment into the media programme was \$38,000. The total net return in Equivalent Advertising Value (EAV) of this media activity was \$1.5 million, representing a 3,878% return on investment.

COUNCIL CONTROLLED ORGANISATIONS

Challenges for 2020/21

- The COVID-19 pandemic has impacted global tourism on an unprecedented scale. In the past, the region has primarily attracted domestic visitors, with this market generating about 80% of total tourism expenditure in the year leading up to the pandemic. The popularity of our region continued once Kiwis were able to travel following the initial lockdown, and the domestic market has grown in the post-COVID-19 environment.
- However, this growth at the industry level hides the impact that continued international border closures (air and sea) are having on some segments of the tourism industry. The retail and hospitality sectors are seeing the benefits of a larger domestic market, while tourism transport operators, accommodation providers, and tour operators (especially those associated with the cruise industry) are struggling.
- Some operators have closed or are in hibernation, and the longer these border closures are in place the more strain businesses are under. While the opening of the Australian border is welcome, this is having relatively minimal benefit for these struggling sectors and the ongoing issues with outbreaks make it difficult to have confidence in the reliability of this market. The effects of COVID-19 on tourism will continue to have an impact for the next few years.
- Staff resourcing constraints (due to resignations and the positions not yet being filled) have been challenging for TBOP, and reduced capacity has restricted our ability to deliver on several outcomes. This will be addressed starting July 2021 with a revised organisation structure and appointments to new roles.

Key areas of focus include social media and digital capability; sustainability and carbon reduction practices; health and safety; and more, depending on needs and opportunities.

- o Given most international borders remain closed without confirmed timeframes for opening, our immediate focus remains on the local, domestic, and Australian markets. Our marketing campaigns and operators will continue to be directed to these markets, while maintaining a presence in other international markets with scope to increase activity as or if they become viable.
- o Destination management will only be successful, welcomed by residents and appreciated by visitors, if it identifies and leverages the unique elements of our destination, our Place DNA®. TBOP will continue to build on the success achieved in the areas of Horticultural Provenance and Māori Culture, while also moving into the areas of Ocean and Beaches and Natural Environment in the year ahead.
- We have secured \$865,000 of funding through the Regional Events Fund, part of the Government's Tourism Recovery Package. This fund is intended to support the visitor sector by stimulating domestic travel to events, to help replace some of the international visitor spend lost due to the COVID-19 pandemic and international border closures. TBOP will be working with Tauranga City Council, Western Bay of Plenty District Council, Whakatāne District Council, and other stakeholders to manage this fund.

Looking ahead for 2021/22

- TBOP is a Destination Management Organisation (DMO). Destination management is a holistic approach to managing all aspects of a destination that contribute to a visitor's experience. It is the foundation for creating a regenerative tourism industry that provides net benefits across the environment, residents' quality of life, elevating Māori principles, and adding value to our economy

Product and capability development will be an ongoing focus in 2021-2022, including identifying and assisting in the development of Māori cultural experiences.



Service Delivery Report July 2020 - June 2021

Across All Pillars

Letter of Expectation (LoE) – TBOP's Strategic Priority

Provide leadership for the visitor economy, including the destination management strategy, and work with both Councils to explore alternative funding mechanisms.

COUNCIL CONTROLLED ORGANISATIONS

Performance Measures	Data Source	Baseline	2020-2021 Goal (June 2021)	Result to June 2021	Status
Implement the destination management strategy and provide leadership to Councils to protect the sub-region for future generations. Provide leadership for the recovery and restart of the visitor economy to mitigate the impacts of the COVID-19 pandemic on the local economy	TBOP Six Month and Annual Reports.	Implemented year 1 of Te Ha Tapoi The Love of Tourism 2020 – 2023.	Achieve the success measures set out in Te Ha Tapoi The Love of Tourism Annual Plan 2020 – 2023, which align to the Visitor Economy Strategy 2018 – 2028.	Of TBOP's 28 strategic priorities for this financial year, laid out in Te Ha Tapoi The Love of Tourism 2020-2021, 22 have been completed and six were not completed. Of those not completed, two were delayed and one indefinitely suspended due to circumstances beyond TBOP's control. The remaining three are underway with slower timeframes than expected.	 Not achieved
Support Councils to explore alternative funding mechanisms.*	TBOP Six Month and Annual Reports.	First stage: Alternative Funding Study completed by TCC in 2017. Second stage: To be led and funded by TCC.	Support investigation of additional alternative funding mechanisms, dependent on Tauranga City Council budget and timings.	Tauranga City Council has not progressed its alternative funding mechanisms project. TBOP has achieved alternative funding via the STAPP and Regional Events Fund.	 Not achieved

*While TBOP can support Council with the investigation of additional funding mechanisms, the actual securing of funding is outside of TBOP's control. Thus, this performance measure relates to an outcome that TBOP can directly affect.

COUNCIL CONTROLLED ORGANISATIONS

Performance Measures	Data Source	Baseline	2020-2021 Goal (June 2021)	Result to June 2021	Status
Measure visitor spend.	MBIE Monthly Regional Tourism Estimates. As of November 2020, MBIE suspended the MINTES due to concerns over accuracy given the COVID-19 related market changes. The only visitor spend data currently available is based on electronic card transactions and excludes online purchases, cash purchases, and pre-bookings. As this only covers a portion of the visitor economy, only changes in spend will be reported, and the figures should be read with caution and as approximates. Information source: MarketView Tourism Dashboard.	Total visitor spend was \$1.019m to YE May 2020.	Monitor and report on visitor spend and use the information to set new benchmarks for future years.	In the YE June 2021, total visitor spend grew by 28% compared to the YE June 2020. No forecast or targets will be set for future years yet, due to the current levels of market uncertainty.	Achieved
		Domestic visitor spend was \$803m to YE May 2020.	Monitor and report on visitor spend and use the information to set new benchmarks for future years.	In the YE June 2021, domestic visitor spend grew by 19% compared to the YE June 2020. No forecast or targets will be set for future years yet, due to the current levels of market uncertainty.	Achieved
		International visitor spend was \$216m to YE May 2020.	Monitor and report on visitor spend and use the information to set new benchmarks for future years.	In the YE June 2021, international visitor spend decreased by 50% compared to the YE June 2020 due to the COVID-19 related international border closures. No forecast or targets will be set for future years yet, due to the current levels of market uncertainty. Note that spend on electronic cards by repatriating New Zealanders may be impacting international visitor spend figures.	Achieved
	MBIE Tourism Satellite Account.	Cruise sector spend increased by 35% to \$90.3m for the 2018/19 season spend for the 2019/20 season is likely to be much lower given the COVID-19 pandemic shortened the season).	Monitor and report on cruise sector spend, if applicable, and use the information available to set new benchmarks for future years.	No update as the cruise sector is still unable to operate due to the COVID-19 pandemic and associated travel restrictions. No forecast or targets will be set for future years yet due to the current levels of market uncertainty.	Not achieved
Measure the contribution of tourism to GDP.	Infometrics.	Tourism GDP for Tauranga & Western BOP was \$511m, representing 5.6% of total real GDP (YE March 2019).	Monitor and report on the contribution of tourism to GDP and use the information to set new benchmarks for future years.	Tourism GDP for Tauranga was \$487m, representing 6.1% of total real GDP (YE March 2020). Tourism GDP for Western BOP was \$49m, representing 2.0% of total real GDP (YE March 2020). No forecast or targets will be set for future years yet due to the current levels of market uncertainty.	Achieved
	Infometrics.	Tourism GDP for Whakatane was \$75m, representing 4.5% of total real GDP (YE March 2019).	Monitor and report on the contribution of tourism to GDP and use the information to set new benchmarks for future years.	Tourism GDP for Whakatane was \$71m, representing 4.0% of total real GDP (YE March 2020). No forecast or targets will be set for future years yet due to the current levels of market uncertainty.	Achieved
Measure the number of jobs provided by the tourism industry.	Infometrics.	Tourism provided 8,135 jobs in Te Moananui ā Toi the Coastal Bay of Plenty (YE March 2019).	Monitor and report on the number of jobs the tourism industry provides and use the information to set new benchmarks for future years.	Tourism provided 7,480 jobs in Te Moananui ā Toi the Coastal Bay of Plenty in the month of May 2021. No forecast or targets will be set for future years yet due to the current levels of market uncertainty.	Achieved

COUNCIL CONTROLLED ORGANISATIONS

Service Delivery Report July 2020 - June 2021



Pillar 1: Target the Right Visitors at the Right Time with the Right Messages

Letter of Expectation (LoE) – TBOP's Strategic Priorities:





Target the right visitors at the right time with the right messages, which will involve working with stakeholders.

Help to manage and promote the city and region's reputation nationally and internationally, to increase attractiveness and ensure share of voice.

Support Tauranga City Council's City Events team and other key stakeholders to develop a city-wide events strategy which clearly articulates our event investment priorities and strengthens Tauranga's reputation as a premier events destination.

Performance Measures	Data Source	Baseline	2020-2021 Goal (June 2021)	Result to June 2021	Status
Understand current visitation levels and patterns.	MBIE Monthly Regional Tourism Estimates, Marketview Tourism Dashboard, AA Traveller Monitor, and other methods to be determined.	Understand the trend of visitation across the year based on visitor spend.	Continue to track and provide greater visibility and understanding of visitation levels and patterns, visitor perceptions and motivators.	TBOP is tracking visitor numbers and patterns using visitor spend data and newly released visitor numbers primarily. This information is then shared with key stakeholders. The visitor satisfaction research is underway and providing insight into perceptions and motivators.	 Achieved
Implement campaigns to drive domestic visitation including collaboration with strategic partners for advertising, digital and PR initiatives.	Campaigns in market. Campaign Post Analysis Performance Reports.	There is no current baseline data. The 2020/21 campaign calendar was scoped based on current market conditions. There is no current baseline data, a new measure is to be implemented in 2020/21.	Implement campaign calendar as set out in the calendar for Te Hā Tapoi The Love of Tourism 2020 – 2023. Monitor and report on campaign measures and use the information to set new benchmarks for future years.	The Sure to Make You Smile campaign was in-market from October-December 2020, and again from April-June 2021, as per the calendar in Te Hā Tapoi The Love of Tourism 2020 – 2023. These dates were selected to promote the region during the shoulder seasons. The monitoring of campaign measures is underway. Key current measures being used are: <ul style="list-style-type: none"> Video views (to the end): 320,428 Impressions: 3,471,396 New users to bayofplenty.com: 17,987 (9% of total new users to site) Website users' average session duration: 1m 23secs (site average 1m 36secs) Website users' pages/session: 2.35 (site average 2.1) Bounce rate: 57% (site average 66%) The best performing traffic was generated from display remarketing (targeting users who have already visited the site), which had an average time on site of 2m 11 secs and 10 average users looked at 4.6 pages per session. This traffic comprised 0.5% (199 users) of the total campaign traffic to the website. In comparison, the next best performing traffic was from Google Search ads, comprising 15% (6,781 users) of total campaign traffic. These users spent an average of 2m 12secs per session and viewed an average of 3 pages per session. This provides a benchmark for future campaigns and direction on where to focus our spend.	 Achieved

COUNCIL CONTROLLED ORGANISATIONS

Performance Measures	Data Source	Baseline	2020-2021 Goal (June 2021)	Result to June 2021	Status
Build the destination's reputation as per Place DNA® by implementing story theme strategies identified in Brand Storybook research and embed across Te Moananui ā Toi the Coastal Bay of Plenty.	Tourism Sentiment Index™ (Destination Think).	Score of +56 to YE December 2019.	Maintain or improve Tourism Sentiment Index™ scores in areas associated with Te Moananui ā Toi the Coastal Bay of Plenty's Place DNA®.	<p>A score of +20 for July 2020 to June 2021 was achieved. This is a total of 36 points below the score for YE December 2019, with COVID-19 likely affecting the 2020 results. This compares to a score of +21 for New Zealand overall.</p> <p>Scores for categories related to Place DNA® elements for July 2020 to June 2021:</p> <ul style="list-style-type: none"> • Horticultural Provenance: -20 • Natural Environment: <ul style="list-style-type: none"> o Wildlife viewing: +6 o Biking & cycling: +11 o Hiking & rock climbing: +27 • Ocean & Beaches: <ul style="list-style-type: none"> o Surfing: +20 o Beaches: +26 o Fishing: +20 o Diving and snorkelling: +21 • Māori Culture: +21 	 Not achieved
Perceptions Research (for the New Zealand and Australia markets).	Digital analytics.	No current baseline data; a new measure is to be implemented in 2020/21.	Maintain or improve levels of association of Te Moananui ā Toi the Coastal Bay of Plenty with Place DNA® themes.	50% of adult New Zealanders and 34% of adult Australians agree that the region offers a blend of natural landmarks, wildlife, authentic Māori culture, a range of local produce and stunning beaches (YE March 2021). These are consistent with results for YE December 2020.	 Achieved
Work with Tauranga City Council City Events team to support events aligning with our Place DNA®.	Collaborative marketing output and feedback from Tauranga City Council City Events team regarding support provided.	Bi-monthly meetings with Tauranga City Council City Events team and support of events on social media and website.	Explore and identify the best digital analytics to measure engagement with, and performance of, digital content.	A website user experience (UX) report has been completed that identifies several metrics for measuring digital content performance. The report contains a series of recommendations to improve the user experience, and these are being gradually implemented.	 Achieved
			Bi-annual meetings between Tauranga City Council City Events and TBOP Go-to-Market teams identifying the key events for collaborative marketing and executing associated marketing activity.	Bi-monthly meetings have been held with the TCC Major Events team to determine what promotional support TBOP can provide around key events that align with our Place DNA®. Major support was provided by way of sponsorship of the Aranex Kiwi Walk/Run event in May where we were able to highlight the Horticultural Provenance with themed tables and branding. 33% of event participants came from outside the Bay of Plenty region.	 Achieved

COUNCIL CONTROLLED ORGANISATIONS

Service Delivery Report July 2020 - June 2021




Pillar 2: Connect with Residents

Letter of Expectation (LoE) – TBOP's Strategic Priority

Connect with residents to maintain a community social licence, and measure this via likelihood to recommend the area to others to visit (Net Promoter Score™) and perceptions of the impact of tourism on the community.

Performance Measures	Data Source	Baseline	2020-2021 Goal (June 2021)	Result to June 2021	Status
Measure and understand residents' sentiment towards tourism. This is measured by the percentage of residents who agree that tourism has a positive impact on the community. Residents provide a rating of 1 to 10, where 1 is strongly disagree and 10 is strongly agree. Note: Sentiment may be impacted by the COVID-19 pandemic and perceptions of the link to international visitors.	Tauranga City Council residents' satisfaction survey results.	Tauranga: The score for the YE June 2020 is 76% agree (scores of 7 to 10).	Continue to monitor and report on residents' perceptions and use information to set new benchmarks for future years.	The score for the year ending June 2021 is 66% agree (scores of 7 to 10). This will be the benchmark for next year.	Achieved
	Western Bay of Plenty District Council residents' satisfaction survey results.	Western Bay of Plenty: The score for YE June 2020 is 72% agree (scores of 6 to 10).	Continue to monitor and report on residents' perceptions and use information to set new benchmarks for future years.	The score for the year ending June 2021 is 72% agree (scores of 6 to 10). This will be the benchmark for next year.	Achieved
	Whakatāne District Council residents' satisfaction survey results.	Whakatāne: The score for the YE June 2019 is 75% agree (scores of 7 to 10).	Continue to monitor and report on residents' perceptions and use information to set new benchmarks for future years.	The score for the year ending June 2020 is 79% agree (scores of 6 to 10). This will be the benchmark for next year.	Achieved
Residents' likelihood to recommend the city or district as a holiday destination, using the Net Promoter Score™. Note: Sentiment may be impacted by the COVID-19 pandemic and perceptions of the link to international visitors.	Tauranga City Council residents' satisfaction survey results.	Tauranga: The score for the YE June 2020 is +27.	Continue to monitor and report on residents' satisfaction and use information to set new benchmarks for future years.	The score for the year ending June 2021 is +17.	Achieved
	Western Bay of Plenty District Council residents' satisfaction survey results.	Western Bay of Plenty: The score for the YE June 2020 is +13.	Continue to monitor and report on residents' satisfaction and use information to set new benchmarks for future years.	The score for the year ending June 2021 is +11.	Achieved
	Whakatāne District Council residents' satisfaction survey results.	Whakatāne: The score for the YE June 2019 is +50.	Continue to monitor and report on residents' satisfaction and use information to set new benchmarks for future years.	The score for the year ending June 2021 is +37.	Achieved
Undertake research to further explore perceptions of the tourism industry (particularly cruise) among the local community (via Vital Signs and/or other projects).	Research results.	No current baseline data—a new measure is to be implemented in 2020/21.	Measure satisfaction with the tourism industry in the Moananui a Toi (the Coastal Bay of Plenty).	This research was put on hold until there is more information available regarding the cruise sector restart.	Not achieved

COUNCIL CONTROLLED ORGANISATIONS

Performance Measures	Data Source	Baseline	2020-2021 Goal (June 2021)	Result to June 2021	Status
Implement the Connect with Residents strategy and implement a locals communications plan.	Strategy implementation and outcomes.	No Place Like Home campaign is currently in-market. There is no current baseline data; a new measure is to be implemented in 2020/21.	Review, refine and continue to implement the Connect with Residents strategy, including measuring the performance of the No Place Like Home campaign.	No Place Like Home campaign in-market with monthly e-newsletters, print stories, social media, and radio. E-newsletter subscribers have grown from 2,215 to 2,777. Campaign effectiveness research conducted in February 2021 showed that 50% of residents have seen the campaign. Of these: <ul style="list-style-type: none"> 41% were inspired to look for further information on tourism activities; and 41% feel more informed about tourism activities in the region. 	 Achieved
Develop and maintain an Ambassador Programme.	Completion of workshops.	Have begun discussions with Queenstown Resort College regarding implementation.	Complete one course.	Queenstown Resort College (QRC) appointed as provider. Due to QRC's other commitments, the course development has been delayed until the first quarter of the 2021-2022 financial year.	 Not achieved
Implement the Stakeholder Engagement & Communications Plan including iwi and hapū relationships, Leadership Advisory Group, and industry events.	TBOP dashboard.	Achieved an average of 74 engagements with key stakeholders per two-month period in the 2019/20 financial year.	Achieve an average of 70 engagements with key stakeholders per two-month period.	Achieved an average of 68 engagements with key stakeholders per two-month period, falling just short of the goal of 70 engagements.	 Not achieved






COUNCIL CONTROLLED ORGANISATIONS

Service Delivery Report July 2020 - June 2021

Pillar 3: Enhance the Visitor Experience

Letter of Expectation (LoE) – TBOP's Strategic Priority

Enhance the visitor experience by providing fit-for-purpose visitor information services, including the development of Te Tomokanga and the use of digital services.

Performance Measures	Data Source	Baseline	2020-2021 Goal (June 2021)	Result to June 2021	Status
Understand, measure, and improve visitor satisfaction and perceptions.	Visitor satisfaction research findings.	There is no current baseline data; a new measure is to be implemented in 2020-2021.	The implementation of the Visitor Information Services user survey.	The visitor satisfaction research began in March 2021, with monthly surveying. At end of June 2021, 86% of visitors to the region were satisfied with their visit. Research conducted by Forward HQ. Sample size n=277, resulting in an associated margin of error of +/-6%.	 Achieved
Continue to implement the Visitor Experience Plan including continuing to provide fit-for-purpose visitor information services and exploring new opportunities.	Visitor Information Services user survey.	No current baseline data – new measure to be implemented in 2020-2021.	The implementation of the Visitor Information Services user survey.	Customer Radar was implemented in the Tauranga i-SITE from January 2020. However, there was little customer engagement with a total of six responses (all from satisfied customers).	 Achieved
Continue the project plan for Te Tomokanga.	Design progress.	Local and central government funding is confirmed.	Complete the concept and detailed design, commence site investigations subject to national i-SITE review and market conditions.	The Te Tomokanga plan has been indefinitely suspended as Tauranga City Council withdrew funding due to restrictions on its capital budgets.	 Not achieved
Review the cruise sector model post-COVID-19.	Summary report from workshops.	TBOP identified the need to review the current shore excursion contracts due to the COVID-19 pandemic.	Undertake three workshops to explore ideas for the re-development of the cruise industry to operate post-COVID-19 (and implement any changes, depending on market conditions).	The government's cruise ship ban remains in place meaning there will be no cruise ship visits for this coming 2021 to 2022 season. However, bookings for the 2022 to 2023 season are ramping up. The review of the cruise model is underway with TBOP taking a leadership role in exploring all the factors (social, economic, cultural, environmental) that will come to play in preparing for the return of the sector. As part of this, TBOP's Cruise Manager has joined the Cruise NZ board to champion these issues at a national level in addition to working closely with Port Tauranga, industry, and other shore excursion providers on use of ship port locations. TBOP will continue to review the model in preparation for the 2022 to 2023 season commencement.	 Not achieved
Review and action the i-SITE Future Network Strategy.	Report prepared for Council.	Consulting on Future Network Strategy.	Participate in the review of the Future Network Strategy with i-SITE New Zealand and report to Tauranga City Council.	The proposed Future Network Strategy is yet to be finalised by the i-SITE NZ board. The forum has consequently been delayed to 30 August 2021 (due to Covid lockdown) and TBOP will attend.	 Not achieved

COUNCIL CONTROLLED ORGANISATIONS

Service Delivery Report July 2020 - June 2021






Pillar 4: Grow Capability and Increase Supply

Letter of Expectation (LoE) – TBOP's Strategic Priority

Grow capability of operators and increase supply of tourism product, including identifying and assisting in the product development of indigenous cultural experiences.

Performance Measures	Data Source	Baseline	2020-2021 Goal (June 2021)	Result to June 2021	Status
Map regional natural and built assets to identify experience gaps and opportunities.	Digital map (produced by Stafford Strategy).	Phase one of the mapping project is underway; the database of experiences has been collated and categorised.	The map of regional infrastructure and experiences developed (phase one), and gaps analysis completed (phase two).	The map of regional infrastructure and experiences has been developed. Phase two, the gap analysis, is underway.	✗ Not achieved
Identify and implement options for understanding and measuring environmental regeneration and implement any suitable options.	Green Destinations certificate.	No current baseline data; a new measure is to be implemented in 2020/21.	Achieve the Green Destinations certification (to measure environmental sustainability).	TBOP is on the journey to becoming an eco-certified destination through EcoTourism Australia, with 50% of the criteria filled out. The ECO Destination Certification combines EcoTourism Australia's criteria with the Green Destinations standard for sustainable tourism.	✗ Not achieved
Enable, empower, and facilitate opportunities for Māori economic development to identify, enhance, and promote tourism experiences that feature our unique culture, heritage, and history.*	Workshop delivery.	Two roopū established that meet quarterly or more frequently.	Deliver four workshops for new and existing cultural tourism businesses per annum aimed at upskilling operators and assisting with the evolution of their businesses.	Two workshops/events were delivered as follows: <ul style="list-style-type: none"> One cultural tourism exemplar is the hīkoi to Waitangi and Hokianga for a group from local Hapu Ngāti Hanganui. Digital Marketing/Developing an Effective Social Media Presence workshop for Tauranga Moana roopū. 	✗ Not achieved
	Workshop feedback surveys.	Two roopū established and meeting quarterly or more frequently.	50% of workshop attendees report that they are likely to make enhancements to their businesses based on the workshops.	Survey was not conducted due to resource constraints.	✗ Not achieved
Proactively identify and support the development of new products and experiences and engage with potential investors regarding product development.*	Engagement with investors.	TBOP identified the need for investment to stimulate product development.	Create an investor attraction package to support new tourism product that aligns with one target market and deliver this to relevant parties.	The COVID-19 pandemic has disrupted our ability to attract private investment in the tourism sector.	✗ Not achieved

COUNCIL CONTROLLED ORGANISATIONS

Performance Measures	Data Source	Baseline	2020-2021 Goal (June 2021)	Result to June 2021	Status
Develop and implement an industry capability programme and collaborate with tourism operators and help enhance tourism experiences that align with TBO's target audiences and Place DNA [®] .	Workshop delivery.	There is no current baseline data; a new measure is to be implemented in 2020/21.	Deliver three workshops for new and existing tourism businesses aimed at upskilling operators and assisting with the development of their businesses.	Five events/workshops were delivered as follows: <ul style="list-style-type: none"> Digital marketing upskilling. One-on-one digital training. Regional Business Partner Network funding webinar held with the Tauranga Chamber of Commerce for tourism operators. Two Tourism Connect workshops. Health and Safety training. 	 Achieved
	Workshop feedback surveys.	There is no current baseline data; a new measure is to be implemented in 2020/21.	50% of workshop attendees report that they are likely to make enhancements to their business based on the workshops.	Capability building workshops: 92% of attendees report that they are likely to make enhancements to their businesses based on the workshops. Digital capability one-on-one sessions: 91% of participants report that they are likely to make enhancements to their businesses based on these sessions.	 Achieved
Establish and maintain passion groups for niche development to align experiences with target audiences.*	Passion groups.	Surfers & beach lovers group established and one meeting held.	Deliver four passion group workshops for niche development to align experiences with target audiences.	<p>Horticultural Provenance passion group:</p> <ul style="list-style-type: none"> Experience Manager has been appointed and group members recruited. Three passion group meetings held. Developed strategy and created marketing plan that is being implemented. Flavours of Plenty collective and new brand launched. Announced the inaugural Flavours of Plenty food festival (Autumn 2022). <p>Ocean & Beaches passion group:</p> <ul style="list-style-type: none"> Experience Manager has been appointed. First passion group meeting took place in June 2021 	 Achieved
Identify and support opportunities for new 'tourism with purpose' and environmental stewardship initiatives*.	Feedback from applicable organisations.	Tourism with Purpose strategy completed.	Identify opportunities for new tourism with purpose initiatives and provide support via workshops, networking and PR activity where needed.	TBO is currently collaborating with Rotary and environmental groups to identify opportunities for visitor volunteers to work alongside the local community. Challenges such as ad hoc volunteering days and times, health and safety, and others are slowing progress.	 Not achieved
Business Events development.	Summary report from research.	No current baseline data.	Update the Business Events Market Feasibility report and present to the TBO board with recommendations.	2019 Business Events Research Report update complete, and recommendations presented to TBO board in August 2020 for implementation.	 Achieved

*These performance measures relate to attempting to influence the development of tourism products and experiences, which are aligned with our destination's Place DNA[™] and target markets. While we can support, advocate for, help to upskill operators, and promote products, the development of product and how those organisations operate is outside of TBO's control. Thus, these performance measures relate to outcomes TBO can directly affect.

COUNCIL CONTROLLED ORGANISATIONS

Governance and Leadership

Letter of Expectation (LoE) – TBOP's Strategic Priority

Demonstrate a commitment towards measuring, developing, and improving organisational culture and staff well-being, including exploring opportunities to link in with Tauranga City Council's staff culture survey. Detailed investigation into moving towards the Living Wage for all employees.

Performance Measures	Data Source	Baseline	2020-2021 Goal (June 2021)	Result to June 2021	Status
Investigate moving towards the Living Wage for all employees.	Financial records.	Achieved.	Payment of the living wage (as a minimum) to all permanent employees.	TBOP is currently paying the living wage to all permanent employees.	Achieved
Improve organisational culture and staff well-being.	To be determined.	Employee Engagement Score: 80% (June 2020; TBOP Employee Engagement Survey).	Measure staff engagement via either Tauranga City Council's staff culture survey and/or TBOP Employee Engagement Survey.	Employee Engagement Score: 76% (April 2021 TBOP Employee Engagement Survey).	Achieved

Governance Best Practice

Letter of Expectation (LoE) – TBOP's Strategic Priority

Prudent management of TBOP including risk and financial control, and compliance to regulatory and Code of Conduct frameworks.

Performance Measures	Data Source	Baseline	2020-2021 Goal (June 2021)	Result to June 2021	Status
Manage P&L to budget and aim for best effort cost recovery through revenue growth opportunities and cost management strategies.	TBOP Six Month and Annual Reports.	Achieved.	Variance of profit to budget for year within 5% of total revenue.	Achieved, net result is 1% ahead of budget at year end.	Achieved
Code of Conduct compliance.	TBOP Six Month and Annual Reports.	Achieved.	Code of Conduct compliance.	Achieved.	Achieved
Compliance and regulatory obligations met.	Councils' feedback.	Achieved.	Compliance and regulatory obligations met.	Achieved.	Achieved
Enterprise Risk Management Policy adherence.	Board confirmation.	Achieved.	Enterprise Risk Management Policy adherence.	Achieved.	Achieved
Maintain good working relationships with Council staff and elected members, observing the 'no surprises' principle.	Councils' feedback.	Achieved.	No surprises principle maintained.	Achieved.	Achieved

COUNCIL CONTROLLED ORGANISATIONS

FINANCIAL PERFORMANCE		
	2021 Actual \$000's	2020 Actual \$000's
Revenue	3,727	3,063
Expenditure	3,691	3,053
Net Surplus/(Deficit) for Year	36	10

INCOME DERIVED FROM COUNCIL		
	2021 Actual \$000's	2020 Actual \$000's
Operational Grant	1,827	1,628
Service Delivery Contract	493	493
Other	-	38
Total Council Derived Income	2,320	2,159

*Note that at the date of publication, the draft results have not been audited.

Local Government Funding Agency (LGFA)



What we do

- The Local Government Funding Agency (LGFA) provides funding to participating local authorities.
- The LGFA borrows funds and lends them on to local authorities at lower interest margins than those local authorities would pay to other lenders.

Our highlights for 2020/21

- We were delighted to receive CarbonZero certification from Toitu Envirocare.
- S&P Global Ratings upgraded our long-term credit ratings to 'AAA' (local currency) and 'AA+' (foreign currency) on 22 February 2021.
- Our total interest income for the financial year of \$377.2 million was a 1.9% increase on the 2019-20 financial year result of \$370.2 million. Net operating profit of \$12.0 million for this financial year was a 13.0% increase on the 2019-20 financial year result of \$10.6 million.
- LGFA issued a record \$3.27 billion of bonds over the financial year, and bonds on issue now total \$13.68 billion (including \$1 billion of treasury stock) across ten maturities from 2022 to 2037.
- We added five new members, with Napier City, Central Otago, Kawerau, South Waikato and Waitaki District Councils joining the LGFA over the year. Our total membership is now 72 out of the 78 councils in New Zealand.











Challenges for 2020/21

- The Government's proposed Three Water Reform Programme is the largest change to the local authority sector in 30 years. As such, LGFA has been assisting on an as-required basis both central Government and our council members as they work through the programme.
- We sought approval from our shareholders to lend to Council-controlled Organisations (CCOs) during year. This was more complex than expected due to the unique and more intricate nature of CCOs compared to councils. However, we made good progress and feel confident that we will undertake our first loan to a CCO early in the new financial year.

Looking ahead for 2021/22

- We will continue to look for ways to innovate with our products for councils.
- We will also continue our increased focus on sustainability, with the appointment of a Head of Sustainability to the LGFA management team. This key position will assist the development of our sustainable lending programme for councils in the coming year and introduce several other sustainability initiatives across the wider organisation.

COUNCIL CONTROLLED ORGANISATIONS

PERFORMANCE MEASURES		
2020/21 target	Status	Result
LGFA net interest income for the period to June 2021 will be greater than \$18.8 million	 Achieved.	\$19.537 million
Total nominal lending (short and long term) to participating councils to be at least \$9.79 billion	 Achieved.	\$12.039 billion
Annual issuance and operating expenses (excluding ALL) for the period to 30 June 2021 will be less than \$6.8 million	 Achieved.	\$6.659 million
Conduct an annual survey of Participating Borrowers who borrow from LGFA and achieve at least an 85% satisfaction score as to the value added by LGFA to the borrowing activities	 Achieved.	August 2020 survey outcome of 98.8%
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	 Achieved.	100%
Achieve 85% market share of all council borrowing in New Zealand	 Not achieved	79%
Review each Participating Borrower's financial position, its headroom under LGFA policies and arrange to meet each Participating Borrower at least annually.	 Achieved.	All councils visited
No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015.	 Achieved.	No breaches
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	 Achieved.	100%
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency.	 Achieved.	Our domestic credit rating was upgraded to the highest possible rating of AAA by S&P Global Ratings while our foreign currency rating was also upgraded by one notch to AA+.

FINANCIAL PERFORMANCE		
	2021 Draft \$'000s	2020 Actual \$'000s
Revenue	377,406	370,220
Expenditure	365,399	359,598
Net Surplus/(Deficit) for Year	12,007	10,623

Bay of Plenty Local Authority Shared Services (BOPLASS)



What we do

- BOPLASS was established by the nine local authorities in the Bay of Plenty / Gisborne region to foster collaboration between councils in the delivery of services, particularly back-office or support services.
- BOPLASS investigates, develops and delivers shared services and joint procurement on behalf of the participating councils, maximising cost savings and developing opportunities for sharing of services.
- The shareholding councils are: Bay of Plenty Regional Council, Gisborne District Council, Kawerau District Council, Opotiki District Council, Rotorua District Council, Taupo District Council, Tauranga City Council, Western Bay of Plenty District Council and Whakatane District Council.

Our highlights for 2020/21

The MahiTahi LG Collaboration Portal continues to provide an effective platform for a growing number of councils and council groups across the country, with a 71% increase in new members in the last 12 months. The continuing growth highlights the value the MahiTahi Collaboration provides as a collaborative workspace for local government. It also highlights the obvious desire in local government to better share and coordinate information and activities.

The BOPLASS insurance programme has been a glowing example of benefits achieved through cross-regional collaboration. Working closely with other North Island LASS very good outcomes were achieved with the 2020/21 placements, despite the ongoing hardening of the insurance markets.

Challenges for 2020/21


As the insurance market evolves and placements become more challenging, BOPLASS has identified that councils will need to take a strategic approach to the types of cover they purchase, what will be insured, the levels of cover, and the levels of deductibles. BOPLASS arranged informative workshops for senior council staff to provide an overview of the impending changes within the insurance markets and alternative approaches to insurance that will need to be given consideration.

Looking ahead for 2021/22


We will continue development of on-boarding and training material to help increase membership and support ongoing usage, with training provided to councils to maximise usage and ensure increased uptake.

BOPLASS and Waikato Local Authority Shared Services are collaborating to establish a waste contractor management and reporting platform across the BOPLASS and Waikato regions. Given the shared waste streams and contractors across the two regions it makes sense to manage this as a collaborative project. Additionally, the aggregated size of the opportunity has drawn strong interest from potential vendors and other councils. The project will now either include the additional councils/regions that have expressed interest, or the service will be developed in a manner to allow other councils to join after it is established.

COUNCIL CONTROLLED ORGANISATIONS

PERFORMANCE MEASURES		
2020/21 Target	Status	Comments
<p>Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.</p> <p>Manage and/or renegotiate existing contracts.</p> <p>Contracts are reviewed annually to test for market competitiveness.</p> <p>New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.</p>	 Achieved	<p>Contracts negotiated and/or renewed for:</p> <p>Video Conferencing Services – Canon video conferencing infrastructure was moved from a Canon managed service to a BOPLASS hosted service. This provided further cost savings to councils and acknowledged the global move from vendor hosted video conferencing solutions to cloud-based technologies, e.g. Zoom, Teams.</p> <p>ESRI Enterprise Licensing Agreement – Core GIS software used in all BOPLASS councils. BOPLASS Enterprise Agreement renewed. No increases in cost to councils.</p> <p><i>No alternative provider in NZ.</i></p> <p>GIS software and services –</p> <ul style="list-style-type: none"> • FME • Geocortex Essentials • Geocortex Analytics • X-Tools • NZ Archaeological Association • RetroLens <p><i>Contracts renegotiated and renewed – no alternative suppliers</i></p> <p>Health and Safety Training provider – BOPLASS has renewed the collective agreement with Vertical Horizonz for H&S training across the BOPLASS councils. The agreement provides tailored training and discounted rates. (WLASS have aligned their contract dates with BOPLASS, providing for opportunities to procure collectively at the end of the new contract term.)</p> <p>Print Media Copyright Agency (PMCA) – a collective contract providing savings for all BOPLASS councils has been renewed with PMCA for councils' print and media copyright services.</p> <p><i>Sole NZ provider of print and media copyright services.</i></p> <p>Treasury Staff Briefings – BOPLASS coordinated presentations and workshops with senior NZ economists to better inform councils on the financial outlooks for local communities and the national economy. The workshops are provided at no cost to BOPLASS councils and have proven to be particularly valuable given the current international and local economic challenges.</p> <p>Aerial Imagery – As part of the BOPLASS regional imagery programme a contract for orthophotography was awarded to AAM NZ Ltd on behalf of TCC and WBOPDC. The flying and imagery included specific requirements to capture high growth areas.</p> <p>N3 (previously known as GSB) – Purchasing group membership negotiated by BOPLASS. Councils achieving significant savings on membership costs and trade pricing through the group scheme. Agreement renewed for another year at same rates.</p> <p><i>Sole NZ provider.</i></p> <p>Media Monitoring Services – BOPLASS continues to manage a collective media monitoring service with Isentia that automatically monitors and reports on broadcast, print and social media based upon council requirements. The single BOPLASS portal provides substantial savings to councils while also providing a significant reduction in internal resource requirements. Council agreement to renew for another year. Same rates negotiated.</p> <p><i>Service to be put to open tender in 2022.</i></p> <p>Zoom Services – Renewed group enterprise agreement. Zoom video conference services continue to provide BOPLASS councils with centralised account management and shared infrastructure.</p> <p><i>Enterprise contract renegotiated and renewed. No alternative providers.</i></p> <p>Standards NZ – BOPLASS has renewed the agreement with Standards NZ for discounted access to the full Standards catalogue at significantly reduced pricing for all BOPLASS councils.</p> <p><i>No alternative provider in NZ.</i></p>



COUNCIL CONTROLLED ORGANISATIONS

PERFORMANCE MEASURES		
2020/21 Target	Status	Comments
<p>Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.</p> <p>Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.</p> <p>A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.</p>	 Achieved	<p>The new procurement initiatives which have been investigated during the year are as follows:</p> <p>Waste Operator Licencing and Data System – An ROI was undertaken by BOPLASS on behalf of all the BOPLASS and Waikato councils for a data management system and administration services to support the development of a region-wide waste operator licencing and data service. The collective approach to the ROI provided savings to all councils and garnered significant attention from suitable vendors due to the size of the aggregated opportunity.</p> <p><i>The ROI process will be followed by a closed RFP.</i></p> <p>Skin Scans / Mole Mapping – BOPLASS explored opportunities for a collective contract to enable councils to offer a subsidised rate to their staff for mole mapping. A provider has not yet been appointed as the project has expanded to investigate health insurance options across the BOPLASS group of councils.</p> <p>Infrastructure Insurance – Councils infrastructure insurance was placed into the London markets in late 2020 through direct engagement with the London underwriters and Lloyds syndicates. Exceptional outcomes were achieved for all councils – both in insurance rates and the cover achieved. Due to a continued unprecedented level of international natural disaster claims, insurance markets have become extremely cautious about the risk they are prepared to write. The high standard of the information being provided by BOPLASS councils and our historical relationships with the international markets have proven to be a strength for us at renewal time.</p> <p><i>Securing councils' insurance cover requires a new procurement process to be undertaken every 12-months and includes investigating, or engaging with, alternative markets.</i></p> <p>GIS Technical Support – The majority of core GIS software used within councils is now procured through collective BOPLASS agreements. On behalf of the councils BOPLASS undertook procurement to appoint a Regional Technical Advisor to be used as a shared resource and provide technical support across all BOPLASS councils. Eagle Technology were appointed under a discounted enterprise agreement. In addition to the cost savings, the service helps facilitate further sharing of information and expertise across the GIS teams.</p> <p>Website Quality Assurance – BOPLASS has established a collective agreement for website quality assurance. Monsido is the incumbent provider to several BOPLASS councils and discounted pricing has been negotiated, dependent on the number of councils participating.</p> <p><i>This project is still under action.</i></p> <p>IPWEA Membership – BOPLASS engaged with the Institute of Public Works Engineering Australasia on behalf of our constituent councils to establish a single BOPLASS portal to allow all councils to access the full IPWEA online catalogue at heavily reduced pricing. The standards are used by all councils for a variety of engineering purposes. The collective agreement provides for unrestricted access for all councils at a significantly lower cost than under individual arrangements.</p> <p>Courier Services – BOPLASS has led a procurement process across the three North Island LASS and Hawke's Bay councils for the appointment of a courier services provider.</p>

COUNCIL CONTROLLED ORGANISATIONS

PERFORMANCE MEASURES		
2020/21 Target	Status	Comments
<p>Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.</p> <p>BOPLASS to regularly engage with other LASS to identify and explore opportunities for further interregional collaboration.</p> <p>Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.</p>	 Achieved	<p>Debt Recovery Services – Additional BOPLASS councils have moved to the shared service established by MW LASS. As an inter-LASS service this negates duplication across the regions and provides cost-effective specialised local government debt recovery services.</p> <p>Insurance Renewals Standardisation – BOPLASS led a project across the three North Island LASS to develop scorecards to assist councils with the preparation of accurate and timely renewal data for their annual insurance renewals. The scorecards help councils identify the required standards and any potential gaps in their processes. They will be used across all LASS participating in our collective insurance programme – BOPLASS, MW LASS and WLASS – ensuring a consistent and best-practice approach to renewal processes, ultimately assisting in achieving the best outcomes.</p> <p>Inter-LASS meetings – A number of procurement projects are underway covering multiple LASS and leveraging benefits of aggregated volumes. Collaboration across the regions drives greater efficiencies and often allows projects to be better resourced. BOPLASS has been working particularly closely with MW LASS and Waikato LASS and this group meet on a quarterly basis. BOPLASS has recently provided information to South Island councils that are investigating collective opportunities.</p> <p>Waste Operator Licensing and Data Collection – BOPLASS is leading a joint BOPLASS/ WLASS project to establish a cross-regional entity to administer licensing conditions on behalf of territorial authorities. The entity will also manage and collect waste data to assist councils in preparing detailed waste assessments and identification of priority waste management and minimisation actions. BOPLASS is leading the associated procurement exercises and is also engaging with other councils interested in participating in the project. The project includes continued engagement with MfE and WasteMINZ to ensure that the proposed approach is aligned with national strategies.</p> <p>Waste Minimisation Fund Application – On behalf of the BOPLASS and WLASS councils, BOPLASS has submitted an application to the MfE Waste Minimisation Fund to support the development of collective projects across the two regions.</p> <p>Occupational Health Services – BOPLASS has renewed the agreement with Waikato Occupational Safety Services for discounted occupational health services across the BOPLASS councils. This agreement is now undertaken in conjunction with WLASS.</p> <p>Cross Council H&S audits and Safety Performance Indicators – Waikato LASS and BOPLASS have collectively developed H&S projects to support best practice and shared learnings across councils in the greater region. The projects assist in identifying skills, processes or procedures that can be shared across the regions.</p> <p>Courier Services – BOPLASS coordinated activity across the central North Island councils to establish confirmed participation in joint procurement for the appointment of a courier services provider.</p> <p>Insurance Forum – BOPLASS hosted and coordinated an insurance forum to cover key insurance topics in local government. The forum was well attended by councils from throughout the upper and central North Island.</p>
<p>Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.</p> <p>Increase usage of the Collaboration Portal by providing support and training material for new and existing users.</p> <p>Proactively market the benefits to councils.</p> <p>Number of listed projects to increase by 10% per year.</p> <p>Number of active users to increase by 20% per year.</p>	 Achieved	<p>Active promotion of the MahiTahi Collaboration Portal over the last 12 months has resulted in a 71% increase in the number of local government users with 161 new members joining.</p> <p>The increased membership is primarily a result of ongoing development of on-boarding and training material. Additionally, non-member councils have been proactively contacted to highlight the benefits and encourage participation.</p> <p>Five additional projects added to the MahiTahi Collaboration Portal, increasing from 48 to 53 lodged projects.</p> <p>RSIP Redevelopment – The Regional Sector Information Portal is a collaboration tool used by regional and unitary councils. The RSIP Portal has been migrated to be hosted by BOPLASS on the same platform as the MahiTahi Collaboration Portal.</p>

COUNCIL CONTROLLED ORGANISATIONS

PERFORMANCE MEASURES		
2020/21 Target	Status	Comments
<p>Communicate with each shareholding council at appropriate levels.</p> <p>Meeting with each Executive Leadership Team.</p> <p>At least one meeting per year.</p>	 Achieved	<p>BOPLASS continues to regularly engage with our constituent councils, senior management and shareholders to ensure opportunities continue to be developed to the benefit of all stakeholders.</p> <p>In addition to these regular meetings, the BOPLASS chair and CE undertook a roadshow to directly engage with executive staff across all shareholding councils. These meetings were used to provide an update on BOPLASS initiatives and to gain further insights into additional collaboration opportunities. New opportunities in both shared services and procurement were identified through these workshops.</p>
<p>Ensure current funding model is appropriate.</p> <p>Review BOPLASS expenditure and income and review council contributions and other sources of funding.</p> <p>Performance against budgets reviewed quarterly. Company remains financially viable.</p>	 Achieved	<p>The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board.</p> <p>Council contributions levied.</p> <p>Contributions received from activities producing savings.</p> <p>Vendor rebates collected.</p> <p>Monthly and quarterly performance reviewed.</p> <p>Financial statements reported and reviewed at Board meetings.</p> <p>Funding model reviews were undertaken by the board during the 2020-2021 financial year with two changes undertaken to ensure the continued financial viability of the organisation:</p> <ul style="list-style-type: none"> A one-off \$50,000 contribution to the BOPLASS aerial imagery programme received from LINZ was retained as income in advance to assist with funding the BOPLASS aerial imagery programme over the next five years. The BOPLASS Board approved for a CPI adjustment to be included with council annual contributions. <p>Financial position year end 30 June 2021: \$15,970 surplus.</p>

Additional Disclosures Impact of COVID-19

Background

Given the current environment caused by the impact of COVID-19, many local government organisations face an unprecedented level of uncertainty about the economy, future revenue and asset and liability values. We have remained cognisant of this potential impact on both BOPLASS and our shareholding councils in the preparation of the BOPLASS financial statements.

We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as health and safety measures for our people (e.g. social distancing and working from home) and continuing to engage with our suppliers and our constituent councils through video conferencing.

The impact on our business and results has not been significant and, based upon our experience to date, we expect this to remain the case. As we operate predominately in the delivery of back of office services, during COVID-19 we have found increased demand for some of our collaborative solutions and we expect this to continue.

Assumptions

While there is always a possibility of some form of commercial implication for BOPLASS, the risk is considered to be very low as the company remains focused on delivering cost-savings and collective benefits to the councils – services of key importance to our shareholders.

Despite the impact of COVID-19 on much of the New Zealand economy, there has been no change in the nature or capacity of the company's business during the 2019-20 financial year and we don't expect this to change in the future. The company has remained on target with the delivery of all projects, with BOPLASS staff able to continue to operate effectively while working remotely during the various government imposed alert levels.

During and after the lockdown periods BOPLASS was able to continue with all financial reporting and reporting against performance indicators. Governance meetings were held, and regular engagement continued with shareholding councils.

The BOPLASS financial statements have been prepared with the judgement and assumption that COVID-19 has not, and will not, have an adverse impact on the

COUNCIL CONTROLLED ORGANISATIONS

organisation's workstreams or the level of engagement from our shareholding councils. Therefore, when preparing the financial statements there has been no material adjustments made to the carrying amounts of assets and liabilities within the current or future financial years.

- BOPLASS has minimal assets and the value of those assets will not be impacted by COVID-19.
- There has been no impact from COVID-19 on the company's liquidity and we don't expect there to be future change.
- Project revenue is generated directly by councils' participation in collective contracts or projects. The core BOPLASS principle remains in place that the company will not enter into supplier contracts or commitments without first gaining agreement and financial commitment from participating councils.
- Letters of Support have been provided to BOPLASS by our shareholding councils, providing financial surety for the current and future financial year.
- The level of business for BOPLASS will continue as forecast and may, in some circumstances, create further opportunities.
- BOPLASS current and future performance targets will not be adjusted as a result of COVID-19.

Based on the circumstances described above, the financial statements have been prepared on the assumption that any impacts on BOPLASS from COVID-19 are minimal and the company will continue to operate as a going concern.

We will continue to follow the various government policies and advice, while at the same time doing our utmost to continue our operations in the best and safest way possible without jeopardising the health or wellbeing of our staff.

FINANCIAL PERFORMANCE		
	2021 Actual \$000's	2020 Actual \$000's
Revenue	1,563	1,405
Expenditure	1,539	1,420
Surplus /(Deficit)	24	(15)
Tax Benefit Expense/(Benefit)	8	-
Net Surplus/(Deficit) for Year	16	(15)

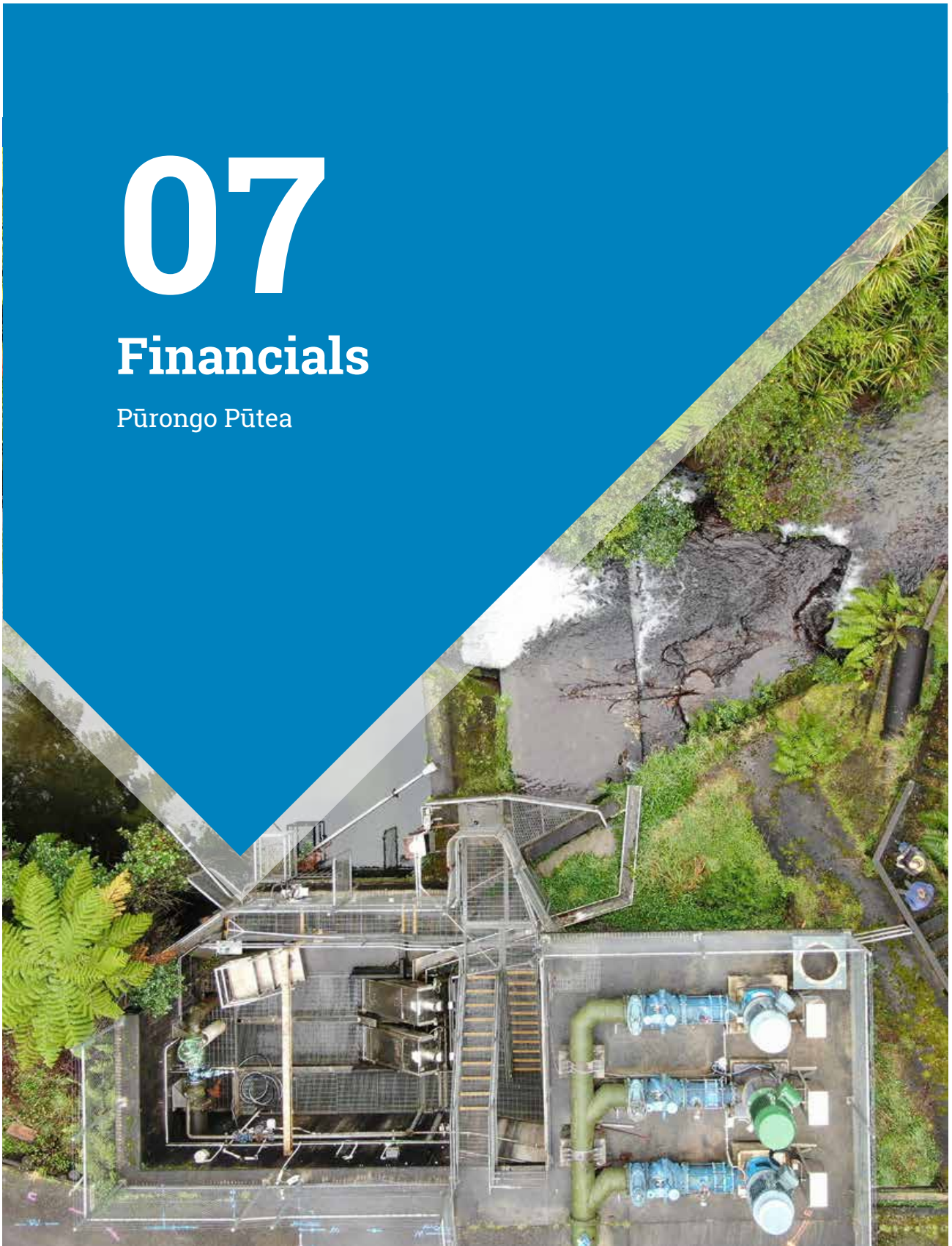
INCOME DERIVED FROM COUNCIL		
	2021 Actual \$000's	2020 Actual \$000's
Operational Contributions	54	50
Total Council Derived Income	54	50

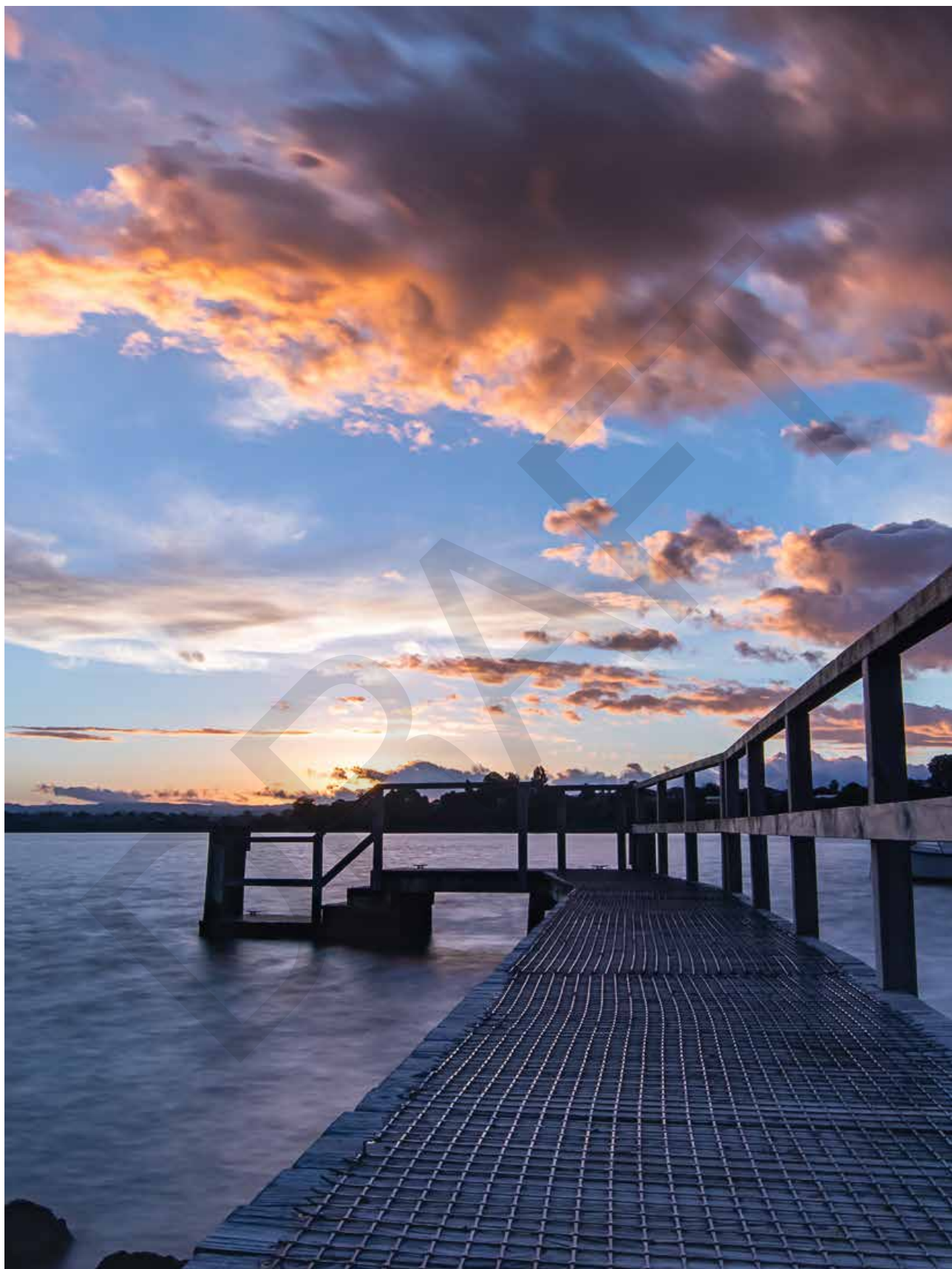
*Note that at the date of publication, the draft results have not been audited.

07

Financials

Pūrongo Pūtea





Financials

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Introduction to financial section

The financial section contains the core financial information required by the Local Government Act 2002 and the Financial Reporting and Prudence Regulations 2014.

The section includes:

- Financial Prudence Benchmarks
- Rating Base Information
- Whole of Council Funding Impact Statement (FIS)
- Financial Statements
- Notes to the Financial Statements

The Financial Prudence Benchmarks are produced in accordance with the Financial Reporting and Prudence Regulations 2014. Their purpose is to disclose the Council's financial performance in relation to various benchmarks that are also presented by other councils.

The Sewerage and Water rates collected and Water by Meter Revenue were higher than budgeted.

Rating Base Information is included that explains the basis on which rates are set and trends over recent years.

The whole of Council Funding Impact Statement (FIS) prepared in accordance with the Financial Reporting and Prudence Regulations 2014 provides the full year results compared to budget and the prior year in a format that shows revenue and expenditure categorised as either operational or capital sources and applications of funds. Depreciation expense is excluded from operational application of funds. Under the Funding Impact Statement presentation, depreciation is included in the movement of reserves as a source of capital funding.

Following on from the whole of Council Funding Impact Statement, the **Tauranga City Council Group Financial Statements** are presented in accordance with the Local Government Act 2002, which also includes the requirement to prepare the accounts in accordance with New Zealand Generally Accepted Accounting Practice, and the new Public Benefit Entity requirements. **The Financial Statement of Comprehensive Revenue and Expense** presents operational and capital revenue and expenditure in a different format to the Funding

Impact Statement. Operating expenditure includes depreciation and some non cash expenses such as provisions for doubtful debts.

Depreciation is a non cash operating expense which recognises the use of an asset over the year. Because over time assets will wear out and require replacement, depreciation of assets should be recognised as a cost of operation. Council does not always have to pay the full cost of replacement of assets so it does not fully fund (through rates and user fees and charges) the costs of depreciation e.g. for replacement of Road assets which are funded 50% by the New Zealand Transport Agency. Non funded depreciation is \$7.5m in Transportation.

The Statement of Financial Position shows what Tauranga City Council owns (its assets) and what it owes (its liabilities) at the end of the financial year. This statement shows a snapshot of Tauranga's net worth (assets less liabilities) at a point in time.

This statement is supported by a **Statement of Movements in Equity** which shows how the net worth of the organisation has moved over the year, and a **Statement of Cashflows** which records the transactions of Council for the year that have involved movements in cash and therefore explains the balance of cash at year end.

The notes to the accounts explain the items in the financial statements in more detail.

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Financial prudence

Annual Report disclosure statement for the year ending 30 June 2021

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

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions used in this statement.

Base figures used in the benchmark calculations are attached in a table at the end of this section.

Rates Affordability Benchmarks

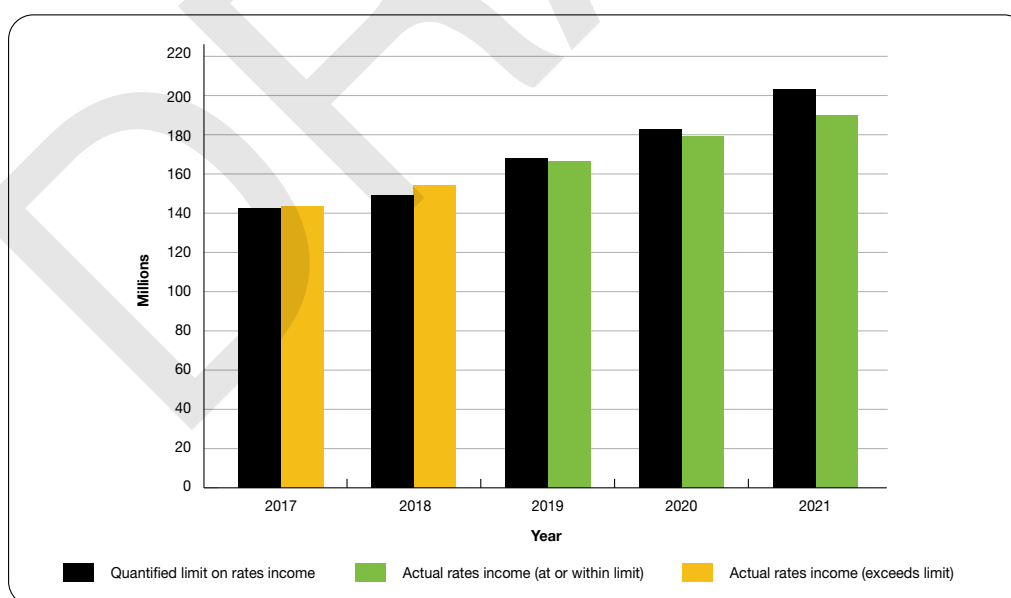
The Council meets this benchmark if:

- Its actual rates income for the year equals or is less than each quantified limit on rates; and
- Its actual rates increases for the year equal, or are less than each quantified limit on rates increases

Rates Income Affordability Benchmark

Quantified Limit on Rates

The total rates requirement for each year of the Long-term plan will be no more than shown in the adopted Long-term Plan for that year. The following graph compares Council's actual rates income with a quantified limit on rates contained in the financial strategy included in Council's Long-term Plan.



* For 2017 and 2018, where actual rates have exceeded quantified limits this is due to higher than expected growth in rating units after rates were set.

Rates Increases Affordability Benchmark

Quantified Limit on Rates Increases

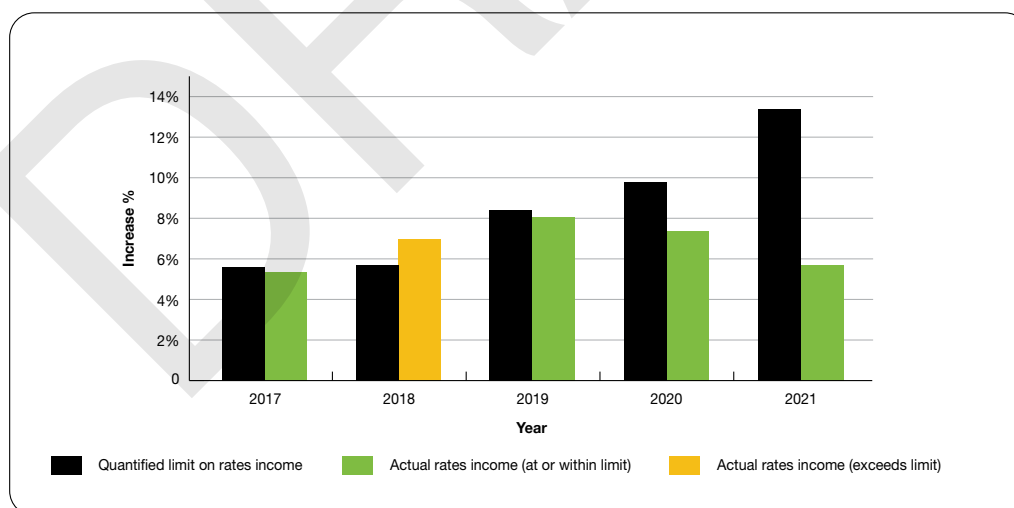
For years 2015 - 2018, the annual increase in total rates requirement will be limited to the total of:

- The annual percentage increase in the consumer price index*
- The estimated percentage growth in the number of rateable properties in the city in the year to 30 June preceding the relevant rating year in question and
- Two percent

For 2019 - 2021, the annual increase in total rates requirement will be limited to the total of:

- The agreed limit on rates and
- The estimated percentage growth in the number of rateable properties in the city in the year to 30 June preceding the relevant rating year in question

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Long-term Plan.

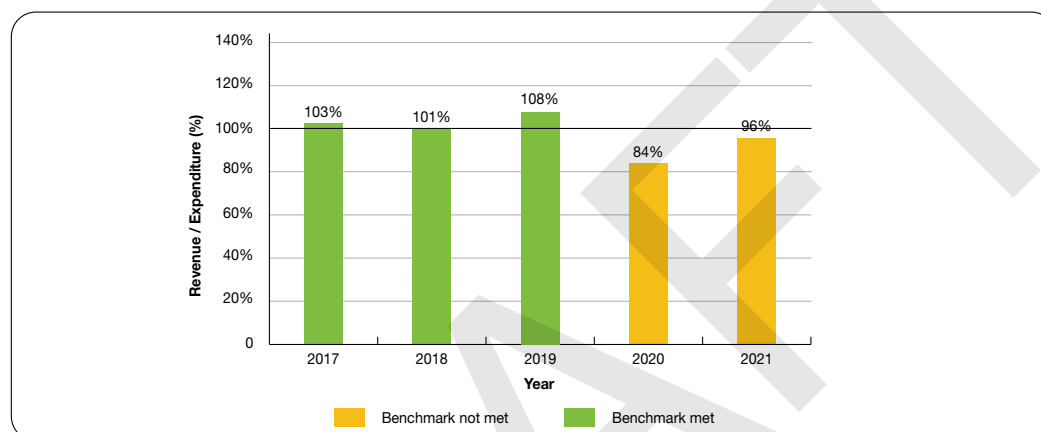


* Using the most recent consumer price index statistics, published by Statistics New Zealand, available at the time the draft and then the Long-term Plan is prepared.

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Balanced Budget Benchmark

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

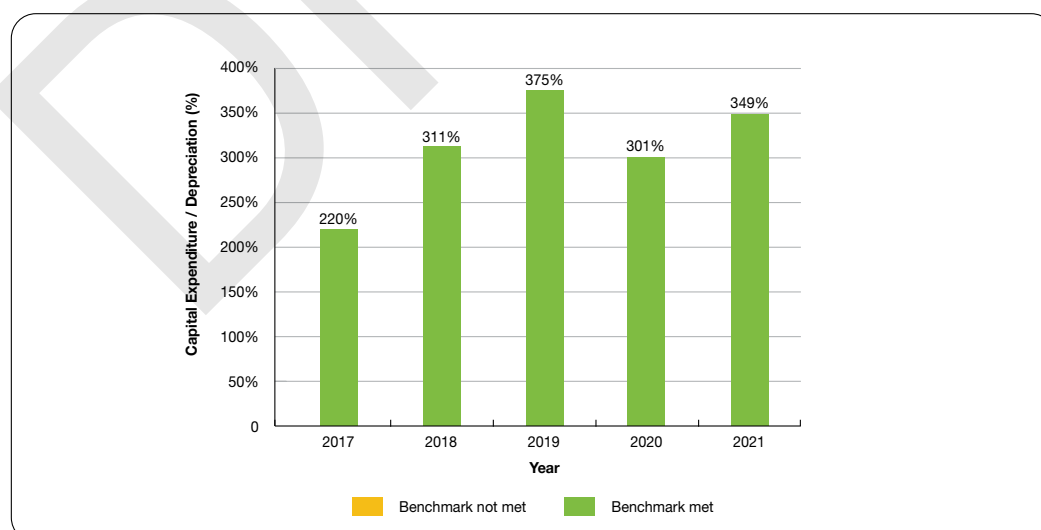


2020 - Revenue was adversely impacted by lower subsidies and user fees and charges due to COVID-19. Expenditure includes significant asset write-off's and provision expense.

2021 - Expenditure includes significantly higher depreciation expense as well as a large provision expense.

Essential Services Benchmark

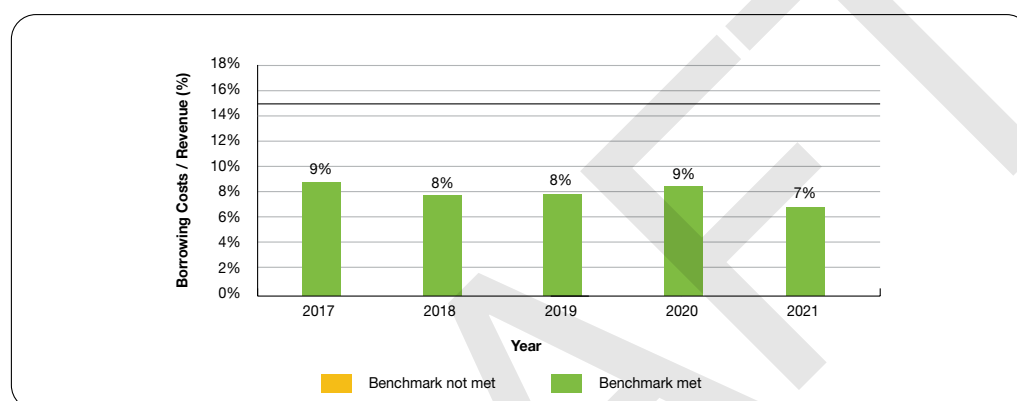
The following graph shows the Council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt Servicing Benchmark

The following graph compares 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 the council's population will grow faster than the national population growth rate (as at 1/7/2013), it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.

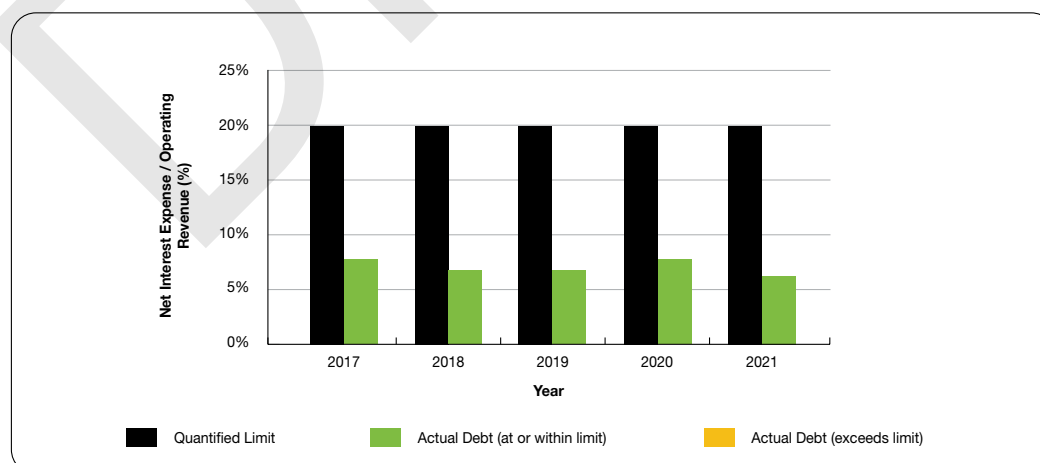


Debt Affordability Benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. Tauranga City Council has 3 quantified limits on borrowing.

Net Interest Expense on External Debt as a Percentage of Operating Revenue

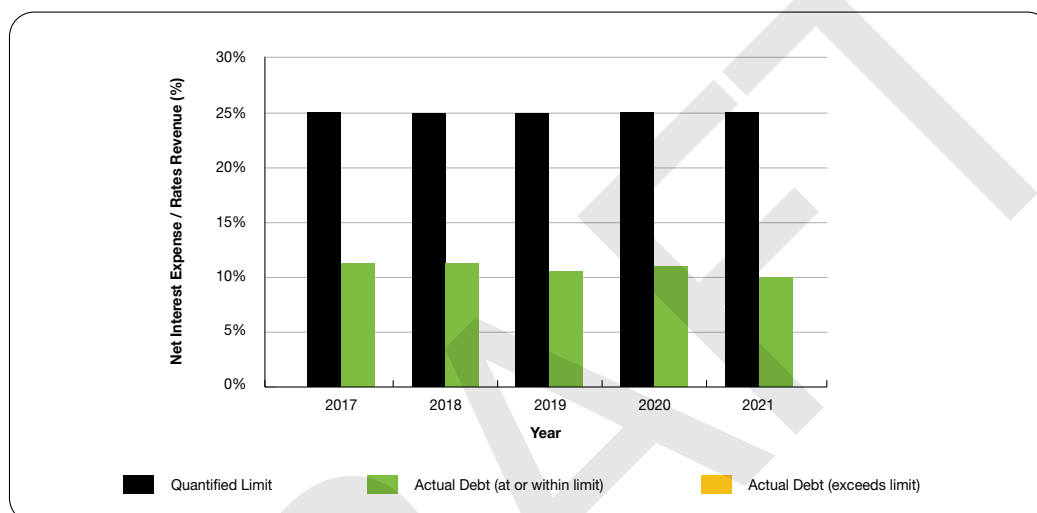
The following graph compares the Council's actual borrowing with the first quantified limit on borrowing stated in the financial strategy included in the Council's Long-term Plan. The quantified limit is net interest expense (after interest rate risk management costs/benefits) on external debt as a percentage of annual operating revenue (excluding development contributions) will not exceed 20%.



FINANCIALS

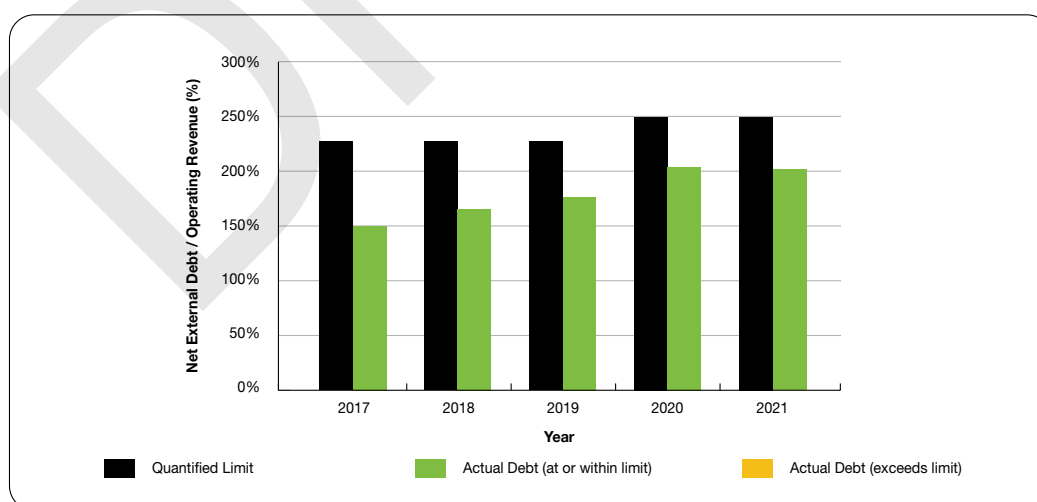
Net Interest Expense on External Debt as a Percentage of Rates Revenue

The following graph compares the Council's actual borrowing with the second quantified limit on borrowing stated in the financial strategy included in the Council's Long-term Plan. The quantified limit is net interest expense (after interest rate risk management costs/benefits) on external debt as a percentage of annual rates revenue will not exceed 25%.



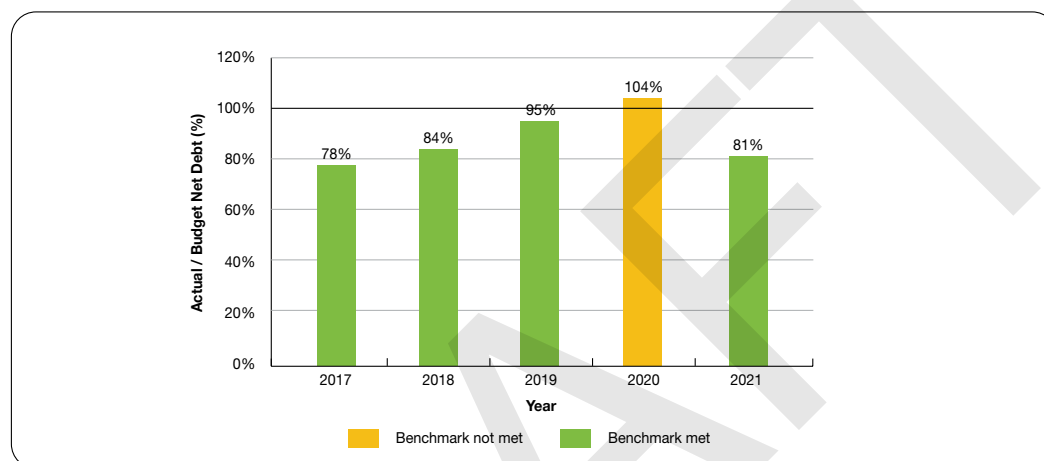
Net External Debt as a Percentage of Operating Revenue

The following graph compares the Council's actual borrowing with the third quantified limit on borrowing stated in the financial strategy included in the Council's Long-term Plan. The quantified limit is Net External Debt as a percentage of annual operating revenue (excluding development contributions) will not exceed 250% (prior to 2019 the limit was 225%).



Debt Control Benchmark

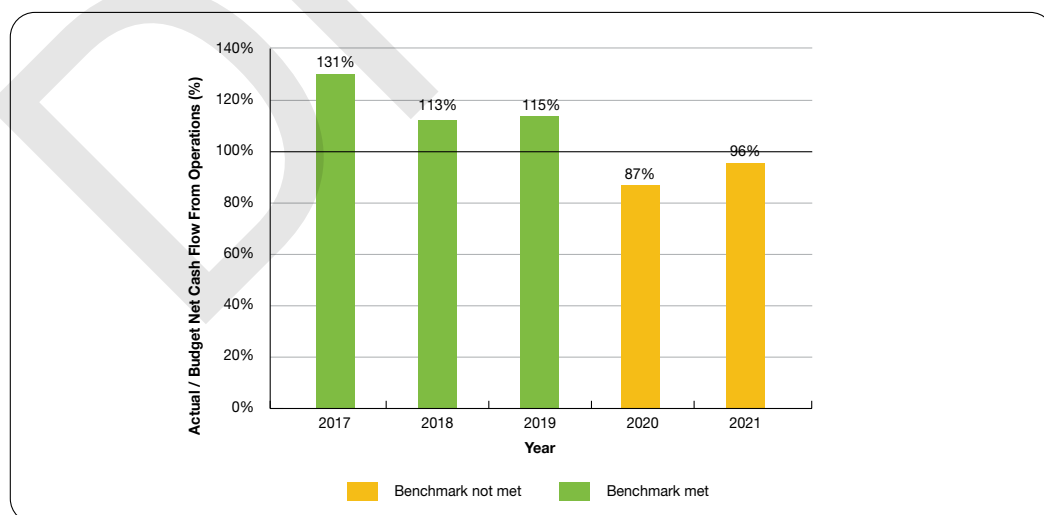
The following graph displays the Council's actual debt as a proportion of planned net debt. In this statement net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



2020 - Financial liabilities exceeded budgeted levels at 30 June 2020, primarily derivative financial instruments and creditors and other payables.

Operations Control Benchmark

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



2020 - Operating cash flows were adversely affected by substantially lower subsidies and reduced user fees and charges due to COVID-19.

2021 - Operating cash flows were adversely affected by elevated payments to suppliers, due mainly to the timing of payments.

FINANCIALS

CALCULATIONS

	2017	2018	2019	2020	2021
RATES INCOME AFFORDABILITY \$000					
Annual Report Rates Income	144,850	154,927	167,351	179,605	189,802
Relevant Long-term Plan Rates Budget / Calculated limit *	142,768	150,032	167,941	183,751	203,492

* For 2020 and 2021 a specific numeric limit was not given in the Long-term Plan. In place of this a calculated limit was given, being prior years rates income, inflated by the current year rates limit increase.

RATES INCREASES AFFORDABILITY					
Rates Revenue Budget	124,973	131,497	145,787	156,577	182,979
Water by Meter Revenue Budget	17,795	18,535	21,118	22,711	24,399
Rates Revenue Actual	126,314	134,978	146,040	155,629	165,518
Water by Meter Revenue Actual	18,536	19,949	21,311	23,976	24,284
Rates Increase	5.30%	7.00%	8.00%	7.30%	5.70%
Rating Limit/ CPI increase *	1.90%	2.00%	5.80%	7.50%	11.00%
Growth	1.63%	1.69%	2.60%	2.30%	2.30%
2%	2.00%	2.00%	0.00%	0.00%	0.00%
Total Rates Increase Limit	5.50%	5.70%	8.40%	9.80%	13.30%

* For 2015 - 2018 this was the CPI increase. For 2019 - 2021 this was Council's agreed limit on rates.

BALANCED BUDGET					
Operating Revenue	198,745	209,559	229,333	242,810	257,690
Plus: Capital subsidy revenue	7,691	32,649	21,575	11,784	22,126
Plus: Investment property revaluation gains	5,941	700	11,612	1,248	14,691
Plus: Other gains on non financial instrument's	2,572	2,976	3,524	2,301	1,118
Total Revenue excluding Asset Development	214,949	245,884	266,044	258,143	295,625
Operating Expenditure	199,847	223,002	241,571	257,682	271,304
Plus: Other losses on non financial instruments	3,955	5,812	6,926	35,764	9,749
Plus: Provisions Expense	5,000	14,910	-2,547	12,500	26,438
Total Expenditure excluding Financial Instruments	208,802	243,724	245,950	305,946	307,491
Revenue/Expenditure	103%	101%	108%	84%	96%

ESSENTIAL SERVICES BENCHMARK					
Capital Expenditure					
Stormwater	12,536	15,162	20,385	10,142	7,305
Waste Water	19,703	18,721	44,077	19,824	13,951
Water Supply	16,277	15,449	25,792	55,425	68,825
Transportation	24,263	56,329	31,104	20,792	43,414
Capital Expenditure on Essential Services	72,780	105,662	121,359	106,183	133,495
Depreciation					
Stormwater	4,377	4,064	4,766	5,152	5,618
Waste Water	10,085	10,703	8,391	9,031	10,348
Water Supply	7,126	7,273	6,231	6,569	7,731
Transportation*	11,484	11,919	13,014	14,505	14,585
Depreciation on Essential Services	33,073	33,959	32,402	35,258	38,282
Capital Expenditure as proportion of Depreciation	220%	311%	375%	301%	349%

* Depreciation expense stated in Note 7 for Transportation includes Parking Management depreciation, which needs to be removed for the purposes of this graph.

FINANCIALS

	2017	2018	2019	2020	2021
DEBT SERVICING BENCHMARK					
Operating Revenue	214,949	245,884	266,044	258,143	295,625
Borrowing costs	18,920	19,159	20,865	21,992	20,435
Borrowing Costs/Operating Revenue	9%	8%	8%	9%	7%
Limit	15%	15%	15%	15%	15%
DEBT AFFORDABILITY BENCHMARK LIMIT 1					
Borrowing costs	18,920	19,159	20,865	21,992	20,435
Interest Revenue	2,668	2,722	2,405	2,504	1,426
Net Interest Expense	16,252	16,437	18,460	19,488	19,009
Operating Revenue	214,949	245,884	266,044	258,143	295,625
Net Interest Expense/Operating Revenue	8%	7%	7%	8%	6%
Quantified Limit	20%	20%	20%	20%	20%
DEBT AFFORDABILITY BENCHMARK LIMIT 2					
Borrowing costs	18,920	19,159	20,865	21,992	20,435
Interest Revenue	2,668	2,722	2,405	2,504	1,426
Net Interest Expense	16,252	16,437	18,460	19,488	19,009
Rates Revenue	144,850	154,927	167,351	179,605	189,802
Net Interest Expense/Rates Revenue	11%	11%	11%	11%	10%
Quantified Limit	25%	25%	25%	25%	25%
DEBT AFFORDABILITY BENCHMARK LIMIT 3					
Actual Net External Debt					
Cash and Equivalents	54,625	21,799	16,556	14,774	39,835
Borrowings Current	30,057	50,000	54,958	54,079	66,012
Borrowings Non Current	325,339	320,311	402,670	485,620	569,361
Total Borrowings	355,396	370,311	457,628	539,699	635,373
Actual Net External Debt	300,771	348,512	441,072	524,925	595,538
Net External Debt/Operating Revenue	151%	166%	176%	203%	201%
Quantified Limit	225%	225%	250%	250%	250%
DEBT CONTROL BENCHMARK					
Actual Net Debt					
Financial Assets (excluding debtors and other receivables)	95,643	65,137	62,697	65,503	104,693
Financial Liabilities	432,924	464,783	563,682	692,170	698,810
Actual Net Debt	337,281	399,646	500,985	626,667	594,117
Planned Net Debt					
Financial Assets (excluding debtors and other receivables)	10,322	11,358	11,627	23,393	23,399
Financial Liabilities	443,635	485,071	537,367	625,466	761,180
Planned Net Debt	433,313	473,713	525,740	602,073	737,781
Actual/Budget Percentage	78%	84%	95%	104%	81%
OPERATIONS CONTROL BENCHMARK					
Actual Cash flows	93,590	86,908	108,271	108,270	120,158
Planned Cash Flows	71,490	76,685	94,157	123,948	125,230
Actual/Budgeted Cash Flows	131%	113%	115%	87%	96%

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Rating Base Information

Council's general rates are set based on capital value, with a residential/commercial differential of 1:1.2. The uniform annual general rate is set on each separately used or inhabited part of a rating unit at close to 10% of the total assessed rates. A targeted resilience rate based on capital value is assessed on all rateable properties. A targeted economic development rate based on capital value is assessed on all commercial properties.

Council also set minor targeted rates for level of service in three subdivisions (The Lakes, Pāpāmoa Coast and Excelsa), and four Mainstreet targeted rates assessed on commercial properties within each Mainstreet area.

Council sets targeted rates for wastewater and water supply on properties that are, or can be, connected to the reticulation systems. Water targeted rates are predominantly based on a volumetric rate for each cubic metre of water consumed. A targeted glass-recycling rate is assessed on all residential properties who receive the kerbside glass collection service.

All of the above are set and assessed under the Local Government (Rating) Act 2002.

TAURANGA CITY COUNCIL RATEPAYER DATA						
	2016	2017	2018	2019	2020	2021
Number of Rating units	53,006*	53,901	55,574	56,792	58,116	59,640
Total Capital Value (\$ Millions)	28,040	33,499	34,480	35,365	51,912	53,048
Total Land Value (\$ Millions)	14,004	16,753	17,032	17,254	28,552	28,848
FURTHER BREAKDOWN*						
Residential Ratepayers						
Residential rating Units	50,200	51,017	52,529	53,719	54,979	55,818
Residential rating units growth from previous year	2.0%	1.6%	3.0%	2.3%	2.3%	1.5%
Residential capital Value (\$Millions)	22,440	26,998	27,738	28,535	42,807	43,619
Residential capital Value growth from previous year	2.0%	20.3%	2.7%	2.9%	50.0%	1.9%
Commercial ratepayers						
Commercial rating Units	3,188	3,264	3,390	3,435	3,511	3,642
Commercial rating units growth from previous year	0.2%	2.3%	3.9%	1.3%	2.21%	3.73%
Commercial capital Value (\$Millions)	5,600	6,502	6,742	6,830	9,104	9,428
Commercial capital Value growth from previous year	1.6%	16.1%	3.7%	1.3%	33.3%	3.6%

* Number of rating units for residential and commercial exceeds the total number of rating units because it includes primary and secondary rating units.

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Funding Impact Statement Whole of Council

Tauranga City Council: Funding Impact Statement for Whole of Council for the year ended 30 June 2021

	2019/2020 AP \$000s	2019/2020 Actual \$000s	2020/2021 AP \$000s	2020/2021 Actual \$000s
SOURCES OF OPERATING FUNDING				
General Rates, Uniform Annual General Charges, Rates Penalties	117,254	117,438	123,841	123,890
Targeted Rates	61,417	62,167	65,969	65,912
Subsidies and Grants for Operating Purposes	5,978	8,763	9,008	8,754
Interest and Dividends from Investments	2,220	3,333	1,226	2,068
Fees and Charges	56,995	49,473	45,911	54,900
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	1,822	1,637	1,820	2,165
Total Sources of Operating Funding (A)	245,686	242,811	247,775	257,689
APPLICATIONS OF OPERATING FUNDING				
Payments to Staff and Suppliers	178,958	178,661	193,575	188,080
Finance Costs	22,629	21,991	20,847	20,434
Other Operating Funding Applications	1,221	33,728	1,221	26,657
Total Applications of Operating Funding (B)	202,808	234,380	215,643	235,171
Surplus/(Deficit) of Operating Funding (A-B)	42,878	8,431	32,132	22,518
SOURCES OF CAPITAL FUNDING				
Subsidies and Grants for Capital Expenditure	23,407	8,273	22,106	18,091
Development and Financial Contributions	26,067	30,877	17,658	33,471
Increase/(Decrease) in Debt	76,807	19,681	81,799	45,688
Gross Proceeds from the Sale of Assets *	1,808	5,643	4,251	(455)
Lump Sum Contributions	1,374	3,511	3,342	4,035
Other Dedicated Capital Funding	0	0	0	0
Total Sources of Capital Funding (C)	129,463	67,860	129,156	100,830
APPLICATION OF CAPITAL FUNDING				
Capital Expenditure				
- to meet additional demand	67,110	74,693	92,729	78,441
- to improve level of service	88,821	32,044	104,457	58,067
- to replace existing assets	32,576	21,748	47,455	42,403
Increase/(Decrease) in Reserves	(16,166)	(52,069)	(83,132)	(55,563)
Increase/(Decrease) of Investments *	0	0	0	0
Total Applications of Capital Funding (D)	172,341	76,416	161,288	123,348
Surplus/(Deficit) of Capital Funding (C-D)	(42,878)	(8,431)	(32,132)	(22,518)
Funding balance ((A-B)+(C-D))	0	0	0	0

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Financial statements

Tauranga City Council: Statement of Comprehensive Revenue and Expenses for the year ended 30 June 2021

	Note	Council			Consolidated	
		Actual 30 June 2021 \$'000	Budget 30 June 2021 \$'000	Actual 30 June 2020 Restated* \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 Restated* \$'000
OPERATING REVENUE						
Rates	2	189,802	189,810	179,605	189,563	179,457
Fees and Charges	4	56,009	46,565	49,951	73,532	62,258
Grants and Subsidies	5	9,811	10,174	9,921	11,048	12,394
Finance Revenue	6	2,068	1,226	3,333	1,387	2,481
Total Operating Revenue		257,690	247,775	242,810	275,530	256,590
ASSET DEVELOPMENT REVENUE AND OTHER GAINS						
Vested Assets	11	10,660	32,635	24,110	10,660	24,110
Development Contributions	12	33,471	17,657	30,877	33,471	30,877
Grants, Subsidies and Other Capital Expenditure Contributions	13	22,126	25,451	31,929	22,126	31,929
Other Gains	14	54,377	792	4,750	54,377	4,750
Total Asset Development Revenue and Other Gains		120,634	76,535	91,666	120,634	91,666
TOTAL REVENUE	3	378,324	324,310	334,476	396,164	348,256
OPERATING EXPENDITURE						
Depreciation and Amortisation expense	7	(62,571)	(62,282)	(55,947)	(67,580)	(62,374)
Personnel Expenses	8	(67,205)	(66,310)	(62,797)	(80,168)	(75,254)
Finance Expenses	9	(20,616)	(20,845)	(22,206)	(20,559)	(22,252)
Other Operating Expenses	10	(120,912)	(127,285)	(116,732)	(121,399)	(116,083)
Total Operating Expenditure		(271,304)	(276,722)	(257,682)	(289,706)	(275,963)
OTHER EXPENSES						
Assets Vested to Other Parties	17	(5,808)	0	0	(5,808)	0
Other Losses	16	(9,749)	0	(35,764)	(9,749)	(35,764)
Weathertight & Other Provisions	15	(26,438)	(1,200)	(32,645)	(26,438)	(32,645)
Unrealised Loss on Interest Swaps	16	0	0	(13,463)	0	(13,463)
Total Other Expenses		(41,995)	(1,200)	(81,872)	(41,995)	(81,872)
TOTAL EXPENDITURE		(313,299)	(277,922)	(339,554)	(331,701)	(357,835)
Operating Surplus/(Deficit) Before Tax and Share of Equity Accounted Investments		65,025	46,388	(5,078)	64,463	(9,579)
Share in Associate Surplus/(Deficit)	26	0	0	0	18	1
SURPLUS/(DEFICIT) BEFORE TAX		65,025	46,388	(5,078)	64,481	(9,578)
Income Tax (Expense)/Benefit	18	(475)	0	1,440	1,561	3,938
Surplus from continuing operations		64,550	46,388	(3,638)	66,042	(5,640)
SURPLUS/(DEFICIT) AFTER TAX		64,550	46,388	(3,638)	66,042	(5,640)
OTHER COMPREHENSIVE REVENUE AND (EXPENSES)						
Asset Revaluation Reserve Gains /(Losses)		0	177,520	572,771	3,426	584,071
Tax on Other Comprehensive Revenue		(475)	0	(2,263)	(1,115)	(5,427)
Total Other Comprehensive Revenue and (Expenses)		(475)	177,520	570,508	2,271	578,644
TOTAL COMPREHENSIVE REVENUE AND (EXPENSES)		64,075	223,908	566,870	68,313	573,004

*Certain amounts shown here do not correspond to the 2020 financial statements and reflects adjustments made. Refer to Note 47.

Explanation of major variances against budget are provided in Note 48.

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

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Tauranga City Council: Statement of Financial Position as at 30 June 2021

		Council			Consolidated	
	Note	Actual 30 June 2021 \$'000	Budget 30 June 2021 \$'000	Actual 30 June 2020 Restated* \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 Restated* \$'000
ASSETS						
Current Assets						
Cash and Cash Equivalents	20	39,836	0	14,774	40,767	15,853
Debtors and Other Receivables	21	34,719	30,419	59,895	35,842	59,595
Inventories		958	451	444	1,365	801
Derivative Financial Instruments	22	0	218	0	0	0
Other Investments	24	0	0	0	641	627
Other current assets	24	10,000	0	0	10,000	0
Non Current Assets Held for Sale	23	41,812	4,251	14,692	41,819	14,699
Total Current Assets		127,325	35,339	89,805	130,434	91,575
NON CURRENT ASSETS						
Investment In Associate	26	0	0	0	231	212
Other Financial Assets:						
Investments - Other Entities	27	445	364	391	445	391
Investment In - Council Controlled Organisations	27	114,536	120,256	113,227	11,031	10,883
Other Financial Assets	25	25,104	22,374	22,343	25,104	22,343
Investment Properties	28	78,656	56,140	55,765	78,656	55,765
Intangible Assets	30	44,013	15,635	30,001	44,740	30,457
Forestry	31	9,400	10,641	9,872	9,400	9,872
Property, Plant and Equipment	29	4,966,428	4,702,085	4,894,209	5,102,856	5,028,794
Total Non Current Assets		5,238,582	4,927,495	5,125,808	5,272,463	5,158,717
TOTAL ASSETS		5,365,907	4,962,834	5,215,613	5,402,897	5,250,292
CURRENT LIABILITIES						
Payables and Deferred Revenue	32	85,304	63,684	101,100	87,627	102,500
Provisions	37	32,098	4,165	8,251	32,098	8,251
Employee Entitlements	33	5,960	4,331	5,431	7,186	6,926
Deposits Held	34	9,602	5,577	6,173	9,623	6,186
Revenue In Advance Developer Contributions and Other	35	10,563	5,175	5,375	11,206	6,583
Derivative Financial Instruments	22	424	1,473	1,486	424	1,486
Borrowings	36	66,012	49,958	54,079	67,012	55,079
Total Current Liabilities		209,963	134,363	181,895	215,176	187,011
NON CURRENT LIABILITIES						
Deferred Tax Liability	19	3,091	0	2,181	11,766	12,485
Provisions	37	4	4	4	4	4
Employee Entitlements	33	0	40	0	0	0
Derivative Financial Instruments	22	42,748	56,054	69,286	42,748	69,286
Borrowings	36	569,361	636,012	485,620	569,361	485,620
Other non current liabilities	0	0	1,354	0	0	0
Total Non Current Liabilities		615,204	693,464	557,091	623,879	567,395
TOTAL LIABILITIES		825,167	827,827	738,986	839,055	754,406
NET ASSETS		4,540,739	4,135,007	4,476,625	4,563,841	4,495,884
EQUITY						
Retained Earnings		1,313,573	1,306,346	1,174,848	1,297,417	1,156,259
Other reserves		3,227,166	2,828,661	3,301,777	3,266,424	3,339,625
TOTAL EQUITY		4,540,739	4,135,007	4,476,625	4,563,841	4,495,884


*Certain amounts shown here do not correspond to the 2020 financial statements and reflects adjustments made. Refer to Note 47.

In accordance with the Local Government Act 2002 Schedule 10 Part 3(34), all statutory requirements in relation to the Annual Report have been complied with. Explanations of major variances against budget are provided in note 48.

Summary of general accounting policies and the accompanying notes from part of these financial statements.


Anne Tolley

Commissioner Chairperson
15 December 2021


Marty Grenfell

Chief Executive
15 December 2021


Paul Davidson

General Manager - Corporate Services
15 December 2021

FINANCIALS

Tauranga City Council: Statement of Movements in Equity for the year ended 30 June 2021

	Council			Consolidated	
	Actual 30 June 2021 \$'000	Budget 30 June 2021 \$'000	Actual 30 June 2020 Restated* \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 Restated* \$'000
EQUITY AT END OF PRIOR YEAR	4,476,625	3,909,104	3,909,104	4,495,884	3,922,932
Total Comprehensive Revenue and Expenses	64,075	223,908	566,870	68,313	573,005
Other Movements	39	1,995	651	(356)	(54)
Movements in Equity for the Year	64,114	225,903	567,521	67,957	572,951
EQUITY AS AT 30 JUNE	4,540,739	4,135,007	4,476,625	4,563,841	4,495,884
COMPONENTS OF EQUITY					
Retained Earnings					
Reserves at Beginning of Year	1,174,848	1,129,294	1,129,296	1,156,259	1,112,920
Surplus/(Deficit) After Taxation for the Year	64,550	46,386	(3,638)	66,042	(5,639)
Net Transfers From Other Reserves	74,136	128,671	48,534	74,916	49,029
Other Adjustments	39	0	655	200	(50)
Retained Earnings at End of the Year	1,313,573	1,306,345	1,174,848	1,297,417	1,156,259
Restricted Reserves					
Reserves at Beginning of the Year	(162,556)	(115,039)	(115,039)	(162,226)	(114,906)
Net Transfer (to)/from Retained Earnings	(50,713)	(117,185)	(47,517)	(50,510)	(47,320)
Restricted Reserves at End of the Year	(213,269)	(232,224)	(162,556)	(212,736)	(162,226)
Restricted Reserves consists of:					
Trusts	804	795	798	804	798
Other Restricted Reserves	4,424	4,237	4,416	4,957	4,746
Development Contributions	(218,497)	(237,257)	(167,770)	(218,497)	(167,770)
Restricted Reserves as at 30 June	(213,269)	(232,225)	(162,556)	(212,736)	(162,226)
Council Created Reserves					
Reserves at Beginning of the Year	130,243	127,191	127,191	128,373	126,013
Net Transfers (to)/from Retained Earnings	(23,463)	(11,486)	3,052	(24,406)	2,360
Council Created Reserves at End of Year	106,780	115,705	130,243	103,967	128,373
Council Created Reserves consists of:					
Depreciation Reserves	146,995	123,091	145,569	146,995	145,569
Other Special Purpose Reserves	(40,215)	(7,385)	(15,326)	(43,028)	(17,196)
Council Created Reserves as at 30 June	106,780	115,706	130,243	103,967	128,373
Asset Revaluation Reserves					
Reserves at Beginning of the Year	3,334,091	2,767,656	2,767,656	2,794,319	2,798,905
Net Impact of Revaluations on Revaluation Reserves Gains/(Losses)	0	177,520	572,771	581,994	584,071
Deferred Tax on Asset revaluations	(475)	0	(2,267)	(1,120)	(5,431)
Net Transfers from/(to) Retained Earnings on Asset Disposals	40	0	(4,069)	0	(4,069)
Asset Revaluation Reserves at End of the Year	3,333,655	2,945,176	3,334,091	3,375,194	3,373,476
Asset Revaluation Reserves Consists of:					
Heritage	602	602	602	602	602
Distribution Systems	863,634	634,474	863,634	863,634	863,634
Library	334	334	334	334	334
Land, Building and Improvements	2,242,313	2,080,412	2,242,314	2,284,531	2,284,863
Roading Network	235,066	234,946	235,066	235,066	235,066
Deferred Tax on Asset Revaluations	(8,295)	(5,592)	(7,859)	(8,974)	(11,023)
Asset Revaluation Reserves as at 30 June	3,333,655	2,945,176	3,334,091	3,375,194	3,373,476
EQUITY AT END OF THE YEAR	4,540,738	4,135,007	4,476,625	4,563,841	4,495,884

*Certain amounts shown here do not correspond to the 2020 financial statements and reflects adjustments made. Refer to Note 47.

Explanations of major variances against budget are provided in note 48.

Summary of accounting policies and the accompanying notes form part of these financial statements.

Accounting policy



Equity

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

- Retained Earnings
- Restricted Reserves
- Council Created Reserves
- Asset Revaluation Reserve

Retained Earnings

Retained earnings are the cumulative surplus of revenue over expenditure that has been retained in the entity which have not been allocated to another reserve.

Reserves

Reserves are a component of equity generally representing a particular use for which various parts of equity have been assigned. Reserves may be legally restricted or created by Tauranga City Council. Refer to note 49.

Asset Revaluation Reserve

This reserve relates to the revaluation of property, plant and equipment to fair value through other comprehensive revenue and expense. This comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

FINANCIALS

Tauranga City Council: Statement of Cash Flows for the year ended 30 June 2021

	Council			Consolidated	
	Actual 30 June 2021 \$'000	Budget 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Cash Flows from Operating Activities					
Receipts from Rates Revenue*	188,402	187,191	180,450	188,402	180,450
Grants and Subsidies Received	30,495	32,123	19,606	32,733	19,865
Development and Financial Contributions Received	32,396	17,657	30,878	32,396	30,878
Fees and Charges Received	92,701	50,067	42,586	109,734	58,597
Interest Received	1,426	851	2,356	1,426	1,447
Dividends Received	642	375	829	685	869
Receipts from Other Revenue	0	0	0	0	253
GST (net)	0	0	0	0	4
Total Operating Cash Provided	346,061	288,264	276,705	365,375	292,363
Payments to Suppliers	(138,219)	(138,870)	(122,642)	(140,336)	(122,177)
Payments to Employees	(66,677)	(66,310)	(62,253)	(79,902)	(74,425)
Interest Paid	(20,682)	(20,845)	(22,290)	(20,618)	(22,315)
GST (net)	(324)	0	1,627	(434)	1,513
Total Operating Cash Applied	(225,903)	(226,025)	(205,559)	(241,291)	(217,405)
Net cash flow from operating activities	38	120,158	71,146	124,084	74,958
Cash Flows from Investing Activities					
Receipts from sale of Investment Property	0	4,251	627	99	627
Receipts from Sale of Property, Plant and Equipment	6,991	(11,046)	4,717	6,991	4,950
Receipts from Sale of Non Current Assets Held for sale	62	0	2,532	62	2,532
Receipts from Sale of Investments and Council Controlled Organisation's Repayment of Borrowings	0	0	0	(743)	214
Total Investing Cash Provided	7,053	(6,795)	7,876	6,409	8,323
Purchase of Property, Plant and Equipment	(166,679)	(300,342)	(142,559)	(171,269)	(148,891)
Purchase of Intangible Assets	(10,588)	0	(17,621)	(10,588)	(17,621)
Purchase of other investments	(10,000)	0	0	(10,000)	0
Investments in Council Controlled Organisations	(1,309)	0	(2,405)	(1,309)	305
Purchase of investment property	(20,300)	0	(289)	(20,300)	(289)
Total Investing Cash Applied	(208,876)	(300,342)	(162,875)	(213,468)	(166,497)
Net Cash Flow from Investing Activities	(201,823)	(307,137)	(154,999)	(207,059)	(158,174)
Cash Flows from Financing Activities					
Proceeds from Borrowings	106,726	283,300	91,950	107,888	92,122
Repayment of Borrowings	0	(54,958)	(9,880)	0	(10,180)
Net Cash Flow from Financing Activities	106,726	228,342	82,070	107,888	81,942
NET INCREASE / (DECREASE) IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS	25,061	(16,556)	(1,783)	24,913	(1,274)
Opening Cash, Cash Equivalents, and Bank Overdrafts	14,774	16,556	16,556	15,853	17,126
CASH, CASH EQUIVALENTS, AND BANK OVERDRAFTS AT THE END OF THE YEAR	20	39,835	14,773	40,766	15,852

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been prepared on a net basis, as the gross amounts do not provide meaningful information for financial purposes.

See note 48 for an explanation of major variances to budget.

* Rates collected on behalf of the Bay of Plenty Regional Council are included in receipts of rates revenue and the subsequent payment in payments to/on behalf of other authorities. These are not included in the budget figures.

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Basis of reporting

This section contains the significant accounting policies of the Council and the group that relate to the financial statements as a whole.

Significant accounting policies are also included in the related note disclosures.

Signposts

Explanation headings



Accounting Policy



Critical Accounting Estimates, Assumptions and Judgements



Local Government Disclosures

Note 1: General accounting policies - for the year ended 30 June 2021

1.1 Reporting entity

Tauranga City Council is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the Local Government Act 2002 and the Local Government (Rating) Act 2002. The Council's principal address is 91 Willow Street Tauranga.

The Tauranga City Council group consists of Tauranga City Council and its subsidiaries; Bay Venues Limited (100%) controlled by Tauranga City Council, and Tauranga Art Gallery Trust (100%) controlled by Tauranga City Council.

Tauranga City Council has 50% interest in Tourism Bay of Plenty which is treated as an investment in an associate.

All of Tauranga City Councils' subsidiaries are incorporated and domiciled in New Zealand.

The primary objective of Tauranga City Council and group is to provide local infrastructure, local public services and perform regulatory functions for the community. The Council does not operate to make a financial return. Accordingly, Tauranga City Council has designated itself and the group as Public Benefit Entities (PBE's) for financial reporting purposes.

The Council or others have no power to amend the financial statements after their issue apart from minor changes to presentation. The Council authorises the Chief Executive to make any necessary minor presentation or typographical amendments to the financial statements after their issue.

The Financial Statements of Tauranga City Council and group are for the year ended 30 June 2021. The Financial Statements were authorised for issue by Tauranga City Council on 15 December 2021.

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1.2 Basis of preparation

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

Statement of compliance

The financial statements of Tauranga City Council and group have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014 which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards.

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 or future events that are believed to be reasonable under the circumstances.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000), other than the Mayor and Councillor remuneration disclosures in note 42 and Related Party Transactions with Subsidiaries and Associates in note 44.

Foreign currency transactions

Foreign currency transactions are converted into NZ\$ using the exchange rates prevailing at the dates of the transactions. Foreign monetary assets and liabilities held at year end are also converted into NZ\$. Foreign exchange gains and losses from these activities are recognised in the surplus or deficit.

Goods and Services Tax

All 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. When 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 the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by Tauranga City Council in its 2021-31 Long-term Plan. The figures included in these financial statements are for Tauranga City Council as a separate entity. These figures do not include additional expenditure subsequently approved by Tauranga City Council outside the Long-term Plan process. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by Tauranga City Council for the preparation of these financial statements. The budget figures do not include budget information relating to the subsidiaries or associates, except for grants and loans provided to these entities.

Cost allocation

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Changes in accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and there have been no changes in accounting policies.

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.

Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council and Group are:

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.

The Council will not early adopt this amendment.

PBE IPSAS 41 Financial Instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement.

The Council does not plan to adopt the standard early.

Uncertainty over Income Tax Treatments (Amendments to PBE IAS 12)

Effective for annual financial statements covering periods beginning on or after 1 January 2020.

The amendments incorporate the guidance in NZ IFRIC 23 Uncertainty over Income Tax Treatments into PBE IAS 12 Income Taxes. These amendments clarify how to apply the recognition and measurement requirements in PBE IAS 12 when there is uncertainty over income tax treatments.

PBE Interest Rate Benchmark Reform – Phase 2

This is the second part of the two phase project on interest rate benchmark reform. In November 2020, NZ Accounting Standards Board issued the PBE Interest Rate Benchmark Reform – Phase 2. As a result Tauranga City Council expects there will be minimal or no change as a result of applying this accounting standard.

These amendments enable PBEs to reflect the effects of transitioning from benchmark interest rates, such as interbank offer rates (IBORs) to alternative benchmark interest rates, without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The amendments affect entities with financial assets or financial liabilities that are subject to interest rate benchmark reform and those that apply the hedge accounting requirements in PBE IPSAS 41, PBE IFRS 9 or PBE IPSAS 29 to hedging relationships that are affected by the reform. PBEs should apply the amendments retrospectively and reinstate the hedge relationships that were discontinued solely due to changes directly required by the reform.

Tauranga City Council does not apply Hedge Accounting to any transactions and so is unaffected by those target provisions.

Council views that any changes to the reference rates would not have a material impact on Council. 'Short term' reference rates are highly correlated to the Official Cash Rate (OCR) set by the Reserve Bank of New Zealand and therefore proposed changes to the benchmarks are still expected to be correlated to the OCR.

All Council's interest rate swap and floating rate debt transactions require that interest rate sets are referenced to the '90 day Bank Bill' rate (BKBM benchmark rate), and we would expect the any new benchmark would be similar and correlated

to the Official Cash Rate. All Council transactions are referenced to BKBM, not IBOR. Council only borrow in NZD and all interest rate swaps are NZ Dollar denominated.

TCC are not adopting this reform note as part of these accounts.

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 1 January 2022, with early application permitted.

The 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.

New standards issued and adopted in current annual reporting

2018 Omnibus Amendments to PBE standards

Applies for annual periods beginning on or after 1 January 2021.

As the result of implementing this standard the following standards are amended by this document: PBE IPSAS 2 Cash Flow Statements Disclosure Initiative (Amendments to IAS 7), issued by the IASB in January 2016, amended IAS 7 Statement of Cash Flows to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial assets. The IPSASB subsequently amended IPSAS 2 Cash Flow Statements in Improvements to IPSAS, 2018 and the NZASB amended PBE IPSAS 2 in 2018 Omnibus Amendments to PBE Standards.

The impact on Council's Annual Reporting is not significant as Council does not undertake and Hedge Accounting.

The only Financial Asset, known as Te Tumu, has been assessed subsequent to a change in the agreement between Western Bay of Plenty Council and Tauranga City Council. This has seen Council now take up full ownership of the asset. As a result of this the cashflows were recalculated, and timeframes were reset as per the new agreement. The change was not material to Council's asset base. The liability impact was also not material for Council.

PBE IPSAS 40 PBE Combinations

Applies for annual periods beginning on or after 1 January 2021.

In general, it is to be applied prospectively to PBE combinations for which the amalgamation date or acquisition date is on or after 1 January 2021. This new PBE Standard will supersede PBE IFRS 3 Business Combinations.

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Key differences: Broader scope – there are fewer scope exclusions. Each combination shall be classified as an amalgamation or an acquisition depending on how the combination is undertaken. The modified pooling of interest's method is used for amalgamations while the acquisitions method is applied to an Acquisition.

To date Council has not undertaken any of type business combination, and so is not impacted by this new accounting standard in its 2021 financial reporting.

Critical accounting estimates and assumptions

In preparing these financial statements Tauranga City Council has made estimates and assumptions 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. This applies to the following notes:

Note 25 Other Financial Assets

Note 28 Investment Property

Note 29 Property, Plant and Equipment

Note 37 Provisions

Earthquake prone buildings

Earthquake prone buildings are a key challenge facing councils and private property owners.

Tauranga City Council undertook a full assessment to identify buildings that may be earthquake prone commencing in the 2017/18 year. The process of assessment of Council buildings earthquake proneness continues.

Those buildings thought to be the most obviously affected have been assessed first. This part of the process has been completed. As a result, work has been commenced on the identified affected structures with demolitions and upgrades and repairs as required to mitigate the damage.

The 2020/21 year has seen a continuation of this process, but it not expected to require as much follow up.

Impact COVID 19 2020-2021

Tauranga City commenced the 2020-2021 financial year at Covid Alert Level 1. During August and September 2020 and February and March 2021, Tauranga City Council moved into Alert Level 2 along with other parts of the country. In all other parts of the year, Tauranga City Council remained in Alert Level 1.

At Alert Level 2, the Council enforced stronger social distancing practices and noted lowered patronage at community facilities such as the library, swimming pools, and use of community halls. There were no disruptions to infrastructure servicing. This did not materially affect the amount of user charges collected during the year.

At Alert Level 1 Council continued to run its business as usual.

Under Alert Level 2 council can carry on providing most services and open public facilities. Libraries, service centres, playgrounds, indoor venues like community halls, swimming pools and Baycourt will all reopen. Rubbish and recycling collections are carried out as normal. Events and gatherings can be run provided they adhere to all Government guidelines.

1.3 Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, and expenses 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 the Council obtains control of the entity and ceases when the Council loses control of the entity.

Control over an entity is determined when the 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. The Council considers all relevant facts and circumstances in assessing whether it has power over another entity.

For example, the ability to appoint or remove most of the entity's governance and management, binding arrangements the Council enters into, group voting rights, and pre determination mechanisms. The Council reassesses whether or not it controls another entity if facts and circumstances change. The 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 the Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in surplus or deficit.

Subsidiaries

Tauranga City Council consolidates in the group financial statements all entities where Tauranga City Council has the capacity to control their financing and operating policies to obtain benefits from the activities of the subsidiary. This power exists where Tauranga City Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Tauranga City Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

The Tauranga City Council group consists of Tauranga City Council and its subsidiaries; Bay Venues Limited (100%) controlled by Tauranga City Council, and Tauranga Art Gallery Trust (100%). The three entities are consolidated to form the Tauranga City Council group in this Annual Report.

Tauranga City Councils' investments in its subsidiaries are carried at cost in Tauranga City Councils' own "parent entity" financial statements.

Associate

An associate is an entity over which the Tauranga City Council has significant influence and is neither a subsidiary nor an interest in a joint venture. Refer to note 26.

As an associate entity, Tourism Bay of Plenty, is incorporated into the Annual Reporting by way of the Equity Method (see Note 24 for the value and policy on this).

Investment

Tauranga City Council also has an 11.11% interest in Bay of Plenty Local Authority Shared Service (BOPLASS), a company set up by nine local authorities in the Bay of Plenty region. This is treated as an investment by Tauranga City Council. These are not consolidated but are accounted for as investments by Tauranga City Council. Refer to notes 25 and 27.

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Operating notes

Note 2: Rates

Accounting policy

General rates, targeted rates (including 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. The Council considers the effect of payment of rates by instalments is not enough to require discounting of rates receivables and subsequent recognition of interest revenue.

Revenue arising from late payment penalties is recognised when rates become overdue.

Rates collected on behalf of Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements as the Council is acting as an agent for Bay of Plenty Regional Council.

Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its Rates Remission Policy.

Tauranga City Council's rates remission policy allows rates to be remitted on condition of a ratepayer's extreme financial hardship, land used for sport and land protected for historical, cultural or other charitable purposes.

Revenue from water by meter rates is recognised on an accrual basis. Revenue is based on the actual usage as a result of meter reading. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Rates Revenue	166,290	155,421	166,206	155,383
Less Remissions for General Rates	(3,599)	(2,771)	(3,599)	(2,771)
Net Rates Revenue	162,691	152,650	162,607	152,612
Glass Collection Targeted Rate	1,864	1,762	1,864	1,762
Resilience Targeted Rate	989	1,239	989	1,239
Water by Meter Targeted Rate	24,284	23,976	24,129	23,866
Less Water by Meter Rate Remissions	(26)	(22)	(26)	(22)
Total Targeted Rates	27,111	26,955	26,956	26,845
TOTAL RATES	189,802	179,605	189,563	179,457

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	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
General Rates**	114,736	90,336	114,652	90,298
Glass Collection Targeted Rate	1,864	1,762	1,864	1,762
Uniform Annual General Charge	17,082	34,044	17,082	34,044
Wastewater Charge	32,375	29,268	32,375	29,268
Water Rates Base Charge	2,097	1,773	2,097	1,773
Less Remissions for General Rates	(3,599)	(2,771)	(3,599)	(2,771)
Resilience Targeted Rate	989	1,239	989	1,239
Water by Meter Targeted Rate	24,284	23,976	24,129	23,866
Less Water by Meter Remissions	(26)	(22)	(26)	(22)
TOTAL ANNUAL RATES INCOME	189,802	179,605	189,563	179,457
** General Rates includes Stormwater levy \$1.5m (2020: \$2.3m), Bay Venues Depreciation Reserve \$4.4m (2020: \$4.4m).				
Rate Penalties	770	752		
Rate penalties is included under Fees and Charges note 4.				
Water by Meter Charge per Cubic Metre (GST Exclusive)	\$1.94	\$1.86		
Water Consumption Quantity (Cubic Metres)	15,967	15,966		

Local Government disclosures



Rating Units, Capital Value and Land Value

Rates Revenue is the main source of funding for Tauranga City Council. In the district or region of the local authority, as at 30 June 2021. The total number of rating units for 2021 was 59,460 compared with 58,116 the previous year.

Separately used or inhabited parts of a rating unit (SUIPS) **2021** 66,492 **2020** 65,311

	2021 (\$ Millions)	2020 (\$ Millions)
Capital Value	53,048	51,912
Land Value	28,848	28,552

Non rateable land

Under the Local Government (Rating) Act 2002, certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves and unused Maori freehold land. These non rateable properties may be subject to targeted rates in respect of sewerage, water, refuse, and sanitation. The non rating of non rateable land does not constitute a remission under the Council's rates remission policy.

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Note 3: Revenue from exchange and non exchange transactions

Accounting policy

The Council and the group receive their revenue from exchange or non exchange transactions.

Exchange transaction revenue arises when the Council and the group provide goods and services to a third party and receives approximately equal value in return that is directly related to those goods and services.

Non exchange transaction revenue arises when the Council and the group receive value from another party without having to provide goods or services of equal value directly. Non exchange revenue comprises rates and transfer revenue. Transfer revenue includes grants, subsidies and fees and user charges derived from activities that are partially funded by rates. Revenue is measured at fair value which is usually the cash value of a transaction.



		Council		Consolidated	
		Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Non Exchange Revenue					
Revenue from Rates and Taxes					
Rates Revenue	2	162,690	152,650	162,606	152,612
Revenue from Transfers					
Non Exchange					
Fines and Infringements	4	1,107	580	1,107	580
Operating Grants and Subsidies		9,626	12,255	10,693	14,591
Found Assets		0	4,905	0	4,905
Vested Assets	11	10,660	24,110	10,660	24,110
Other Revenue		6,061	5,617	6,132	5,762
Rates Penalty Revenue		402	752	402	752
Gain on Carbon Credits	14	328	255	328	255
Gains from Property, Plant and Equipment	14	22	1,260	22	1,260
Gain on Interest Rate Swaps	14	27,655	0	27,655	0
Housing Infrastructure Fund Initial Discount Recognition	14	10,913	440	10,913	440
Gain on Financial Instrument Te Tumu		0	761	0	761
Development Contributions	12	33,471	30,877	33,471	30,877
Grants, Subsidies and Other Capital Expenditure Contributions	13	22,126	31,929	22,126	31,929
Growth of Forestry Assets	14	769	785	769	785
Consents, Licenses and Permits		14,872	13,343	14,872	13,343
Revaluation Gains on Investment Properties	14	14,691	1,248	14,691	1,248
Grants and Subsidies		292	0	292	0
Total Non Exchange		315,685	276,862	316,739	279,305
Exchange					
Glass Collection Targeted Rate	2	1,864	1,762	1,864	1,762
Resilience Targeted Rate	2	989	1,239	989	1,239
Water by Meter Targeted Rate	2	24,258	23,954	24,103	23,844
Property Revenue	4	11,113	9,802	11,141	10,224
Other Exchange Revenue		20,082	15,610	20,082	15,610
Sale of Goods		2,265	1,914	19,859	13,791
Dividends	6	642	829	685	870
Finance Revenue	6	1,426	2,504	702	1,611
Total Exchange		62,639	57,614	79,425	68,951
TOTAL EXCHANGE AND NON EXCHANGE		378,324	334,476	396,164	348,256

Note 4: Fees and charges

Accounting policy



Building and Resource Consent Fees

Revenue from the rendering of services (e.g. building consent fees) is recognised by reference to the stage of completion of the transaction, based on the actual service provided as a percentage of the total services to be provided. Under this method, revenue is recognised in the accounting periods in which the services are provided. Some rendering of services are provided at a market rate or on a full cost recovery basis (e.g. parking fees) and these are classified as exchange.

Donated and Bequeathed Financial Assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met e.g. as the funds are spent for the nominated purpose.

Entrance Fees

Entrance fees are charged to users of the Council's local facilities, such as pools and the Tauranga Art Gallery. Revenue from entrance fees is recognised upon entry to such facilities.

Fees and Charges

User fees and charges are recognised based on actual services provided. Any fees and charges received in advance are recognised as unearned income in Deferred Revenue.

Infringement Fees and Fines

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued, factoring in the probability of collection.

Fifty percent of warrant and registration fines are payable to central government. These are recognised as a liability until payment is made to central government.

Lease Revenue

Lease revenue is recognised on a straight line basis over the term of the lease.

Sale of Goods

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

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Consent Fees - Building, Land Use and Subdivision	12,325	12,982	12,325	12,982
Property Revenue	11,113	9,802	11,141	10,224
Other User Fees and Charges*	29,675	24,165	47,170	36,050
Parking - Off and On Street	1,789	2,422	1,789	2,422
Infringement Fees and Fines	1,107	580	1,107	580
TOTAL FEES AND CHARGES	56,009	49,951	73,532	62,258

* Other User Fees and Charges includes such items as: sales, landing charges, trade waste, court recoveries, user fees and charges for reserves, libraries, indoor facilities, compliance monitoring, engineering approvals and on consolidation for aquatic facilities and venues.

FINANCIALS

Note 5: Grants and subsidies

Accounting policy

New Zealand Transport Agency (NZTA) - Road Operating Subsidies

Tauranga City Council received funding assistance from the New Zealand Transport Agency. These grants are reimbursements that subsidise part of the costs of maintenance on the local roading infrastructure. The subsidies are recognised as revenue when conditions pertaining to eligible expenditure have been fulfilled.

Tauranga City Council performs certain state highway roading works on behalf of New Zealand Transport Agency (NZTA). These works mainly relate to traffic signals and streetlights on state highways. Neither the costs nor recoveries related to this work are included in the surplus or deficit (except for an administration fee). However, they are included as Receipts from Rates Revenue in the Statement of Cash Flows.

Other Grants Received

Government grants and other grants are recognised as revenue when any conditions relating to eligible expenditure have been fulfilled.

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Other Subsidies	3,181	3,049	4,418	5,522
New Zealand Transport Agency Subsidies (Operational)	5,282	5,815	5,282	5,815
Petrol Tax	1,056	1,057	1,056	1,057
Crown Infrastructure Partner Funding (CIP)	292	0	292	0
TOTAL GRANTS AND SUBSIDIES	9,811	9,921	11,048	12,394

There are no unfulfilled conditions and other contingencies attached to the New Zealand Transport Agency subsidies which are recognised.

The Council received Crown Infrastructure Partner (CIP) funding of \$7.46m which must be repaid if not spent by March 2022. This is half of the \$14.9m approved CIP funding along with a further \$1m Crown funding, for a total of 26 projects. The second half of the approved funding can be applied for in March 2022.

Other Subsidies include Covid 19 Wage Subsidies relating to employees of Council \$1.95 2020 (\$1.8m) and Tauranga City Art Gallery Trust (\$94k).

Other Subsidies include Covid 19 Wage Subsidies relating to employees of Council. Council applied Wage Subsidy for 576 staff across all Council activities and received \$3.75m, (received May 2020) the subsidy covered the 12 week period commencing 21 May 2020. Council complied with all Wage Subsidy criteria outlined by the Ministry of Social Development. Wage Subsidy of \$1.8m was recognised for the 2020 financial year, the period to 30 June 2020. The balance of Wage Subsidy of \$1.95m is now recognised as Grant Revenue in the 2021 financial year.

Note 6: Finance revenue

Accounting policy

Interest and Dividends

Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rates.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre acquisition surpluses, the dividend is deducted from the cost of the investment.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Interest Revenue Term Deposits	716	1,506	716	1,506
Interest Revenue Related Party Loans to Council Controlled Organisations	710	998	(14)	105
Dividends	642	829	685	870
TOTAL FINANCE REVENUE	2,068	3,333	1,387	2,481

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Note 7: Depreciation by groups of activity

Accounting policy

Depreciation

Depreciation is provided on all property, plant and equipment other than land, on a straight line (SL) or diminishing value (DV) basis, at rates calculated to allocate the asset cost less estimated residual value, over the estimated useful life.

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 the asset is derecognised. Amortisation charge for each period is recognised in the surplus or deficit.

Intangible assets capitalised to infrastructural assets are amortised at the rate of the principal asset to which they have been capitalised.

Local government disclosures

Under the Local Government (Financial Reporting and Prudence) Regulations 2014, the council is required to disclose the Group's depreciation and amortisation by group of activities.

Depreciation Group of Activities

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Airport	1,754	1,628	1,754	1,628
Animal Services	44	46	44	46
Arts and Heritage	18	13	18	153
Baycourt	485	513	485	513
Beachside Holiday Park	140	110	140	110
Building Services	274	299	274	299
Cemeteries	229	150	229	150
City and Infrastructure Planning	42	29	42	29
City Events	3	4	3	4
Community Development	0	1	0	1
Corporate Services	9,610	6,892	9,610	6,892
Elder Housing	2,301	2,154	2,301	2,154
Emergency Management	54	56	54	56
Environmental Planning	1	1	1	1
Environmental Protection	12	25	12	25
Governance	0	2	0	2
Libraries	1,024	1,066	1,024	1,066
Marine Facilities	1,547	1,499	1,547	1,499
Marine Precinct	630	583	630	583
Parks and Recreation	5,761	5,320	10,770	11,607
Regulation Monitoring	8	8	8	8
Stormwater	5,618	5,152	5,618	5,152
Sustainability and Waste	352	291	352	291
Transportation	14,585	14,505	14,585	14,505
Wastewater	10,348	9,031	10,348	9,031
Water Supply	7,731	6,569	7,731	6,569
TOTAL DEPRECIATION	62,571	55,947	67,580	62,374

FINANCIALS

Note 8: Personnel expenses

Accounting policy

Personnel expenses for salaries and wages, annual leave, long service leave and other similar benefits are recognised as expenditure and liabilities when they accrue to employees.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Salaries and Wages	62,485	58,459	74,924	70,392
Elected Members' Remuneration	1,205	1,210	1,205	1,210
Other Community Representation Remuneration	212	143	212	143
Superannuation*	1,694	1,581	1,950	1,837
Direct Personnel Overheads**	1,487	1,286	1,755	1,554
Remuneration Benefits	122	118	122	118
TOTAL PERSONNEL EXPENSES	67,205	62,797	80,168	75,254

* Superannuation includes employer contributions to Kiwisaver and Defined Benefit Plan Contributors Scheme.

** Direct Personnel Overheads includes ACC, recruitment costs, staff training costs and other staff support costs.

Note 9: Finance expenses

Accounting policy

Borrowing costs are recognised as an expense in the period in which they were incurred.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Interest on Borrowings	20,435	21,992	20,378	22,038
Other Financial Expenses	181	214	181	214
TOTAL FINANCE EXPENSES	20,616	22,206	20,559	22,252

FINANCIALS

Note 10: Other expenses

Accounting policy



Grant Expenditure

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Administration Expenses	8,360	7,692	9,616	8,881
Audit Fees - Audit New Zealand for Council's Financial Statements	251	241	364	356
Other Audit Fees				
• Audit Fees - Debenture Trust Deed	9	9	9	9
• Audit Fees - Audit New Zealand for Council's Long-term Plan	131	0	131	0
• Audit Fees 2020 Annual Report additional costs	40	0	40	0
• Audit Fees - NZ Communities Trust Fund	5	0	5	0
Bad Debts Written Off	11	17	11	17
Community Contracts	7,311	6,859	7,311	6,859
Consultants	15,324	11,354	15,908	11,973
Electricity	5,725	5,246	6,795	6,225
Grant Expenditure	6,799	7,574	6,799	7,574
Insurance	6,532	4,911	6,532	4,876
Operating Lease Payments	3,394	3,231	3,394	3,231
Operational Contracts	0	4,401	0	4,401
Other Operating Expenditure ¹	33,073	33,849	29,582	29,329
Provision for Doubtful Debts	206	1,066	206	1,066
Rates ²	2,938	2,782	2,938	2,782
Repairs and Maintenance	30,803	27,500	31,758	28,504
TOTAL OTHER EXPENSES	120,912	116,732	121,399	116,083

¹ Other Operating Expenditure includes such items as: operating costs for treatment plants and pump stations, utilities management fees, vegetation/planting contracts and traffic services.

² Tauranga City Council pays rates at normal arm's length transactions for properties it owns.

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Other operating expenditure over \$500k		
	30 June 2021 \$'000	30 June 2020 \$'000
Biosolid Removal	0	800
Chemicals	0	900
Cleaning	1,016	2,200
Debt Servicing Grant	550	600
Education	603	600
Event Fund and Support	748	600
Grants	735	0
Internal lab testing	510	600
Internal Recoveries from other activities	1,570	0
Internal amenities Infrastructure	2,993	3,438
Litter	0	900
Monitoring	579	1,000
Operating Costs	8,287	4,700
Other Expenditure	950	1,605
Planning and design	4,361	0
Plan Change	0	2,700
Projects	5,839	6,400
Rescue Fire Service	825	900
Refuse	1,130	0
Security	870	700
Sludge Disposal	1,966	900
Street Cleaning	920	0
Study	0	2,700
Traffic Services	0	800
Vegetation Control	2,518	1,700
Water Operating	1,649	0

FINANCIALS

Non operating notes

Note 11: Assets vested to Tauranga City Council

Accounting policy

For assets received for no or nominal consideration, the asset is recognised when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

For long lived assets that must be used for a specific purpose (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects it will need to return or pass the asset to another party.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Stormwater Infrastructure	3,450	4,491	3,450	4,491
Wastewater Infrastructure	1,150	3,245	1,150	3,245
Water Infrastructure	1,352	2,219	1,352	2,219
Transportation Infrastructure	4,466	5,856	4,466	5,856
Parks and Recreation Infrastructure	242	3,394	242	3,394
Found Assets	0	4,905	0	4,905
TOTAL ASSETS VESTED TO COUNCIL	10,660	24,110	10,660	24,110

Note 12: Development contributions

Accounting policy

Development and financial contributions are recognised as revenue when Tauranga City Council provides, or can provide, the service for which the contribution was charged. In cases where contributions are collected in advance to fund a service that is not currently provided in an area, the contribution is initially recognised as revenue in advance.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Stormwater Infrastructure	3,617	5,293	3,617	5,293
Wastewater Infrastructure	12,340	9,641	12,340	9,641
Water Infrastructure	6,557	5,880	6,557	5,880
Transportation Infrastructure	11,242	8,625	11,242	8,625
Reserves and Community Infrastructure	806	755	806	755
Development Contribution expenses	(1,743)	0	(1,743)	0
Indoor Facilities	652	683	652	683
TOTAL DEVELOPMENT CONTRIBUTIONS	33,471	30,877	33,471	30,877

Development Contributions relate to the revenue received from developers towards various infrastructure projects.

In 2021 most revenue was received in relation to the following growth areas: Papamoa East | Wairakei, general Building Impact Fees and Tauriko Business Estate.

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Note 13: Grants, subsidies and other capital expenditure contributions

Accounting policy

New Zealand Transport Agency (NZTA) - Roading Capital Subsidies

Tauranga City Council received funding assistance from the New Zealand Transport Agency. These grants are reimbursements that subsidise part of the costs of capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue when conditions pertaining to eligible expenditure have been fulfilled.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
New Zealand Transport Agency Capital Contributions ¹	16,952	8,273	16,952	8,273
Insurance Proceeds	0	20,145	0	20,145
Crown Infrastructure Partner Funding	1,138	0	1,138	0
Other Capital Contributions	4,036	3,511	4,036	3,511
TOTAL GRANTS, SUBSIDIES AND OTHER CAPITAL EXPENDITURE CONTRIBUTIONS	22,126	31,929	22,126	31,929

¹ New Zealand Transport Agency funding was applied to the following projects: (i) low risk projects \$2.6m (ii) Mt. Maunganui road safety improvements \$833k (iii) LED Streetlight upgrade \$7.0m. The Maintenance and Renewals budget for roading was fully spent (\$17.5m).

There are no unfulfilled conditions or other contingencies attached to the New Zealand Transport Agency subsidies recognised above.

The Council received Crown Infrastructure Partner (CIP) funding of \$7.46m which must be repaid if not spent by March 2022. This is half of the \$14.9m approved CIP funding along with a further \$1m Crown funding, for a total of 26 projects. The second half of the approved funding can be applied for in March 2022

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Note 14: Other gains

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Non Financial Instruments				
Revaluation Movement Investment Property	14,691	1,248	14,691	1,248
Capital Gains on Disposal of Property, Plant and Equipment	22	1,261	22	1,261
Gains on Carbon Credits	328	255	328	255
Growth of Forestry Asset	768	785	768	785
Financial Instruments				
Housing Infrastructure Fund Initial Discount Recognition	10,913	440	10,913	440
Gain on Financial Instrument re Te Tumu	0	761	0	761
Gain on Interest Rate Swaps	27,655	0	27,655	0
TOTAL OTHER GAINS	54,377	4,750	54,377	4,750
Other Gains by Category				
Gains from Disposal of Property, Plant and Equipment	22	1,261	22	1,261
Gains from Revaluation	15,787	2,288	15,787	2,288
Housing Infrastructure Fund Initial Discount Recognition	10,913	440	10,913	440
Gain on Financial Instrument re Te Tumu	0	761	0	761
Gain on Interest Rate Swaps	27,655	0	27,655	0
TOTAL OTHER GAINS BY CATEGORY	54,377	4,750	54,377	4,750

Housing Infrastructure Fund

During the current financial year, a \$109m (2020 \$7.5m) interest free loan was drawn down under the Housing Infrastructure Fund. The current year gain reflects the initial fair value adjustment at market interest rates at the time the loan was drawn down.

Refer to note 36.

Note 15: Weathertight & other provisions expense

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Increase (Decrease) in Provision for Claims Under Weathertight Homes	26,438	2,000	26,438	2,000
Settlement of Weathertight Claims	0	30,645	0	30,645
TOTAL PROVISIONS EXPENSE	26,438	32,645	26,438	32,645

* Refer to note 37 Provisions and note 41 for Contingencies.

The Weathertight provision has increased in the current year by \$26m as a result of two significant property claims against Council for weathertight repairs that are in various stages of legal proceedings.

Refer to Note 39 Events After Balance Date.

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Note 16: Other losses

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Assets Written Off	0	33,891	0	33,891
Loss on Asset Sales	6,753	1,519	6,753	1,519
Revaluation of Forestry Assets	848	354	848	354
Loss on Te Tumu Loan	2,148	0	2,148	0
Unrealised Loss on Interest Rate Swaps	0	13,463	0	13,463
TOTAL OTHER LOSSES	9,749	49,227	9,749	49,227

Losses on Asset sales included \$786k on the Harington St Car Park land sale, \$3.4m loss on sale of Bella Vista. The Loss on Te Tumu loan included the increase in the interest component of the value on the Te Tumu property by acquiring Western Bay of Plenty's 1/3rd share

Note 17: Assets vested to other parties

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Assets Vested to Other Parties	5,808	0	5,808	0
TOTAL ASSETS VESTED TO OTHER PARTIES	5,808	0	5,808	0

Tauranga City Council vested the Tauriko Crossing pedestrian overbridge on SH36 to New Zealand Transport Agency in the year ended 30 June 2021.

Note 18: Income tax expense / (benefit)**Accounting policy**

Local Authorities are generally exempt from income tax except for certain income received from council controlled organisations and port related undertakings.

Income tax expense includes components relating to both current 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. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

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 surplus.

Current tax and deferred tax is recognised in the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expenses or directly in equity.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Relationship Between Tax Expense and Accounting Profit				
Operational Surplus/ (Deficit) Before Tax	65,025	(5,077)	64,481	(9,577)
Tax at 28%	18,207	(1,422)	18,055	(2,682)
Non Deductible Expenditure	0	0	0	0
Non deductible expenditure	0	0	1,251	1,714
Non Taxable Income	(18,098)	739	(20,318)	(2,085)
Deferred Tax Adjustment	(10)	(757)	(920)	2,852
Prior Year Adjustment	376	0	371	0
Recognition of Buildings Tax Base	0	0	0	(3,737)
TAX EXPENSE (BENEFIT)	475	(1,440)	(1,561)	(3,938)
Represented by:				
Deferred Tax on Temporary Difference	475	(1,440)	(1,561)	(3,938)
	475	(1,440)	(1,561)	(3,938)

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Note 19: Deferred tax asset/(liability)**Accounting policy**

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle the carrying amount of its assets and liabilities.

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 and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.



	Property, Plant and Equipment \$'000	Employee Entitlements \$'000	Other Provisions \$'000	Tax Losses \$'000	Total \$'000
Entity					
Balance as at 1 July 2020	(7,316)	0	0	5,135	(2,181)
Charge to Surplus or Deficit	10	0	5	(485)	(470)
Charged to Other Comprehensive Revenue and Expense	(440)	0	0	0	(440)
Balance as at 30 June 2021	(7,746)	0	5	4,650	(3,091)
Group					
Balance as at 1 July 2020	(27,435)	196	26	15,000	(12,213)
Charge to Surplus or Deficit	1,344	(24)	5	242	1,567
Charge to Other Comprehensive Revenue and Expenses	(1,120)	0	0	0	(1,120)
Balance as at 30 June 2021	(27,211)	172	31	15,242	(11,766)

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	Property, Plant and Equipment \$'000	Employee Entitlements \$'000	Other Provisions \$'000	Tax Losses \$'000	Total \$'000
Entity					
Balance as at 1 July 2019	(5,811)	0	0	4,452	(1,359)
Charge to Surplus or Deficit	757	0	0	683	1,440
Charged to Other Comprehensive Revenue and Expense	(2,263)	0	0	0	(2,263)
Balance as at 30 June 2020	(7,317)	0	0	5,135	(2,181)
Group					
Balance as at 1 July 2019	(23,453)	160	29	12,267	(10,997)
Charge to Surplus or Deficit	1,172	36	(3)	2,733	3,938
Charge to Other Comprehensive Revenue and Expenses	(5,427)	0	0	0	(5,427)
Balance as at 30 June 2020	(27,708)	196	26	15,000	(12,485)

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Financial position notes

Note 20: Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash on hand, deposits held on 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 Tauranga City Council (Group) Statement of Financial Position.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Cash at Bank and On Hand	19,836	4,773	20,767	5,852
Short Term Deposits	20,000	10,000	20,000	10,000
TOTAL CASH AND CASH EQUIVALENTS	39,836	14,773	40,767	15,852
Short Term Deposits				
Short Term Deposits	20,000	10,000	20,000	10,000
Weighted Average Effective Interest Rate	0.28%	0.48%	0.28%	0.48%

The carrying value of short term deposits approximate their fair value. Council also receives interest from cash held at the bank.

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Notes 21: Debtors and other receivables

Accounting policy

Receivables are recorded at their face value, less any provision for impairment.

The provision for doubtful debts is based on expected losses for Tauranga City Council's pool of debtors. Expected losses are determined by using an analysis of Tauranga City Council's losses in previous periods and a review of specific debtors.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Rates Receivable	3,450	4,449	3,450	4,449
Roading Subsidy Due	6,276	4,873	6,276	4,873
Other Receivables	20,836	46,822	21,803	46,331
GST	4,513	4,189	4,513	4,189
Prepayments	1,623	1,374	1,804	1,567
Work in Progress - New Zealand Transport Agency Fully Subsidised	118	79	118	79
Gross Debtors and Other Receivables	36,816	61,786	37,964	61,488
Less Provision for Doubtful Debts	(2,097)	(1,891)	(2,122)	(1,893)
TOTAL DEBTORS AND OTHER RECEIVABLES	34,719	59,895	35,842	59,595
Net Exchange Trade Receivables				
Water by Meter Rates Receivable	2,961	3,528	2,961	3,528
Trade Receivable Sundry Invoicing	0	20,220	1,243	20,347
Net Exchange Receivables	2,961	23,748	4,204	23,875
Provision for Exchange Doubtful Receivables	(1,763)	(694)	(1,788)	(696)
Other Receivables				
Other Receivables	6,239	4,189	5,963	3,368
Prepayments	329	791	510	984
TOTAL EXCHANGE RECEIVABLES AND OTHER RECEIVABLES	7,766	28,034	8,889	27,531
Net Non Exchange Trade Receivables				
Rates Receivable	3,450	3,145	3,450	3,145
Other Non Exchange Receivables	16,149	24,378	16,149	24,581
Net Non Exchange Receivables	19,599	27,523	19,599	27,726
Roading Subsidy Due	6,276	4,873	6,276	4,873
Prepayments	1,293	583	1,293	583
Work In Progress - New Zealand Transport Agency Fully Subsidised	118	79	118	79
Gross Non Exchange Receivables and Other Receivables	27,286	33,058	27,286	33,261
Provision for Non Exchange Doubtful Receivables	(333)	(1,197)	(333)	(1,197)
TOTAL NON EXCHANGE RECEIVABLES AND OTHER RECEIVABLES	26,953	31,861	26,953	32,064
TOTAL DEBTORS AND OTHER RECEIVABLES	34,719	59,895	35,842	59,595

The Chief Executive did not approve any write off from rates receivable during the year under LG (R) 2002

Section 90A 2021 Nil 2020 Nil

Section 90B 2021 Nil 2020 Nil

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Fair Value

Debtors and Other receivables are non interest bearing and receipt is normally 30 day terms. Therefore, the carrying amount of debtors and other receivables approximates their fair value.

Impairment

The Tauranga City Council does provide for impairment on Rates Receivable although it has various powers under the Local Government Rating Act 2002 to recover any outstanding rates debts once the legal process has been fulfilled then some rates debtors may be impaired. These powers allow Tauranga City Council to commence legal proceedings to recover any rates that remain unpaid for more than 4 months after the due date for payment. If the payment has not been made within 3 months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

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

Movements in the provision for debts that are not considered collectable as follows:

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
As at 1 July	1,891	825	1,893	852
Additional Provisions Made During the Year	206	1,083	231	1,058
Receivables Written Off During the Period	0	(17)	(2)	(17)
Balance as at 30 June	2,097	1,891	2,122	1,893

The ageing profile of receivables as at 30 June 2021 and 2020 are detailed below:

Debtors and other receivables - Council			
	30 June 2021		
	Gross \$'000	Impaired \$'000	Net \$'000
Not Past Due	27,757	0	27,757
Past Due 1 - 60 days	694	0	694
Past Due 61 - 90 days	301	0	301
Past Due > 90 days	8,064	(2,097)	5,967
Balance 30 June 2021	36,816	(2,097)	34,719

	30 June 2020		
	Gross \$'000	Impaired \$'000	Net \$'000
Not Past Due	52,763	0	52,763
Past Due 1 - 60 days	550	0	550
Past Due 61 - 90 days	1,317	0	1,317
Past Due > 90 days	7,156	(1,891)	5,265
Balance 30 June 2020	61,786	(1,891)	59,895

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Debtors and other receivables - Consolidated			
	30 June 2021		
	Gross \$'000	Impaired \$'000	Net \$'000
Not Past Due	28,696	0	28,696
Past Due 1 - 60 days	900	0	900
Past Due 61 - 90 days	305	0	305
Past Due > 90 days	8,063	(2,122)	5,941
Balance 30 June 2021	37,964	(2,122)	35,842

	30 June 2020		
	Gross \$'000	Impaired \$'000	Net \$'000
Not Past Due	52,396	0	52,396
Past Due 1 - 60 days	581	0	581
Past Due 61 - 90 days	1,321	0	1,321
Past Due > 90 days	7,190	(1,893)	5,297
Balance 30 June 2020	61,488	(1,893)	59,595

Debtors and other receivables impairment provision analysis				
	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Individual Impairment	126	153	151	153
Collective Impairment	1,971	1,738	1,971	1,740
TOTAL PROVISION FOR IMPAIRMENT	2,097	1,891	2,122	1,893

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write offs. Individually impaired debt has been determined because of the significant financial difficulties and circumstances being experienced by the debtor. An analysis of these individual impaired debtors are as follows:

Debtors and other receivables impairment provision aged analysis				
	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Past Due 1 - 60 days	0	0	0	0
Past Due 61 - 120 days	0	0	0	0
Past Due +120 days	2,097	1,891	2,122	1,893
TOTAL GROSS TRADE RECEIVABLES	2,097	1,891	2,122	1,893

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Note 22: Derivative financial instruments

Accounting policy

Tauranga City Council uses derivative financial instruments to manage exposure to foreign exchange risk arising from the Council's operational activities and risk arising from Council's financing activities. In accordance with its Treasury Policy, Tauranga City Council does not hold or issue derivative financial instruments for trading purposes.

Tauranga City Council has not adopted hedge accounting note 45 has a detailed disclosure of financial instruments risks.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value at each balance date. The resulting gain or loss is recognised in the surplus or deficit.

The portion of the fair value of a derivative that is expected to be realised within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non current.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Current Liabilities Portion				
Interest Rate Derivatives	424	1,486	424	1,486
Total Current Liabilities Portion	424	1,486	424	1,486
Non Current Liabilities Portion				
Interest Rate Derivatives	42,748	69,286	42,748	69,286
Total Non Current Liabilities Portion	42,748	69,286	42,748	69,286
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS - LIABILITIES	43,172	70,772	43,172	70,772

There were no financial instruments held for trading.

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Fair Value

Interest Rate Derivatives

The fair values of Interest Rate Derivatives have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

Council monitors the use of Derivative Financial Instruments using well defined market and credit risk limits and timely reporting to Council. Council's Treasury Policy sets out the overall minimum/maximum levels of fixed rate exposures permitted based on time bands.

Derivative financial instruments - Notional principal value assets

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Nil for Assets	0	0	0	0

Derivative financial instruments - Notional principal value liabilities

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Fixed Rate Maturities				
Up to 1 year	20,000	35,000	20,000	35,000
1 2 years	26,000	25,000	26,000	25,000
2 3 years	0	26,000	0	26,000
3 4 years	84,000	0	84,000	0
4 5 years	15,000	74,000	15,000	74,000
Over 5 years	159,000	154,000	159,000	154,000

Currently Derivative Financial Instruments only include Interest Rate Derivatives.

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Note 23: Non current assets held for sale

Accounting policy

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

Any impairment losses for write downs of non current assets held for sale are recognised in the surplus or deficit.

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

Non current assets (including those that are part of a disposal group) are not depreciated, revalued or amortised while they are classified as held for sale.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Non Current Assets Held for Sale are:				
Land	20,372	14,692	20,372	14,692
Buildings	21,440	0	21,440	0
Other Heritage Assets	0	0	7	7
TOTAL NON CURRENT ASSETS HELD FOR SALE	41,812	14,692	41,819	14,699

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Carrying Values of Non Current Asset Held for Sale are:				
Non Current Land Assets Held for Sale				
Opening Balance Land as at 1 July	14,692	14,107	14,692	14,107
Plus: Land Transferred in from Property, Plant and Equipment	13,947	0	13,947	0
Plus: Land Assets Transferred in from Investment Properties*	0	3,011	0	3,011
Less: Land Transferred to Investment Properties	(8,267)	0	(8,267)	0
Less: Disposals	0	(2,426)	0	(2,426)
Closing Balance Non Current Land Assets Held for Sale as at 30 June	20,372	14,692	20,372	14,692
Non Current Building Assets Held for Sale				
Opening Balance Buildings as at 1 July	0	106	0	113
Plus: Buildings Transferred in from Property, Plant and Equipment	21,440	0	21,440	0
Less: Disposals	0	(106)	0	(106)
Other Heritage Assets	0	0	7	0
Closing Balance Non Current Building Assets Held for Sale as at 30 June	21,440	0	21,447	7
TOTAL NON CURRENT ASSETS HELD FOR SALE	41,812	14,692	41,819	14,699

* Non Current Assets that were held for sale and transferred from Investment Property were assessed as to whether they met the criteria as Non Current Assets Held for Sale.

The properties included as land held for sale are those for which the sale completion date is expected to be in the 2021/2022 financial year.

Non Current Asset Held for Sale are not revalued due to the assumptions behind the classification.

Non current assets that were previously held for sale and transferred out to Investment property was due to a variety of reasons including time taken to resolve resource consents issues, legal processes and properties, not being actively marketed or changes in strategy by Council. The intention by Council is that these will be sold in future years as circumstances change.

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Note 24: Other current investments

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Short term deposits maturing four to twelve months from date of acquisitions	10,000	-	10,000	-
TOTAL	10,000	-	10,000	-

The carrying value of short term deposits approximate their fair value. The investment matures on the 15th July 2021

Weighted Average Effective Interest Rate	0.65%	0.00%	0.65%	0.00%
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Note 25: Other financial assets

Accounting policy

Financial assets are initially recognised at fair value plus transaction costs; unless they are carried at fair value through surplus and deficit in which case the transaction costs are recognised in surplus or deficit.

The purchase and sale of financial assets are recognised at trade date, the date on which Tauranga City Council and group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Tauranga City Council and group have transferred substantially all the risks and rewards of ownership.

Tauranga City Council and group classify its financial assets into the following categories for the purpose of measurement:

- fair value through surplus or deficit, or
- loans and receivables, or
- fair value through other comprehensive revenue and expenses.

The classification depends on the purpose for which the instrument was acquired. Management determines the classification of its investments at initial recognition.

(i) Financial Assets at Fair Value Through Surplus or Deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit taking. Derivatives are also categorised as held for trading.

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

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(ii) 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 are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non current assets. Tauranga City Council and group's loans and receivables comprise debtors and other receivables, term deposits, related party loans and community loans.

After initial recognition they are measured at amortised cost using the effective interest rate method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

These loans are measured at amortised cost using the effective interest rate method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as interest.

Community Loans

Loans to community organisations made at nil or below market interest rates are initially recognised at present value of its expected future cash flows, discounted at the current market rate of return for a similar financial instrument. Depending on the circumstances and provisions of each loan, the loans are subsequently:

- a) Amortised over the period of the loan, provided the conditions of the loan are met. The amortised cost is recognised in surplus or deficit as a grant, or
- b) Paid off by the loan recipient in annual instalments

(iii) Fair Value Through Other Comprehensive Revenue and Expenditure

Financial assets at fair value through other comprehensive revenue and expenditure are those that are designated into the category of initial recognition or are not classified in any of the other categories above. They are included in non current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council and Group includes in this category:

- investments that it intends to hold long term but which may be realised before maturity; and
- shareholdings in New Zealand Local Government Funding Agency (NZLGFA) and Bay of Plenty Local Authority Shared Services Limited (BOPLASS).

These investments are measured at their fair value, with gains and losses recognised in Other Comprehensive Revenue and Expenses.

On derecognition, the cumulative gain or loss previously recognised in Other Comprehensive Revenue and Expenses is reclassified from equity to the surplus or deficit.



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Impairment of Financial Assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Impairment is established when there is objective evidence that Tauranga City Council will not be able to collect amounts due according to the original terms of the receivable.

Indicators of the likely impairment of an asset's carrying amount arises when there is significant probability that the debtor will enter into:

- bankruptcy and or
- receivership or liquidation, and
- there is default on the payment.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

For debtors and other receivables, the carrying amount of the asset is reduced through the use of a provision for doubtful debts account. The amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is impaired as a bad debt and expensed.

Overdue receivables that have been renegotiated are reclassified as current (that is not past due).

Impairment in term deposits, local authority stock, government bonds and community loans is recognised directly against the instrument's carrying amount.

Critical accounting estimates, assumptions and judgements**Te Tumu Land**

This land block referred to as Te Tumu which gave rise to a financial asset.

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Concessionary Loan	25,104	22,343	25,104	22,343
TOTAL OTHER FINANCIAL ASSETS	25,104	22,343	25,104	22,343

Concessionary Loan

In 2007, Tauranga City Council and Western Bay of Plenty District Council together acquired a block of land referred to as Te Tumu. This land was purchased with the condition of providing the vendor the option to acquire it sometime from December 2016 to December 2026. The rationale for Tauranga City Council and Western Bay of Plenty District Council purchasing the land was to ensure its development was consistent with the Smart Growth Strategy.

In December 2020 Tauranga City Council acquired from Western Bay of Plenty District Council their 1/3rd share in the Te Tumu property. A new agreement was then entered into between Tauranga City Council and the Developers extending the buyback period from 2026 to December 2036 with the agreed price and compounded interest being recalculated at a flat interest rate of 4%.

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The original transaction gave rise to the creation of a financial asset whereby Tauranga City Council has a right to receive cash when the vendor exercises their option to repurchase the property. This asset is recognised as a concessionary loan. (If the vendor does not exercise their right, the land reverts to Tauranga City Council and will be recognised as land in Council's accounts).

Fair value of the concessionary loan is \$32.8m, made up of a Property Subdivision Right shown under Note 30 \$7.8m and the Fair Value of the concessionary loan \$25m (2020:\$22.3m) determined as the present value of future cash flows based on a fixed investment financing rate of 4%. In December 2020, as per the agreement, the interest rate was renegotiated to a market related rate.

The property subdivision right has been recognised. This represents the right the Council has obtained in ensuring development of this land is consistent with SmartGrowth. The initial impairment of the loan has been recognised as the amount payable for the right to use the land in its undeveloped state, which in turn created a "Property Subdivision Right" asset. The subdivision right was recognised as an intangible asset and amortised over the period the vendor was expected to exercise their option to repurchase the property.

This intangible asset was measured as the difference between the amount paid by the Council for this land and the present value of the future cash flow discounted on the option if exercised, at the difference in rate between a market overdraft rate of 8% and the agreed rate of 4% as per the amended agreement.

Council's calculation was based on the fact that the correct discount rate should reflect long run average interest rate assumptions plus risk margins and other cost margins charged to borrowers above wholesale interest rates. Council looked first at the margin for household borrowers and then added further margin to reflect that property developers are higher risk than households and the 15 year duration of fixed rate borrowing is not available to either household mortgages or property developers. This has been confirmed for us by the ANZ bank.

Council used this average interest rate and margins approach to set the 8%. Interest rates available to property developers vary over time as market interest rates and credit risks vary in response to global as well as local economic conditions. Council used for our analysis the RBNZ wholesale benchmark rate. This rate is based on everyday wholesale market pricing to which borrowing margins are added by lenders.

In our analysis we included the average margin between household mortgage rates and wholesale rates of 2.2% based on average over 15 years.

In summary the long term average residential mortgage rate is 6.75% for qualifying households (4.55% wholesale rate plus average margin for residential property mortgages of 2.2%).

Property developer rates will be higher than qualifying household mortgage rates because of higher risk. In the analysis this totals 1.25% risk premium.

The 1.25% premium recognises also that mortgage rates in NZ rarely fix above 5 years. We note the 15 year borrowing period is high risk because interest rates and land prices are variable and future land prices uncertain. Banks have previously advised us that they will fix for 5 years maximum on such transactions so that such a long term borrowing would require resetting of the rate twice during the duration.

Note 26: Investment in associate**Accounting policy**

Tauranga City Council accounts for investments in associates in the group financial statements using the equity method. An associate is an entity over which the Tauranga City Council has significant influence and is neither a subsidiary nor an interest in a joint venture. The investment in an associate which shows the carrying amount in the group financial statements is increased or decreased to recognise Tauranga City Council's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

If the share of the deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After Tauranga City Council's interest is reduced to zero, additional deficits are provided for and a liability is recognised, only to the extent that Tauranga City Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, Tauranga City Council will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the group transacts with an associate, surpluses or deficits are eliminated to the extent of the group's interest in the associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

	Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Tourism Bay of Plenty	231	212
TOTAL INVESTMENT IN ASSOCIATE	231	212

Tourism Bay of Plenty is funded by Tauranga City Council and Western Bay of Plenty District Council. Tauranga City Council accounts for its 50% interest in Tourism Bay of Plenty in the Groups accounts using the Equity Method.

(i) Movements in Carrying Amounts

	Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Balance as at 1 July	212	212
Share of Total Comprehensive Revenue and Expense	19	0
Balance before impairment	231	212
Balance at 30 June 2021	231	212

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Summarised Financial Information of Associate

	Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Assets	1,564	829
Liabilities	1,102	405
Revenues	3,728	2,954
Expenditures	(3,691)	(2,953)
Surplus/(Deficit)	37	1
Group Interest	50%	50%

Included within the above carrying value is:

	Aggregate balances		Group's portion	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
(a) Share of joint ventures' and associates' assets and liabilities				
Current assets	1,301	535	651	268
Non current assets	263	294	131	147
Total assets	1,564	829	782	415
Current liabilities	1,103	405	551	203
Non current liabilities	0	0	0	0
Total liabilities	1,103	405	551	203
NET ASSETS	461	424	231	212

	Aggregate balances		Group's portion	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
(b) Share of joint ventures' and associates' income, expenditure and results				
Income	3,728	2,954	1,864	1,477
Expenditure	(3,691)	(2,952)	(1,846)	(1,476)
Surplus before income tax	37	2	18	1
Surplus after income tax	37	2	18	1

Note 27: Other Council investments

Accounting policy

Tauranga City Council also has a 11.11% interest in Bay of Plenty Local Authority Shared Service (BOPLASS), a company set up by nine local authorities in the Bay of Plenty region. This is treated as an investment by Tauranga City Council. These are not consolidated but are accounted for as investments by Tauranga City Council.

Tauranga City Council is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA). This entity was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. As at 30 June 2021 there were 31 shareholders made up of 30 local authorities and the Crown. This is treated as an investment by Tauranga City Council and not consolidated.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Non Current Investments				
Shares in Unrelated Entities	445	391	445	391
Total Unrelated Entities	445	391	445	391
Related Party Investments				
Investment in Tauranga City Art Gallery Trust	1,000	1,000	0	0
Investment in Bay Venues Limited	84,232	84,232	0	0
Loan to Bay Venues Limited	18,273	17,112	0	0
Total Related Party Investments	103,505	102,344	0	0
New Zealand Local Government Funding Agency (NZLGFA)				
Shares in New Zealand Local Government Funding Agency	1,866	1,866	1,866	1,866
Borrower Notes New Zealand Local Government Funding Agency	9,148	9,000	9,148	9,000
New Zealand Local Government Funding Agency (NZLGFA)	11,014	10,866	11,014	10,866
Investment in Bay of Plenty Local Authority Shared Services	17	17	17	17
TOTAL OTHER COUNCIL INVESTMENTS	114,536	113,227	11,031	10,883

Investments in related parties

The carrying amounts of investments in related parties is \$85m (2020: \$85m). All Investments in related parties are investments in subsidiaries or associates of Tauranga City Council (Council Controlled Organisations).

Borrower Notes

Borrower notes are required to be held by each local authority that borrows from New Zealand Local Government Funding Agency in an amount equal to 1.6% of the aggregate borrowings by that local authority. The borrower notes mature as the underlying debt matures.

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Loans to Related Parties

The carrying amounts of loans to related parties is \$18.2m (2020: \$17m). The carrying amount approximates their fair value. Investments in Related Parties are shown at cost. All loans to related parties are loans to Council Controlled Organisations of Tauranga City Council.

Listed Shares

Listed shares are recognised at fair value. The fair value of listed shares is determined by reference to published current bid price quotations in an active market. Listed shares are included with unlisted shares under the category Shares in Unrelated Entities.

Unlisted Shares

Where possible, unlisted shares are recognised at fair value, drawn from an active market. If no quoted market prices are available and the value cannot be reliably measured, the cost price is used. Tauranga City Council has a minimal number of unlisted shares; the majority of these are shares in the New Zealand Local Government Insurance Corporation (Civic Financial Services Limited).

The carrying amount (\$20k) of shares in the New Zealand Local Government Insurance Corporation approximates their fair value.

New Zealand Local Government Funding Agency (NZLGFA)

Tauranga City Council is a shareholder of the New Zealand Local Government Funding Agency. The local authority shareholders have uncalled capital equal to their individual shareholding, which can be called if an imminent default is identified. The 30 shareholders are also guarantors of the New Zealand Local Government Funding Agency balance sheet and the borrowings of other local authorities. Refer to note 41.

As at balance date Tauranga City Council has 7.46% equity in New Zealand Local Government Funding Agency, the carrying amount of \$1,866m (2020: \$1,866m) approximates its fair value.

Note 28: Investment properties**Accounting policy**

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Properties classified as investment properties are measured initially at cost including transaction costs.

After initial recognition Tauranga City Council and group measures all investment property at fair value at each reporting date.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

**Critical accounting estimates, assumptions and judgements**

This note provides information about the estimates and assumptions applied in determining the fair value of investment properties.



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	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Balance as at 1 July	55,767	56,140	55,767	56,140
Transferred from Property, Plant and Equipment	0	1,100	0	1,100
Disposals	(62)	(627)	(62)	(627)
Transferred from Non Current Assets Held for Sale	8,268	0	8,268	0
Transferred to Non Current Assets Held for Sale	0	(3,011)	0	(3,011)
Additions	0	289	0	289
Revaluation Movement	14,683	1,874	14,683	1,874
TOTAL INVESTMENT PROPERTIES	78,656	55,765	78,656	55,765

This valuation has been undertaken based on Fair Value in accordance with International Financial Reporting Standards. NZ IFRS 13 defines Fair Value as: "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

The valuations have an as at date of 30 June 2021.

Land

All land has been valued on a fair market, highest and best use basis determined from market based evidence. Each site has been individually considered and valued in accordance with current market conditions.

Buildings

All the Council owned assets valued for this exercise are valued with reference to the market where market evidence exists.

QV have considered the highest and best use of the property when formulating which approach to undertake the building valuation with. Where market based evidence exists, structures have been valued on a current market basis in relation to market based net rates per square metre.

We have not been made aware of any buildings that are considered earthquake prone and therefore no deductions have been made.

All lessee building improvements (Non Council owned) have been excluded from this valuation if advised of them. All removable plant is excluded.

Valuation impact from Covid 19 on Investment Properties 2021 year

For the previous year's revaluation of investment property at 30 June 2020, the Council's external valuer included a statement in their valuation report that the assessed value was subject to "material valuation uncertainty" due to Covid 19.

There remains a small degree of uncertainty but the impact of Covid 19 on the economy to date not being as severe as anticipated. The market for residential properties has shown great resilience, in part due to the historic low mortgage interest rates and the ongoing lack of supply in relation to the moderate to high demand. As a general trend, values have experienced upward pressure as demand remains high.

Investment property operations				
	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Rental Income from Investment Properties	527	453	527	453
Expenses from Investment Property Generating Revenue	28	20	28	20
Expenses from Investment Property not Generating Revenue	41	98	41	98

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Note 29: Property, plant and equipment

Accounting policy

Property, plant, and equipment consist of:

Operational assets - these include land, buildings, airport facilities and operational assets, marine facilities and structures, landfill post closure, library books, plant and equipment, and motor vehicles.

Restricted assets - are mainly parks and reserves owned by the Tauranga City Council and Group that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets - are the fixed utility systems owned by Tauranga City Council. Each asset class includes all items that are required for the network to function. For example, wastewater reticulation includes reticulation piping and wastewater pump stations.

Land (operational and restricted) - is measured at fair value, and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

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 Tauranga City Council and Group and the cost of the item can be measured reliably.

In most cases 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 fair value as at the date of acquisition.

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 separately under revenue and expense. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

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



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Useful Lives

Depreciation is provided on a straight line basis on all property, plant, equipment and motor vehicles other than land, which is not depreciated, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

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

Class of Asset Depreciated	Estimated Useful Life (Years)	Depreciation Method	Class of Asset Depreciated	Estimated Useful Life (Years)	Depreciation Method
RESTRICTED ASSETS			Wastewater Reticulation		
Land	N/A	N/A	Wastewater Pipework	50-100	SL
Buildings	50-100	SL	Wastewater Pump Stations		
Parks Facilities	5-80	SL	Structures and Civil Works	30-70	SL
Improvements	10-25	SL	Electrical Controls and Cabling	1-20	SL
OPERATIONAL ASSETS			Telemetry	14-20	SL
Land	N/A	N/A	Pumps and Motors	1-20	SL
Buildings	9-100	SL	Pipework, Valves and Connections	20-50	SL
Building improvements	4-50	SL	Wastewater Treatment Plants		
Heritage	N/A	N/A	Mechanical Plant	1-20	SL
Library Books	8-20	SL	Electrical and Control Equipment	1-20	SL
Plant and Equipment	4-50	SL	Structural and Buildings	40-70	SL
Computer Equipment and Core operating systems	2.5-12	SL	Pipework and Valves	20-50	SL
Office Furniture and Equipment	4-50	SL	Stormwater Reticulation		
Motor Vehicles	4-10	SL	Stormwater Pipework	50-100	SL
Marine Assets			Stormwater - Other Assets	1-49	SL
Breakwater and Rock walls	50-100	SL	ROADING NETWORK		
Boat Ramps and Pontoons	20-70	SL	Roads less than 1,000 Vehicles per day		
Wharves	50-70	SL	Formation	Infinite	N/A
INFRASTRUCTURAL ASSETS			Pavement	96-100	SL
Water Reticulation			Surfacing	1-40	SL
Water Supply	50-100	SL	Roads more than 1,000 Vehicles per day		
Fresh Water Supply Treatment Plants			Formation	Infinite	N/A
Mechanical Plant	1-20	SL	Pavement	1-60	SL
Electrical and Control Equipment	1-20	SL	Surfacing	1-30	SL
Structural and Buildings	30-70	SL	Roading Reseals	8-15	SL
Pipework and Valves	10-50	SL	Infrastructural Assets - Bridges	50-70	SL
Generator Set	1-20	SL			
Fresh Water Supply Reservoirs					
Reservoirs and Foundation	30-70	SL			
Pipework, Valves and Connections	15-50	SL			
Telemetry and Controls	1-10	SL			

When assets are revalued, depreciation rates are overridden by the new annual depreciation rates which may be outside the range for the class of asset, to accurately reflect the useful life of the asset.

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

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Impairment

Property, plant and equipment and intangible assets subsequently measured at cost 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.

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 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. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of the impairment loss is also recognised in surplus or deficit.

Value in Use for Non Cash Generating Assets

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

For noncash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units' approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

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 and cash generating units is the present value of expected future cash flows.

Local government disclosures**Core assets**

Under the Local Government (Financial Reporting and Prudence) Regulations 2014, the Council is required to disclose information about the Group's core assets.

Tauranga City Council has applied section 6 information disclosure requirements to its core assets in Note 29 Property, Plant and Equipment.

Critical accounting estimates, assumptions and judgements



Revaluation

Land and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued on a three yearly valuation cycle, to ensure that their carrying amount does not differ materially from fair value. Revaluation is completed at least every three years on a cyclical basis.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off cycle asset classes are revalued.

Tauranga City Council accounts for revaluations of property, plant, and equipment on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expenses but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenses.

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Valuation**Land (operational, restricted and infrastructural)**

Land is valued at fair value using market based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the “unencumbered” land value where there is a designation against the land, or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensively.

The most recent valuation was performed by Quotable Value Limited, and the valuation is effective as at 1 July 2020.

Buildings, (operational and restricted)

Specialised buildings are valued at fair value using Depreciated Replacement Cost (DRC) because no reliable market data is available for such buildings. Depreciated Replacement Cost is determined using several significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non specialised buildings, (for example, residential buildings) are valued at fair value using market based evidence. Market rents and capitalisation rates were applied to reflect market value.

The most recent valuation was performed by Quotable Value Limited and the valuation is effective as at 1 July 2020.

Infrastructural asset classes: wastewater, water, stormwater (3 Waters)

Wastewater, water and stormwater infrastructural assets are valued using the Depreciated Replacement Cost method.

In order to minimise the risk of significant movement in the replacement cost of infrastructure assets, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset (NZIAV) and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience.

Asset inspections, deterioration, and condition modelling are also carried out regularly as part of asset management planning activities. These provide further assurance over useful life estimates.

The most recent valuation was performed by GHD Valuations for the 3 Waters assets. The valuation is effective 1 July 2020.

Infrastructural asset classes: transportation assets

Transportation infrastructural assets are valued using the Depreciated Replacement Cost method.

Land under roads and Rooding Corridor land were valued based on fair value provided by previous valuations in 2012 of the Rooding Network. This valuation was carried out by BECA Valuation Limited. On transition to New Zealand's External Reporting Board (XRB) International Public Sector Accounting Standards (PBE IPSAS) at 1 July 2014, the Council elected to use the fair value of land under roads and rooding corridor land as at 30 June 2012 as the deemed cost. Land under roads and rooding corridor land are no longer revalued.

Vested land under roads are not being valued.

Library collections

Library collections are valued at depreciated replacement cost in accordance with the guidelines released in 2002 by the New Zealand Library Association and the National Library. The last valuation was effective as at 30 June 2019 and prepared by Tauranga City Council staff deemed experts in their field.

Airport assets

Airport land

Airport land is valued as vacant and incorporates the influences of size contour, quality, location, zoning, designation and current and potential usage. An open market, "willing buyer, willing seller", scenario is assumed. Airport land was valued with the Council's Land and Buildings class. This was carried out by Quotable Value Limited as at 1 July 2020.

Airport infrastructure

Airport assets consist of infrastructure assets which includes the airside assets of the runways and taxiways. Airport Infrastructure improvements are valued on a depreciated replacement cost approach for specialised assets, where replacement costs are derived from construction contracts of like assets, reference to publications such as Rawlinson's Construction Handbook, recent costings obtained from construction details and Property Institute of New Zealand's cost information.

The most recent valuation was performed by BECA Projects NZ Limited. Valuation is effective 1 July 2019.

Disclosures

The airport land consists of some 225 hectares of land of which some 86 hectares is jointly owned by Tauranga City Council (TCC) and Western Bay of Plenty District Council (WBOPDC). Tauranga City Council are the legal owners of the land and Western Bay of Plenty District Council are the beneficial or equitable owners of the jointly owned land. Western Bay of Plenty District Council own 14.45% of the jointly owned land. The jointly acquired land is held by Tauranga City Council on trust for itself and Western Bay of Plenty District Council. As the legal owner Tauranga City Council must exercise its rights of ownership in terms of the trust and for the benefit of the trustees.

The terms of the trust are that Tauranga City Council may use the jointly acquired land rent free provided the land is used as an airport. If the jointly owned airport land is sold and the principal use of the land is no longer an airport then a liability to Western Bay of Plenty District Council is created for the sale price of the jointly owned land at that point.

Group recreational facilities

Pool assets consist of building and improvements, plant, machinery and chattels. Plant, machinery and chattels are revalued together with building and improvement assets as they are part of the building structures of the pool buildings.

Buildings and improvement assets are valued at fair value using Depreciated Replacement Cost method. Plant, machinery and chattels associated with pools have been valued on the "in use" basis assuming the on going economic life of the relevant facility.

The most recent valuation was performed by Quotable Value Limited, and the valuation is effective as at 1 July 2020.

Marine infrastructure assets

Marine infrastructure assets consist of wharves, jetties/pontoons, boat ramps and coastal structures owned by Tauranga City Council. The Council's marine assets are deemed specialised assets and have been assessed at fair value based on the Depreciated Replacement Cost method.

These marine assets were broken down to a component level and depreciated individually. The assets were generally valued based on construction in green field or undeveloped sites. Depreciation has been applied to depreciable assets on a straight line basis over the total assessed economic life of the asset. Land formation and earthworks have not been depreciated.

The most recent valuation was performed by Aecom Limited and the valuation is effective as at 1 July 2018.

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Parks and recreation facility assets

Parks and Recreation facilities assets consists of improvements and infrastructure assets. Reserve land has been valued by external valuers as part of the Council land and building valuation and are not part of Parks infrastructure facility asset revaluation. Parks buildings are included in Council's Land and Building class.

Parks infrastructure assets have been valued in accordance with New Zealand Infrastructure Asset Valuation and Depreciation Guidelines Manual.

The valuation process used included:

- Calculation of replacement cost, the cost of constructing a new asset into modern equivalent asset using present day technology and maintaining the original service potential.
- Optimising the asset factor out over design, over capacity and redundant assets.
- Calculation of depreciated replacement cost using the optimal factors on the gross replacement cost of the modern equivalent assets.
- Calculation of the annual depreciation on a straight line basis to delineate the degradation of the asset over its expected useful life.

The most recent valuation of Parks Infrastructure assets was performed by BECA Projects NZ Limited. Valuation effective 1 July 2019.

Other asset classes

All other asset classes are carried at depreciated book value.

Note 29: Council 2021 - Property, plant and equipment													
	Cost / Revaluation 1 Jul 2020 \$'000	Accumulated Depreciation and Impairment Charges 1 Jul 2020 \$'000	Carrying Amount 1 Jul 2020 \$'000	Current Year Additions Assets Constructed by Council \$'000	Current Year Additions Vested Assets Transferred to Council \$'000	Current Year Disposals and Impairments \$'000	Current Year Depreciation \$'000	Current Year Net Transfers \$'000	Revaluation Surplus \$'000	Cost/Revaluation 30 June 2021 \$'000	Accumulated Depreciation and Impairment charges 30 June 2021 \$'000	Carrying Amount 30 June 2021 \$'000	Replacement Cost \$'000
Council Infrastructural Assets													
Wastewater - Treatment Plants and Facilities	111,640	0	111,640	2,306	0	0	(3,476)	0	0	113,946	(3,476)	110,470	205,104
Other Wastewater Systems	485,361	0	485,361	36,347	2,416	0	(7,210)	0	0	524,124	(7,210)	516,914	660,169
Water Supply - Treatment Plants and Facilities	35,472	0	35,472	0	0	0	(1,917)	0	0	35,472	(1,917)	33,555	55,653
Other Water Supply Systems	297,926	0	297,926	1,785	2,362	0	(6,103)	0	0	302,073	(6,103)	295,970	441,629
Stormwater System	568,193	0	568,193	7,404	5,572	0	(6,323)	0	0	581,169	(6,323)	574,846	889,436
Roading Network	473,727	(19,152)	454,575	10,144	3,838	0	(10,593)	0	0	487,709	(29,745)	457,964	482,100
Roading Corridor Land	1,362,125	0	1,362,125	3,422	0	(3,222)	0	(479)	0	1,361,846	-	1,361,846	0
Other Roading Assets	111,805	(8,425)	103,380	15,214	2,767	(5,808)	(4,268)	0	0	123,978	(12,693)	111,285	269,680
Work in Progress	215,167	0	215,167	58,788	0	0	0	0	0	273,955	-	273,955	0
Total Council Infrastructural Assets	3,661,417	(27,577)	3,633,840	135,410	16,955	(9,030)	(39,890)	(479)	0	3,804,273	(67,467)	3,736,806	3,003,771
Council Restricted Assets													
Land	533,771	0	533,771	865	0	(860)	0	0	0	533,776	0	533,776	0
Buildings and Improvements	22,728	0	22,728	4,899	0	(536)	(1,267)	0	0	27,091	(1,267)	25,824	42,278
Parks Facilities	44,884	(4,125)	40,759	894	383	0	(4,247)	0	0	46,161	(8,372)	37,789	44,512
Work in Progress	17,084	0	17,084	1,403	0	0	0	0	0	18,487	0	18,487	0
Total Council Restricted Assets	618,467	(4,125)	614,342	8,061	383	(1,396)	(5,514)	0	0	625,515	(9,639)	615,876	86,790
Council Operational Assets													
Land	436,521	0	436,521	7,705	0	(8,941)	0	(13,947)	0	421,338	0	421,338	0
Buildings and Improvements	85,620	0	85,620	3,830	0	(328)	(5,443)	(19,140)	0	69,982	(5,443)	64,539	131,259
Airport Buildings and Operational Assets	47,089	(1,165)	45,924	4,913	0	0	(1,188)	0	0	52,002	(2,353)	49,649	52,121
Jetties, Wharves, Marine Facilities and Structures	41,781	(3,491)	38,290	14	0	0	(1,844)	0	0	41,795	(5,335)	36,460	85,892
Library Books	6,283	(2,318)	3,965	2,085	0	0	(657)	0	0	8,368	(2,975)	5,393	0
Heritage	2,326	(11)	2,315	0	0	0	(29)	0	0	2,326	(40)	2,286	0
Office Furniture and Equipment	37,170	(28,108)	9,062	1,952	0	(1)	(2,629)	0	0	39,121	(30,737)	8,384	0
Plant and Equipment	16,955	(10,668)	6,287	448	0	(28)	(1,047)	0	0	17,375	(11,715)	5,660	0
Motor Vehicles	4,373	(3,169)	1,204	461	0	(40)	(311)	0	0	4,794	(3,480)	1,314	0
Work in Progress	16,842	0	16,842	1,881	0	0	0	0	0	18,723	0	18,723	0
Total Council Operational Assets	694,960	(48,930)	646,030	23,289	0	(9,338)	(13,148)	(33,087)	0	675,824	(62,078)	613,746	269,272
TOTAL COUNCIL PROPERTY, PLANT AND EQUIPMENT	4,974,845	(80,632)	4,894,213	166,760	17,338	(19,764)	(58,552)	(33,566)	0	5,105,613	(139,184)	4,966,429	3,359,833

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Note 29: Consolidated 2021 (Property, plant and equipment													
	1 Jul 2020 Cost / Revaluation \$'000	Accumulated Depreciation and Impairment Charges 1 Jul 2020 \$'000	Carrying Amount 1 Jul 2020 \$'000	Current Year Additions Assets Constructed by Council \$'000	Current Year Additions Vested Assets Transferred to Council \$'000	Current Year Disposals and Impairments \$'000	Current Year Depreciation \$'000	Current Year Net Transfers \$'000	Revaluation Surplus \$'000	Cost/Revaluation 30 June 2021 \$'000	Accumulated Depreciation and Impairment charges 30 June 2021 \$'000	Carrying Amount 30 June 2021 \$'000	Replacement Cost \$'000
Consolidated Infrastructural Assets													
Wastewater - Treatment Plants and Facilities	111,640	0	111,640	2,306	0	0	(3,476)	0	0	113,946	(3,476)	110,470	205,104
Other Wastewater Systems	485,360	0	485,360	36,347	2,416	0	(7,210)	0	0	524,124	(7,210)	516,913	660,169
Water Supply - Treatment Plants and Facilities	35,472	0	35,473	0	0	0	(1,917)	0	0	35,472	(1,917)	33,555	55,653
Other Water Supply Systems	297,926	0	297,926	1,785	2,362	0	(6,103)	0	0	302,073	(6,103)	295,970	441,629
Stormwater System	568,193	0	568,193	7,404	5,572	0	(6,323)	0	0	581,169	(6,323)	574,846	889,436
Roading Network	473,727	(19,152)	454,575	10,144	3,838	0	(10,593)	0	0	487,709	(29,745)	457,964	482,100
Roading Corridor Land	1,362,125	0	1,362,125	3,422	0	(3,222)	0	(479)	0	1,361,846	0	1,361,846	0
Other Roading Assets	111,805	(8,425)	103,380	15,214	2,767	(5,808)	(4,268)	0	0	123,978	(12,693)	111,285	269,680
Work in Progress	215,167	0	215,167	58,788	0	0	0	0	0	273,955	0	273,955	0
Total Consolidated Infrastructural Assets	3,661,416	(27,577)	3,633,839	135,410	16,955	(9,030)	(39,890)	(479)	0	3,804,273	(67,467)	3,736,805	3,003,771
Consolidated Restricted Assets													
Land	533,771	0	533,771	865	0	(860)	0	0	0	533,776	0	533,776	0
Buildings and Improvements	22,728	0	22,728	4,899	0	(536)	(1,267)	0	0	27,091	(1,267)	25,824	42,278
Parks Facilities	44,884	(4,125)	40,759	894	383	0	(4,247)	0	0	46,161	(8,372)	37,789	44,512
Work in Progress	17,084	0	17,084	1,403	0	0	0	0	0	18,487	0	18,487	0
Total Consolidated Restricted Assets	618,467	(4,125)	614,342	8,061	383	(1,396)	(5,514)	0	0	625,515	(9,639)	615,876	86,790
Consolidated Operational Assets													
Land	439,996	0	439,996	7,705	0	(8,941)	0	(13,947)	490	425,303	0	425,303	0
Buildings and Improvements	197,629	(926)	196,703	4,873	0	(328)	(8,477)	(19,140)	335	183,369	(9,403)	173,966	326,358
Airport Buildings and Operational Assets	47,089	(1,165)	45,924	4,913	0	0	(1,188)	0	0	52,002	(2,353)	49,649	52,121
Jetties, Wharves, Marine Facilities and Structures	41,781	(3,491)	38,290	14	0	0	(1,844)	0	0	41,795	(5,335)	36,460	85,892
Library Books	6,283	(2,318)	3,965	2,085	0	0	(657)	0	0	8,368	(2,975)	5,393	0
Heritage	3,859	(11)	3,848	66	0	0	(29)	0	292	4,217	(40)	4,177	0
Office Furniture and Equipment	40,210	(29,811)	10,399	3,599	0	(8)	(3,198)	0	0	43,801	(33,009)	10,792	0
Plant and Equipment	36,829	(14,941)	21,888	1,773	0	(54)	(3,084)	0	2,309	35,304	(12,472)	22,832	0
Motor Vehicles	4,846	(3,317)	1,529	748	0	(81)	(381)	0	0	5,513	(3,698)	1,815	0
Work in Progress	18,076	0	18,076	1,708	0	0	0	0	0	19,784	0	19,784	0
Total Consolidated Operational Assets	836,598	(55,980)	780,618	27,484	0	(9,412)	(18,858)	(33,087)	3,426	819,456	(69,285)	750,171	464,371
TOTAL CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT													
	5,116,482	(87,682)	5,028,800	170,955	17,338	(19,838)	(64,262)	(33,566)	3,426	5,249,244	(146,391)	5,102,852	3,554,932

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Note 29: Council 2020 - Property, plant and equipment

	Cost Revaluation 30-Jun-19 \$'000	Accumulated Depreciation and Impairment Charges 30-Jun-19 \$'000	Carrying Amount 30-Jun-19 \$'000	Current Year Additions Assets Constructed by Council \$'000	Vested Assets Transferred to Council \$'000	Current Year Disposals and Impairments \$'000	Current Year Depreciation \$'000	Current Year Net Transfers \$'000	Asset value adjustment \$'000	Revaluation Surplus \$'000	Cost/Revaluation 30-Jun-20 \$'000	Accumulated Depreciation and Impairment charges 30-Jun-20 \$'000	Carrying Amount 30-Jun-20 \$'000	Replacement Cost \$'000
Council Infrastructural Assets														
Wastewater - Treatment Plants and Facilities	62,297	(2,083)	60,214	178	0	0	(2,169)	0	(2,184)	55,601	111,640	0	111,640	132,101
Other Wastewater Systems	350,672	(6,288)	344,384	4,484	1,642	0	(6,827)	0	40,124	101,554	485,361	0	485,361	433,702
Water Supply - Treatment Plants and Facilities	26,445	(1,649)	24,796	0	0	0	(1,672)	0	1,698	10,650	35,472	0	35,472	132,101
Other Water Supply Systems	248,949	(4,547)	244,402	835	1,110	0	(4,858)	0	(956)	57,393	297,926	0	297,926	433,702
Stormwater System	448,734	(4,566)	444,168	867	1,198	0	(4,943)	0	(1,367)	128,270	568,193	0	568,193	516,744
Roading Network	448,900	(9,223)	439,677	11,234	1,377	0	(9,929)	0	12,216	0	473,727	(19,152)	454,575	482,100
Roading Corridor Land	1,360,565	0	1,360,565	4,905	379	0	0	0	(3,724)	0	1,362,125	0	1,362,125	482,100
Other Roading Assets	123,781	(3,755)	120,026	3,853	1,549	0	(4,670)	203	(17,581)	0	111,805	(8,425)	103,380	269,680
Work in Progress	149,529	0	149,529	77,414	8,095	(19,871)	0	0	-	0	215,167	0	215,167	0
Total Council Infrastructural Assets	3,219,872	(32,111)	3,187,761	103,770	15,350	(19,871)	(35,068)	203	28,226	353,468	3,661,416	(27,577)	3,633,839	2,400,129
Council Restricted Assets														
Land	383,403	0	383,403	7,910	3,110	0	0	0	(19,748)	159,096	533,771	0	533,771	0
Buildings and Improvements	21,021	(1,438)	19,583	3,370	0	(1,421)	(860)	0	(1,780)	3,836	22,728	0	22,728	24,312
Parks Facilities	67,697	(13,184)	54,513	3,101	143	176	(4,125)	35	1,383	(14,467)	44,884	(4,125)	40,759	44,512
Work in Progress	10,648	0	10,648	6,436	0	0	0	0	-	0	17,084	0	17,084	0
Total Council Restricted Assets	482,769	(14,622)	468,147	20,817	3,253	(1,245)	(4,985)	35	(20,145)	148,465	618,467	(4,125)	614,342	68,824
Council Operational Assets														
Land	393,462	0	393,462	2,044	0	(1,293)	0	(1,303)	(14,680)	58,291	436,521	0	436,521	0
Buildings and Improvements	84,308	(9,853)	74,455	3,720	0	(1,957)	(5,073)	(20)	10,029	4,466	85,620	0	85,620	136,795
Airport Buildings and Operational Assets	41,894	(3,682)	38,232	1,097	0	0	(1,165)	(182)	(139)	8,081	47,089	(1,165)	45,924	52,121
Jetties, Wharves, Marine Facilities and Structures	41,905	(1,713)	40,192	1,720	0	0	(1,778)	0	(1,844)	0	41,781	(3,491)	38,290	85,892
Library Books	3,709	(1,661)	2,048	0	0	0	(657)	0	2,574	0	6,283	(2,318)	3,965	0
Heritage Assets	2,152	0	2,152	176	0	0	(11)	0	(2)	0	2,326	(11)	2,315	0
Office Furniture and Equipment	40,666	(25,311)	15,355	2,462	0	(236)	(2,797)	142	(5,864)	0	37,170	(28,108)	9,062	0
Plant and Equipment	14,703	(9,499)	5,204	801	0	(118)	(1,169)	49	1,520	0	16,955	(10,668)	6,287	0
Motor Vehicles	3,121	(2,886)	235	1,294	0	(9)	(283)	(24)	(9)	0	4,373	(3,169)	1,204	0
Work in Progress	20,917	0	20,917	4,925	0	(9,000)	0	0	0	0	16,842	0	16,842	0
Total Council Operational Assets	646,838	(54,585)	592,253	18,239	0	(12,613)	(12,933)	(1,338)	(8,415)	70,838	694,960	(48,930)	646,030	274,808
TOTAL COUNCIL PROPERTY, PLANT AND EQUIPMENT														
	4,349,476	(101,318)	4,248,158	142,826	18,603	(33,729)	(52,986)	(1,100)	(334)	572,771	4,974,844	(80,632)	4,894,211	2,743,761

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Note 29: Consolidated 2020 - Property, plant and equipment												
	30 Jun 2019 Cost/Revaluation \$'000	Accumulated Depreciation and Impairment Charges 30 Jun 2019 \$'000	Carrying Amount 30 Jun 2019 \$'000	Current Year Additions Assets Constructed by Council \$'000	Current Year Additions to Council \$'000	Current Year Disposals and Impairments \$'000	Current Year Depreciation \$'000	Current Year Net Transfers \$'000	Asset value adjustment \$'000	Revaluation Surplus \$'000	Cost/Revaluation 30 Jun 2020 \$'000	Accumulated Depreciation and Impairment Charges 30 Jun 2020 \$'000
Consolidated Infrastructural Assets												
Wastewater - Treatment Plants and Facilities	62,297	(2,083)	60,214	178	0	0	(2,169)	0	(2,184)	55,601	111,640	0
Other Wastewater Systems	350,673	(6,288)	344,385	4,484	1,642	0	(6,827)	0	40,124	101,554	485,362	0
Water Supply - Treatment Plants and Facilities	26,445	(1,649)	24,796	0	0	0	(1,672)	0	1,698	10,650	35,472	0
Other Water Supply Systems	248,949	(4,547)	244,402	835	1,110	0	(4,858)	0	(956)	57,993	297,926	0
Stormwater System	448,734	(4,566)	444,168	867	1,198	0	(4,943)	0	(1,367)	128,270	568,193	0
Roadway Network	448,900	(9,223)	439,677	11,234	1,377	0	(9,829)	0	12,216	0	473,727	(19,152)
Roadway Corridor Land	1,360,565	0	1,360,565	4,905	379	0	0	0	(3,724)	0	1,362,125	0
Other Roadway Assets	123,781	(3,755)	120,026	3,853	1,549	0	(4,670)	203	(17,581)	0	111,805	(8,425)
Work in Progress	149,529	0	149,529	77,414	8,095	(19,871)	0	0	-	0	215,167	0
Total Consolidated Infrastructural Assets	3,219,873	(32,111)	3,187,762	103,770	15,350	(19,871)	(35,068)	203	28,226	353,468	3,661,417	(27,577)
Consolidated Restricted Assets												
Land	383,403	0	383,403	7,910	3,110	0	0	0	(19,748)	159,096	533,771	0
Buildings and Improvements	21,021	(1,438)	19,583	3,370	0	(1,421)	(860)	0	(1,780)	3,836	22,728	0
Parks Facilities	67,698	(13,184)	54,514	3,101	0	176	(4,125)	35	1,383	0	44,884	(4,125)
Work in Progress	10,648	0	10,648	6,436	143	0	0	0	-	(14,467)	17,084	0
Total Consolidated Restricted Assets	482,770	(14,622)	468,148	20,817	3,253	(1,245)	(4,885)	35	(20,145)	148,465	618,467	(4,125)
Consolidated Operational Assets												
Land	396,937	0	396,937	2,044	0	(1,293)	0	(1,303)	(14,680)	58,291	439,996	0
Buildings and Improvements	183,889	(6,253)	177,636	4,866	0	(1,975)	(9,599)	(20)	10,029	15,766	197,629	(926)
Airport Buildings and Operational Assets	41,894	(3,662)	38,232	1,097	0	0	(1,165)	(182)	(139)	8,081	47,089	(1,165)
Jetties, Wharves, Marine Facilities and Structures	41,905	(1,713)	40,192	1,720	0	0	(1,778)	0	(1,844)	0	41,781	(3,491)
Library Books	3,709	(1,661)	2,048	0	0	0	(657)	0	2,574	0	6,283	(2,318)
Heritage	3,685	0	3,685	176	0	0	(11)	0	(2)	0	3,859	(11)
Office Furniture and Equipment	43,182	(26,515)	16,667	2,975	0	(268)	(3,296)	142	(5,821)	0	40,210	(29,811)
Plant and Equipment	30,129	(11,906)	18,223	5,368	0	(237)	(3,035)	49	1,520	-	36,829	(14,941)
Motor Vehicles	3,445	(2,995)	450	1,507	0	(73)	(322)	(24)	(9)	-	4,846	(3,317)
Work in Progress	23,032	0	23,032	4,044	0	(9,000)	0	0	-	-	18,076	0
Total Consolidated Operational Assets	771,807	(54,705)	717,102	23,797	0	(12,946)	(19,863)	(1,336)	(8,372)	82,138	836,598	(55,980)
TOTAL CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT	4,474,450	(101,438)	4,373,012	148,384	18,603	(33,962)	(59,916)	(1,100)	(291)	584,071	5,116,482	(87,682)
											780,618	5,028,800
												2,743,761

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Council - Work in progress

Accounting policy

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



	Council		Consolidated	
	Actual 30 June 2021 \$000	Actual 30 June 2020 \$000	Actual 30 June 2021 \$000	Actual 30 June 2020 \$000
PROPERTY, PLANT AND EQUIPMENT WORK IN PROGRESS				
Council Infrastructural Assets				
Wastewater - Treatment Plants and Facilities	11,412	38,088	11,412	38,088
Other Wastewater Systems	14,776	13,548	14,776	13,548
Water Supply - Treatment Plants and Facilities	110,255	31,915	110,255	31,915
Other Water Supply Systems	42,656	54,958	42,656	54,958
Stormwater System	24,682	28,051	24,682	28,051
Road Network	51,738	40,581	51,738	40,581
Road Corridor Land	1,323	139	1,323	139
Other Road Assets	17,033	7,887	17,033	7,887
Total	273,875	215,167	273,875	215,167
Council Restricted Assets				
Land	916	210	916	210
Buildings and Improvements	4,672	3,265	4,672	3,265
Park Facilities	12,899	13,609	12,899	13,609
Total	18,487	17,084	18,487	17,084
Council Operational Assets				
Land	4,205	9,639	4,205	9,639
Buildings and improvements	3,452	2,184	4,074	2,901
Airport Buildings and Operational Assets	52	843	52	843
Jetties, Wharves, Marine Facilities and Structures	1,669	478	1,669	478
Library Books	0	1,113	0	1,113
Heritage	1	1	1	1
Office Furniture and Equipment	2,354	1,509	2,506	1,596
Plant and Equipment	6,934	1,060	7,222	1,382
Vehicles - Motor and Electric	135	15	0	60
Total Operational Assets Work In Progress	18,802	16,842	19,729	18,013
Total Property, Plant and Equipment Work In Progress	311,164	249,093	312,091	250,264
INTANGIBLE WORK IN PROGRESS				
Software	11,887	11,147	11,887	11,147
TOTAL WORK IN PROGRESS	323,051	260,240	323,978	261,411

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Insurance of assets

Local government disclosures

Under the Local Government Act 2002, the Council is required to disclose the following information on insurance of the Group's assets as at 30 June 2021.

Disclosure as required under Local Government Amendment (No3) Act.



	Carrying Amounts 30 June 2021 \$'000	Insured Amounts 30 June 2021 \$'000	Carrying Amounts 30 June 2020 \$'000	Insured Amounts 30 June 2020 \$'000
Assets Covered by Insurance Contracts				
Infrastructural Assets				
Wastewater - Treatment Plants and Facilities	110,470	73,915	56,039	73,915
Water Supply - Treatment Plants and Facilities	33,555	63,121	24,823	63,121
Other Water Supply Systems*	295,970	440,678	240,533	444,973
Other Wastewater Systems*	516,914	47,095	383,802	45,815
Stormwater Systems*	574,846	239	439,923	239
Bridges	15,133	69,500	22,985	69,501
Total Infrastructural Assets Insurance Coverage	1,531,755	694,548	1,168,105	697,564
Operational Assets				
Buildings and Improvements	90,363	597,526	199,908	561,242
Airport Buildings and Operational Assets	49,649	0	45,924	0
Jetties, Wharves, Marine Facilities and Structures	36,460	0	38,290	0
Library books	5,393	0	3,965	0
Heritage	2,286	0	3,847	0
Office Furniture and Equipment	8,384	0	10,409	0
Plant and Equipment	5,660	0	21,891	0
Work in Progress	311,165	0	250,262	0
Motor Vehicles	1,314	6,673	1,533	5,573
Forestry	9,400	1,235	9,872	3,100
Total Operational Assets Insurance Coverage	520,074	605,434	585,901	569,915
Total Assets Covered by Insurance Contracts	2,051,829	1,299,982	1,754,006	1,267,479
Financial Risks Sharing Arrangements Assets				
Roadway Corridor Land	1,361,846	0	1,362,125	0
Other Roadway Assets	96,152	0	80,395	0
Land	955,114	0	756,305	0
Parks Facilities	37,789	0	40,760	0
Roadway Network	457,964	0	454,575	0
Total Financial Risks Sharing Arrangements	2,908,865	0	2,694,160	0
TOTAL INSURANCE OF ASSETS	4,960,694	1,299,982	4,448,166	1,267,479

The insurance cover is for Council and the group.

* Underground assets are covered under separate cover for \$380m (2020:\$380m). This amount has been included in the "Other Water Supply Systems" insured amount for ease of presentation but applies to all underground assets.

Note 30: Intangible assets

Accounting policy



Intangible assets are initially recorded at cost. Where acquired in a business combination, the cost is the fair value at the date of acquisition. The cost of an internally generated intangible asset represents expenditure incurred in the development phase.

Subsequent to initial recognition, intangible assets with finite useful lives are recorded at cost, less any amortisation and impairment losses and are reviewed annually for impairment losses. Amortisation of intangible assets is provided on a straight line basis that will write off the cost of the intangible asset to estimated residual value over their useful lives. Assets with indefinite useful lives are not amortised but are tested, at least annually, for impairment and are carried at cost less accumulated impairment losses.

Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Impairment losses resulting from impairment are reported in the Statement of Comprehensive Revenue and Expense.

Realised gains and losses arising from the disposal of intangible assets are recognised in the Statement of Comprehensive Revenue and Expense in the year in which the disposal occurs.

Intangible Assets Comprise:

Software Acquisition and Development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs directly associated with the development of identifiable and unique software products in house are recognised as an asset.

Property Subdivision Rights

Council has a property subdivision right in terms of the land block referred to as Te Tumu. This has been recognised as an intangible asset and is being amortised over the period of the agreement. Refer to note 25.

Easements and Access Rights

Easements and Access Rights are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements used for access to Council infrastructure assets are included in Property, Plant and Equipment and easements used by Council for access to restricted assets such as reserves are included as part of intangible assets.

Where easements have an indefinite useful life, they are not amortised. These are capitalised to the asset to which they belong. They are tested for impairment as part of the regular asset impairment testing.

The access rights are recognised as an intangible asset and amortised over the life of the access.

Access Rights have a definite life and are amortised over the life of the right given.

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Carbon Credits

Purchased carbon credits are recognised at cost on acquisition. Carbon credits allocated by the Crown are recognised at fair value on receipt.

Carbon credits held are revalued each year and the resulting movement is put through the Surplus and deficit. Carbon credits were revalued using the latest carbon credit market trading price as at 30 June 2021, as quoted by Carbon News.

They are derecognised when they are used to satisfy carbon credit emission obligations. Any costs associated with maintaining New Zealand Units (NZU) are recognised as an expense when incurred.

Useful Lives

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

Class of Intangible Asset	Estimated Useful Life (Years)	Amortisation Rates
Acquired Computer Software	4	25%
Core Systems Software	4 - 7	14.3%-25%
Access Rights	8 - 50	2%-12%

Impairment

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

Intangible assets subsequently measured at cost 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.

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 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. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Computer software

Computer software is purchased from independent external suppliers.

Easements and access rights

Right of access is the cost of the Tauranga City Council contributions to community infrastructure (buildings) within the city which Tauranga City Council does not own, but the community has access to use. Easements provide Council with access to infrastructural assets for an indefinite time period.

Property subdivision rights

The initial impairment of the Te Tumu concessionary loan was recognised as the amount payable for the right to use the Te Tumu land in its undeveloped state, which in turn created a "Property Subdivision Right" asset. The asset is recognised as an intangible asset and amortised over the period of the loan agreement amended to 15 years under the new agreement. The vendors' right to repurchase the property was extended to 2036 from 2026 under the Council's Long-term Plan.

See Note 25.

Emissions trading scheme

Pre 1990 Forest:

Owners of pre 1990 forests may opt to join the Emissions Trading Scheme (ETS) and are allocated New Zealand Units (NZU's) based on the size of the forested area in tree tranches. Pre 1990 forests are forests that were established before 1 January 1990. New Zealand Units cannot be earned for an increase in the carbon stock (through forest growth) in a pre 1990 forest, but, provided that pre 1990 forests are re established after harvesting (either by replanting or regeneration) there are no liabilities or obligations under Emissions Trading Scheme. However, landowners must surrender New Zealand Units equivalent to the carbon emissions from any deforestation.

Tauranga City Council was allocated New Zealand Units relating to 157 hectares of the forested land surrounding its water catchments and reservoirs during 2015. Tauranga City Council and Western Bay of Plenty District Council were allocated New Zealand Units in relation to 906 hectares of forested land within the TECT All Terrain Park which they share on a 50/50 basis.

Carbon Credits

New Zealand Units have been assessed as having an indefinite useful life because they have no expiry date but will continue to have economic benefit if the Emissions Trading Scheme is in place.

New Zealand Units are revalued annually by reference to published current price quotations in an active market. Movements in the value of New Zealand Units are shown in Surplus/(Deficit).

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Note 30: Intangible assets - 2021									
	COUNCIL					CONSOLIDATED			
	Computer Software \$'000	Right Of Access \$'000	Property Subdivision Rights \$'000	Carbon Credits \$'000	Work in Progress \$'000	Council Total \$'000	Subsidiaries Computer Software \$'000	Consolidated Total \$'000	
Cost									
Balance as at 1 July 2020	12,603	10,736	3,061	915	11,147	38,462	1,763	40,225	
Additions	9,163	0	7,782	0	740	17,685	442	18,127	
Disposals	0	0	0	0	0	0	0	0	
Transfers	0	673	(739)	0	0	(66)	(15)	(81)	
Revaluation	0	0	0	328	0	328	0	328	
Balance as at 30 June 2021	21,766	11,409	10,104	1,243	11,887	56,409	2,190	58,599	
Accumulated Amortisation and Impairment									
Balance as at 1 July 2019	16,917	4,812	3,061	659	4,605	30,054	1,729	31,783	
Additions	5,154	5,924	0	0	6,542	17,620	36	17,656	
Disposals	(9,468)	(2)	0	0	0	(9,470)	(2)	(9,472)	
Revaluation	0	0	0	256	0	256	0	256	
Balance as at 30 June 2020	12,603	10,734	3,061	915	11,147	38,460	1,763	40,223	
Accumulated Amortisation and Impairment									
Balance as at 1 July 2020	(5,276)	(903)	(2,282)	0	0	(8,461)	(1,307)	(9,768)	
Amortisation adjustment	0	0	0	0	0	0	0	0	
Amortisation Charge	(3,634)	3	(304)	0	0	(3,935)	(156)	(4,091)	
Balance as at 30 June 2021	(8,910)	(900)	(2,586)	0	0	(12,396)	(1,463)	(13,859)	
Balance as at 1 July 2019	(11,427)	(824)	(2,170)	0	0	(14,421)	(1,119)	(15,540)	
Amortisation Charge Written Back on Disposal	8,921	0	0	0	0	8,921	0	8,921	
Amortisation Charge	(2,770)	(79)	(112)	0	0	(2,961)	(188)	(3,149)	
Balance as at 30 June 2020	(5,276)	(903)	(2,282)	0	0	(8,461)	(1,307)	(9,768)	
Carrying Amounts									
Balance as at 30 June 2019	5,490	3,988	891	659	4,605	15,633	610	16,243	
Balance as at 30 June 2020	7,327	9,831	779	915	11,147	29,999	456	30,455	
Balance as at 30 June 2021	12,856	10,509	7,518	1,243	11,887	44,013	727	44,740	

Note 31: Forestry assets

Accounting policy

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs, and silvicultural costs and takes into consideration environmental, operational, and market restrictions.

All current forests have been valued on a going concern basis.

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

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



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Balance as at 1 July	9,872	10,641	9,872	10,641
(Decreases)/Increases due to Revaluation	(848)	(354)	(848)	(354)
Gains Arising from Changes Attributable to Physical Changes	768	785	768	785
Decreases due to Harvest	(392)	(1,200)	(392)	(1,200)
Total Forestry Assets Balance as at 30 June 2021	9,400	9,872	9,400	9,872

The change in value of forestry assets is recorded as Other Gains in note 14.

The most recent valuation of Forestry assets is as at 30 June 2021. The Forest crop assets held in Tauranga City Council water catchments and TECT All Terrain Park forest were valued by Registered Valuer Peter Auge from Interpine Group Limited.

The two areas of forest valued by Interpine have been approached individually. The approach to non radiata species is different because the TECT forest area contains other exotic species that can be harvested while this is not the case for the water catchment area which only consists of Radiata.

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(A) Forestry assets water catchments

The Council owns a total of 307 hectares of forestry assets surrounding its water catchments and within the TECT All Terrain Park. Of the total area of forest within the TECT All Terrain Park, 431 hectares are stocked, and Tauranga City Council owns 50% of these.

The forestry assets have no restrictions on title or any known pledges against them.

The forest consists of:

Tree species	TECT All Terrain Park Total	Tauranga City Council Share of TECT Forest	Water Catchment Areas	Total
Hectares				
Pinus Radiata	357	179	86	265
Douglas Fir	48	24	0	24
Other Species	26	13	5	18
Total hectares 2021	431	216	91	307
Total Value 2021 \$'000's	9,705	4,852	4,548	9,400
Total Hectares 2020	437	219	96	315
Total Value 2020 \$'000's	9,795	4,897	4,975	9,872

(B) TECT All Terrain Park Forest

TECT All Terrain Park is located on State Highway 36 between Rotorua and Tauranga. TECT All Terrain Park consists of 5 compartments subdivided into 58 stands totalling 906 hectares. Of these stands 18 are under forest right agreements and are not included in this valuation. Of the 40 remaining stands only, those classified for production and harvest are valued. The production management regime stands, 28 in total, have a net stocked area of 431 hectares. Three temporarily unplanted stands are not valued.

Pinus radiata accounts for 356 hectares (2020 363 hectares) of the tree crop. The total value of the forestry stands at 30 June 2021 is \$9.7 million (2020 \$9.8m) of which Council owns 50%.

Independent registered valuer, Peter Auge from Interpine Group Limited, valued the TECT All Terrain Forest as at 30 June 2021. The estimated value of the forest is exclusive of GST, land value and tax.

Valuation

The Standards applied in this valuation are the PBE IPSAS 27 as issued by the External Reporting Board (XRB) and the Forest Valuation Standards issued by the NZ Institute of Forestry. As such the following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- The valuation considers only the costs and revenues associated with the current crop (single rotation).
- An appropriate discount rate is derived based on evidence from industry practice.
- An average pre tax discount rate of 7.3% (2020: 7.6%) has been used in valuing the forest crops.
- A land rental cost is charged against the tree crop value for each stand until harvested.
- Wood flow is based on a presumed harvest schedule for a typical forest owner and not specific to the current owner.
- Costs are based on industry standard management and operational requirements.
- Logs processed are based on market rates and forecast based on best estimates of future supply and demand.
- Uncropped areas awaiting replanting contribute no value to the tree crop but have a potential value in forestry which is accounted for in the land value.

The method used to measure the *Pinus radiata* tree crops in this valuation is the Expectation method. The Expectation method employs a conventional discounting approach to determine the present value of future cash flows. Previous expenditure on the forest is treated as sunk costs and are excluded from the valuation determination.

Interpine varied the methodology on valuing young *radiata* stands to a discounted cash flow basis instead of compounding cost approach to allow for better analysis of year to year change. This change has little effect on the total valuation.

Non *radiata* tree crops have been valued using a compounded cost methodology. Here a fair value is determined to be the compounded cost of the operations required to grow each crop to its current age.

(C) Forest within water catchment areas

Tauranga City Council's forests are located in the Tauranga City Council water supply catchments close to State Highway 36 on the outskirts of Tauranga, Tauranga City Council has 7 forests comprising of 36 productive (*Pinus radiata*) compartments totalling 90.9 hectares. Native bush and *Acacia melanoxylon* compartments are deemed to have no crop value and are not valued.

Net stocked area has decreased in the 2021 financial year due to the removal of the Athenree Forest. No harvesting has taken place. Natural regeneration has taken place in all old harvest areas but this is not valued.

Independent Registered Valuer Peter Auge of Interpine Group Ltd valued the Tauranga City Council owned forest as at 30 June 2021.

The Standards applied in this valuation are PBE IPSAS 27 issued by the External Reporting Board (XRB) for an agricultural asset and the Forest Valuation Standards issued by the NZ Institute of Forestry. As such the following considerations have been made in formulating this valuation.

The valuation considers only the costs and revenues associated with the current crop (single rotation).

- An appropriate discount rate is derived based on evidence from industry practice.
- Non *radiata* tree crops have been valued using a compounded cost methodology.
- A land rental cost is charged against the tree crop value for each stand until harvested.
- Costs are based on industry standard management and operational requirements.
- Wood flow is based on a presumed harvest schedule for a typical forest owner and not specific to the current owner.
- Log prices are based on market rates and forecasted based on best estimates of future supply and demand.
- Land value, rates and insurance are excluded from the valuation.
- An average pre tax discount rate of 7.3% (2020: 7.6%) has been used in valuing the forest crops.
- Unstocked areas awaiting replanting contribute no value to the tree crop but have a potential value in forestry which is accounted for in the land value.
- Land related costs and the impact of any potential cost or gain from carbon credits are not included in the valuation.
- The expected net returns from harvesting are based on current prices.

No biological assets are pledged as security for liabilities. Biological assets are deemed to be of a consumable nature.

Financial Risk Management Strategies

The Council is exposed to financial risks arising from changes in timber prices. The forest crops owned by the Council and group are held primarily for conservation purposes and are not intended to be logged and sold in substantial portions in order to earn income.

Therefore, no measures have been taken to manage the risks of a decline in timber prices. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

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Note 32: Payables and deferred revenue

Accounting policy

Short term creditors and other payables are recorded at their face value and are non interest bearing. They are normally settled on 30 day terms; therefore, the face value of creditors and other payables approximates their fair value.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Total Creditors and Other Payables	85,304	101,100	87,627	102,500
Payables and Deferred Revenue from Exchange Transactions				
From Exchange Transactions				
Trade Payables	28,954	0	29,198	71
Accrued - Other Expenses	23,987	28,774	26,016	28,390
Income in advance	1,726	1,304	1,726	1,304
Accrued Interest on Borrowings	1,471	1,537	1,471	1,537
Total Payables and Deferred Revenue from Exchange Transactions	56,138	31,615	58,461	31,302
From Non Exchange Transactions				
Accrued - Other Expenses	2,485	3,022	2,485	3,938
Deferred Revenue	5,005	5,572	5,005	5,572
Rates in Advance	20,396	18,698	20,396	18,698
Other Payables	1,280	42,193	1,280	42,870
GST Payable	0	0	0	119
Total Payables and Deferred Revenue from Non Exchange Transactions	29,166	69,485	29,166	71,197
TOTAL PAYABLES AND DEFERRED REVENUE FROM EXCHANGE AND NON EXCHANGE TRANSACTIONS	85,304	101,100	87,627	102,499

Note 33: Employee entitlement liabilities**Accounting policy**

Provision is made in respect of Tauranga City Council's liability for salaries, wages, annual leave, long service leave and gratuities, accrued up to balance date.

**Short Term Employee Entitlements**

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

A liability and an expense are recognised for bonuses where the Council or group has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long Term Employee Entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, 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 and vested long service leave are classified as a current liability. 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.

Sick leave, 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.

Superannuation Schemes**(i) Defined Contribution Schemes**

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

(ii) Defined Benefit Schemes

Tauranga City Council makes employer contributions to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi employer defined benefit scheme. See Note 41.

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	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Employee Entitlements				
Accrued Pay	1,378	1,113	1,945	1,855
Annual Leave	4,455	4,224	5,114	4,977
Long Service Leave	127	94	127	94
Total Employee Entitlements	5,960	5,431	7,186	6,926
Current Portion - Employee Entitlements				
Accrued Pay	1,378	1,113	1,945	1,855
Annual Leave	4,455	4,224	5,114	4,977
Long Service Leave	127	94	127	94
Total Current Portion - Employee Entitlements	5,960	5,431	7,186	6,926

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Note 34: Deposits held

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
General Deposits	6,815	3,362	6,836	3,375
Site Development Bonds	2,787	2,811	2,787	2,811
TOTAL DEPOSITS HELD	9,602	6,173	9,623	6,186

Note 35: Revenue in advance developer contributions and other

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Developer Contributions				
Stormwater	(780)	(307)	(780)	(307)
Wastewater	(1,907)	(1,665)	(1,907)	(1,665)
Water Supply	343	386	343	386
Roading	6,014	6,331	6,014	6,331
Parks and Recreation	70	70	70	70
Developer Contributions Received in Advance	3,740	4,815	3,740	4,815
Crown Infrastructure Partner Funding	6,031	0	6,031	0
Other Revenue in Advance	792	560	1,435	1,768
TOTAL REVENUE IN ADVANCE DEVELOPER CONTRIBUTIONS AND OTHER	10,563	5,375	11,206	6,583

Development Contribution revenue received in advance represents the value of assets vested to Tauranga City Council in excess of the value of Development Contributions owing to Council, under a works in lieu agreement with a developer. The works in lieu agreement allows for the developer to construct local infrastructure and vest this to Council rather than Council charging local development contributions for subdivisions and building the infrastructure itself.

The Council received Crown Infrastructure Partner (CIP) funding of \$7.46m which must be repaid if not spent by March 2022. This is half of the \$14.9m approved CIP funding along with a further \$1m Crown funding, for a total of 26 projects. The second half of the approved funding can be applied for in March 2022.

Works included in the Works in Lieu agreement are now complete and all assets related to their agreement have been vested.

Works in lieu agreement consists of the following: Development Contributions owing to Council at 30 June 2021 totalled \$16m (2020: \$16m) and assets vested to Council totalled \$28m (2020: \$28m).

Development Contribution Fees Owing	(\$16m)
Assets Vested to Council	\$28m
Less Reimbursements	(\$8.3m)
Total Works in Lieu	\$3.7m

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Note 36: 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 Tauranga City Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date, or if the borrowings are expected to be settled within 12 months of balance date.

Council's borrowings are regularly reviewed to establish their effect on the going concern assumption. Management reviews its borrowings and liquidity to ensure compliance with set ratios, Council remains solvent and that its debt repayments can be met. Future economic impacts are assessed for potential impact on Council's ability to carry on its primary objectives.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Borrowings				
Maturing under 1 year	66,012	54,079	67,012	55,079
Maturing in 1-2 years	55,878	63,889	55,878	63,889
Maturing in 2-3 years	55,724	53,812	55,724	53,812
Maturing in 3-4 years	50,829	52,669	50,829	52,669
Maturing in 4-5 years	55,772	45,000	55,772	45,000
Maturing in 5+ years	351,158	270,250	351,158	270,250
TOTAL BORROWINGS	635,373	539,699	636,373	540,699
Weighted Average Interest on Outstanding Borrowings (actual as at balance date)	2.99%	3.78%	2.99%	3.78%
Current Portion				
Current Portion of Borrowings	0	0	1,000	1,000
Current Portion - Local Government Funding Agency	60,000	50,000	60,000	50,000
Current Portion - Housing Infrastructure Fund	6,012	4,079	6,012	4,079
Total Current Portion	66,012	54,079	67,012	55,079
Non Current Portion				
Non Current - Wholesale Borrowing	12,032	0	12,032	0
Non Current Portion - Local Government Funding Agency	455,218	475,250	455,218	475,250
Non Current Portion - Housing Infrastructure Fund	102,111	10,370	102,111	10,370
Total Non Current Portion	569,361	485,620	569,361	485,620
TOTAL BORROWINGS	635,373	539,699	636,373	540,699

Credit standby arrangements

At balance date Tauranga City Council had undrawn bank facilities of \$70m (2020: \$70m), with facility maturing October 2024.

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(A) Financing Arrangements

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Credit Standby Arrangements				
Adams Centre Loan	0	0	1,000	1,000
Housing Infrastructure Fund	108,123	14,449	108,123	14,449
Wholesale Borrowings at Floating Interest Rates	440,000	450,000	440,000	450,000
Wholesale Borrowings at Fixed Interest Rates	87,250	75,250	87,250	75,250
TOTAL FINANCING ARRANGEMENTS	635,373	539,699	636,373	540,699

The borrowings (including any debentures) are secured loans which are secured by a charge over all Rates from time to time set or assessed by Tauranga City Council.

All Tauranga City Council's floating interest rates are set based on the 90 day bank bill rates. Interest rates are reset at 90 days as appropriate with the financial instrument. All borrowings are expected to be held until their maturity.

Fair value

The carrying amounts and fair values of borrowings at balance date are as follows:

Council				
	Carrying Amount 30 June 2021 \$'000	Fair Value 30 June 2021 \$'000	Carrying Amount 30 June 2020 \$'000	Fair Value 30 June 2020 \$'000
Current Borrowings	66,012	66,240	50,000	50,000
Housing Infrastructure Fund	102,111	96,163	14,449	15,568
Wholesale Borrowings at Floating Interest Rate	400,000	400,000	400,000	400,000
Wholesale Borrowings at Fixed Interest Rate	67,250	70,348	75,250	82,606
TOTAL COUNCIL FAIR VALUE AND CARRYING AMOUNTS	635,373	632,751	539,699	548,174
Traded debentures	60,000	0	50,000	0

The fair values are based on a yield to maturity basis, assuming interest payments are on a semi annual basis (in accordance with market convention). Fair value interest rates range for fixed interest rate borrowings from 0.58% to 1.56% (2020: 1.66% to 2.24%).

Consolidated				
	Carrying Amount 30 June 2021 \$'000	Fair Value 30 June 2021 \$'000	Carrying Amount 30 June 2020 \$'000	Fair Value 30 June 2020 \$'000
Current Borrowings	66,012	66,240	50,000	50,000
Adams Centre Loan	1,000	1,000	1,000	1,000
Housing Infrastructure Fund	102,111	96,163	14,449	15,568
Wholesale Borrowings at Floating Interest Rate	400,000	400,000	400,000	400,000
Wholesale Borrowings at Fixed Interest Rate	67,250	70,348	75,250	75,250
TOTAL CONSOLIDATED FAIR VALUE AND CARRYING AMOUNTS	636,373	633,751	540,699	541,818
Traded debentures	60,000	0	50,000	0

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(B) Housing Infrastructure Fund (HIF)

In September 2016 the Housing Infrastructure Fund was established by the New Zealand Government as a one off contestable fund aimed at accelerating short and medium term supply of new housing in high growth urban areas.

The aim of the fund was to provide financing capacity for growth councils to deliver the infrastructure needed to support their growth.

High growth urban areas are defined as those where Statistics New Zealand projects population growth to be, or will exceed, 1% per year for the next ten years.

Tauranga was identified as a high growth urban area.

Tauranga City Council submitted its proposals for a share of the \$1 billion Housing Infrastructure Fund and was successful in getting funding for three of its proposals. The three Council projects that will be funded by the Housing Infrastructure Fund are Waiari Water Treatment Plant, the Te Maunga Wastewater Treatment Plant Upgrade and the infrastructure required to establish the Te Tumu growth area. The first two projects are providing increased water and wastewater capacity for an additional 35,000 houses. This extra capacity can be for either development of existing urban areas or development of new urban growth areas. The third project was to provide access to a new growth area in Papamoa East. Due to delays outside Council's control TCC are now working with the Crown to refocus this loan on enabling the bringing forward of the Wairakei town centre. This predominantly relates to transportation projects, but includes Water, Wastewater and Stormwater works

During the current financial year, a \$110.8m interest free loan was drawn down (2020: \$15.8m). The undrawn amount under the Housing Infrastructure Fund at 30 June 2021 is \$31m (2020: \$126.1m). The Waiari Water Treatment Plant facility of \$105.9m has now been fully drawn. Loan repayments of \$4.3m and the \$1.9m for Waiari and Te Maunga were made during the year.

	Council		Council	
	Carrying Amount 30 June 2021 \$'000	Carrying Amount 30 June 2020 \$'000	Fair Value 30 June 2021 \$'000	Fair Value 30 June 2020 \$'000
Housing Infrastructure Fund				
Maturing under 1 year	6,012	4,079	6,180	4,252
Maturing in 1-2 years	5,878	3,889	6,106	4,222
Maturing in 2-3 years	5,724	3,812	5,839	4,188
Maturing in 3-4 years	5,829	2,689	5,710	2,906
Maturing in 4-5 years	5,772	-	5,564	-
Maturing in 5+ years	78,908	-	72,944	-
TOTAL HOUSING INFRASTRUCTURE BORROWINGS	108,123	14,469	102,343	15,568

The drawdown amounts for Waiari and Te Maunga mature annually June of each year, commencing June 2021 at \$6.2m each year.

As these loans are at 0.0% interest rate, for accounting purposes the loans are discounted, discounted rates range from 1.01% to 5.0% to recognise the initial gain at drawdown and then this gain is amortised back until maturity of these loans. Fair value amounts are based on market interest rates ranging from 0.73% to 2.46% at balance date.

Note 37: Provisions

Accounting policy

Tauranga City Council recognises a provision for future expenditure of an uncertain amount or timing when:

- there is a present obligation, (either legal or constructive) as a result of a past event, and
- 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".

ACC Accredited Employers Programme

The Council belongs to the ACC Accredited Employers Program (the "Full Self Cover Plan") whereby the Council accepts the management and financial responsibility for employee work related illnesses and accidents. Under the programme, the Council is liable for all its claims costs for a period of two years after the end of their cover period in which the injury occurred. At the end of the two year period, the Council pays a premium to ACC for the value of residual claims, and from that point the liability for ongoing claims passes to ACC.

The liability for the ACC Accredited Employers Programme is measured using actuarial techniques at the present value of expected future payments to be made in respect of the employee injuries and claims up to the balance date. Consideration is given to anticipated future wage and salary levels and experience of employee claims and injuries. Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires Tauranga City Council to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to meet a payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a standalone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability Tauranga City Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However, if Tauranga City Council assesses that it is probable that expenditure will be required to settle a guarantee, then a provision for the guarantee is measured at the present value of the future expenditure.

Tauranga City Council initially recognises financial guarantees on behalf of its subsidiaries at fair value in the statement of financial position, as a liability and as an increase to the value of the investment in the subsidiary.

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Critical accounting estimates, assumptions and judgement



Landfill Closure Costs (Aftercare Liability)

As operator of the Cambridge Road and Te Maunga landfills, Tauranga City Council has a legal obligation to provide ongoing maintenance and monitoring services at the landfill sites after closure. A calculation of the estimated future costs of this monitoring has been discounted and is recognised in the surplus or deficit and as a liability in the Statement of Financial Position. Both landfill sites are closed.

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Current Portion Provisions				
Provision for Claims Under Weathertight Homes	31,206	7,598	31,206	7,598
Aftercare Liability	10	10	10	10
Other Provisions	882	643	882	643
Total Current Portion Provisions	32,098	8,251	32,098	8,251
Non Current Provisions				
Aftercare Liability	4	4	4	4
Total Non Current Portion Provisions	4	4	4	4
TOTAL PROVISIONS	32,102	8,255	32,102	8,255

Council 2021					
Movements	Employee Cost Provision \$'000	Aftercare Liability \$'000	Weathertight Homes Resolution \$'000	Retentions Provision \$'000	Total \$'000
Balance at 1 July 2020	43	10	7,598	600	8,251
Additional provisions made	239	0	26,438	0	26,677
Amount used	0	0	(2,830)	0	(2,830)
Balance at 30 June 2021	282	10	31,206	600	32,098

Council 2020					
Movements	Employee Cost Provision \$'000	Bella Vista \$'000	Aftercare Liability \$'000	Weathertight Homes Resolution \$'000	Total \$'000
Balance as at 1 July 2019	42	14	19,112	0	19,168
Additional Provisions Made	1	0	2,000	600	2,601
Amounts Used	0	(4)	(13,514)	0	(13,518)
Balance as at 30 June 2020	43	10	7,598	600	8,251

Weathertightness Claims (Leaky homes)

Provision for Building Claims under Weathertight Homes Resolution Service (WHRS) and Financial Assistance Package (FAP).

Previously these two provisions have been shown separately and have now been combined as one provision.

Council now has exposure to claims for leaky buildings under the Weathertight Homes Resolution Service as the Financial Assistance Package has been fully settled with no further claims being admissible due to the 10 year window being fulfilled.

Financial Assistance Package (FAP)

This package provides that Government will provide 25% of the repair costs for leaky buildings, local government a further 25% (where they certified the building) with the balance being met by the homeowner. This is available for leaky buildings meeting the criteria under the scheme.

All Claims under the FAP are now complete and settled between the homeowners and Council. No further claims under FAP are expected to eventuate.

Specific Claims

2. Individual Properties

There are currently two claims under the WHRS and are being worked on through Council's legal advisors.

3. Multi Unit Claims

Following recent legal cases Tauranga City Council has seen more activity in this area. One significant case is now in progress and due to legal proceedings, the details remain commercially sensitive and legally privileged.

The total weathertight liability is \$31.2m.

There is no contingent liability for the 2021 year based on an event after Balance Date that solidified the contingency to a Provision. See Note 39.

Other Provisions

Aftercare Liability

As historic operator of the Cambridge Road and Te Maunga landfills, Council has a legal obligation to provide on going maintenance and monitoring services at the landfill sites after closure. A calculation of the future costs of this monitoring has been discounted and offset to the current period against the value of the land. Both landfill sites have been closed for a number of years. The economic outflow of benefits associated with monitoring is expected to continue over the foreseeable future.

New Zealand Local Government Funding Agency (NZLGFA)

Financial Reporting standards require Tauranga City Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee and therefore has not recognised a liability. The Council considers the risk of the New Zealand Local Government Funding Agency defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority default events in New Zealand, and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligation if further funds were required.

Risk management fund reserve

The risk management fund is a council created reserve (i.e. set up voluntarily). It was established in order to help manage council's financial risk and to fund unforeseen events. The reserve is generally funded from a direct allocation from rates, set by the mayor and councillors. There have also been occasions (as in 2018) where the rates surplus has been transferred into the reserve.

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Since 1 July 2013 the reserve has been used to fund:

- Leaky home and weathertight home provisions
- Removal of staff from Willow Street administration building, which has since been demolished
- Bella Vista operating costs.

The reserve is currently in deficit. This means that payments that are anticipated to be required in the future are higher than funds that have been collected in the past. At some point future ratepayers are expected to have to fund these costs.

The balance of the risk management fund at June 2021 is a \$33.1m in deficit. (2020: \$27.7m deficit). See note 49 C.

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Note 38: Reconciliation of net surplus / (deficit) after tax to net cash flow from operating activities

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Surplus/(Deficit) After Tax	64,550	(3,637)	66,042	(5,639)
Add/(Less) Non Cash Items:				
Depreciation and Amortisation Expense	62,571	55,947	68,450	63,067
Revaluation Movement Investment Properties	(14,683)	(1,874)	(14,683)	(1,874)
Capital Gains on Disposal of Property, Plant and Equipment	(22)	(1,260)	(22)	(1,260)
Gain on Forestry due to Physical Changes and Remapping	(768)	(785)	(768)	(785)
Gains on Carbon Credits	(328)	(256)	(328)	(256)
Loss on Te Tumu	2,148	(761)	2,148	(761)
Housing Infrastructure Fund Initial Discount Recognition	(10,913)	(440)	(10,913)	(440)
Reduction in Forestry Crop due to Harvest	392	1,202	392	1,202
Assets Vested to Tauranga City Council	(10,660)	(24,110)	(10,660)	(24,110)
Assets vested from Tauranga City Council	5,808	0	5,808	0
(Gains)/Losses on Derivative Financial Instruments and Non Interest Loans	(27,655)	13,463	(27,655)	13,463
Deferred Tax	910	(1,440)	910	(3,991)
Assets Written Off	0	33,891	0	33,891
Loss on Asset Sales	6,753	1,519	6,753	1,367
Loss on Forestry Valuation	848	354	848	354
Unrealised Investment Income	0	(26)	0	(26)
Weathertight Expense	26,438	0	26,438	0
Other Non Cash Items	(443)	1,576	(43)	1,663
Total Non Cash Items	40,396	76,999	46,675	81,504
Add/(Less) Movements in Working Capital Items				
(Increase)/Decrease in Receivables	25,176	(29,476)	24,453	(27,790)
(Increase)/Decrease in Deposit Held	3,429	0	3,429	0
(Increase)/Decrease in Inventory	(514)	6	(565)	31
Increase/(Decrease) in Payables	(15,796)	37,416	(16,085)	37,173
Increase/(Decrease) in Income Tax Payable	475	(825)	(2,036)	(825)
Increase/(Decrease) in Provisions	23,847	(10,913)	23,847	(10,913)
Increase/(Decrease) in Employee Entitlements	528	1,061	257	1,352
Increase/(Decrease) in Revenue in Advance	5,188	0	5,188	0
(Increase)/Decrease in NCAHFS	(27,120)	0	(27,120)	0
Other Adjustments	0	516	0	65
Net movement in working capital items	15,212	(2,216)	11,367	(907)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	120,158	71,146	124,084	74,958

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Note 39: Events occurring after balance date

In August 2021, Covid 19 reappeared in Auckland. The country was placed in lockdown at Alert Levels 3 and 4 since the outbreak occurred. Tauranga remains at Alert Level 2. Staff continue to work either remotely or on site to align with government protocol on physical distancing. There was no significant impact on our essential services during the various Alert Levels, deferred maintenance and capital works programmes have not affected our services.

In December 2021 a mediation meeting for a weathertight building claim between the Council and the plaintiffs was settled. This event resulted in an adjustment to the Weathertight provision for the June 2021 financial statements.

Subsequent to year end, 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 Tauranga City Council will no longer deliver three waters services

No other significant events, favourable or unfavourable, that impact the financial statements have occurred since balance date.

Note 40: Capital commitments and operating leases**Accounting policy****Finance Leases**

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to the ownership of an asset, whether title is eventually transferred. Tauranga City Council does not have any finance leases.

Operating Lease

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.



Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Capital Commitments				
Water Supply	93,474	35,807	93,474	35,807
Roading Network	21,811	0	21,811	0
Buildings	2,472	8,564	2,472	8,564
Intangible Assets	604	586	604	586
Parks Facilities	9,785	3,388	9,785	3,388
Bay Venues Limited	0	0	49	0
TOTAL CAPITAL COMMITMENTS	128,146	48,345	128,195	48,345

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Operating Leases as Lessee

Tauranga City Council leases property, plant and equipment in the normal course of business. The majority of these leases have a minimum non cancellable term of at least 60 months.

Leases

Leases can be renewed at Tauranga City Council's option, with rents set by reference to current market rates for items of equivalent age and condition. Tauranga City Council does not have an option to purchase the assets at the end of the lease term. There are no restrictions placed on Tauranga City Council and group by any leasing arrangement.

The future aggregate minimum lease payments to be made under non cancellable operating leases are as follows:

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Operating Leases				
Not later than one year	2,571	2,441	2,648	2,559
Later than one year and not later than five years	6,156	7,911	6,371	7,925
Later than five years	1,645	1,704	1,645	1,704
TOTAL NON CANCELLABLE OPERATING LEASES	10,372	12,056	10,664	12,188

Operating Leases as Lessor

Tauranga City Council leases its Commercial properties under operating leases. The majority of these leases have a non cancellable term of at least 60 months.

The future aggregate minimum lease payments to be collected under non cancellable operating leases are as follows:

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Operating Leases				
Not later than one year	1,788	1,079	2,249	1,699
Later than one year and not later than five years	4,871	2,194	5,796	3,470
Later than five years	12,970	5,514	13,551	6,205
TOTAL NON CANCELLABLE OPERATING LEASES	19,629	8,787	21,596	11,374

No contingent rents have been recognised during the year (2020: nil).

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Note 41: Contingencies

Accounting policy

The council do not recognise contingent liabilities and contingent assets in the financial statements due to their uncertainty or the fact they cannot be reliably measured. Disclosures are provided as follows:



- Contingent liabilities are disclosed unless the possibility is remote.
- Contingent assets are only disclosed when the possibility is probable.

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Contingent Liabilities				
Leaky Building Claims*	0	17,935	0	17,935
Guarantee from Tauranga City Council for Loans on Behalf of Bay Venues Limited	1,000	1,000	1,000	1,000
TOTAL CONTINGENT LIABILITIES	1,000	18,935	1,000	18,935

*See below Leaky Building Claims for further details.

Other quantifiable contingent liabilities

Tauranga City Council is not aware of any potential general contract claims.

Financial guarantees

Tauranga City Council has provided a guarantee to Waikato University for a loan of \$1m (2020: \$1m) to Bay Venues Limited.

Bank guarantees

Tauranga City Council has no outstanding guarantees associated with local community organisations (2020:\$0k).

Guarantee provision - New Zealand Local Government Funding Agency (NZLGFA)

Tauranga City Council is a shareholder of The New Zealand Local Government Funding Agency Limited. This entity was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. Standard and Poor's have given the entity a credit rating of AAA which is equal to New Zealand Government sovereign rating.

As at 30 June 2021 Tauranga City Council is one of the 31 shareholders made up of 30 local authorities and the Crown. All 30 local authority shareholders have uncalled capital equal to their individual shareholding totalling \$20 million in aggregate which can be called on if an imminent default is identified. Also, together with the other shareholders, Tauranga City Council is a guarantor of all New Zealand Local Government Funding Agency borrowings. At 30 June 2021, New Zealand Local Government Funding Agency had borrowings totalling \$13,610m (2020 \$11.907m).

Financial reporting standards require Tauranga City Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of New Zealand Local Government Funding Agency defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover enough funds to meet any debt obligations if further funds were required.

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The loss on default methodology was used to calculate the potential liability of the guarantee at balance date. This assessed the likelihood of any one local authority defaulting that required a call on the guarantee to be made once the uncalled capital had been applied to the default. The guarantee has been proportionally allocated on a rates income basis.

Legal risk

Council is aware of potential legal claims and has not included these as a contingency. At the time of writing this report the amount of these claims was unknown. Council has not disclosed any further detailed information about this contingency due to its commercial sensitivity.

Treaty settlement

Tangata Whenua are identified as a priority for Tauranga City Council and it remains committed to developing the partnership together. From a long history and a strong foundation of protocol agreements, Tauranga City Council continues to develop systems and relationships to meet the changing political, economic and social environments in Tauranga Moana. A key change will be the treaty settlements when they are finalised.

Tauranga City Council is currently working closely with the Tangata Whenua Collective to build a stronger voice to assist and guide Council decision making processes. This includes consultation and representation to ensure active participation and advice into key strategies. In addition the strategic engagement framework continues to develop to set out how the partners can best work together to add value to the City. Through this partnership Tauranga City Council and Tangata Whenua gain a better understanding of how each other's processes work, where synergies exist and therefore how each party can add value to the relationship.

Tangata Whenua have clear aspirations set out in hapu management plans and these give opportunities for collaboration in areas of mutual interest bringing added culture, history and depth to Tauranga City.

Collective strategic engagement and effective communication will bring the best out of the partnership between Tauranga City Council and the Tangata Whenua of Tauranga Moana.

Leaky building claims

Tauranga City Council has recognised a provision of \$31.2m relating to actual and potential claims under the Weathertight Homes Resolutions Service and the Financial Assistance Package for leaky homes. These are for claims that are still to be investigated and confirmed, which includes work to assess whether other available parties will share the liability and work to assess the costs. The provisions represent the estimated amount payable under these claims including the insurance excess based on information currently available.

Tauranga City Councils maximum exposure to Leaky Buildings claims is currently estimated as \$0 Due to an Event after Balance Date settling the majority claim. See Note 39.

Superannuation schemes

Tauranga City Council is a participating employer in the Defined Benefit Plan Contributors Scheme ('the Scheme') which is a multi employer defined benefit scheme.

The funding arrangements are governed by the requirement of Section 44 of the National Provident Fund Restructuring Act 1990, which requires that any increase or decrease to the employer contribution rate should:

"result in contributions being at a level which, on reasonable assumptions, is likely to achieve neither a surplus or deficit in the trust fund of the Defined Benefit Plan Contributors Scheme...at the time that the last contributor to that scheme ceases to so contribute."

And by the Trust Deed, which requires the employers to contribute such amount as the Board of Trustees of the National Provident Fund, after consultation with the Actuary, may direct.

In practice, a single contribution rate is determined for all employers which is expressed as a multiple of the contributions of members of the Scheme who are employees of that employer. At present, employer contributions are suspended.

There is no minimum funding requirement and employers have no right to withdraw from the plan.

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The employer contribution rate is determined by the Board of Trustees of the National Provident Fund ('the Board') following consultation with the Actuary. Current practice is for the employer to contribute a multiple of its members' contributions.

The Trust Deed specifies that immediately before the Defined Benefit Plan Contributors Scheme ('the Scheme') is wound up, the assets and the interests of all contributors in the Scheme will be transferred to the Defined Benefit Plan Annuitants Scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine, from the terms of the Scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

As at 31 March 2021, the Scheme had a past service surplus of \$1.3 million (2.2%) of the liabilities. This amount is exclusive of Employer Superannuation Contribution Tax. This deficit was calculated using a discount rate equal to the expected return on the assets but otherwise the assumptions and methodology were consistent with the requirements of PBE IPSAS 25

The current employer contribution rate is four times contributor contributions, inclusive of Employer Contribution Withholding Tax. The Actuary has recommended a stepped approach to changing the employer contribution rate, as follows:

- 1 April 2020 - 31 March 2021 Three times contributor contributions
- 1 April 2021- 31 March 2022 Four times contributor contributions
- From 1 April 2022 Five times contributor contributions

The key assumptions in the review were:

- the difference between the future investment returns and the rates of CPI inflation assumed when calculating future factors for transfers from this Scheme to the Defined Benefit Plan Annuitants Scheme
- the pensioner mortality assumptions, which are based on the results of a recent pensioners' mortality investigation, and include an allowance for improving mortality
- the future investment returns assumed for the Scheme over the next ten years..

The following shows the Scheme investment return over the next ten years, and the difference between investment return and CPI inflation assumed when calculating future factors for transfers from the Scheme to the Defined Benefit Plan Annuitants Scheme.

	Valuation date	
	30 June 2021 %	30 June 2020 %
DBPC Scheme investment return, next 10 years	2.3	2.5
Transfer factors: Difference between investment return and CPI inflation		
First 10 years	0.2	0.6
Thereafter	1.1	1.2

The Scheme had 91 members at 31 March 2021. One of these is an employee of Tauranga City Council.

There were no overdue or prepaid contributions at balance date.

Uncalled capital

A contingent liability exists to Bay Venues Ltd for \$18m of uncalled capital.

41.1 CONTINGENT ASSETS

Contingent assets

The Council is the plaintiff in a legal case for consequential losses from the defendants. The parties are in the process of agreeing upon the terms of the claim. Until that time the Council could receive something more than \$3m which is dependent on the outcome of future legal proceedings.

Note 42: Remuneration of Chief Executive, Key Management Personnel, Mayor and Elected Members

Local government disclosures

The Chief Executive of Tauranga City Council is appointed under Section 42(1) of the Local Government Act 2002.



Chief Executive

The current Chief Executive commenced on 3 September 2018.

The total annual cost to Tauranga City Council for the remuneration package received by the Chief Executive for the year ended 30 June 2021 is \$452,013 (2020: \$432,522) of which \$0 (2020: \$0) is at risk (performance based) and \$12,631 (2020: \$12,405) was employer contributions to superannuation schemes. There were fringe benefits of \$12,500 (2020: \$11,575) for the company vehicle provided as part of the employee package.

The current Chief Executive is supplied a council owned car park so there is no fringe benefit.

The Chief Executive is employed under contract for a five year term. The remuneration package was based on advice given to Council by an independent consultant.

	Council	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
KEY MANAGEMENT PERSONNEL REMUNERATION		
Councillors		
Remuneration	1,266	1,198
Total Councillors Remuneration	1,266	1,198
 Full Time Equivalent Members (at Balance Date 4 Commissioners held office.)	 4	 11
Senior Management Team, Including the Chief Executive		
Remuneration	1,982	1,945
Total Senior Management Team, Including the Chief Executive Remuneration	1,982	1,945
 Full Time Equivalent Personnel	 7	 7
TOTAL KEY MANAGEMENT PERSONNEL REMUNERATION	3,248	3,143
 Total Full Time Equivalent Personnel	 11	 18

Due to the difficulty in determining the full time equivalent for Councillors and commissioners, the full time equivalent figure is taken as the number of Councillors/Commissioners.

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Former Mayor and Elected Members and Commissioners

Local government disclosures

Remuneration to Mayor and Councillors in accordance with the provisions of Clause 6 of Schedule 7 of the Local Government Act 2002.



On 9 February 2021, a Crown Commission appointed by the Minister of Local Government took over all the council's governance responsibilities. The following people held office as elected members or commissioners of the Council's governing body during the reporting period. The aggregate monetary remuneration to Councillors, the Mayor and Commissioners during the year totalled \$1,265,709 (2020: \$1,197,889) and is disaggregated and classified as below.

The monetary remuneration detailed above (Salary and Expenses Allowances) is determined by Council Resolution within limits set by the Local Government Elected Members.

Determination in accordance with the provisions of Clause 6 of Schedule 7 of the Local Government Act 2002.

	Council	
	Actual 30 June 2021 \$	Actual 30 June 2020 \$
Current Commissioners Appointed		
Rolleston, Shadrach	120,000	0
Selwood, Stephen	135,960	0
Tolley, Anne	173,794	0
Wasley, Bill	118,287	0
Term ending on appointment of Commissioners		
Baldock, Larry	70,339	121,458
Clout, Kelvin	70,339	113,978
Grainger, Bill	66,547	92,637
Hollis, Andrew	66,547	67,746
Kiddie, Dawn	67,256	75,927
Morris, Stephen	70,339	109,497
Robson, John	67,400	93,135
Salisbury, Tina	84,363	78,166
Term ending part way through the election cycle		
Abrie, Jako	34,286	75,927
Hughes, Heidi	52,916	75,927
Powell, Tenby	67,336	117,190
Past Council Members		
Brown, Leanne	0	25,711
Brownless, Greg	0	49,005
Curach, Rick	0	25,459
Mason, Max	0	25,459
Molloy, Terry	0	25,459
Stewart, Catherine	0	25,208
TOTAL REMUNERATION	1,265,709	1,197,889

\$ in whole numbers

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Staffing levels and remuneration

Local government disclosures

The number of employees who were employed at 30 June are detailed below. Those receiving remuneration of \$60,000 or more are grouped into \$20,000 bands. If there are less than five or fewer employees in a band, they are combined upwards with the next banding as stipulated in the Local Government Act 2002.



Total Personnel

	Council Number of Employees 30 June 2021	Council Number of Employees 30 June 2020
< \$60,000	265	253
\$60,000 - \$79,999	183	161
\$80,000 - \$99,999	183	185
\$100,000 - \$119,999	107	94
\$120,000 - \$139,999	64	59
\$140,000 - \$159,999	21	20
\$160,000 - \$179,999	23	17
\$180,000 - \$229,999	8	6
\$230,000 - \$269,999	6	6
\$440,000 - \$459,999	1	1
TOTAL EMPLOYEES	861	802

	Council			
	2021 Full Time Equivalents*	2021 Number of Employees	2020 Full Time Equivalents*	2020 Number of Employees
Employees as at 30 June				
Full Time Staff	670	680	602	601
Part Time	80	115	99	139
Casual and Relief *1	12	66	11	62
TOTAL EMPLOYEES AND FULL TIME EQUIVALENTS	762	861	712	802

* based on a 40 hour week

*1 based on actual hours worked

The total employees and full time equivalent figures included in these tables do not include vacant positions at 30 June 2021.

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Note 43: Severance payments

Local government disclosures

Refer to schedule 10 clause 33 of the Local Government Act 2002 for the definition of severance payments.



The value of each of the severance pays was:

Council 2021		Council 2020	
Number of employees	Council Amount Paid \$'000	Number of employees	Council Amount Paid \$'000
1	15	1	5
1	25	1	10
1	15	1	11
1	10	1	13
1	12	1	16
1	17	1	19
1	30	1	22
1	3	1	25
1	3	1	27
0	0	1	40
TOTAL SEVERANCE PAYMENTS	9	10	188

Severance payments include any consideration (monetary or non monetary) provided to any employee in respect of the employee's agreement to terminate his or her employment with Council, over and above the usual employee entitlements.

Note 44: Related party transactions with subsidiaries and associates

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client / recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Council and 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 the 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.

Related party transactions required to be disclosed

Bay of Plenty Local Authority Shared Services Limited (BOPLASS Limited) is owned by nine Councils and is managed from Tauranga area. Tauranga City Council owns 11% shareholding with Chief Executive being member of the board.

Bay of Plenty Local Authority Shared Services receives reduced postage costs, digital services and premises rental through Tauranga City Council.

Tauranga City Council provided accounting services to Bay of Plenty Local Authority Shared Services during the financial year to 30 June 2021 free of charge. An estimated value of the accounting services provided for the year is \$12k (2020: \$12k).

Transactions with key management personnel

Key Management personnel includes the Mayor, Councillors, Chief Executive and six Group Managers. During the year, Councillors and senior management, as part of a normal customer relationship, were involved in minor transactions with the council such as rates, water charges and the sale of goods or services with key management personnel in the ordinary course of business and on an arm's length basis.

There were close family members of Key Management Personnel employed by the Council and Group. The terms and conditions of those arrangements are no more favourable than the Council and Group would have adopted if there was no relationship to the Key Management Personnel.

No provision has been required, nor any expense recognised, for impairment of receivables, for any loans or other receivable to related parties (2020: nil).

\$ in whole numbers.

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Note 45: Financial instruments

Accounting policy

For the purpose of measurement, the Council and the group's financial assets and liabilities are classified into categories. The classification depends on the purpose for which the financial assets and liabilities are held. Management determines the classification of financial assets and liabilities and recognises these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented below:



Categories	Subsequent measurement	Treatment of gains and losses
Fair value through surplus or deficit	Fair value	Surplus or deficit
Loans and receivables	Amortised cost less provision for impairment	Surplus or deficit
Available for sale financial assets	Fair value	Other comprehensive revenue and expenditure
Financial liabilities at amortised cost	Amortised cost	Surplus or deficit
Held to maturity financial assets	Amortised cost less provision for impairment	Surplus or deficit

Derivatives are, by their nature, categorised as held for trading unless they are designated into a hedge relationship for which hedge accounting is applied. As at balance date Tauranga City Council does not have any amounts in which hedge accounting is applied.

Financial assets and liabilities are offset, and the net amount reported in the Statement of Financial Position when offset is legally enforceable and there is an intention to settle on a net basis. Revenue and expenses arising as a result of financial instrument earnings or fair value adjustments are recognised as a net result for like items.

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(A) Financial instrument categories

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
FINANCIAL ASSETS				
Fair Value Through Surplus or Deficit				
Derivative Financial Instruments	0	0	0	0
Shares in Unrelated Companies	445	391	445	391
Total Fair Value Through Surplus or (Deficit)	445	391	445	391
Loans and Receivables				
Cash and Cash Equivalents	39,836	39,836	40,767	15,853
Debtors and Other Receivables	28,583	54,332	29,525	53,839
Borrower Notes in New Zealand Local Government Funding Agency	9,148	9,000	9,148	9,000
Short Term Deposits greater than 90 Days	10,000	0	10,000	0
Related Party Loans	18,273	17,112	0	0
Interest Free Loan	25,104	22,343	25,104	22,343
Total Loans and Receivables	130,944	142,623	114,544	101,035
Fair Value Through Official Cash Rate and Exchange				
Shares in New Zealand Local Government Funding Agency and Bay of Plenty Shared Services Limited	1,883	1,883	1,883	1,883
TOTAL FINANCIAL ASSETS	132,827	144,506	116,427	102,918
FINANCIAL LIABILITIES				
Financial Liabilities at Amortised Cost				
Creditors and Other Payables	59,903	75,526	62,226	76,926
Borrowings - Debentures	635,373	539,699	635,373	540,699
Deposits Held	9,602	6,173	9,623	6,186
Total Fair Value at Amortised Cost	704,878	621,398	707,222	623,811
Fair Value Through Surplus or Deficit				
Derivative Financial Instruments	43,172	70,772	43,172	70,772

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(B) Fair value hierarchy disclosure

Accounting policy

For those financial instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:



- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. The quoted market price used for financial assets held by the Council and the group is the bid price at reporting date.
- Level 2 - Inputs other than quoted prices included within Level 1 using observable market inputs for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

The following table analyses the basis for valuation of classes of financial instruments measured at fair value on the Statement of Financial Position:

Council - 30 June 2021			
	Total \$'000	Quoted Market Price \$'000	Observable Inputs \$'000
Financial Assets			
Derivatives	0	0	0
Listed Shares	445	445	0
TOTAL FINANCIAL ASSETS	445	445	0
Financial liabilities			
Derivative Financial Instruments	43,172	0	43,172
TOTAL FINANCIAL LIABILITIES	43,172	0	43,172

Council - 30 June 2020			
	Total \$'000	Quoted Market Price \$'000	Observable inputs \$'000
Financial Assets			
Derivatives	0	0	0
Listed Shares	391	391	0
TOTAL FINANCIAL ASSETS	391	391	0
Financial Liabilities			
Derivative Financial Instruments	70,772	0	70,772
TOTAL FINANCIAL LIABILITIES	70,772	0	70,772

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Consolidated 30 June 2021

	Total \$'000	Quoted Market Price \$'000	Observable Inputs \$'000
Financial Assets			
Derivatives	0	0	0
Listed Shares	445	445	0
TOTAL FINANCIAL ASSETS	445	445	0
Financial Liabilities			
Derivative Financial Instruments	43,172	0	43,172
TOTAL FINANCIAL LIABILITIES	43,172	0	43,172

Consolidated 30 June 2020

	Total \$'000	Quoted Market Price \$'000	Observable Inputs \$'000
Financial Assets			
Derivatives	0	0	0
Listed Shares	391	391	0
TOTAL FINANCIAL ASSETS	391	391	0
Financial Liabilities			
Derivative Financial Instruments	70,772	0	70,772
TOTAL FINANCIAL LIABILITIES	70,772	0	70,772

There were no transfers between the different levels of the fair value hierarchy.

(C) Financial instrument risks

The significant risks that Council has and manages are interest rates, funding and credit risks.

The Council has a series of policies to manage these risks. The Council is risk averse and seeks to minimise exposure from its treasury activities. The 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.

Interest rate risks on borrowing are managed by having guidelines on the proportion of fixed and variable loans and controls related to maturity of interest rate exposures.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. Council is exposed to interest rate fluctuations on existing and future borrowings. Council manages interest rate risk by having minimum/maximum fixed rate exposures by time bands.

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. Investments and borrowings issued at variable interest rates expose Tauranga City Council to cash flow interest rate risk.

Council raises long term borrowings at fixed and floating interest rates and use derivative financial instruments to manage the cash flow interest rate risk in the borrowings.

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 risk arises on listed share investments, which are classified as available for sale investments.

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Interest Rate Risk

Interest rate risk is the risk that the cost of borrowing is substantially different from budget. As a result, interest expense will be significantly different compared to the projected interest expense in the Council and group's annual plans and ten year plans. If interest rates are higher than budget, then there could be a negative impact on the Council and Group's financial performance and position. If interest rates are lower than budget, then there could be a positive impact.

The main objective of interest rate risk management is to reduce uncertainty around net interest expense as interest rates change. Mechanisms used include matching the interest rate profile of the Council and Group's financial investments and financial liabilities and, where appropriate, fixing rates through fixed rate borrowings and the use of interest rate hedging facilities.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to Tauranga City Council, causing it to incur a loss. In the normal course of business, Tauranga City Council incurs credit risk principally from short term money market investments, bank balances, accounts receivable, derivative financial instruments and sports club guarantees.

Financial Instruments which potentially subject Council to credit risk consist principally of bank balances and short term money market investments. Council reduces its risk by spreading these investments over registered banks, local authorities and other organisations. Treasury Policy permits a minimum credit rating of A+ for registered banks and other organisations. At 30 June 2021 all financial instruments were held with the four major New Zealand registered trading banks which are rated AA. There are no major concentrations of credit risk with respect to trade and other receivables.

Derivative financial instruments also expose Council to credit risk. Council's Treasury Policy provides the framework for credit risk management and it sets out the minimum credit rating of A+ for Interest Rate Risk Management Instruments and notional transaction limits for Council bank counterparties.

The Council is exposed to credit risk as guarantor of all New Zealand Local Government Funding Agency borrowings. Information about this exposure is explained in notes 41 and 37.

Currency Risk

Council's exposure to foreign currency risk is very short in duration and therefore there is no material currency risk.

Treasury Policy

Tauranga City Council adopted the Treasury Policy in June 2006, last amended June 2020. This policy provides the policy framework for all Tauranga City Council's treasury activities and defines the operating framework within which liability management, investment and risk management activities are to be carried out. The policy amendment in June 2020 relates to the Net Debt to Total Operating Revenue ratio to align it with New Zealand Local Government Funding Agency foundation policy financial covenants. Treasury Policy amendments to Net Debt to Total Operating Revenue are:

Borrowings

The borrowing limits in Council's Treasury Policy are shown below:

Debt Ratios	Limits	Council		Consolidated	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
Net Debt to Total Operating Revenue	< 300%	209.3%	206.2%	196.7%	195.3%
Net Interest to Total Operating Revenue	< 20%	6.9%	7.7%	6.7%	7.7%
Net Interest to Rates Revenue	< 25%	10.1%	11.2%	10.5%	11.5%

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Sensitivity analysis

The table below illustrates 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 Tauranga City Council and the group's financial instrument exposures at balance date.

30 June 2021								
	Council				Consolidated			
	-100bps		+100bps		-100bps		+100bps	
	Surplus/ (Deficit) \$'000	Equity \$'000	Surplus/ (Deficit) \$'000	Equity \$'000	Surplus/ (Deficit) \$'000	Equity \$'000	Surplus/ (Deficit) \$'000	Equity \$'000
Interest Rate Risk								
Financial Assets								
Cash and Cash Equivalents	0	0	0	0	0	0	0	0
Derivative Financial Instruments	0	0	0	0	0	0	0	0
Financial Liabilities								
Derivative Financial Instruments	(16,454)	0	15,242	0	(16,454)	0	15,242	0
Secured Loans	4,400	0	(4,400)	0	4,400	0	(4,400)	0
TOTAL SENSITIVITY	(12,054)	0	10,842	0	(12,054)	0	10,842	0

30 June 2020								
	Council				Consolidated			
	-100bps		+100bps		-100bps		+100bps	
	Surplus/ (Deficit) \$'000	Equity \$'000	Surplus/ (Deficit) \$'000	Equity \$'000	Surplus/ (Deficit) \$'000	Equity \$'000	Surplus/ (Deficit) \$'000	Equity \$'000
Interest Rate Risk								
Financial Assets								
Cash and Cash Equivalents	0	0	0	0	0	0	0	0
Derivative Financial Instruments	0	0	0	0	0	0	0	0
Financial Liabilities								
Derivative Financial Instruments	(20,322)	0	18,720	0	(20,322)	0	18,720	0
Secured loans	4,500	0	(4,500)	0	4,500	0	(4,500)	0
TOTAL SENSITIVITY	(15,822)	0	14,220	0	(15,822)	0	14,220	0

Explanation of Interest Rate Risk Sensitivity

The interest rate risk sensitivity is based on a reasonably possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease of 100 bps is equivalent to a decrease in market interest rates of 1.0%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of 100bps/+100bps (2020 100bps/+100bps).

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(D) Maturity analysis of derivative financial instruments

The table below analyses the Council and group's derivative financial instrument liabilities and assets 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.

Council 2021					
	Carrying Amount \$'000	Less Than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
Net Settled Derivative Assets	0	0	0	0	0
Net Settled Derivative Liabilities	(43,172)	(425)	(1,713)	(13,114)	(27,920)
NET MOVEMENT	43,172	425	1,713	13,114	27,920

Council 2020					
	Carrying Amount \$'000	Less Than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
Net Settled Derivative Assets	0	0	0	0	0
Net Settled Derivative Liabilities	(70,772)	(1,486)	(1,266)	(19,577)	(48,443)
NET MOVEMENT	70,772	1,486	1,266	19,577	48,443

Consolidated 2021					
	Carrying Amount \$'000	Less Than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
Net Settled Derivative Assets	0	0	0	0	0
Net Settled Derivative Liabilities	(43,172)	(425)	(1,713)	(13,114)	(27,920)
NET MOVEMENT	43,172	425	1,713	13,114	27,920

Consolidated 2020					
	Carrying Amount \$'000	Less Than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
Net Settled Derivative Assets	0	0	0	0	0
Net Settled Derivative Liabilities	(70,772)	(1,486)	(1,266)	(19,577)	(48,443)
NET MOVEMENT	70,772	1,486	1,266	19,577	48,443

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(E) Credit risk**Maximum Exposure to Credit Risk**

Tauranga City Council's maximum credit risk exposure for each class of financial instruments is as follows:

	Council		Consolidated	
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
Cash at Bank and Term Deposits	39,836	14,774	40,767	15,853
Short Term Deposits Greater than 90 days	10,000	0	10,000	0
Debtors and Other Receivables	34,719	54,332	35,842	53,839
Borrowers Notes New Zealand Local Government Funding Agency	9,148	9,000	9,148	9,000
Community and Related Party Loans	18,273	17,112	18,222	0
Derivative Financial Instruments	0	0	0	0
TOTAL CREDIT RISK	111,976	95,218	113,979	78,692

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	Council		Consolidated	
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at Bank and Term Bank Deposits				
AA	0	0	0	40,773
AA-	39,836	14,774	40,767	15,853
Total Cash at Bank and Other Term Deposits	39,836	14,774	40,767	56,626
Short Term Deposits Greater than 90 days				
AA-	10,000	0	10,000	0
Total Short Term Deposits Greater than 90 days	10,000	0	10,000	0
Derivative financial instruments				
AA-	0	0	0	0
Total Derivative Financial Instruments	0	0	0	0

Credit risk attaching to rates receivables is minimised as a result of the Entity's statutory collection powers under the Local Government (Rating) Act 2002.

Debtors and other receivables arise mainly from Tauranga City 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 ratings. Tauranga City Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has many credit customers, mainly ratepayers, and Tauranga City Council has powers under the Local Government Act (2002) to recover outstanding debts from ratepayers.

(F) Management of liquidity risk

Liquidity risk is the risk Tauranga City 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. The Tauranga City Council aims to maintain flexibility in funding by keeping committed credit lines available.

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In meeting its liquidity requirements, Tauranga City Council maintains a target level of investments that must mature within the next 12 months. Tauranga City Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management policy. These policies have been adopted as part of Tauranga City Council's Long-term Plan.

The Council also has a committed overdraft facility of \$70m (2020: \$70m). There are no restrictions on the use of this facility.

Contractual Maturity Analysis of Financial Liabilities Excluding Derivatives

The table below analyses Tauranga City Council and group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

Council 30 June 2021						
	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
Financial Liabilities						
Secured Loans	74,408	62,194	178,163	363,836	678,601	635,373
Creditors and Other Payables	63,437	0	0	0	63,437	63,437
TOTAL FINANCIAL LIABILITIES	137,845	62,194	178,163	363,836	742,038	698,810

Council 30 June 2020						
	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
Financial Liabilities						
Secured Loans	63,127	71,034	168,943	287,678	590,782	539,699
Creditors and Other Payables	73,989	0	0	0	73,989	73,989
TOTAL FINANCIAL LIABILITIES	137,116	71,034	168,943	287,678	664,771	613,688

Consolidated 30 June 2021						
	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
Financial Liabilities						
Secured Loans	75,408	62,194	178,163	363,836	679,601	635,373
Creditors and Other Payables	65,760	0	0	0	65,760	65,760
TOTAL FINANCIAL LIABILITIES	141,168	62,194	178,163	363,836	745,361	701,133

Consolidated 30 June 2020						
	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
Financial Liabilities						
Secured Loans	64,127	71,034	168,943	287,678	591,782	540,699
Creditors And Other Payables	75,389	0	0	0	75,389	75,389
TOTAL FINANCIAL LIABILITIES	139,516	71,034	168,943	287,678	667,171	616,088

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Contractual Maturity Analysis of Financial Assets

The table below analyses Tauranga City Council and 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.

Council 2021					
	Less Than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Contractual Cash Flows \$'000
Financial Assets					
Cash and Cash Equivalents	39,836	0	0	0	39,836
Debtors and Other Receivables	34,719	0	0	0	34,719
Short Term Deposits Greater Than 90 Days	10,000	0	0	0	10,000
Other Financial Assets	0	0	0	25,549	25,549
Community and Related Party Loans	0	0	0	18,273	18,273
TOTAL FINANCIAL ASSETS	84,555	0	0	43,822	128,377
Council 2020					
	Less Than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Contractual Cash Flows \$'000
Financial Assets					
Cash and Cash Equivalents	14,774	0	0	0	14,774
Debtors and Other Receivables	59,895	0	0	0	59,895
Other Financial Assets	0	0	0	22,734	22,734
Community and Related Party Loans	0	0	0	17,112	17,112
TOTAL FINANCIAL ASSETS	74,669	0	0	39,846	114,515
Consolidated 2021					
	Less Than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Contractual Cash Flows \$'000
Financial Assets					
Cash and Cash Equivalents	40,773	0	0	0	40,773
Debtors and Other Receivables	35,842	0	0	0	35,842
Short Term Deposits Greater Than 90 Days	10,000	0	0	0	10,000
Other Financial Assets	0	0	0	25,549	25,549
Community and Related Party Loans	0	0	0	0	0
TOTAL FINANCIAL ASSETS	86,615	0	0	25,549	112,164
Consolidated 2020					
	Less Than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Contractual Cash Flows \$'000
Financial Assets					
Cash and Cash Equivalents	15,853	0	0	0	15,853
Debtors and Other Receivables	59,595	0	0	0	59,595
Other Financial Assets	0	0	0	22,734	22,734
Community and Related Party Loans	0	0	0	0	0
TOTAL FINANCIAL ASSETS	75,448	0	0	22,734	98,182

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Note 46: Capital management**Local government disclosures**

Tauranga City Council's capital is its equity (or ratepayers' funds) which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Tauranga City 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 Act and applied by Tauranga City Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Tauranga City Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Tauranga City Council has in place asset management plans for major classes of assets detailing renewal and maintenance programs, to ensure ratepayers in future generations are not required to meet the cost of deferred renewals and maintenance.

The Act requires Tauranga City Council to make adequate and effective provision in its Long-term Plan and its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that Tauranga City 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 Tauranga City Council's Long-term Plan.

Tauranga City Council has the following Council reserves:

- Restricted Reserves - Development Contributions and Restricted Reserve and Trust Funds
- Other Council Created Reserves - used for a special purpose e.g Risk Management Fund
- Depreciation Reserves

Trust and bequest reserves are set up where the 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.

Refer to note 38.

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Note 47: Prior period adjustments

There has been a restatement of the 2020 figures in respect of the carrying amount of property, plant and equipment at 30 June 2020. Following the 1 July 2020 revaluations, the comparative balance of property, plant and equipment at 30 June 2020 has been restated to reflect the valuation which was materially different to the carrying value. As a result, the comparative figures for 30 June 2020 have also been restated and the following table summarises the impact of the prior period error on the financial statements.

	As previously reported \$000	Adjusted \$000	As restated \$000
Council 30 June 2020			
Statement of Comprehensive Revenue and Expense			
Asset revaluation reserve (losses)/gains	(6,386)	579,157	572,771
Total other comprehensive revenue and expense	(8,649)	579,157	570,508
Total comprehensive revenue and expense	(12,287)	579,157	566,870
Statement of Financial Position			
Property, plant and equipment	4,315,052	579,157	4,894,209
Total assets	4,636,456	579,157	5,215,613
Accumulated revaluations gains/(losses)	2,754,934	579,157	3,334,091
Total equity	3,897,469	579,157	4,476,626
Statement of changes in equity			
Total comprehensive revenue and expense	(12,287)	579,157	566,870
Equity as at 30 June 2020	3,897,469	579,157	4,476,626
Net impact of revaluations on revaluation reserves (losses)/gains	(6,386)	579,157	572,771
Asset revaluation reserves at the end of the year	2,754,934	579,157	3,334,091
Group 30 June 2020			
Statement of Comprehensive Revenue and Expense			
Asset revaluation reserves (losses)/gains	4,914	579,157	584,071
Total other comprehensive revenue and expense	(513)	579,157	578,644
Total comprehensive revenue and expense	(6,153)	579,157	573,004
Statement of Financial Position			
Property, plant and equipment	4,449,637	579,157	5,028,794
Total assets	4,671,135	579,157	5,250,292
Accumulated revaluations gains/(losses)	2,794,319	579,157	3,373,476
Total equity	3,916,728	579,157	4,495,885
Statement of changes in equity			
Total comprehensive revenue and expense	(6,153)	579,157	573,004
Equity as at 30 June 2020	3,916,728	579,157	4,495,885
Net impact of revaluations on revaluation reserves (losses)/gains	4,914	579,157	584,071
Asset revaluation reserves at the end of the year	2,794,319	579,157	3,373,476

We note that the comparative figures in Note 29 for property, plant and equipment have been restated and the comparatives presented are the restated amounts.

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Note 48: Explanations of major variances against budget and current year actuals compared to prior year

STATEMENT OF FINANCIAL POSITION

	Variance against budget	Variance against last year
CURRENT ASSETS		
Cash and Cash Equivalents	For budget purpose all movements are budgeted in borrowings with minimal cash holdings. Timing in carrying out borrowing and the capital expenditure programme has led to this variance.	The increase in Cash and Cash Equivalents is due to the timing of expenditure and borrowing programmes throughout the year.
Debtors and Other Receivables	Increased activity in Development Contributions and Fees and charges due to Budget allowing for impact of 2020 Covid-19 were greater than budgeted.	Insurance proceeds relating to the Cayman building settlement during the 2020 year were an anomaly over the 2021 actuals.
Inventories	Inventories were up on budget due to inclusion of new Kerbside bins not previously budgeted for.	See Budget comments.
Derivative Financial Instruments	For budgeting purposes revaluation of derivative financial instruments are not undertaken. The balances included in the budget are from the previous year. All outstanding transaction have now matured.	No outstanding transactions as at 30 June 2021.
Other Current Assets	Short term deposits greater than 90 days not budgeted for.	Short term deposit maturing 15th July 2021.
Non-Current Assets Held for Sale	The increase against budget relates to Council decisions during the year relating to the disposal of land and buildings.	The increase against the prior year reflects the Council decisions during the year relating to the disposal of land and buildings and the movement from PP&E and the Investment Property portfolio.
NON CURRENT ASSETS		
Investments in Associate	Not applicable.	Not applicable.
Other Financial Assets	An increase on budget due to new arrangement with developer and the purchase of WBOPDC's 1/3rd share.	See budget comments.
Investment Properties	The increase against budget is due to an upwards movement in the Investment Property portfolio from this year's valuation.	See comments per budget.
Intangible Assets	Computer software & rights of access additions were well above budgeted levels due to the completion of several major projects. An increase on previous Property Subdivision Right due to new arrangement with developer and the purchase of WBOPDC's 1/3rd share.	Refer comments on variation from budget.
Forestry	Impact of revaluation of forestry assets in 2021 was lower than budget due to fall in log prices and reduction of forest area.	Decrease on last year due to slight downward movement in forestry valuation.
Property, Plant and Equipment	Current year additions of \$252m plus the valuation increases in the 3 Waters assets of \$353m and land and buildings of \$226m has seen the asset value significantly increase over budget.	Refer comments on variation from budget.
CURRENT LIABILITIES		
Creditors and Other Payables	In the 2020 year there were zero trade payables due to implementation of new system and all payables were by paid by year end. The 2020 Year also included the accrued payment for the Cayman apartments settlement a one of payment.	Refer comments on variation from budget.
Provisions	Increase in provision for two legal Weathertight claims currently before the courts not budgeted for.	Refer comments on variation from budget.
Employee Entitlements	Additional staff numbers, leading to increased leave entitlements.	Refer comments on variation from budget.
Deposits Held	Increase in general deposits held over budget.	Deposits Held fluctuate from year to year.

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	Variance against budget	Variance against last year
Revenue in Advance Developer Contributions	Balance of revenue receivable under works in lieu agreements with developers has increased. Includes \$6m funding from Crown Infrastructure not budgeted for.	Revenue in advance similar to prior year.
Derivative Financial Instruments	The current portion of derivatives for 2021 has reduced due to the maturity timing of the derivatives.	The current portion of derivatives for 2021 has reduced due to the maturity timing of the derivatives.
Borrowings	Debt due within one year is higher due to the timing of debt maturity. See explanation of borrowings under non-current liabilities	Debt due within one year is higher due to the timing of debt maturity.
NON CURRENT LIABILITIES		
Deferred Tax Liability	No budget provided at Council level.	Increase in deferred tax liability due to building depreciation being included in port activities.
Employee Entitlements	No material variance	No material variance.
Derivative Financial Instruments	Variance is due to the impact of increasing market interest rates as compared to 30 June 2020 interest rate.	Variance is due to the impact of increasing market interest rates as compared to 30 June 2020 interest rate.
Borrowings	Overall borrowings (both current and non-current) are largely in line with budget. Net borrowings are lower as a result, of capital budget underspend.	Borrowings are up overall due to substantial growth related capital expenditure.
EQUITY		
Retained Earnings	Significantly higher than budget after tax surplus, reflecting the higher value of. Fees and Charges, Development Contributions and Other Gains in the revenue offset by higher Personnel expenses and lower other operating expenses.	Refer comments on variation from budget.
Restricted Reserves	Lower development contributions reserve deficit than budgeted due to higher development contribution revenue in prior years and slower capital delivery.	Higher development contribution reserve deficit balances than 2020 due to lower development contributions revenue and high capital expenditure.
Council Created Reserves	Increase due to significant capitalisation in 2021 And increases from valuations in 3 Waters & building assets.	Slight increase in depreciation reserves due to capitalisations and valuation increases from 3 Waters & buildings.
Asset Revaluation Reserve	Land & Building & 3 Waters assets were valued in 2021 with significant upwards movements in their valuations.	Refer comments on variation from budget.
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES		
Rates	No material variation in rates revenue or water by meter revenue.	Increase is due to the higher number of rateable properties and increase in rates per rateable property. 5.7% increase in total rates over 2020, plus an increase in general rates to offset the reduction in the Uniform Annual General Charge (from \$600 to \$296 per property). Water by meter revenue increased from last year due to increase in consumption volumes and charge per cubic metre.
Fees and Charges	Fees and charges higher than budgeted, particularly building and airport, due to 2021 budgets being reduced for the adverse impact of COVID-19 (which didn't impact actuals).	Refer comments on variation from budget.
Grants and Subsidies	Decrease in grants revenue and operational NZTA subsidies due to a reduction in roading projects.	No material movement in Grants & Subsidies over the 2020 year.
Finance Revenue	Income above budget due to higher cash deposits than budgeted.	Falling interest rates and lower interest from loans to CCO's.
Vested Assets	Lower value of assets vested to Council than budgeted due to the timing of completion of significant projects.	Refer comments on variation from budget.

FINANCIALS

	Variance against budget	Variance against last year
Development Contributions	Revenue significantly above budget mainly due to the following growth areas Papamoa East, Wairakei and Tauriko Business Estate development activity.	Refer comments on variation from budget.
Grants, Subsidies and Other Capital Expenditure Contributions	Reduced revenue received from NZTA for budgeted growth projects in 2021.	Unbudgeted insurance proceeds for the settlement of Cayman apartments in the 2020 year.
Other Gains	Gains from sale of assets which fluctuate from year to year.	2021 included \$15m gain for investment properties, reflecting the strong commercial property market. Gains of \$11m from the Housing Infrastructure Fund and \$27m of Gains on Interest Rate Swaps.
Depreciation	Actuals are in-line with budget.	Depreciation up as a result of increase in 3 Waters and Building assets due to their revaluation. Increase in asset capitalisations on 2020.
Personnel Costs	Higher than budget due to increasing FTE numbers due to growth related projects.	Personnel costs are higher due to additional staff employed to meet additional workload requirements, particularly in activities related to infrastructure services, because of high growth of capital projects.
Finance Expenses	Finance costs were marginally below budget attributable to lower debt levels, resulting from slower capital delivery.	Net finance costs were lower due largely to falling interest rates.
Other Operating Expenses	Other operating expenses are \$5m lower than budget.	Main areas of increase on 2020 were in the areas of Consulting and Repairs & Maintenance.
Assets Vested to Other Parties	Not budgeted for.	Vesting of a Council constructed asset, Tauriko Crossing overbridge SH36 to NZTA. A one off not in 2020.
Other Losses	These include asset write-offs, impairment and losses, which are not budgeted and vary year to year. Comprised mainly of the Harington Street carpark land disposal and loss on sale of the Bella Vista site.	2020 included \$33m of assets written off as part of the replacement of the ERP system & \$13m of Interest Rate swap losses. See comments for 2021 in budget column.
Weathertight and Other Provisions	Provisioning to cover new leaky buildings legal claims based on two significant claims before the courts not budgeted for.	2020 provision was mainly due to the Cayman apartment settlement. See 2021 comments per budget column.
Unrealised Loss on Interest Swaps	These are dependent on the movement in interest rates, which are not budgeted and vary year to year.	Refer comments on variation from budget.
OTHER COMPREHENSIVE INCOME		
Asset Revaluation Gain/(losses)	The valuation increases in the 3 Waters assets of \$353m and land and buildings of \$226m has seen the asset value significantly increase over budget.	Infrastructure assets were revalued in 2021 and generated a significant increase in the value of these assets since the last valuation. Revaluation gains are dependent on the class of asset revalued in a given year and the movement in those asset values.
STATEMENT OF MOVEMENTS IN EQUITY		
Retained Earnings	Significantly higher than budget after tax surplus, reflecting the higher value of Fees and Charges, Development Contributions and Other Gains in the revenue offset by higher Personnel expenses and lower other operating expenses.	Refer comments on variation from budget.
Restricted Reserves	Lower development contributions reserve deficit than budgeted due to higher development contribution revenue in prior years and slower capital delivery.	Higher development contribution reserve deficit balances than 2020 due to lower development contributions revenue and high capital expenditure.
Council Created Reserves	Increase due to significant capitalisation in 2021 And increases from valuations in 3 Waters & building assets.	Slight increase in depreciation reserves due to capitalisations and valuation increases from 3 Waters & buildings.
Asset Revaluation Reserves	The valuation increases in the 3 Waters assets of \$353m and land and buildings of \$226m has seen the asset value significantly increase over budget.	Refer comments on variation from budget.

FINANCIALS

	Variance against budget	Variance against last year
STATEMENT OF CASH FLOWS		
Receipts from Rates Revenue	Increase is due to the higher number of rateable properties and upwards movement of rateable property values in 2021 Water by meter revenue increased from last year due to increase in consumption volumes and charge per cubic metre.	Refer comments on variation from budget.
Grants and Subsidies	Reduced revenue received from NZTA for budgeted growth projects in.	The Council received Crown Infrastructure Partner funding during the year of \$7.6m compared to 2020.
Development Contributions	Revenue above budget due to increased development activity.	Refer comments on variation from budget.
Fees and Charges	Fees and charges significantly higher than budgeted particularly building and airport, due to 2021 budgets being reduced for the adverse impact of COVID-19 (which didn't impact actuals).	Refer comments on variation from budget.
Interest Received	Income above budget due to higher cash deposits than budgeted.	No material variance.
Dividends	No material variance.	Refer comments on variation from budget.
Payments to Suppliers	Although Other expenses actual was below budget, historical payments made for past Weathertight claims was not budgeted for on the cashflow.	Main areas of increase on 2020 were in the areas of Consulting and Repairs & Maintenance
Payments to Employees	No material variance.	Employee costs are higher due to additional staff employed to meet additional workload requirements, particularly in activities related to infrastructure services, because of high growth of capital projects.
Interest Paid	Finance costs were marginally below budget attributable to lower debt levels, resulting from slower capital delivery.	Net finance costs were lower due largely to falling interest rates.
Goods and Services Tax (net)	This is assumed to be zero for budget purposes as it is a clearing account. Any net flow is due to timing.	Refer comments on variation from budget.
Proceeds from Sales of Assets	Sale proceeds fluctuate on an annual basis with the level of property sales.	Refer comments on variation from budget.
Purchase of Property, Plant and Equipment and Intangibles	Reflects the actual capital programme spend for the year and includes prior year projects that have been carried forward. Some of the projects not completed during the year will be carried forward to next financial year.	Refer comments on variation from budget.
Proceeds and Repayment of Borrowings	The actual inflow and outflow varies based on the timing of borrowings. Borrowings exceeded the repayments for the year.	Borrowings exceeded the borrowings for last year as a result of a higher capital expenditure spend.

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Note 49: Statements of Reserves

Accounting policy

Restricted Reserves

Restricted reserves are those reserves subject to specific conditions accepted as binding by Tauranga City Council and which may not be revised by Tauranga City Council without reference to the courts or a third party. Restricted reserves may be legally restricted. Transfers from these reserves may be made only for certain specified purposes or if certain specified conditions are met.



(A) Restricted reserves - development contributions

Reserves relating to the collection of revenue from development contributions for the purpose of funding growth related expenditure. Each reserve is shown by area. A debit in a reserve indicates a negative reserve due to funding of growth related capital expenditure prior to revenue being collected.

NOTE 49A: STATEMENT OF RESTRICTED RESERVES - DEVELOPMENT CONTRIBUTIONS
for the year ended June 2021

Restricted Reserves (Development Contribution)	Activities to which the reserve relates	Opening Balance 2020/21 \$000s	Transfers In 2020/21 \$000s	Transfers Out 2020/21 \$000s	Closing Balance 2020/21 \$000s
CITY WIDE DEVELOPMENT CONTRIBUTION					
Building Impact Fees	LIBRARIES	(171)	0	(1)	(172)
	PARKS AND RECREATION	(277)	(1,249)	166	(1,360)
	STORMWATER	(55)	0	0	(56)
	TRANSPORTATION	832	(419)	305	718
	WASTEWATER	(424)	(6,855)	5,501	(1,777)
	WATER SUPPLY	79,603	(4,635)	63,545	138,513
LOCAL DEVELOPMENT CONTRIBUTIONS					
Bethlehem	PARKS AND RECREATION	(679)	0	295	(384)
	STORMWATER	976	(50)	34	960
	TRANSPORTATION	1,102	(71)	38	1,069
	WASTEWATER	1,799	(74)	63	1,789
	WATER SUPPLY	713	(13)	25	726
Bethlehem West	PARKS AND RECREATION	2,668	(29)	222	2,862
	STORMWATER	1,512	(12)	142	1,643
	TRANSPORTATION	4,038	(61)	143	4,119
	WASTEWATER	721	(34)	29	716
	WATER SUPPLY	(47)	(74)	0	(121)
Kaitemako South	WASTEWATER	1	0	0	1
Mount Maunganui Infill	PARKS AND RECREATION	(27)	0	8	(20)
	WASTEWATER	2,095	0	74	2,170
	WATER SUPPLY	(177)	0	(1)	(178)
Neewood	WASTEWATER	2	0	0	2
Ohauti/Hollister Lane	PARKS AND RECREATION	711	0	25	736
	STORMWATER	326	(44)	11	293
	TRANSPORTATION	(116)	(73)	(1)	(190)
	WASTEWATER	410	(91)	14	333
	WATER SUPPLY	2,227	(304)	77	2,000

FINANCIALS

NOTE 49A: STATEMENT OF RESTRICTED RESERVES - DEVELOPMENT CONTRIBUTIONS
 for the year ended June 2021

Restricted Reserves (Development Contribution)	Activities to which the reserve relates	Opening Balance 2020/21 \$000s	Transfers In 2020/21 \$000s	Transfers Out 2020/21 \$000s	Closing Balance 2020/21 \$000s
Pāpāmoa East I (Wairakei)	STORMWATER	2,515	(1,537)	1,052	2,030
	TRANSPORTATION	(5,517)	(3,688)	1,065	(8,140)
	WASTEWATER	(3,802)	(792)	(15)	(4,609)
	WATER SUPPLY	(2,803)	(991)	(24)	(3,818)
Pāpāmoa East II (Wairakei)	STORMWATER	1,347	0	48	1,395
	TRANSPORTATION	9,061	0	631	9,692
	WASTEWATER	1,032	0	79	1,111
Pāpāmoa	PARKS AND RECREATION	(3,263)	(68)	101	(3,230)
	STORMWATER	3,355	(394)	127	3,088
	TRANSPORTATION	3,497	(353)	251	3,395
	WASTEWATER	168	(91)	5	82
	WATER SUPPLY	(172)	(22)	(1)	(195)
Pukemapu	WASTEWATER	3	0	0	3
Pyes Pa	PARKS AND RECREATION	(2,018)	0	825	(1,193)
	STORMWATER	55	(20)	2	37
	TRANSPORTATION	676	(38)	12	650
	WASTEWATER	(309)	(13)	(2)	(325)
	WATER SUPPLY	(56)	(8)	0	(64)
Pyes Pa West	PARKS AND RECREATION	(930)	(111)	(7)	(1,048)
	STORMWATER	7,885	(153)	624	8,356
	TRANSPORTATION	5,128	(145)	3,792	8,775
	WASTEWATER	(1,996)	(133)	(16)	(2,145)
	WATER SUPPLY	1,637	(19)	73	1,692
South Ohauiti	WASTEWATER	2	0	0	3
South Pyes Pa	TRANSPORTATION	4,152	0	147	4,299
	WASTEWATER	298	0	11	308
	WATER SUPPLY	111	0	4	115
Southern Pipeline Reserve	WASTEWATER	63,298	(899)	2,272	64,671
Tauranga Infill	PARKS AND RECREATION	(4,941)	0	782	(4,159)
	STORMWATER	22	0	1	23
	TRANSPORTATION	1,589	0	56	1,645
	WASTEWATER	4	(47)	0	(42)
	WATER SUPPLY	(702)	0	(5)	(707)
Tauriko Business Estate	STORMWATER	(2,605)	(927)	72	(3,461)
	TRANSPORTATION	(5,221)	(6,066)	107	(11,180)
	WASTEWATER	(2,762)	(2,467)	(301)	(5,531)
	WATER SUPPLY	1,018	(342)	609	1,285
Tauriko West	TRANSPORTATION	0	0	102	102
	WASTEWATER	0	0	929	929
	WATER SUPPLY	0	0	13	13
Waitaha/Waikite	PARKS AND RECREATION	(1,303)	0	(9)	(1,312)
	STORMWATER	(119)	(7)	(1)	(127)
	TRANSPORTATION	(701)	(11)	(5)	(717)
	WASTEWATER	1,032	(31)	36	1,038
	WATER SUPPLY	1,340	(11)	47	1,377
TOTAL DEVELOPMENT CONTRIBUTIONS		167,770	(33,471)	84,198	218,497

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(B) Restricted reserves and trust funds

Reserves and funds for which expenditure is restricted to the purpose of the reserve under Trust deed.

NOTE 49B: STATEMENT OF RESTRICTED RESERVES AND TRUST FUNDS - for the year ended June 2021						
Restricted Reserves	Description of Reserve	Activities to which the reserve relates	Opening Balance 2020/21 \$'000s	Transfers In 2020/21 \$'000s	Transfers Out 2020/21 \$'000s	Closing Balance 2020/21 \$'000s
Carruthers Capital	Fund to provide & maintain homes & flats for elderly persons.	CORPORATE SERVICES	(34)	0	0	(34)
Carruthers Income	Revenue from the capital fund that can be distributed.	CORPORATE SERVICES	(20)	0	0	(20)
E.V Flower Family Trust	For city museum maintenance of aviary.	CORPORATE SERVICES	(22)	0	0	(22)
Endowment Land Fund	Proceeds received from the sale of endowment land in Devonport Road.	CORPORATE SERVICES	(66)	0	0	(67)
Landscape Impact Fee	To develop street planting - funds from impact fee in industrial areas.	CORPORATE SERVICES	(125)	0	(1)	(125)
Museum Collection Fund	For the provision & development of the museum collection.	CORPORATE SERVICES	(189)	0	(1)	(191)
Parking Fees Reserve (JOG)	Funds for parking management and Joint Officials Group (JOG).	CORPORATE SERVICES	(2)	0	0	(2)
Parking Impact Fee	The City Plan imposes an impact fee on development that impacts on Parking.	CORPORATE SERVICES	(749)	0	(6)	(755)
Roading Land Purchase Fund	For roading land purchases (funded by roading land sales).	CORPORATE SERVICES	(1,646)	0	(12)	(1,659)
Stewarts Trust Capital	Fund to provide relief from poverty for aged & needy persons.	CORPORATE SERVICES	(558)	0	(4)	(563)
Stewarts Trust Income	Revenue from the capital fund that can be distributed.	CORPORATE SERVICES	(149)	0	(1)	(150)
Strategic Fundraising Reserve	Revenue from external parties for projects.	COMMUNITY DEVELOPMENT		0	25	25
		CORPORATE SERVICES	(1,465)	0	(11)	(1,476)
Strategic Roading Network	Roading fund for strategic roading network and sub-regional transportation.	CORPORATE SERVICES	(7)	0	0	(7)
TDC Eden Family Trust	For city museum maintenance of the steam engine	CORPORATE SERVICES	(16)	0	0	(16)
Water Future Land Purchase	To purchase additional land in water catchment areas when it becomes available.	CORPORATE SERVICES	(166)	0	(1)	(167)
TOTAL RESTRICTED RESERVES AND TRUST FUNDS			(5,214)	0	(14)	(5,228)

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Accounting policy**Council Created Reserves**

Council Created Reserves are part of the accumulated balance and are established at the will of Tauranga City Council. Tauranga City Council may alter them without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of Tauranga City Council.

**(C) Other council created reserves**

These reserves are established by resolution of Council for a particular purpose. This purpose can be amended by resolution of Council.

NOTE 49C: STATEMENT OF OTHER COUNCIL CREATED RESERVES - for the year ended June 2021						
Other Council Created Reserve	Description of Reserve	Activities to which the reserve relates	Opening Balance 2020/21 \$000s	Transfers In 2020/21 \$000s	Transfers Out 2020/21 \$000s	Closing Balance 2020/21 \$000s
Bethlehem Roundabout	Funding of slip lane for Parau lane.	TRANSPORTATION	(89)	0	(1)	(89)
Biosolids Reserve	Reserve to provide for biosolids maintenance.	WASTEWATER	(214)	(1,500)	(6)	(1,720)
Boscabel Subdivision Water Supply	Funding of upgrading the Water Supply for the subdivision.	WATER SUPPLY	(17)	0	(0)	(17)
Elder Housing Sale Reserve	Sale of Elder Housing Assets.	ELDER HOUSING	134	0	1,362	1,496
Event Investment Fund	Funding of major events.	CITY EVENTS		(131)	(0)	(131)
General Contingency	Miscellaneous expenditure for operational items not foreseen in annual plan.	CORPORATE SERVICES	(389)	(695)	379	(705)
Risk Management Fund	For the purpose of managing Council's financial risk and to fund unforeseen events.	CORPORATE SERVICES	27,719	8,370	(36,511)	(421)
Stormwater Reactive Reserve	Levy collected for stormwater remedial works.	STORMWATER	(9,588)	(2,300)	(4)	(11,892)
Kerbside Targeted Rate Reserve	Targeted rates collected for kerbside collection.	SUSTAINABILITY AND WASTE	595	(607)	1,265	1,253
Tauranga Hockey Turf 1	For the purpose of replacing turf.	PARKS AND RECREATION	(322)	(27)	(3)	(351)
Tauranga Hockey Turf 2	For the purpose of replacing turf.	PARKS AND RECREATION	(322)	(27)	(3)	(351)
Tauranga Hockey Turf 3	For the purpose of replacing turf.	PARKS AND RECREATION		(41)	(0)	(41)
Voluntary Rates Account	To maintain voluntary rate payments.	CORPORATE SERVICES	(8)		(0)	(8)
Waste Levy Reserve Account	To receive funds from waste management levy for approved activity.	SUSTAINABILITY AND WASTE	(1,534)	(488)	418	(1,605)
Waste Resources Reserve	The purpose is to record the grant funding and costs relating to the Central Government Grant Funding.	SUSTAINABILITY AND WASTE		(5,011)	6,419	1,408
Wastewater Enhancement Reserve	For the purpose of mitigating the cultural and environmental affects of the wastewater scheme.	WASTEWATER	(638)	(50)	(5)	(693)
Weathertight Reserve	For the purpose of managing Council's future exposure to leaky home payments.	CORPORATE SERVICES		(30,130)	84,214	34,647
			15,326	(32,637)	57,526	40,215

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(D) Council created depreciation reserves

Depreciation balances (charge less expenditure) are held in depreciation reserve by activity.

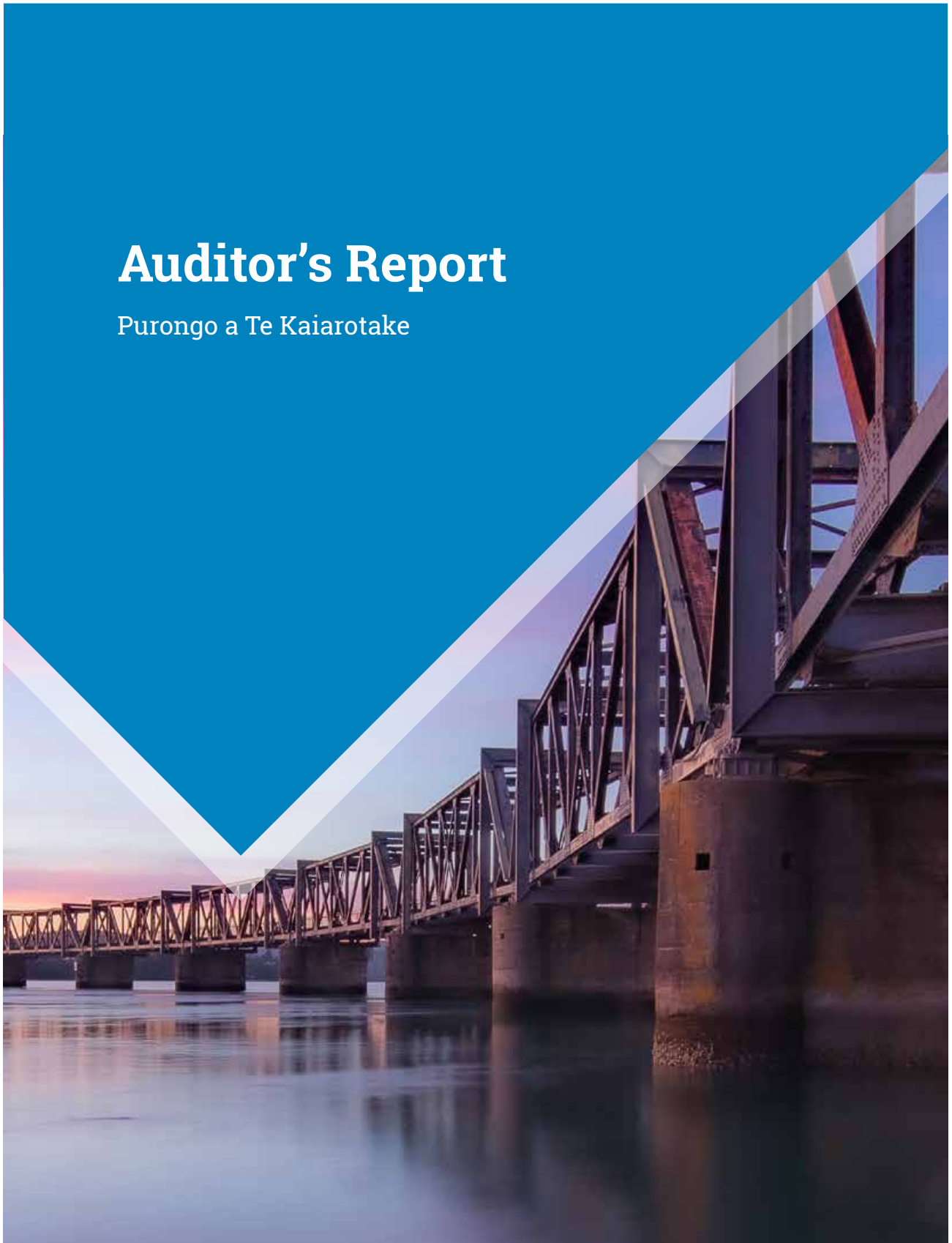
NOTE 49D: STATEMENT OF COUNCIL CREATED RESERVES - DEPRECIATION RESERVES
 for the year ended June 2021

Depreciation Reserves	Activities to which the reserve relates	Opening Balance 2020/21 \$000s	Transfers In 2020/21 \$000s	Transfers Out 2020/21 \$000s	Closing Balance 2020/21 \$000s
	AIRPORT	(9,444)	(1,754)	4,391	(6,807)
	ANIMAL SERVICES	(184)	(44)	12	(215)
	ARTS AND HERITAGE	(321)	(18)	(1)	(340)
	BAYCOURT	(1,975)	(485)	214	(2,245)
	BEACHSIDE HOLIDAY PARK	356	(140)	154	370
	BUILDING SERVICES	(876)	(274)	59	(1,091)
	CEMETERIES	(361)	(229)	344	(246)
	CITY AND INFRASTRUCTURE PLANNING	(47)	(42)	4	(86)
	CITY CENTRE	(1)	0	(0)	(1)
	CITY EVENTS	(8)	(3)	2	(9)
	COMMUNITY DEVELOPMENT	326	(502)	528	352
	CORPORATE SERVICES	(6,044)	(6,642)	10,114	(2,572)
	ELDER HOUSING	(9,078)	(2,301)	1,489	(9,890)
	EMERGENCY MANAGEMENT	943	(54)	201	1,090
	ENVIRONMENTAL PLANNING	4	(1)	1	5
	ENVIRONMENTAL PROTECTION	26	(12)	10	24
	GOVERNANCE	(4)	(0)	0	(4)
	LIBRARIES	(1,800)	(1,024)	1,806	(1,018)
	MARINE FACILITIES	(4,578)	(1,547)	1,007	(5,119)
	MARINE PRECINCT	(302)	(630)	275	(656)
	PARKS AND RECREATION	(33,298)	(10,947)	9,771	(34,474)
	REGULATION AND MONITORING	(122)	(8)	1	(130)
	STORMWATER	(21,331)	(5,644)	2,583	(24,391)
	SUSTAINABILITY AND WASTE	148	(314)	20	(146)
	TRANSPORTATION	(4,680)	(7,904)	11,304	(1,280)
	WASTEWATER	(27,218)	(10,707)	7,277	(30,648)
	WATER SUPPLY	(25,700)	(8,064)	6,295	(27,469)
		(145,569)	(59,288)	57,862	(146,995)

The activities above now represent the groupings as per the 2021-2031 Long-term Plan.

Auditor's Report

Purongo a Te Kaiarotake



AUDITOR'S REPORT

Independent Auditor's Report**To the readers of Tauranga City Council's annual report
for the year ended 30 June 2021**

The Auditor-General is the auditor of Tauranga City Council (the City Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to report on the information in the City 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 City 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 City 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 13 December 2021. This is the date at which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages [...] to [...] and pages [...] to [...]:
 - present fairly, in all material respects:
 - the City 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 page [...], 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 City Council's annual plan;

- 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 [...] to [...], presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's annual plan; and
- the funding impact statement for each group of activities on pages [...] to [...], 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 City Council's long-term plan.

Report on the disclosure requirements

We report that the City 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 [...] to [...], which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council's audited information and, where applicable, the City 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 [x] on page [x], 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 City Council will no longer deliver three waters services.

AUDITOR'S REPORT

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 City 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 City Council's annual plan.

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

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 City 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 statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the City 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 City 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 City 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 [...] to [...] and [...] to [...], but does not

AUDITOR'S REPORT

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 City 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.

Other than the audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the City Council's debenture trust deed and Financial Management Information System data migration and audit engagements for the 2021-31 Long-term plan Consultation Document and the 2021-31 Long-term plan. Other than these engagements, we have no relationship with, or interests in, the City Council or its subsidiaries and controlled entities.

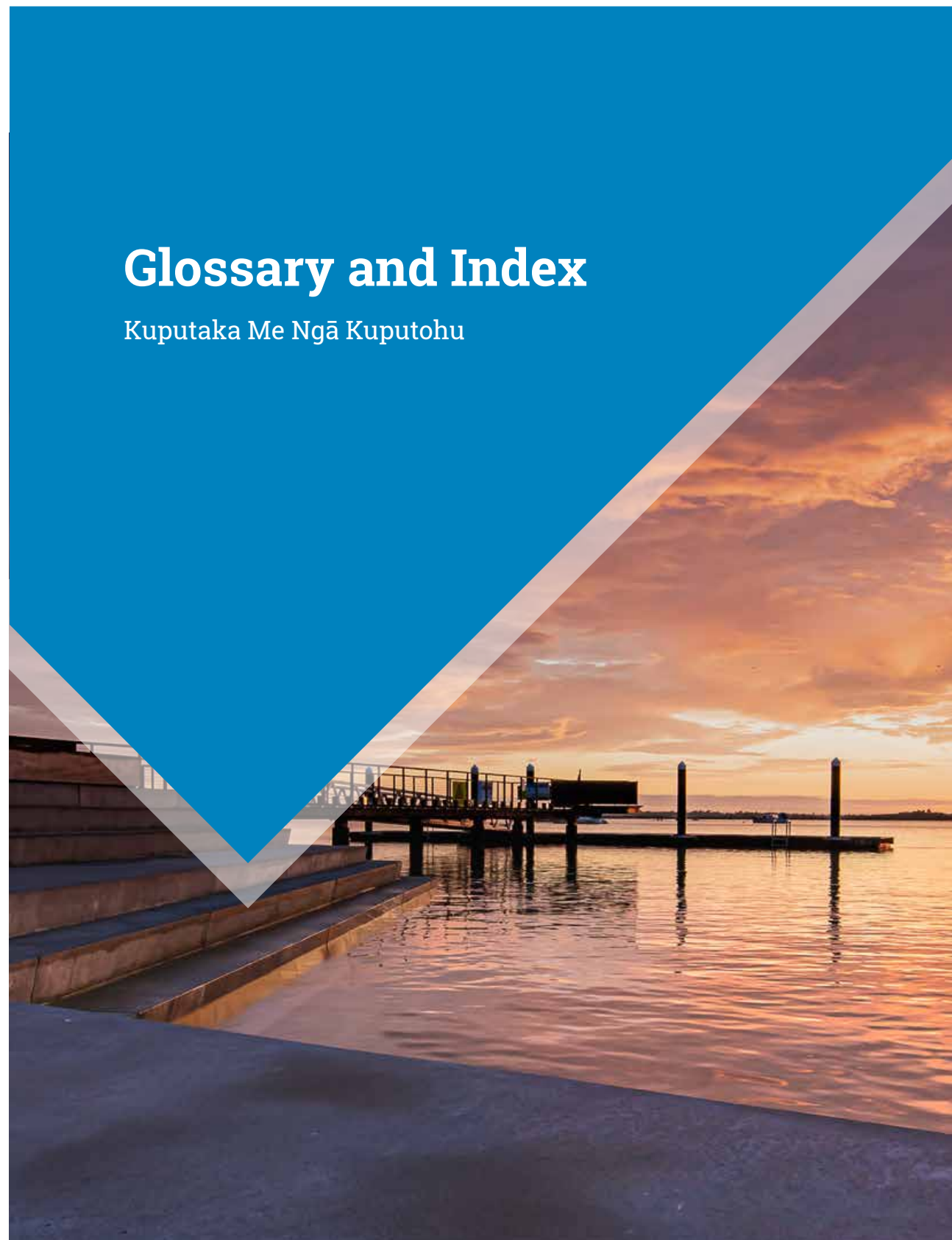
Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

AUDITOR'S REPORT



Glossary and Index

Kuputaka Me Ngā Kuputohu



DRAFT

Glossary

Activity

Related or like services that are grouped together for management and budgeting purposes.

Allocated Costs

A form of spending where one council department pays for services provided by another department.

Annual Plan (AP)

A one year plan that focuses on the work to be carried out in a relevant year of the Council's Long-term Plan (LTP) and also highlights any variations and amendments to the LTP.

Assets

Assets are things that the organisation owns such as roads, parks, footpaths and buildings.

Asset Management Plans

Asset Management Plans consider the level of service required for key infrastructural activities and services of council, and the assets required to support those services. The plans include ensuring that maintenance and asset replacement is at a level to allow the agreed provision of services to continue, that depreciation on assets is funded, and that the future growth of the city is catered for.

Borrowings

This is money used by council that it has obtained by raising a loan.

Carry Forwards

Where capital budgets are unspent in a year, due to the project not being complete or not yet commenced, the budget and funding may be carried forward into the next financial year.

Capital Expenditure

This is spending that will increase the value of council's assets.

Capital Value

The sum that the owners' estate or interest in the land, if unencumbered by any mortgage or other charge, might be expected to realise at the time of valuation if offered for sale on such reasonable terms and conditions as a bona fide seller might be expected to require. It is deemed to include GST for residential properties and exclude GST for other property types.

Community Outcomes

How the community wants the city to be, to make it a better place to live, work and play as described in the Long-term Plan.

Council Controlled Organisation

An organisation or company where one or more local authorities have 50% or more of the shareholder voting rights or similar. For a more detailed meaning see Section 6 of the Local Government Act 2002.

Depreciation

This accounts for the annual cost of the wearing out of or the economic use of our assets. It is generally based on the value of the asset divided by its remaining life.

Development Contributions

Fees paid by developers who subdivide (Subdivision Impact Fees) or build (Building Impact Fees). These fees cover the cost of upgrading the services (e.g. water supply) provided to those new sections / buildings. The setting of development contributions is governed by the Development Contributions Policy.

Expenditure

Spending by council.

Financial Year

Council's financial year runs from 1 July to 30 June the following year.

GLOSSARY AND INDEX

Funding Impact Statement (FIS)

This is a statement outlining council's activities and for each group of activities the funding sources and how these funds are applied.

General Rate

A rate based on the capital value of every property in the city.

Infrastructural Assets

Fixed utility systems that provide a continuing service to the community and are not generally regarded as tradable. These assets include roads, waste, sewerage and stormwater systems.

Internal Recoveries

Recovery of costs by support departments from other council departments.

Land Value

The probable price that would be paid for the bare land as at the date of valuation. The value includes development work such as drainage, excavation, filling, levelling, retaining walls, clearing, fertility build-up, flood protection.

Levels of Service

A measure of the service that the Council delivers i.e. number of sports fields available for use, library opening hours, water quality etc.

Liabilities

Amounts that the organisation owes. Non Current Liabilities are amounts that are not due to be repaid within the next financial year.

Local Government Act 2002 and Amendments

The key legislation that defines the regulations and responsibilities for local authorities including Tauranga City Council.

Long-term Plan (LTP) – The Ten Year Plan

This plan sets the strategic direction for the Council over the next 10 years and outlines council's contribution towards achieving the community outcomes. This plan is formally reviewed and updated every three years.

Operating Expenditure

Spending for the normal day-to-day services of council. This also includes depreciation, interest on loans and allocated costs.

Output

Services, activities or goods produced by council.

Policy

Guidelines to support effective decision making.

Private Benefit

This occurs when individuals who benefit from a service can be clearly identified and therefore charged for that service. It applies to user charges, application fees, purchase price and water by meter, though there are exceptions to the rule.

Public Benefit

This relates to spending which benefits the community in general and for which no individual beneficiaries can be clearly identified.

Public Benefit Entity

An entity whose primary objective is to provide goods or services for a community or a social benefit rather than for financial return.

Rates

Funds collected from property owners in the Council's city area.

Renewal Expenditure

This is spending that replaces deteriorating assets with new assets that have the same service potential as the originals.

Resource Consent

This is permission to use resources such as land, water and air, granted under the Resource Management Act 1991.

Restricted Assets

Assets that cannot be disposed of because of legal or other restrictions and that provide benefit or service to the community. They include reserves vested under the Reserves Act 1977, endowments and property held in trust for specific purposes.

Revenue

Money received by Council.

Revenue and Financing Policy

This is a statement about who should pay for the services provided by Council. The policy outlines who will benefit for each Activity and who should pay for it, taking into account fairness and what is practical.

Significance

This is the degree of importance of an issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impacts, and or likely consequences.

Special Funds / Reserve Funds

Money set aside for a specific purpose. Some uses are legally restricted and others are created by Council.

Strategy

These outline how the city is going to undertake particular actions to deliver the community outcomes.

Sub-Region

This is the geographical area that includes Tauranga City Council and Western Bay of Plenty District Council areas.

Uniform Annual Charge (UAC)

Income to Council for a specific service by a levy of an equal amount on each rateable property. This amount does not vary with the value of the property.

Uniform Annual General Charge (UAGC)

The contribution to the costs of the activities, works or services, whose costs are not otherwise recovered from separate and special rates and charges and shall be levied in respect of every separately rateable property. This amount does not vary with the value of the property.

User Fees and Charges

Fees charged to users of specific services and facilities provided by the Council.

Vested Assets

Infrastructural assets and land provided by the developer of the subdivision. Examples of this may be roads, streetlights, water and wastewater reticulation, stormwater disposal systems and reserve land. At the completion of the subdivision, the ownership and hence future maintenance of these assets passes to Council.

GLOSSARY AND INDEX

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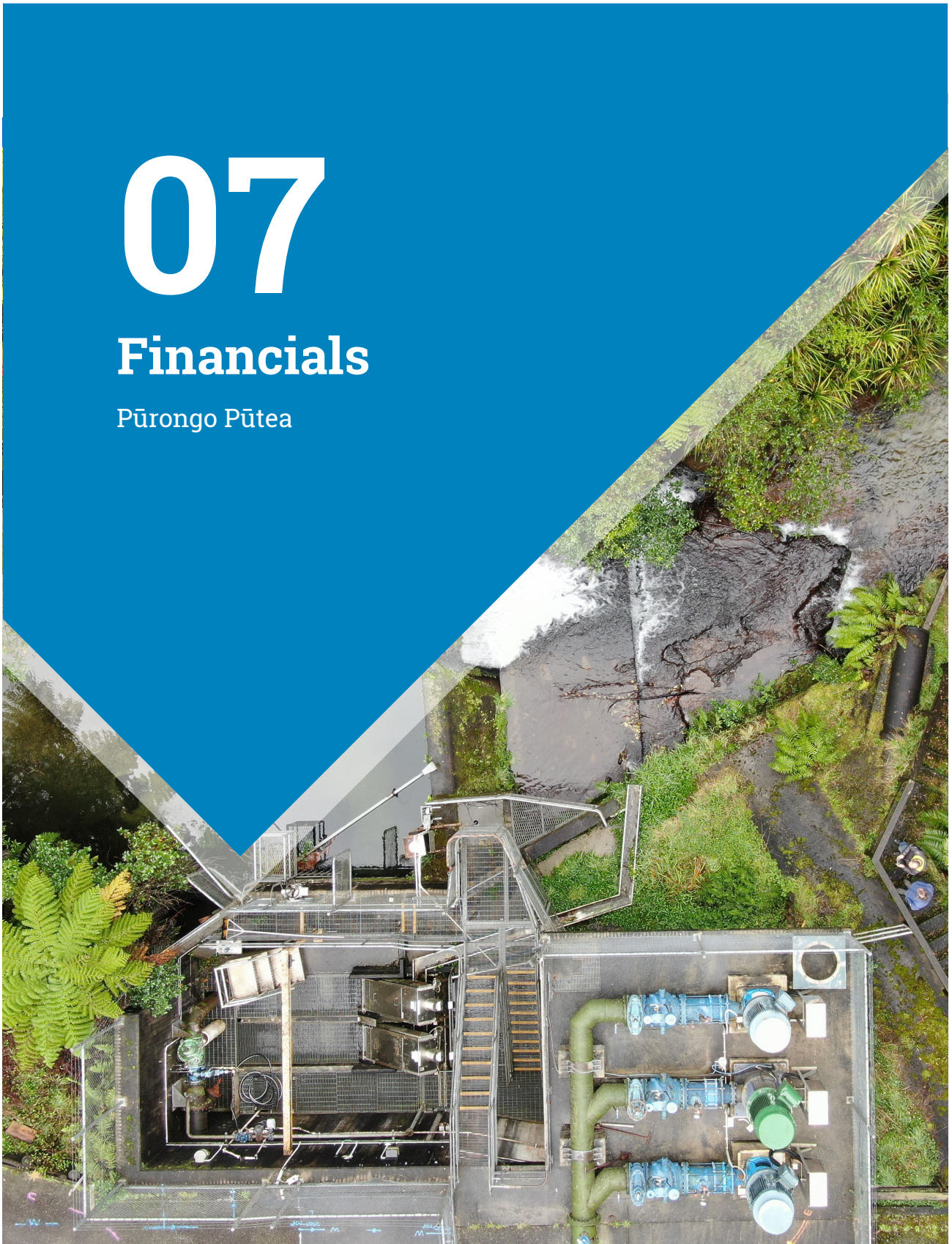


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07

Financials

Pūrongo Pūtea





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Introduction to financial section

The financial section contains the core financial information required by the Local Government Act 2002 and the Financial Reporting and Prudence Regulations 2014.

The section includes:

- Financial Prudence Benchmarks
- Rating Base Information
- Whole of Council Funding Impact Statement (FIS)
- Financial Statements
- Notes to the Financial Statements

The Financial Prudence Benchmarks are produced in accordance with the Financial Reporting and Prudence Regulations 2014. Their purpose is to disclose the Council's financial performance in relation to various benchmarks that are also presented by other councils.

The Sewerage and Water rates collected and Water by Meter Revenue were higher than budgeted.

Rating Base Information is included that explains the basis on which rates are set and trends over recent years.

The whole of Council Funding Impact Statement (FIS) prepared in accordance with the Financial Reporting and Prudence Regulations 2014 provides the full year results compared to budget and the prior year in a format that shows revenue and expenditure categorised as either operational or capital sources and applications of funds. Depreciation expense is excluded from operational application of funds. Under the Funding Impact Statement presentation, depreciation is included in the movement of reserves as a source of capital funding.

Following on from the whole of Council Funding Impact Statement, the **Tauranga City Council Group Financial Statements** are presented in accordance with the Local Government Act 2002, which also includes the requirement to prepare the accounts in accordance with New Zealand Generally Accepted Accounting Practice, and the new Public Benefit Entity requirements. **The Financial Statement of Comprehensive Revenue and Expense** presents operational and capital revenue and expenditure in a different format to the Funding

Impact Statement. Operating expenditure includes depreciation and some non cash expenses such as provisions for doubtful debts.

Depreciation is a non cash operating expense which recognises the use of an asset over the year. Because over time assets will wear out and require replacement, depreciation of assets should be recognised as a cost of operation. Council does not always have to pay the full cost of replacement of assets so it does not fully fund (through rates and user fees and charges) the costs of depreciation e.g. for replacement of Road assets which are funded 50% by the New Zealand Transport Agency. Non funded depreciation is \$7.5m in Transportation.

The Statement of Financial Position shows what Tauranga City Council owns (its assets) and what it owes (its liabilities) at the end of the financial year. This statement shows a snapshot of Tauranga's net worth (assets less liabilities) at a point in time.

This statement is supported by a **Statement of Movements in Equity** which shows how the net worth of the organisation has moved over the year, and a **Statement of Cashflows** which records the transactions of Council for the year that have involved movements in cash and therefore explains the balance of cash at year end.

The notes to the accounts explain the items in the financial statements in more detail.

FINANCIALS

Financial prudence

Annual Report disclosure statement for the year ending 30 June 2021

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

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions used in this statement.

Base figures used in the benchmark calculations are attached in a table at the end of this section.

Rates Affordability Benchmarks

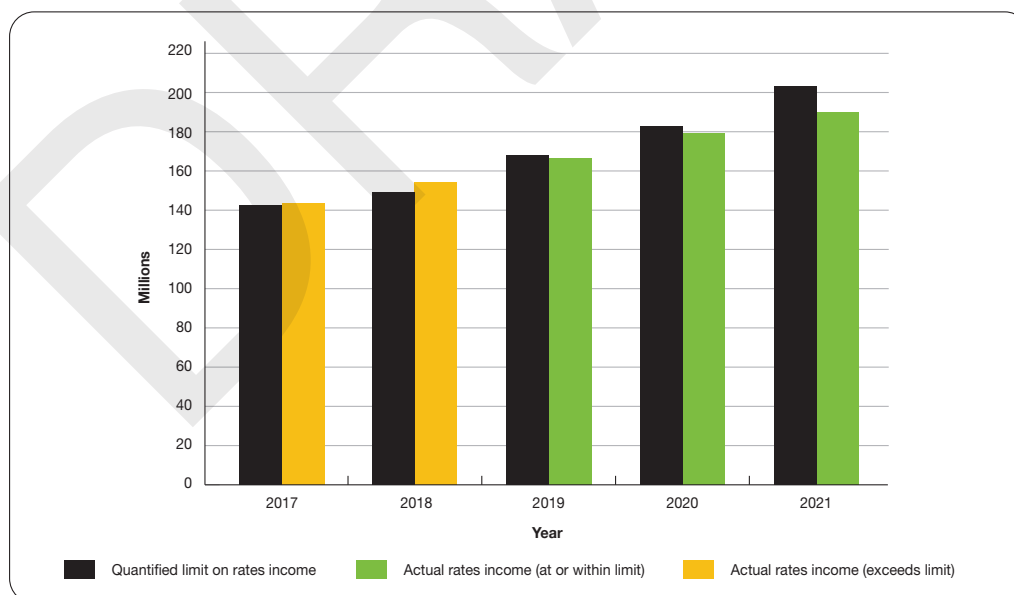
The Council meets this benchmark if:

- Its actual rates income for the year equals or is less than each quantified limit on rates; and
- Its actual rates increases for the year equal, or are less than each quantified limit on rates increases

Rates Income Affordability Benchmark

Quantified Limit on Rates

The total rates requirement for each year of the Long-term plan will be no more than shown in the adopted Long-term Plan for that year. The following graph compares Council's actual rates income with a quantified limit on rates contained in the financial strategy included in Council's Long-term Plan.



* For 2017 and 2018, where actual rates have exceeded quantified limits this is due to higher than expected growth in rating units after rates were set.

Rates Increases Affordability Benchmark

Quantified Limit on Rates Increases

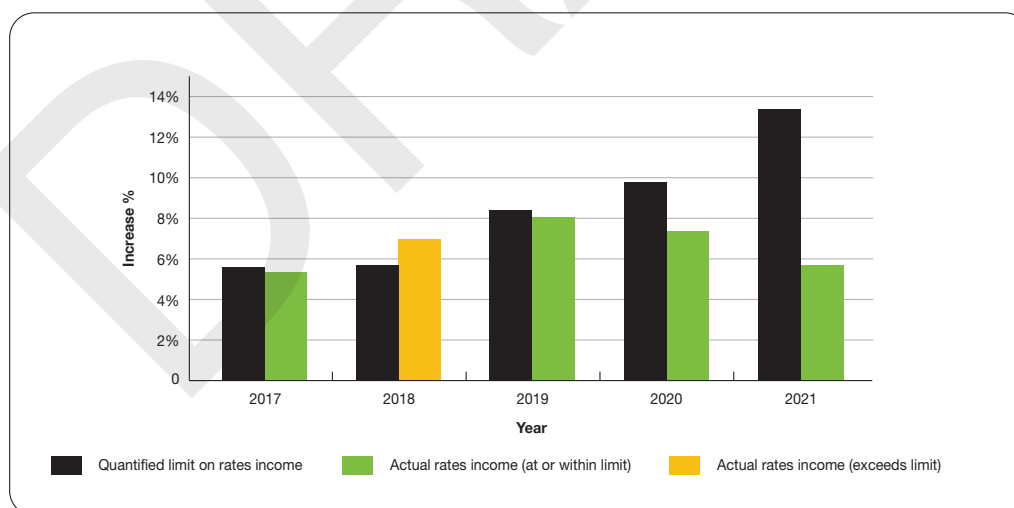
For years 2015 - 2018, the annual increase in total rates requirement will be limited to the total of:

- The annual percentage increase in the consumer price index*
- The estimated percentage growth in the number of rateable properties in the city in the year to 30 June preceding the relevant rating year in question and
- Two percent

For 2019 - 2021, the annual increase in total rates requirement will be limited to the total of:

- The agreed limit on rates and
- The estimated percentage growth in the number of rateable properties in the city in the year to 30 June preceding the relevant rating year in question

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Long-term Plan.

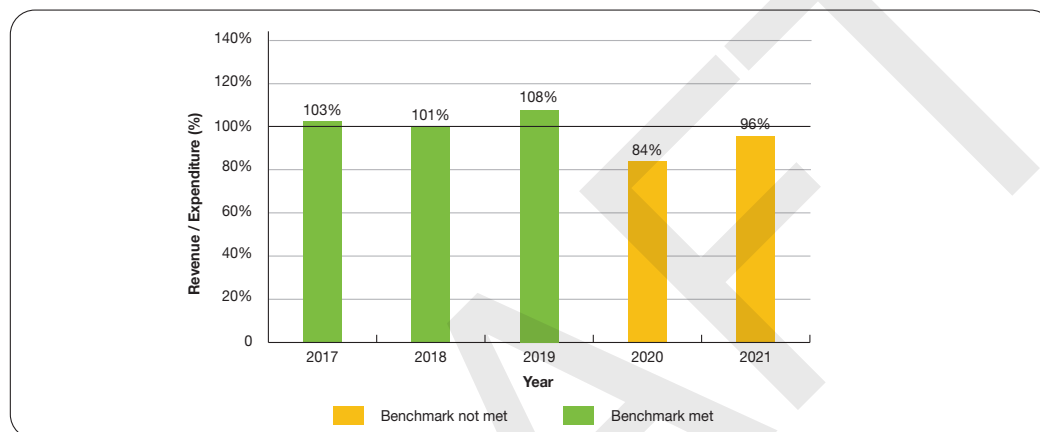


* Using the most recent consumer price index statistics, published by Statistics New Zealand, available at the time the draft and then the Long-term Plan is prepared.

FINANCIALS

Balanced Budget Benchmark

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

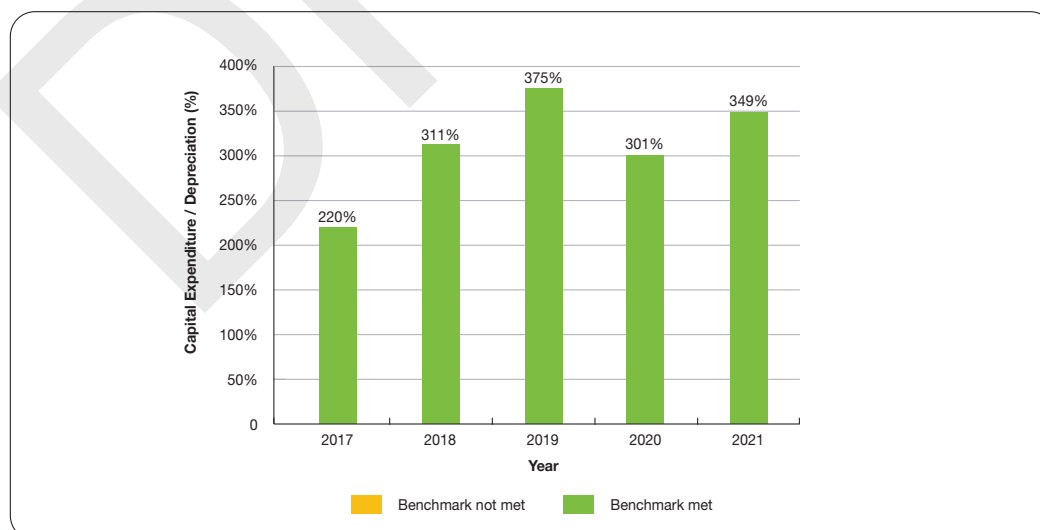


2020 - Revenue was adversely impacted by lower subsidies and user fees and charges due to COVID-19. Expenditure includes significant asset write-off's and provision expense.

2021 - Expenditure includes significantly higher depreciation expense as well as a large provision expense.

Essential Services Benchmark

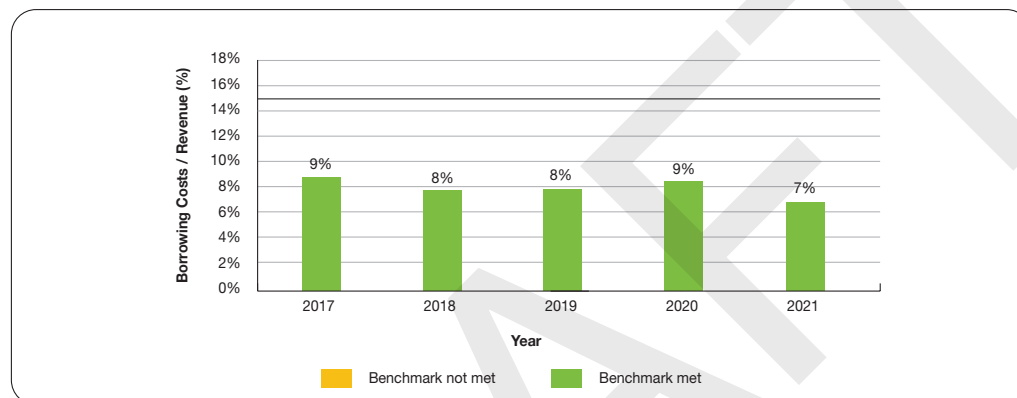
The following graph shows the Council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt Servicing Benchmark

The following graph compares 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 the council's population will grow faster than the national population growth rate (as at 1/7/2013), it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.

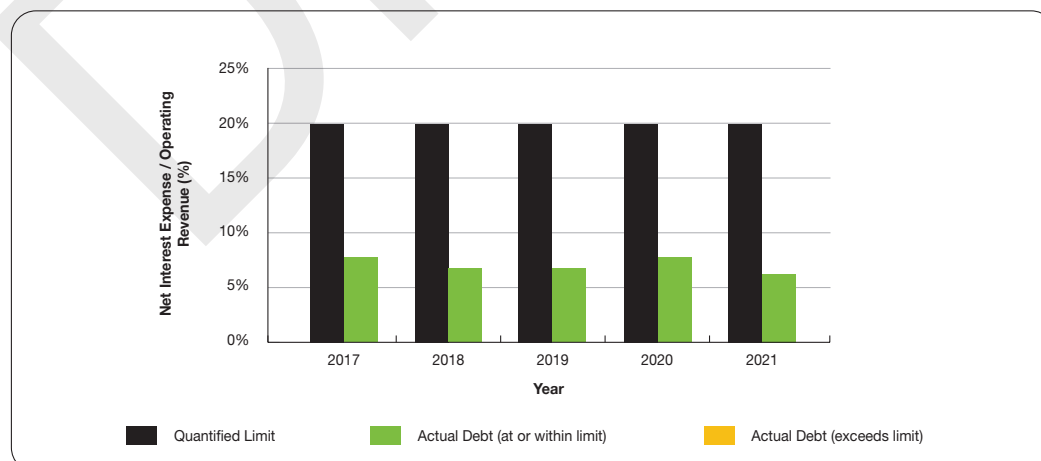


Debt Affordability Benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. Tauranga City Council has 3 quantified limits on borrowing.

Net Interest Expense on External Debt as a Percentage of Operating Revenue

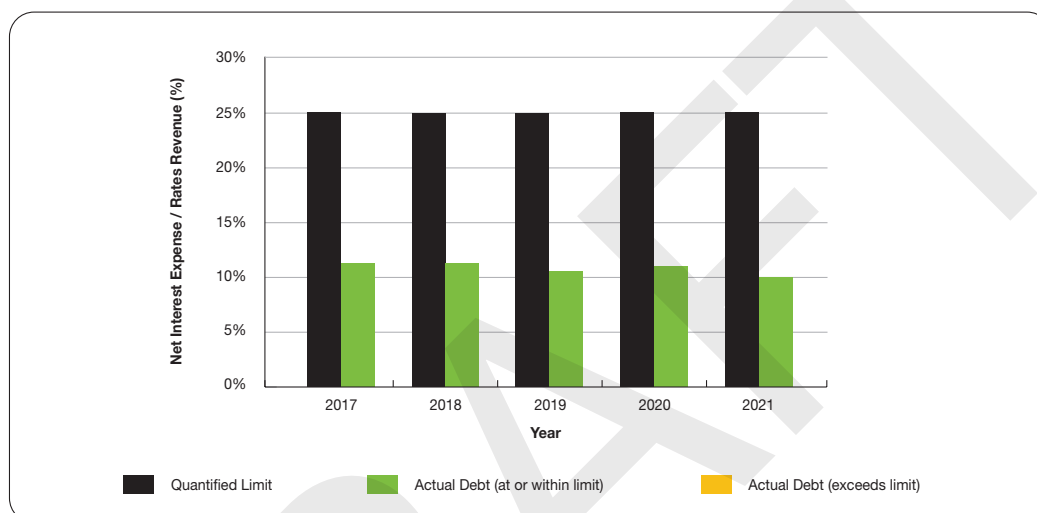
The following graph compares the Council's actual borrowing with the first quantified limit on borrowing stated in the financial strategy included in the Council's Long-term Plan. The quantified limit is net interest expense (after interest rate risk management costs/benefits) on external debt as a percentage of annual operating revenue (excluding development contributions) will not exceed 20%.



FINANCIALS

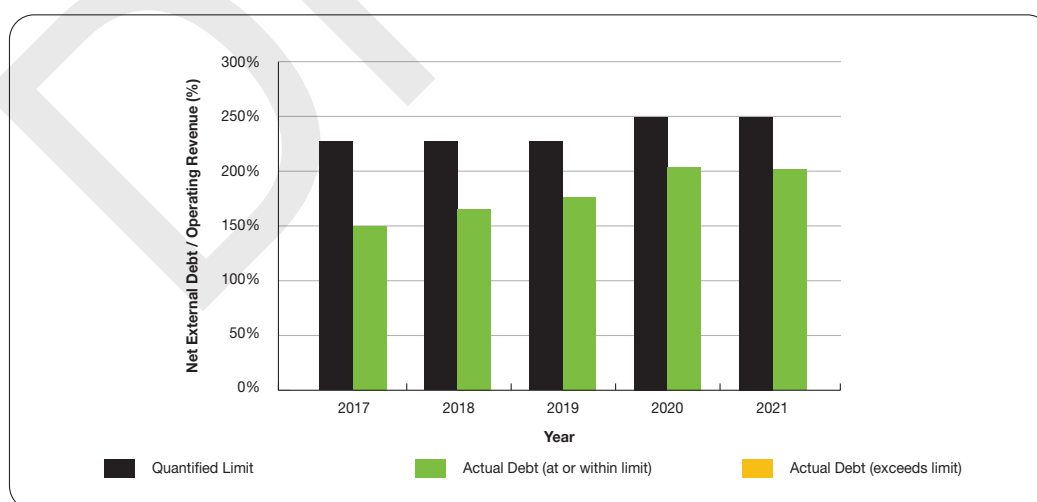
Net Interest Expense on External Debt as a Percentage of Rates Revenue

The following graph compares the Council's actual borrowing with the second quantified limit on borrowing stated in the financial strategy included in the Council's Long-term Plan. The quantified limit is net interest expense (after interest rate risk management costs/benefits) on external debt as a percentage of annual rates revenue will not exceed 25%.



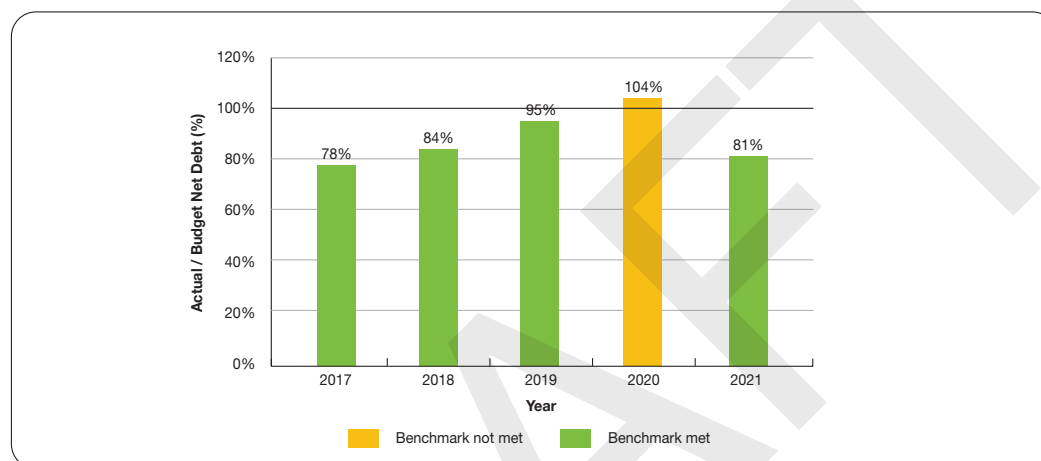
Net External Debt as a Percentage of Operating Revenue

The following graph compares the Council's actual borrowing with the third quantified limit on borrowing stated in the financial strategy included in the Council's Long-term Plan. The quantified limit is Net External Debt as a percentage of annual operating revenue (excluding development contributions) will not exceed 250% (prior to 2019 the limit was 225%).



Debt Control Benchmark

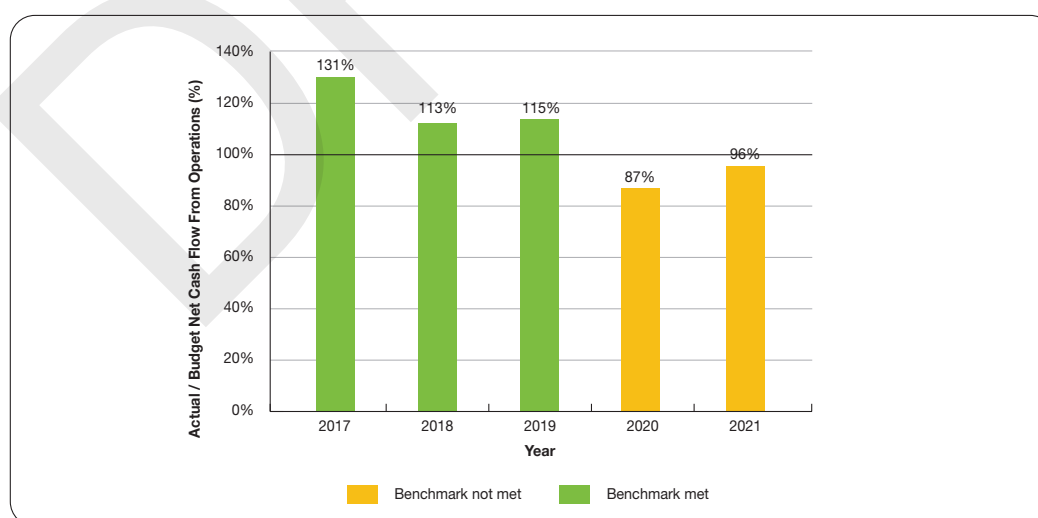
The following graph displays the Council's actual debt as a proportion of planned net debt. In this statement net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



2020 - Financial liabilities exceeded budgeted levels at 30 June 2020, primarily derivative financial instruments and creditors and other payables.

Operations Control Benchmark

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



2020 - Operating cash flows were adversely affected by substantially lower subsidies and reduced user fees and charges due to COVID-19.

2021 - Operating cash flows were adversely affected by elevated payments to suppliers, due mainly to the timing of payments.

FINANCIALS

CALCULATIONS

	2017	2018	2019	2020	2021
RATES INCOME AFFORDABILITY \$000					
Annual Report Rates Income	144,850	154,927	167,351	179,605	189,802
Relevant Long-term Plan Rates Budget / Calculated limit *	142,768	150,032	167,941	183,751	203,492

* For 2020 and 2021 a specific numeric limit was not given in the Long-term Plan. In place of this a calculated limit was given, being prior years rates income, inflated by the current year rates limit increase.

RATES INCREASES AFFORDABILITY					
Rates Revenue Budget	124,973	131,497	145,787	156,577	182,979
Water by Meter Revenue Budget	17,795	18,535	21,118	22,711	24,399
Rates Revenue Actual	126,314	134,978	146,040	155,629	165,518
Water by Meter Revenue Actual	18,536	19,949	21,311	23,976	24,284
Rates Increase	5.30%	7.00%	8.00%	7.30%	5.70%
Rating Limit/ CPI increase *	1.90%	2.00%	5.80%	7.50%	11.00%
Growth	1.63%	1.69%	2.60%	2.30%	2.30%
2%	2.00%	2.00%	0.00%	0.00%	0.00%
Total Rates Increase Limit	5.50%	5.70%	8.40%	9.80%	13.30%

* For 2015 - 2018 this was the CPI increase. For 2019 - 2021 this was Council's agreed limit on rates.

BALANCED BUDGET					
Operating Revenue	198,745	209,559	229,333	242,810	257,690
Plus: Capital subsidy revenue	7,691	32,649	21,575	11,784	22,126
Plus: Investment property revaluation gains	5,941	700	11,612	1,248	14,691
Plus: Other gains on non financial instrument's	2,572	2,976	3,524	2,301	1,118
Total Revenue excluding Asset Development	214,949	245,884	266,044	258,143	295,625
Operating Expenditure	199,847	223,002	241,571	257,682	271,304
Plus: Other losses on non financial instruments	3,955	5,812	6,926	35,764	9,749
Plus: Provisions Expense	5,000	14,910	-2,547	12,500	26,438
Total Expenditure excluding Financial Instruments	208,802	243,724	245,950	305,946	307,491
Revenue/Expenditure	103%	101%	108%	84%	96%

ESSENTIAL SERVICES BENCHMARK					
Capital Expenditure					
Stormwater	12,536	15,162	20,385	10,142	7,305
Waste Water	19,703	18,721	44,077	19,824	13,951
Water Supply	16,277	15,449	25,792	55,425	68,825
Transportation	24,263	56,329	31,104	20,792	43,414
Capital Expenditure on Essential Services	72,780	105,662	121,359	106,183	133,495
Depreciation					
Stormwater	4,377	4,064	4,766	5,152	5,618
Waste Water	10,085	10,703	8,391	9,031	10,348
Water Supply	7,126	7,273	6,231	6,569	7,731
Transportation*	11,484	11,919	13,014	14,505	14,585
Depreciation on Essential Services	33,073	33,959	32,402	35,258	38,282
Capital Expenditure as proportion of Depreciation	220%	311%	375%	301%	349%

* Depreciation expense stated in Note 7 for Transportation includes Parking Management depreciation, which needs to be removed for the purposes of this graph.

FINANCIALS

	2017	2018	2019	2020	2021
DEBT SERVICING BENCHMARK					
Operating Revenue	214,949	245,884	266,044	258,143	295,625
Borrowing costs	18,920	19,159	20,865	21,992	20,435
Borrowing Costs/Operating Revenue	9%	8%	8%	9%	7%
Limit	15%	15%	15%	15%	15%
DEBT AFFORDABILITY BENCHMARK LIMIT 1					
Borrowing costs	18,920	19,159	20,865	21,992	20,435
Interest Revenue	2,668	2,722	2,405	2,504	1,426
Net Interest Expense	16,252	16,437	18,460	19,488	19,009
Operating Revenue	214,949	245,884	266,044	258,143	295,625
Net Interest Expense/Operating Revenue	8%	7%	7%	8%	6%
Quantified Limit	20%	20%	20%	20%	20%
DEBT AFFORDABILITY BENCHMARK LIMIT 2					
Borrowing costs	18,920	19,159	20,865	21,992	20,435
Interest Revenue	2,668	2,722	2,405	2,504	1,426
Net Interest Expense	16,252	16,437	18,460	19,488	19,009
Rates Revenue	144,850	154,927	167,351	179,605	189,802
Net Interest Expense/Rates Revenue	11%	11%	11%	11%	10%
Quantified Limit	25%	25%	25%	25%	25%
DEBT AFFORDABILITY BENCHMARK LIMIT 3					
Actual Net External Debt					
Cash and Equivalents	54,625	21,799	16,556	14,774	39,835
Borrowings Current	30,057	50,000	54,958	54,079	66,012
Borrowings Non Current	325,339	320,311	402,670	485,620	569,361
Total Borrowings	355,396	370,311	457,628	539,699	635,373
Actual Net External Debt	300,771	348,512	441,072	524,925	595,538
Net External Debt/Operating Revenue	151%	166%	176%	203%	201%
Quantified Limit	225%	225%	250%	250%	250%
DEBT CONTROL BENCHMARK					
Actual Net Debt					
Financial Assets (excluding debtors and other receivables)	95,643	65,137	62,697	65,503	104,693
Financial Liabilities	432,924	464,783	563,682	692,170	698,810
Actual Net Debt	337,281	399,646	500,985	626,667	594,117
Planned Net Debt					
Financial Assets (excluding debtors and other receivables)	10,322	11,358	11,627	23,393	23,399
Financial Liabilities	443,635	485,071	537,367	625,466	761,180
Planned Net Debt	433,313	473,713	525,740	602,073	737,781
Actual/Budget Percentage	78%	84%	95%	104%	81%
OPERATIONS CONTROL BENCHMARK					
Actual Cash flows	93,590	86,908	108,271	108,270	120,158
Planned Cash Flows	71,490	76,685	94,157	123,948	125,230
Actual/Budgeted Cash Flows	131%	113%	115%	87%	96%

FINANCIALS

Rating Base Information

Council's general rates are set based on capital value, with a residential/commercial differential of 1:1.2. The uniform annual general rate is set on each separately used or inhabited part of a rating unit at close to 10% of the total assessed rates. A targeted resilience rate based on capital value is assessed on all rateable properties. A targeted economic development rate based on capital value is assessed on all commercial properties.

Council also set minor targeted rates for level of service in three subdivisions (The Lakes, Pāpāmoa Coast and Excelsa), and four Mainstreet targeted rates assessed on commercial properties within each Mainstreet area.

Council sets targeted rates for wastewater and water supply on properties that are, or can be, connected to the reticulation systems. Water targeted rates are predominantly based on a volumetric rate for each cubic metre of water consumed. A targeted glass-recycling rate is assessed on all residential properties who receive the kerbside glass collection service.

All of the above are set and assessed under the Local Government (Rating) Act 2002.

TAURANGA CITY COUNCIL RATEPAYER DATA

	2016	2017	2018	2019	2020	2021
Number of Rating units	53,006*	53,901	55,574	56,792	58,116	59,640
Total Capital Value (\$ Millions)	28,040	33,499	34,480	35,365	51,912	53,048
Total Land Value (\$ Millions)	14,004	16,753	17,032	17,254	28,552	28,848

FURTHER BREAKDOWN*

Residential Ratepayers

Residential rating Units	50,200	51,017	52,529	53,719	54,979	55,818
Residential rating units growth from previous year	2.0%	1.6%	3.0%	2.3%	2.3%	1.5%
Residential capital Value (\$Millions)	22,440	26,998	27,738	28,535	42,807	43,619
Residential capital Value growth from previous year	2.0%	20.3%	2.7%	2.9%	50.0%	1.9%

Commercial ratepayers

Commercial rating Units	3,188	3,264	3,390	3,435	3,511	3,642
Commercial rating units growth from previous year	0.2%	2.3%	3.9%	1.3%	2.21%	3.73%
Commercial capital Value (\$Millions)	5,600	6,502	6,742	6,830	9,104	9,428
Commercial capital Value growth from previous year	1.6%	16.1%	3.7%	1.3%	33.3%	3.6%

* Number of rating units for residential and commercial exceeds the total number of rating units because it includes primary and secondary rating units.

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Funding Impact Statement Whole of Council

Tauranga City Council: Funding Impact Statement for Whole of Council for the year ended 30 June 2021

	2019/2020 AP \$000s	2019/2020 Actual \$000s	2020/2021 AP \$000s	2020/2021 Actual \$000s
SOURCES OF OPERATING FUNDING				
General Rates, Uniform Annual General Charges, Rates Penalties	117,254	117,438	123,841	123,890
Targeted Rates	61,417	62,167	65,969	65,912
Subsidies and Grants for Operating Purposes	5,978	8,763	9,008	8,754
Interest and Dividends from Investments	2,220	3,333	1,226	2,068
Fees and Charges	56,995	49,473	45,911	54,900
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	1,822	1,637	1,820	2,165
Total Sources of Operating Funding (A)	245,686	242,811	247,775	257,689
APPLICATIONS OF OPERATING FUNDING				
Payments to Staff and Suppliers	178,958	178,661	193,575	188,080
Finance Costs	22,629	21,991	20,847	20,434
Other Operating Funding Applications	1,221	33,728	1,221	26,657
Total Applications of Operating Funding (B)	202,808	234,380	215,643	235,171
Surplus/(Deficit) of Operating Funding (A-B)	42,878	8,431	32,132	22,518
SOURCES OF CAPITAL FUNDING				
Subsidies and Grants for Capital Expenditure	23,407	8,273	22,106	18,091
Development and Financial Contributions	26,067	30,877	17,658	33,471
Increase/(Decrease) in Debt	76,807	19,681	81,799	45,688
Gross Proceeds from the Sale of Assets *	1,808	5,643	4,251	(455)
Lump Sum Contributions	1,374	3,511	3,342	4,035
Other Dedicated Capital Funding	0	0	0	0
Total Sources of Capital Funding (C)	129,463	67,860	129,156	100,830
APPLICATION OF CAPITAL FUNDING				
Capital Expenditure				
- to meet additional demand	67,110	74,693	92,729	78,441
- to improve level of service	88,821	32,044	104,457	58,067
- to replace existing assets	32,576	21,748	47,455	42,403
Increase/(Decrease) in Reserves	(16,166)	(52,069)	(83,132)	(55,563)
Increase/(Decrease) of Investments *	0	0	0	0
Total Applications of Capital Funding (D)	172,341	76,416	161,288	123,348
Surplus/(Deficit) of Capital Funding (C-D)	(42,878)	(8,431)	(32,132)	(22,518)
Funding balance ((A-B)+(C-D))	0	0	0	0

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Financial statements

Tauranga City Council: Statement of Comprehensive Revenue and Expenses for the year ended 30 June 2021

		Council			Consolidated	
		Actual 30 June 2021 \$'000	Budget 30 June 2021 \$'000	Actual 30 June 2020 Restated* \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 Restated* \$'000
	Note					
OPERATING REVENUE						
Rates	2	189,802	189,810	179,605	189,563	179,457
Fees and Charges	4	56,009	46,565	49,951	73,532	62,258
Grants and Subsidies	5	9,811	10,174	9,921	11,048	12,394
Finance Revenue	6	2,068	1,226	3,333	1,387	2,481
Total Operating Revenue		257,690	247,775	242,811	275,530	256,591
ASSET DEVELOPMENT REVENUE AND OTHER GAINS						
Vested Assets	11	10,660	32,635	24,110	10,660	24,110
Development Contributions	12	33,471	17,657	30,877	33,471	30,877
Grants, Subsidies and Other Capital Expenditure Contributions	13	22,126	25,451	31,929	22,126	31,929
Other Gains	14	54,377	792	4,750	54,377	4,750
Total Asset Development Revenue and Other Gains		120,634	76,535	91,666	120,634	91,666
TOTAL REVENUE	3	378,324	324,310	334,477	396,164	348,257
OPERATING EXPENDITURE						
Depreciation and Amortisation expense	7	(62,571)	(62,282)	(55,947)	(67,580)	(62,374)
Personnel Expenses	8	(67,205)	(66,310)	(62,797)	(80,168)	(75,254)
Finance Expenses	9	(20,616)	(20,845)	(22,206)	(20,559)	(22,252)
Other Operating Expenses	10	(120,912)	(127,285)	(116,732)	(121,399)	(116,083)
Total Operating Expenditure		(271,304)	(276,722)	(257,682)	(289,706)	(275,963)
OTHER EXPENSES						
Assets Vested to Other Parties	17	(5,808)	0	0	(5,808)	0
Other Losses	16	(9,749)	0	(35,764)	(9,749)	(35,764)
Weathertight & Other Provisions	15	(26,438)	(1,200)	(32,645)	(26,438)	(32,645)
Unrealised Loss on Interest Swaps	16	0	0	(13,463)	0	(13,463)
Total Other Expenses		(41,995)	(1,200)	(81,872)	(41,995)	(81,872)
TOTAL EXPENDITURE		(313,299)	(277,922)	(339,554)	(331,701)	(357,835)
Operating Surplus/(Deficit) Before Tax and Share of Equity Accounted Investments		65,025	46,388	(5,077)	64,463	(9,578)
Share in Associate Surplus/(Deficit)	26	0	0	0	18	1
SURPLUS/(DEFICIT) BEFORE TAX		65,025	46,388	(5,077)	64,481	(9,577)
Income Tax (Expense)/Benefit	18	(475)	0	1,440	1,561	3,938
Surplus from continuing operations		64,550	46,388	(3,637)	66,042	(5,639)
SURPLUS/(DEFICIT) AFTER TAX		64,550	46,388	(3,637)	66,042	(5,639)
OTHER COMPREHENSIVE REVENUE AND (EXPENSES)						
Asset Revaluation Reserve Gains /(Losses)		0	177,520	572,771	3,426	584,071
Tax on Other Comprehensive Revenue		(475)	0	(2,263)	(1,115)	(5,427)
Total Other Comprehensive Revenue and (Expenses)		(475)	177,520	570,508	2,271	578,644
TOTAL COMPREHENSIVE REVENUE AND (EXPENSES)		64,075	223,908	566,871	68,313	573,005

*Certain amounts shown here do not correspond to the 2020 financial statements and reflects adjustments made. Refer to Note 47.

Explanation of major variances against budget are provided in Note 48.

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

FINANCIALS

Tauranga City Council: Statement of Financial Position as at 30 June 2021

		Council			Consolidated	
		Actual 30 June 2021 \$'000	Budget 30 June 2021 \$'000	Actual 30 June 2020 Restated* \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 Restated* \$'000
	Note					
ASSETS						
Current Assets						
Cash and Cash Equivalents	20	39,836	0	14,774	40,767	15,853
Debtors and Other Receivables	21	34,719	30,419	59,895	35,842	59,595
Inventories		958	451	444	1,365	801
Derivative Financial Instruments	22	0	218	0	0	0
Other Investments	24	0	0	0	641	627
Other current assets	24	10,000	0	0	10,000	0
Non Current Assets Held for Sale	23	41,812	4,251	14,692	41,819	14,699
Total Current Assets		127,325	35,339	89,805	130,434	91,575
NON CURRENT ASSETS						
Investment In Associate	26	0	0	0	231	212
Other Financial Assets:						
Investments - Other Entities	27	445	364	391	445	391
Investment In - Council Controlled Organisations	27	114,536	120,256	113,227	11,031	10,883
Other Financial Assets	25	25,104	22,374	22,343	25,104	22,343
Investment Properties	28	78,656	56,140	55,765	78,656	55,765
Intangible Assets	30	44,013	15,635	30,001	44,740	30,457
Forestry	31	9,400	10,641	9,872	9,400	9,872
Property, Plant and Equipment	29	4,966,428	4,702,085	4,894,209	5,102,856	5,028,794
Total Non Current Assets		5,238,582	4,927,495	5,125,808	5,272,463	5,158,717
TOTAL ASSETS		5,365,907	4,962,834	5,215,613	5,402,897	5,250,292
CURRENT LIABILITIES						
Payables and Deferred Revenue	32	85,304	63,684	101,100	87,627	102,500
Provisions	37	32,098	4,165	8,251	32,098	8,251
Employee Entitlements	33	5,960	4,331	5,431	7,186	6,926
Deposits Held	34	9,602	5,577	6,173	9,623	6,186
Revenue In Advance Developer Contributions and Other	35	10,563	5,175	5,375	11,206	6,583
Derivative Financial Instruments	22	424	1,473	1,486	424	1,486
Borrowings	36	66,012	49,958	54,079	67,012	55,079
Total Current Liabilities		209,963	134,363	181,895	215,176	187,011
NON CURRENT LIABILITIES						
Deferred Tax Liability	19	3,091	0	2,181	11,766	12,485
Provisions	37	4	4	4	4	4
Employee Entitlements	33	0	40	0	0	0
Derivative Financial Instruments	22	42,748	56,054	69,286	42,748	69,286
Borrowings	36	569,361	636,012	485,620	569,361	485,620
Other non current liabilities	0	0	1,354	0	0	0
Total Non Current Liabilities		615,204	693,464	557,091	623,879	567,395
TOTAL LIABILITIES		825,167	827,827	738,986	839,055	754,406
NET ASSETS		4,540,739	4,135,007	4,476,625	4,563,841	4,495,884
EQUITY						
Retained Earnings		1,313,573	1,306,346	1,174,848	1,297,417	1,156,259
Other reserves		3,227,166	2,828,661	3,301,777	3,266,424	3,339,625
TOTAL EQUITY		4,540,739	4,135,007	4,476,625	4,563,841	4,495,884

*Certain amounts shown here do not correspond to the 2020 financial statements and reflects adjustments made. Refer to Note 47.

In accordance with the Local Government Act 2002 Schedule 10 Part 3(34), all statutory requirements in relation to the Annual Report have been complied with. Explanations of major variances against budget are provided in note 48.

Summary of general accounting policies and the accompanying notes from part of these financial statements.



Anne Tolley
Commissioner Chairperson
13 December 2021



Marty Grenfell
Chief Executive
13 December 2021



Paul Davidson
General Manager - Corporate Services
13 December 2021

FINANCIALS

Tauranga City Council: Statement of Movements in Equity for the year ended 30 June 2021

	Council			Consolidated	
	Actual 30 June 2021 \$'000	Budget 30 June 2021 \$'000	Actual 30 June 2020 Restated* \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 Restated* \$'000
EQUITY AT END OF PRIOR YEAR	4,476,625	3,909,104	3,909,104	4,495,884	3,922,932
Total Comprehensive Revenue and Expenses	64,075	223,908	566,870	68,313	573,005
Other Movements	39	1,995	651	(356)	(54)
Movements in Equity for the Year	64,114	225,903	567,521	67,957	572,951
EQUITY AS AT 30 JUNE	4,540,739	4,135,007	4,476,625	4,563,841	4,495,884
COMPONENTS OF EQUITY					
Retained Earnings					
Reserves at Beginning of Year	1,174,848	1,129,294	1,129,296	1,156,259	1,112,920
Surplus/(Deficit) After Taxation for the Year	64,550	46,386	(3,638)	66,042	(5,639)
Net Transfers From Other Reserves	74,136	128,671	48,534	74,916	49,029
Other Adjustments	39	0	655	200	(50)
Retained Earnings at End of the Year	1,313,573	1,306,345	1,174,848	1,297,417	1,156,259
Restricted Reserves					
Reserves at Beginning of the Year	(162,556)	(115,039)	(115,039)	(162,226)	(114,906)
Net Transfer (to)/from Retained Earnings	(50,713)	(117,185)	(47,517)	(50,510)	(47,320)
Restricted Reserves as at 30 June	(213,269)	(232,224)	(162,556)	(212,736)	(162,226)
Restricted Reserves consists of:					
Trusts	804	795	798	804	798
Other Restricted Reserves	4,424	4,237	4,416	4,957	4,746
Development Contributions	(218,497)	(237,257)	(167,770)	(218,497)	(167,770)
Restricted Reserves as at 30 June	(213,269)	(232,225)	(162,556)	(212,736)	(162,226)
Council Created Reserves					
Reserves at Beginning of the Year	130,243	127,191	127,191	128,373	126,013
Net Transfers (to)/from Retained Earnings	(23,463)	(11,486)	3,052	(24,406)	2,360
Council Created Reserves at End of Year	106,780	115,705	130,243	103,967	128,373
Council Created Reserves consists of:					
Depreciation Reserves	146,995	123,091	145,569	146,995	145,569
Other Special Purpose Reserves	(40,215)	(7,385)	(15,326)	(43,028)	(17,196)
Council Created Reserves as at 30 June	106,780	115,706	130,243	103,967	128,373
Asset Revaluation Reserves					
Reserves at Beginning of the Year	3,334,091	2,767,656	2,767,656	2,794,319	2,798,905
Net Impact of Revaluations on Revaluation Reserves Gains/(Losses)	0	177,520	572,771	581,994	584,071
Deferred Tax on Asset revaluations	(475)	0	(2,267)	(1,120)	(5,431)
Net Transfers from/(to) Retained Earnings on Asset Disposals	40	0	(4,069)	0	(4,069)
Asset Revaluation Reserves at End of the Year	3,333,655	2,945,176	3,334,091	3,375,194	3,373,476
Asset Revaluation Reserves Consists of:					
Heritage	602	602	602	602	602
Distribution Systems	863,634	634,474	863,634	863,634	863,634
Library	334	334	334	334	334
Land, Building and Improvements	2,242,313	2,080,412	2,242,314	2,284,531	2,284,863
Roading Network	235,066	234,946	235,066	235,066	235,066
Deferred Tax on Asset Revaluations	(8,295)	(5,592)	(7,859)	(8,974)	(11,023)
Asset Revaluation Reserves as at 30 June	3,333,655	2,945,176	3,334,091	3,375,194	3,373,476
EQUITY AT END OF THE YEAR	4,540,738	4,135,007	4,476,625	4,563,841	4,495,884

*Certain amounts shown here do not correspond to the 2020 financial statements and reflects adjustments made. Refer to Note 47.

Explanations of major variances against budget are provided in note 48.

Summary of accounting policies and the accompanying notes form part of these financial statements.

Accounting policy



Equity

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

- Retained Earnings
- Restricted Reserves
- Council Created Reserves
- Asset Revaluation Reserve

Retained Earnings

Retained earnings are the cumulative surplus of revenue over expenditure that has been retained in the entity which have not been allocated to another reserve.

Reserves

Reserves are a component of equity generally representing a particular use for which various parts of equity have been assigned. Reserves may be legally restricted or created by Tauranga City Council. Refer to note 49.

Asset Revaluation Reserve

This reserve relates to the revaluation of property, plant and equipment to fair value through other comprehensive revenue and expense. This comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

FINANCIALS

Tauranga City Council: Statement of Cash Flows for the year ended 30 June 2021

	Council			Consolidated	
	Actual 30 June 2021 \$'000	Budget 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Cash Flows from Operating Activities					
Receipts from Rates Revenue*	188,402	187,191	180,450	188,402	180,450
Grants and Subsidies Received	30,495	32,123	19,606	32,733	19,865
Development and Financial Contributions Received	32,396	17,657	30,878	32,396	30,878
Fees and Charges Received	92,701	50,067	42,586	109,734	58,597
Interest Received	1,426	851	2,356	1,426	1,447
Dividends Received	642	375	829	685	869
Receipts from Other Revenue	0	0	0	0	253
GST (net)	0	0	0	0	4
Total Operating Cash Provided	346,061	288,264	276,705	365,375	292,363
Payments to Suppliers	(138,219)	(138,870)	(122,642)	(140,336)	(122,177)
Payments to Employees	(66,677)	(66,310)	(62,253)	(79,902)	(74,425)
Interest Paid	(20,682)	(20,845)	(22,290)	(20,618)	(22,315)
GST (net)	(324)	0	1,627	(434)	1,513
Total Operating Cash Applied	(225,903)	(226,025)	(205,559)	(241,291)	(217,405)
Net cash flow from operating activities	38	120,158	71,146	124,084	74,958
Cash Flows from Investing Activities					
Receipts from sale of Investment Property	0	4,251	627	99	627
Receipts from Sale of Property, Plant and Equipment	6,991	(11,046)	4,717	6,991	4,950
Receipts from Sale of Non Current Assets Held for sale	62	0	2,532	62	2,532
Receipts from Sale of Investments and Council Controlled Organisation's Repayment of Borrowings	0	0	0	(743)	214
Total Investing Cash Provided	7,053	(6,795)	7,876	6,409	8,323
Purchase of Property, Plant and Equipment	(166,679)	(300,342)	(142,559)	(171,269)	(148,891)
Purchase of Intangible Assets	(10,588)	0	(17,621)	(10,588)	(17,621)
Purchase of other investments	(10,000)	0	0	(10,000)	0
Investments in Council Controlled Organisations	(1,309)	0	(2,405)	(1,309)	305
Purchase of investment property	(20,300)	0	(289)	(20,300)	(289)
Total Investing Cash Applied	(208,876)	(300,342)	(162,875)	(213,468)	(166,497)
Net Cash Flow from Investing Activities	(201,823)	(307,137)	(154,999)	(207,059)	(158,174)
Cash Flows from Financing Activities					
Proceeds from Borrowings	106,726	283,300	91,950	107,888	92,122
Repayment of Borrowings	0	(54,958)	(9,880)	0	(10,180)
Net Cash Flow from Financing Activities	106,726	228,342	82,070	107,888	81,942
NET INCREASE / (DECREASE) IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS	25,061	(16,556)	(1,783)	24,913	(1,274)
Opening Cash, Cash Equivalents, and Bank Overdrafts	14,774	16,556	16,556	15,853	17,126
CASH, CASH EQUIVALENTS, AND BANK OVERDRAFTS AT THE END OF THE YEAR	20	39,835	14,773	40,766	15,852

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been prepared on a net basis, as the gross amounts do not provide meaningful information for financial purposes.

See note 48 for an explanation of major variances to budget.

* Rates collected on behalf of the Bay of Plenty Regional Council are included in receipts of rates revenue and the subsequent payment in payments to/on behalf of other authorities. These are not included in the budget figures.

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Basis of reporting

This section contains the significant accounting policies of the Council and the group that relate to the financial statements as a whole.

Significant accounting policies are also included in the related note disclosures.

Signposts

Explanation headings



Accounting Policy



Critical Accounting Estimates, Assumptions and Judgements



Local Government Disclosures

Note 1: General accounting policies - for the year ended 30 June 2021

1.1 Reporting entity

Tauranga City Council is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the Local Government Act 2002 and the Local Government (Rating) Act 2002. The Council's principal address is 91 Willow Street Tauranga.

The Tauranga City Council group consists of Tauranga City Council and its subsidiaries; Bay Venues Limited (100%) controlled by Tauranga City Council, and Tauranga Art Gallery Trust (100%) controlled by Tauranga City Council.

Tauranga City Council has 50% interest in Tourism Bay of Plenty which is treated as an investment in an associate.

All of Tauranga City Councils' subsidiaries are incorporated and domiciled in New Zealand.

The primary objective of Tauranga City Council and group is to provide local infrastructure, local public services and perform regulatory functions for the community. The Council does not operate to make a financial return. Accordingly, Tauranga City Council has designated itself and the group as Public Benefit Entities (PBE's) for financial reporting purposes.

The Council or others have no power to amend the financial statements after their issue apart from minor changes to presentation. The Council authorises the Chief Executive to make any necessary minor presentation or typographical amendments to the financial statements after their issue.

The Financial Statements of Tauranga City Council and group are for the year ended 30 June 2021. The Financial Statements were authorised for issue by Tauranga City Council on 13 December 2021.

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1.2 Basis of preparation

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

Statement of compliance

The financial statements of Tauranga City Council and group have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014 which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards.

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 or future events that are believed to be reasonable under the circumstances.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000), other than the Mayor and Councillor remuneration disclosures in note 42 and Related Party Transactions with Subsidiaries and Associates in note 44.

Foreign currency transactions

Foreign currency transactions are converted into NZ\$ using the exchange rates prevailing at the dates of the transactions. Foreign monetary assets and liabilities held at year end are also converted into NZ\$. Foreign exchange gains and losses from these activities are recognised in the surplus or deficit.

Goods and Services Tax

All 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. When 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 the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by Tauranga City Council in its 2021-31 Long-term Plan. The figures included in these financial statements are for Tauranga City Council as a separate entity. These figures do not include additional expenditure subsequently approved by Tauranga City Council outside the Long-term Plan process. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by Tauranga City Council for the preparation of these financial statements. The budget figures do not include budget information relating to the subsidiaries or associates, except for grants and loans provided to these entities.

Cost allocation

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Changes in accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and there have been no changes in accounting policies.

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.

Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council and Group are:

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.

The Council will not early adopt this amendment.

PBE IPSAS 41 Financial Instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement.

The Council does not plan to adopt the standard early.

Uncertainty over Income Tax Treatments (Amendments to PBE IAS 12)

Effective for annual financial statements covering periods beginning on or after 1 January 2020.

The amendments incorporate the guidance in NZ IFRIC 23 Uncertainty over Income Tax Treatments into PBE IAS 12 Income Taxes. These amendments clarify how to apply the recognition and measurement requirements in PBE IAS 12 when there is uncertainty over income tax treatments.

PBE Interest Rate Benchmark Reform – Phase 2

This is the second part of the two phase project on interest rate benchmark reform. In November 2020, NZ Accounting Standards Board issued the PBE Interest Rate Benchmark Reform – Phase 2. As a result Tauranga City Council expects there will be minimal or no change as a result of applying this accounting standard.

These amendments enable PBEs to reflect the effects of transitioning from benchmark interest rates, such as interbank offer rates (IBORs) to alternative benchmark interest rates, without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The amendments affect entities with financial assets or financial liabilities that are subject to interest rate benchmark reform and those that apply the hedge accounting requirements in PBE IPSAS 41, PBE IFRS 9 or PBE IPSAS 29 to hedging relationships that are affected by the reform. PBEs should apply the amendments retrospectively and reinstate the hedge relationships that were discontinued solely due to changes directly required by the reform.

Tauranga City Council does not apply Hedge Accounting to any transactions and so is unaffected by those target provisions.

Council views that any changes to the reference rates would not have a material impact on Council. 'Short term' reference rates are highly correlated to the Official Cash Rate (OCR) set by the Reserve Bank of New Zealand and therefore proposed changes to the benchmarks are still expected to be correlated to the OCR.

All Council's interest rate swap and floating rate debt transactions require that interest rate sets are referenced to the '90 day Bank Bill' rate (BKBM benchmark rate), and we would expect the any new benchmark would be similar and correlated

to the Official Cash Rate. All Council transactions are referenced to BKBM, not IBOR. Council only borrow in NZD and all interest rate swaps are NZ Dollar denominated.

TCC are not adopting this reform note as part of these accounts.

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 1 January 2022, with early application permitted.

The 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.

New standards issued and adopted in current annual reporting

2018 Omnibus Amendments to PBE standards

Applies for annual periods beginning on or after 1 January 2021.

As the result of implementing this standard the following standards are amended by this document: PBE IPSAS 2 Cash Flow Statements Disclosure Initiative (Amendments to IAS 7), issued by the IASB in January 2016, amended IAS 7 Statement of Cash Flows to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial assets. The IPSASB subsequently amended IPSAS 2 Cash Flow Statements in Improvements to IPSAS, 2018 and the NZASB amended PBE IPSAS 2 in 2018 Omnibus Amendments to PBE Standards.

The impact on Council's Annual Reporting is not significant as Council does not undertake and Hedge Accounting.

The only Financial Asset, known as Te Tumu, has been assessed subsequent to a change in the agreement between Western Bay of Plenty Council and Tauranga City Council. This has seen Council now take up full ownership of the asset. As a result of this the cashflows were recalculated, and timeframes were reset as per the new agreement. The change was not material to Council's asset base. The liability impact was also not material for Council.

PBE IPSAS 40 PBE Combinations

Applies for annual periods beginning on or after 1 January 2021.

In general, it is to be applied prospectively to PBE combinations for which the amalgamation date or acquisition date is on or after 1 January 2021. This new PBE Standard will supersede PBE IFRS 3 Business Combinations.

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Key differences: Broader scope – there are fewer scope exclusions. Each combination shall be classified as an amalgamation or an acquisition depending on how the combination is undertaken. The modified pooling of interest's method is used for amalgamations while the acquisitions method is applied to an Acquisition.

To date Council has not undertaken any of type business combination, and so is not impacted by this new accounting standard in its 2021 financial reporting.

Critical accounting estimates and assumptions

In preparing these financial statements Tauranga City Council has made estimates and assumptions 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. This applies to the following notes:

Note 25 Other Financial Assets

Note 28 Investment Property

Note 29 Property, Plant and Equipment

Note 37 Provisions

Earthquake prone buildings

Earthquake prone buildings are a key challenge facing councils and private property owners.

Tauranga City Council undertook a full assessment to identify buildings that may be earthquake prone commencing in the 2017/18 year. The process of assessment of Council buildings earthquake proneness continues.

Those buildings thought to be the most obviously affected have been assessed first. This part of the process has been completed. As a result, work has been commenced on the identified affected structures with demolitions and upgrades and repairs as required to mitigate the damage.

The 2020/21 year has seen a continuation of this process, but it not expected to require as much follow up.

Impact COVID 19 2020-2021

Tauranga City commenced the 2020-2021 financial year at Covid Alert Level 1. During August and September 2020 and February and March 2021, Tauranga City Council moved into Alert Level 2 along with other parts of the country. In all other parts of the year, Tauranga City Council remained in Alert Level 1.

At Alert Level 2, the Council enforced stronger social distancing practices and noted lowered patronage at community facilities such as the library, swimming pools, and use of community halls. There were no disruptions to infrastructure servicing. This did not materially affect the amount of user charges collected during the year.

At Alert Level 1 Council continued to run its business as usual.

Under Alert Level 2 council can carry on providing most services and open public facilities. Libraries, service centres, playgrounds, indoor venues like community halls, swimming pools and Baycourt will all reopen. Rubbish and recycling collections are carried out as normal. Events and gatherings can be run provided they adhere to all Government guidelines.

1.3 Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, and expenses 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 the Council obtains control of the entity and ceases when the Council loses control of the entity.

Control over an entity is determined when the 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. The Council considers all relevant facts and circumstances in assessing whether it has power over another entity.

For example, the ability to appoint or remove most of the entity's governance and management, binding arrangements the Council enters into, group voting rights, and pre determination mechanisms. The Council reassesses whether or not it controls another entity if facts and circumstances change. The 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 the Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in surplus or deficit.

Subsidiaries

Tauranga City Council consolidates in the group financial statements all entities where Tauranga City Council has the capacity to control their financing and operating policies to obtain benefits from the activities of the subsidiary. This power exists where Tauranga City Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Tauranga City Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

The Tauranga City Council group consists of Tauranga City Council and its subsidiaries; Bay Venues Limited (100%) controlled by Tauranga City Council, and Tauranga Art Gallery Trust (100%). The three entities are consolidated to form the Tauranga City Council group in this Annual Report.

Tauranga City Councils' investments in its subsidiaries are carried at cost in Tauranga City Councils' own "parent entity" financial statements.

Associate

An associate is an entity over which the Tauranga City Council has significant influence and is neither a subsidiary nor an interest in a joint venture. Refer to note 26.

As an associate entity, Tourism Bay of Plenty, is incorporated into the Annual Reporting by way of the Equity Method (see Note 24 for the value and policy on this).

Investment

Tauranga City Council also has an 11.11% interest in Bay of Plenty Local Authority Shared Service (BOPLASS), a company set up by nine local authorities in the Bay of Plenty region. This is treated as an investment by Tauranga City Council. These are not consolidated but are accounted for as investments by Tauranga City Council. Refer to notes 25 and 27.

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Operating notes

Note 2: Rates

Accounting policy

General rates, targeted rates (including 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. The Council considers the effect of payment of rates by instalments is not enough to require discounting of rates receivables and subsequent recognition of interest revenue.

Revenue arising from late payment penalties is recognised when rates become overdue.

Rates collected on behalf of Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements as the Council is acting as an agent for Bay of Plenty Regional Council.

Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its Rates Remission Policy.

Tauranga City Council's rates remission policy allows rates to be remitted on condition of a ratepayer's extreme financial hardship, land used for sport and land protected for historical, cultural or other charitable purposes.

Revenue from water by meter rates is recognised on an accrual basis. Revenue is based on the actual usage as a result of meter reading. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Rates Revenue	166,290	155,421	166,206	155,383
Less Remissions for General Rates	(3,599)	(2,771)	(3,599)	(2,771)
Net Rates Revenue	162,691	152,650	162,607	152,612
Glass Collection Targeted Rate	1,864	1,762	1,864	1,762
Resilience Targeted Rate	989	1,239	989	1,239
Water by Meter Targeted Rate	24,284	23,976	24,129	23,866
Less Water by Meter Rate Remissions	(26)	(22)	(26)	(22)
Total Targeted Rates	27,111	26,955	26,956	26,845
TOTAL RATES	189,802	179,605	189,563	179,457

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	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
General Rates**	114,736	90,336	114,652	90,298
Glass Collection Targeted Rate	1,864	1,762	1,864	1,762
Uniform Annual General Charge	17,082	34,044	17,082	34,044
Wastewater Charge	32,375	29,268	32,375	29,268
Water Rates Base Charge	2,097	1,773	2,097	1,773
Less Remissions for General Rates	(3,599)	(2,771)	(3,599)	(2,771)
Resilience Targeted Rate	989	1,239	989	1,239
Water by Meter Targeted Rate	24,284	23,976	24,129	23,866
Less Water by Meter Remissions	(26)	(22)	(26)	(22)
TOTAL ANNUAL RATES INCOME	189,802	179,605	189,563	179,457

** General Rates includes Stormwater levy \$1.5m (2020: \$2.3m), Bay Venues Depreciation Reserve \$4.4m (2020: \$4.4m).

Rate Penalties	770	752		
Rate penalties is included under Fees and Charges note 4.				
Water by Meter Charge per Cubic Metre (GST Exclusive)	\$1.94	\$1.86		
Water Consumption Quantity (Cubic Metres)	15,967	15,966		

Local Government disclosures



Rating Units, Capital Value and Land Value

Rates Revenue is the main source of funding for Tauranga City Council. In the district or region of the local authority, as at 30 June 2021. The total number of rating units for 2021 was 59,460 compared with 58,116 the previous year.

Separately used or inhabited parts of a rating unit (SUIPS) **2021** 66,492 **2020** 65,311

	2021 (\$ Millions)	2020 (\$ Millions)
Capital Value	53,048	51,912
Land Value	28,848	28,552

Non rateable land

Under the Local Government (Rating) Act 2002, certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves and unused Maori freehold land. These non rateable properties may be subject to targeted rates in respect of sewerage, water, refuse, and sanitation. The non rating of non rateable land does not constitute a remission under the Council's rates remission policy.

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Note 3: Revenue from exchange and non exchange transactions

Accounting policy

The Council and the group receive their revenue from exchange or non exchange transactions.

Exchange transaction revenue arises when the Council and the group provide goods and services to a third party and receives approximately equal value in return that is directly related to those goods and services.

Non exchange transaction revenue arises when the Council and the group receive value from another party without having to provide goods or services of equal value directly. Non exchange revenue comprises rates and transfer revenue. Transfer revenue includes grants, subsidies and fees and user charges derived from activities that are partially funded by rates. Revenue is measured at fair value which is usually the cash value of a transaction.



		Council		Consolidated	
		Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Non Exchange Revenue					
Revenue from Rates and Taxes					
Rates Revenue	2	162,690	152,650	162,606	152,612
Revenue from Transfers					
Non Exchange					
Fines and Infringements	4	1,107	580	1,107	580
Operating Grants and Subsidies		9,626	12,255	10,693	14,591
Found Assets		0	4,905	0	4,905
Vested Assets	11	10,660	19,205	10,660	19,205
Other Revenue		6,061	5,617	6,132	5,762
Rates Penalty Revenue		402	752	402	752
Gain on Carbon Credits	14	328	255	328	255
Gains from Property, Plant and Equipment	14	22	1,260	22	1,260
Gain on Interest Rate Swaps	14	27,655	0	27,655	0
Housing Infrastructure Fund Initial Discount Recognition	14	10,913	440	10,913	440
Gain on Financial Instrument Te Tumu		0	761	0	761
Development Contributions	12	33,471	30,877	33,471	30,877
Grants, Subsidies and Other Capital Expenditure Contributions	13	22,126	31,929	22,126	31,929
Growth of Forestry Assets	14	769	785	769	785
Consents, Licenses and Permits		14,872	13,343	14,872	13,343
Revaluation Gains on Investment Properties	14	14,691	1,248	14,691	1,248
Grants and Subsidies		292	0	292	0
Total Non Exchange		315,685	276,862	316,739	279,305
Exchange					
Glass Collection Targeted Rate	2	1,864	1,762	1,864	1,762
Resilience Targeted Rate	2	989	1,239	989	1,239
Water by Meter Targeted Rate	2	24,258	23,954	24,103	23,844
Property Revenue	4	11,113	9,802	11,141	10,224
Other Exchange Revenue		20,082	15,610	20,082	15,610
Sale of Goods		2,265	1,914	19,859	13,791
Dividends	6	642	829	685	870
Finance Revenue	6	1,426	2,504	702	1,611
Total Exchange		62,639	57,614	79,425	68,951
TOTAL EXCHANGE AND NON EXCHANGE		378,324	334,476	396,164	348,256

Note 4: Fees and charges

Accounting policy



Building and Resource Consent Fees

Revenue from the rendering of services (e.g. building consent fees) is recognised by reference to the stage of completion of the transaction, based on the actual service provided as a percentage of the total services to be provided. Under this method, revenue is recognised in the accounting periods in which the services are provided. Some rendering of services are provided at a market rate or on a full cost recovery basis (e.g. parking fees) and these are classified as exchange.

Donated and Bequeathed Financial Assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met e.g. as the funds are spent for the nominated purpose.

Entrance Fees

Entrance fees are charged to users of the Council's local facilities, such as pools and the Tauranga Art Gallery. Revenue from entrance fees is recognised upon entry to such facilities.

Fees and Charges

User fees and charges are recognised based on actual services provided. Any fees and charges received in advance are recognised as unearned income in Deferred Revenue.

Infringement Fees and Fines

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued, factoring in the probability of collection.

Fifty percent of warrant and registration fines are payable to central government. These are recognised as a liability until payment is made to central government.

Lease Revenue

Lease revenue is recognised on a straight line basis over the term of the lease.

Sale of Goods

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

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Consent Fees - Building, Land Use and Subdivision	12,325	12,982	12,325	12,982
Property Revenue	11,113	9,802	11,141	10,224
Other User Fees and Charges*	29,675	24,165	47,170	36,050
Parking - Off and On Street	1,789	2,422	1,789	2,422
Infringement Fees and Fines	1,107	580	1,107	580
TOTAL FEES AND CHARGES	56,009	49,951	73,532	62,258

* Other User Fees and Charges includes such items as: sales, landing charges, trade waste, court recoveries, user fees and charges for reserves, libraries, indoor facilities, compliance monitoring, engineering approvals and on consolidation for aquatic facilities and venues.

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Note 5: Grants and subsidies

Accounting policy

New Zealand Transport Agency (NZTA) - Rooding Operating Subsidies

Tauranga City Council received funding assistance from the New Zealand Transport Agency. These grants are reimbursements that subsidise part of the costs of maintenance on the local roading infrastructure. The subsidies are recognised as revenue when conditions pertaining to eligible expenditure have been fulfilled.

Tauranga City Council performs certain state highway roading works on behalf of New Zealand Transport Agency (NZTA). These works mainly relate to traffic signals and streetlights on state highways. Neither the costs nor recoveries related to this work are included in the surplus or deficit (except for an administration fee). However, they are included as Receipts from Rates Revenue in the Statement of Cash Flows.

Other Grants Received

Government grants and other grants are recognised as revenue when any conditions relating to eligible expenditure have been fulfilled.

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Other Subsidies	3,181	3,049	4,418	5,522
New Zealand Transport Agency Subsidies (Operational)	5,282	5,815	5,282	5,815
Petrol Tax	1,056	1,057	1,056	1,057
Crown Infrastructure Partner Funding (CIP)	292	0	292	0
TOTAL GRANTS AND SUBSIDIES	9,811	9,921	11,048	12,394

There are no unfulfilled conditions and other contingencies attached to the New Zealand Transport Agency subsidies which are recognised.

The Council received Crown Infrastructure Partner (CIP) funding of \$7.46m which must be repaid if not spent by March 2022. This is half of the \$14.9m approved CIP funding along with a further \$1m Crown funding, for a total of 26 projects. The second half of the approved funding can be applied for in March 2022.

Other Subsidies include Covid 19 Wage Subsidies relating to employees of Council \$1.95 2020 (\$1.8m) and Tauranga City Art Gallery Trust (\$94k).

Other Subsidies include Covid 19 Wage Subsidies relating to employees of Council. Council applied Wage Subsidy for 576 staff across all Council activities and received \$3.75m, (received May 2020) the subsidy covered the 12 week period commencing 21 May 2020. Council complied with all Wage Subsidy criteria outlined by the Ministry of Social Development. Wage Subsidy of \$1.8m was recognised for the 2020 financial year, the period to 30 June 2020. The balance of Wage Subsidy of \$1.95m is now recognised as Grant Revenue in the 2021 financial year.

Note 6: Finance revenue

Accounting policy

Interest and Dividends

Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rates.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre acquisition surpluses, the dividend is deducted from the cost of the investment.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Interest Revenue Term Deposits	716	1,506	716	1,506
Interest Revenue Related Party Loans to Council Controlled Organisations	710	998	(14)	105
Dividends	642	829	685	870
TOTAL FINANCE REVENUE	2,068	3,333	1,387	2,481

FINANCIALS

Note 7: Depreciation by groups of activity

Accounting policy



Depreciation

Depreciation is provided on all property, plant and equipment other than land, on a straight line (SL) or diminishing value (DV) basis, at rates calculated to allocate the asset cost less estimated residual value, over the estimated useful life.

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 the asset is derecognised. Amortisation charge for each period is recognised in the surplus or deficit.

Intangible assets capitalised to infrastructural assets are amortised at the rate of the principal asset to which they have been capitalised.

Local government disclosures



Under the Local Government (Financial Reporting and Prudence) Regulations 2014, the council is required to disclose the Group's depreciation and amortisation by group of activities.

Depreciation Group of Activities	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Airport	1,754	1,628	1,754	1,628
Animal Services	44	46	44	46
Arts and Heritage	18	13	18	153
Baycourt	485	513	485	513
Beachside Holiday Park	140	110	140	110
Building Services	274	299	274	299
Cemeteries	229	150	229	150
City and Infrastructure Planning	42	29	42	29
City Events	3	4	3	4
Community Development	0	1	0	1
Corporate Services	9,610	6,892	9,610	6,892
Elder Housing	2,301	2,154	2,301	2,154
Emergency Management	54	56	54	56
Environmental Planning	1	1	1	1
Environmental Protection	12	25	12	25
Governance	0	2	0	2
Libraries	1,024	1,066	1,024	1,066
Marine Facilities	1,547	1,499	1,547	1,499
Marine Precinct	630	583	630	583
Parks and Recreation	5,761	5,320	10,770	11,607
Regulation Monitoring	8	8	8	8
Stormwater	5,618	5,152	5,618	5,152
Sustainability and Waste	352	291	352	291
Transportation	14,585	14,505	14,585	14,505
Wastewater	10,348	9,031	10,348	9,031
Water Supply	7,731	6,569	7,731	6,569
TOTAL DEPRECIATION	62,571	55,947	67,580	62,374

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Note 8: Personnel expenses

Accounting policy

Personnel expenses for salaries and wages, annual leave, long service leave and other similar benefits are recognised as expenditure and liabilities when they accrue to employees.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Salaries and Wages	62,485	58,459	74,924	70,392
Elected Members' Remuneration	1,205	1,210	1,205	1,210
Other Community Representation Remuneration	212	143	212	143
Superannuation*	1,694	1,581	1,950	1,837
Direct Personnel Overheads**	1,487	1,286	1,755	1,554
Remuneration Benefits	122	118	122	118
TOTAL PERSONNEL EXPENSES	67,205	62,797	80,168	75,254

* Superannuation includes employer contributions to Kiwisaver and Defined Benefit Plan Contributors Scheme.

** Direct Personnel Overheads includes ACC, recruitment costs, staff training costs and other staff support costs.

Note 9: Finance expenses

Accounting policy

Borrowing costs are recognised as an expense in the period in which they were incurred.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Interest on Borrowings	20,435	21,992	20,378	22,038
Other Financial Expenses	181	214	181	214
TOTAL FINANCE EXPENSES	20,616	22,206	20,559	22,252

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Note 10: Other expenses

Accounting policy



Grant Expenditure

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Administration Expenses	8,360	7,692	9,616	8,881
Audit Fees - Audit New Zealand for Council's Financial Statements	251	241	364	356
Other Audit Fees				
• Audit Fees - Debenture Trust Deed	9	9	9	9
• Audit Fees - Audit New Zealand for Council's Long-term Plan	131	0	131	0
• Audit Fees 2020 Annual Report additional costs	40	0	40	0
• Audit Fees - NZ Communities Trust Fund	5	0	5	0
Bad Debts Written Off	11	17	11	17
Community Contracts	7,311	6,859	7,311	6,859
Consultants ³	15,324	11,354	15,908	11,973
Electricity	5,725	5,246	6,795	6,225
Grant Expenditure	6,799	7,574	6,799	7,574
Insurance	6,532	4,911	6,532	4,876
Operating Lease Payments	3,394	3,231	3,394	3,231
Operational Contracts	0	4,401	0	4,401
Other Operating Expenditure ¹	33,073	33,849	29,582	29,329
Provision for Doubtful Debts	206	1,066	206	1,066
Rates ²	2,938	2,782	2,938	2,782
Repairs and Maintenance	30,803	27,500	31,758	28,504
TOTAL OTHER EXPENSES	120,912	116,732	121,399	116,083

¹ Other Operating Expenditure includes such items as: operating costs for treatment plants and pump stations, utilities management fees, vegetation/planting contracts and traffic services.

² Tauranga City Council pays rates at normal arm's length transactions for properties it owns.

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Other operating expenditure over \$500k		
	30 June 2021 \$'000	30 June 2020 \$'000
Biosolid Removal	0	800
Chemicals	0	900
Cleaning	1,016	2,200
Debt Servicing Grant	550	600
Education	603	600
Event Fund and Support	748	600
Grants	735	0
Internal lab testing	510	600
Internal Recoveries from other activities	1,570	0
Internal amenities Infrastructure	2,993	3,438
Litter	0	900
Monitoring	579	1,000
Operating Costs	8,287	4,700
Other Expenditure	950	1,605
Planning and design	4,361	0
Plan Change	0	2,700
Projects	5,839	6,400
Rescue Fire Service	825	900
Refuse	1,130	0
Security	870	700
Sludge Disposal	1,966	900
Street Cleaning	920	0
Study	0	2,700
Traffic Services	0	800
Vegetation Control	2,518	1,700
Water Operating	1,649	0

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Non operating notes

Note 11: Assets vested to Tauranga City Council

Accounting policy

For assets received for no or nominal consideration, the asset is recognised when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

For long lived assets that must be used for a specific purpose (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects it will need to return or pass the asset to another party.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Stormwater Infrastructure	3,450	4,491	3,450	4,491
Wastewater Infrastructure	1,150	3,245	1,150	3,245
Water Infrastructure	1,352	2,219	1,352	2,219
Transportation Infrastructure	4,466	5,856	4,466	5,856
Parks and Recreation Infrastructure	242	3,394	242	3,394
Found Assets	0	4,905	0	4,905
TOTAL ASSETS VESTED TO COUNCIL	10,660	24,110	10,660	24,110

Note 12: Development contributions

Accounting policy

Development and financial contributions are recognised as revenue when Tauranga City Council provides, or can provide, the service for which the contribution was charged. In cases where contributions are collected in advance to fund a service that is not currently provided in an area, the contribution is initially recognised as revenue in advance.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Stormwater Infrastructure	3,617	5,293	3,617	5,293
Wastewater Infrastructure	12,340	9,641	12,340	9,641
Water Infrastructure	6,557	5,880	6,557	5,880
Transportation Infrastructure	11,242	8,625	11,242	8,625
Reserves and Community Infrastructure	806	755	806	755
Development Contribution expenses	(1,743)	0	(1,743)	0
Indoor Facilities	652	683	652	683
TOTAL DEVELOPMENT CONTRIBUTIONS	33,471	30,877	33,471	30,877

Development Contributions relate to the revenue received from developers towards various infrastructure projects.

In 2021 most revenue was received in relation to the following growth areas: Papamoa East | Wairakei, general Building Impact Fees and Tauriko Business Estate.

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Note 13: Grants, subsidies and other capital expenditure contributions**Accounting policy****New Zealand Transport Agency (NZTA) - Roading Capital Subsidies**

Tauranga City Council received funding assistance from the New Zealand Transport Agency. These grants are reimbursements that subsidise part of the costs of capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue when conditions pertaining to eligible expenditure have been fulfilled.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
New Zealand Transport Agency Capital Contributions ¹	16,952	8,273	16,952	8,273
Insurance Proceeds	0	20,145	0	20,145
Crown Infrastructure Partner Funding	1,138	0	1,138	0
Other Capital Contributions	4,036	3,511	4,036	3,511
TOTAL GRANTS, SUBSIDIES AND OTHER CAPITAL EXPENDITURE CONTRIBUTIONS	22,126	31,929	22,126	31,929

¹ New Zealand Transport Agency funding was applied to the following projects: (i) low risk projects \$2.6m (ii) Mt. Maunganui road safety improvements \$833k (iii) LED Streetlight upgrade \$7.0m. The Maintenance and Renewals budget for roading was fully spent (\$17.5m).

There are no unfulfilled conditions or other contingencies attached to the New Zealand Transport Agency subsidies recognised above.

The Council received Crown Infrastructure Partner (CIP) funding of \$7.46m which must be repaid if not spent by March 2022. This is half of the \$14.9m approved CIP funding along with a further \$1m Crown funding, for a total of 26 projects. The second half of the approved funding can be applied for in March 2022

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Note 14: Other gains

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Non Financial Instruments				
Revaluation Movement Investment Property	14,691	1,248	14,691	1,248
Capital Gains on Disposal of Property, Plant and Equipment	22	1,261	22	1,261
Gains on Carbon Credits	328	255	328	255
Growth of Forestry Asset	768	785	768	785
Financial Instruments				
Housing Infrastructure Fund Initial Discount Recognition	10,913	440	10,913	440
Gain on Financial Instrument re Te Tumu	0	761	0	761
Gain on Interest Rate Swaps	27,655	0	27,655	0
TOTAL OTHER GAINS	54,377	4,750	54,377	4,750
Other Gains by Category				
Gains from Disposal of Property, Plant and Equipment	22	1,261	22	1,261
Gains from Revaluation	15,787	2,288	15,787	2,288
Housing Infrastructure Fund Initial Discount Recognition	10,913	440	10,913	440
Gain on Financial Instrument re Te Tumu	0	761	0	761
Gain on Interest Rate Swaps	27,655	0	27,655	0
TOTAL OTHER GAINS BY CATEGORY	54,377	4,750	54,377	4,750

Housing Infrastructure Fund

During the current financial year, a \$109m (2020 \$7.5m) interest free loan was drawn down under the Housing Infrastructure Fund. The current year gain reflects the initial fair value adjustment at market interest rates at the time the loan was drawn down.

Refer to note 36.

Note 15: Weathertight & other provisions expense

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Increase (Decrease) in Provision for Claims Under Weathertight Homes	26,438	2,000	26,438	2,000
Settlement of Weathertight Claims	0	30,645	0	30,645
TOTAL PROVISIONS EXPENSE	26,438	32,645	26,438	32,645

* Refer to note 37 Provisions and note 41 for Contingencies.

The Weathertight provision has increased in the current year by \$26m as a result of two significant property claims against Council for weathertight repairs that are in various stages of legal proceedings.

Refer to Note 39 Events After Balance Date.

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Note 16: Other losses

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Assets Written Off	0	33,891	0	33,891
Loss on Asset Sales	6,753	1,519	6,753	1,519
Revaluation of Forestry Assets	848	354	848	354
Loss on Te Tumu Loan	2,148	0	2,148	0
Unrealised Loss on Interest Rate Swaps	0	13,463	0	13,463
TOTAL OTHER LOSSES	9,749	49,227	9,749	49,227

Losses on Asset sales included \$786k on the Harington St Car Park land sale, \$3.4m loss on sale of Bell Vista. The Loss on amortisation included the increase in the interest component of the value on the Te Tumu property by acquiring Western Bay of Plenty's 1/3rd share

Note 17: Assets vested to other parties

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Assets Vested to Other Parties	5,808	0	5,808	0
TOTAL ASSETS VESTED TO OTHER PARTIES	5,808	0	5,808	0

Tauranga City Council vested the Tauriko Crossing pedestrian overbridge on SH36 to New Zealand Transport Agency in the year ended 30 June 2021.

Note 18: Income tax expense / (benefit)**Accounting policy**

Local Authorities are generally exempt from income tax except for certain income received from council controlled organisations and port related undertakings.

Income tax expense includes components relating to both current 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. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

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 surplus.

Current tax and deferred tax is recognised in the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expenses or directly in equity.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Relationship Between Tax Expense and Accounting Profit				
Operational Surplus/ (Deficit) Before Tax	65,025	(5,077)	64,481	(9,577)
Tax at 28%	18,207	(1,422)	18,055	(2,682)
Non Deductible Expenditure	0	0	0	0
Non deductible expenditure	0	0	1,251	1,714
Non Taxable Income	(18,098)	739	(20,318)	(2,085)
Deferred Tax Adjustment	(10)	(757)	(920)	2,852
Prior Year Adjustment	376	0	371	0
Recognition of Buildings Tax Base	0	0	0	(3,737)
TAX EXPENSE (BENEFIT)	475	(1,440)	(1,561)	(3,938)
Represented by:				
Deferred Tax on Temporary Difference	475	(1,440)	(1,561)	(3,938)
	475	(1,440)	(1,561)	(3,938)

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Note 19: Deferred tax asset/(liability)**Accounting policy**

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle the carrying amount of its assets and liabilities.

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 and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.



	Property, Plant and Equipment \$'000	Employee Entitlements \$'000	Other Provisions \$'000	Tax Losses \$'000	Total \$'000
Entity					
Balance as at 1 July 2020	(7,316)	0	0	5,135	(2,181)
Charge to Surplus or Deficit	10	0	5	(485)	(470)
Charged to Other Comprehensive Revenue and Expense	(440)	0	0	0	(440)
Balance as at 30 June 2021	(7,746)	0	5	4,650	(3,091)
Group					
Balance as at 1 July 2020	(27,435)	196	26	15,000	(12,213)
Charge to Surplus or Deficit	1,344	(24)	5	242	1,567
Charge to Other Comprehensive Revenue and Expenses	(1,120)	0	0	0	(1,120)
Balance as at 30 June 2021	(27,211)	172	31	15,242	(11,766)

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	Property, Plant and Equipment \$'000	Employee Entitlements \$'000	Other Provisions \$'000	Tax Losses \$'000	Total \$'000
Entity					
Balance as at 1 July 2019	(5,811)	0	0	4,452	(1,359)
Charge to Surplus or Deficit	757	0	0	683	1,440
Charged to Other Comprehensive Revenue and Expense	(2,263)	0	0	0	(2,263)
Balance as at 30 June 2020	(7,317)	0	0	5,135	(2,181)
Group					
Balance as at 1 July 2019	(23,453)	160	29	12,267	(10,997)
Charge to Surplus or Deficit	1,172	36	(3)	2,733	3,938
Charge to Other Comprehensive Revenue and Expenses	(5,427)	0	0	0	(5,427)
Balance as at 30 June 2020	(27,708)	196	26	15,000	(12,485)

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Financial position notes

Note 20: Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash on hand, deposits held on 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 Tauranga City Council (Group) Statement of Financial Position.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Cash at Bank and On Hand	19,836	4,773	20,767	5,852
Short Term Deposits	20,000	10,000	20,000	10,000
TOTAL CASH AND CASH EQUIVALENTS	39,836	14,773	40,767	15,852
Short Term Deposits				
Short Term Deposits	20,000	10,000	20,000	10,000
Weighted Average Effective Interest Rate	0.28%	0.48%	0.28%	0.48%

The carrying value of short term deposits approximate their fair value. Council also receives interest from cash held at the bank.

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Notes 21: Debtors and other receivables

Accounting policy

Receivables are recorded at their face value, less any provision for impairment.

The provision for doubtful debts is based on expected losses for Tauranga City Council's pool of debtors. Expected losses are determined by using an analysis of Tauranga City Council's losses in previous periods and a review of specific debtors.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Rates Receivable	3,450	4,449	3,450	4,449
Roadway Subsidy Due	6,276	4,873	6,276	4,873
Other Receivables	20,836	46,822	21,803	46,331
GST	4,513	4,189	4,513	4,189
Prepayments	1,623	1,374	1,804	1,567
Work in Progress - New Zealand Transport Agency Fully Subsidised	118	79	118	79
Gross Debtors and Other Receivables	36,816	61,786	37,964	61,488
Less Provision for Doubtful Debts	(2,097)	(1,891)	(2,122)	(1,893)
TOTAL DEBTORS AND OTHER RECEIVABLES	34,719	59,895	35,842	59,595
Net Exchange Trade Receivables				
Water by Meter Rates Receivable	2,961	3,528	2,961	3,528
Trade Receivable Sundry Invoicing	0	20,220	1,243	20,347
Net Exchange Receivables	2,961	23,748	4,204	23,875
Provision for Exchange Doubtful Receivables	(1,763)	(694)	(1,788)	(696)
Other Receivables				
Other Receivables	6,239	4,189	5,963	3,368
Prepayments	329	791	510	984
TOTAL EXCHANGE RECEIVABLES AND OTHER RECEIVABLES	7,766	28,034	8,889	27,531
Net Non Exchange Trade Receivables				
Rates Receivable	3,450	3,145	3,450	3,145
Other Non Exchange Receivables	16,149	24,378	16,149	24,581
Net Non Exchange Receivables	19,599	27,523	19,599	27,726
Roadway Subsidy Due	6,276	4,873	6,276	4,873
Prepayments	1,293	583	1,293	583
Work In Progress - New Zealand Transport Agency Fully Subsidised	118	79	118	79
Gross Non Exchange Receivables and Other Receivables	27,286	33,058	27,286	33,261
Provision for Non Exchange Doubtful Receivables	(333)	(1,197)	(333)	(1,197)
TOTAL NON EXCHANGE RECEIVABLES AND OTHER RECEIVABLES	26,953	31,861	26,953	32,064
TOTAL DEBTORS AND OTHER RECEIVABLES	34,719	59,895	35,842	59,595

The Chief Executive did not approve any write off from rates receivable during the year under LG (R) 2002

Section 90A 2021 Nil 2020 Nil

Section 90B 2021 Nil 2020 Nil

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Fair Value

Debtors and Other receivables are non interest bearing and receipt is normally 30 day terms. Therefore, the carrying amount of debtors and other receivables approximates their fair value.

Impairment

The Tauranga City Council does provide for impairment on Rates Receivable although it has various powers under the Local Government Rating Act 2002 to recover any outstanding rates debts once the legal process has been fulfilled then some rates debtors may be impaired. These powers allow Tauranga City Council to commence legal proceedings to recover any rates that remain unpaid for more than 4 months after the due date for payment. If the payment has not been made within 3 months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

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

Movements in the provision for debts that are not considered collectable as follows:

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
As at 1 July	1,891	825	1,893	852
Additional Provisions Made During the Year	206	1,083	231	1,058
Receivables Written Off During the Period	(11)	(17)	(36)	(17)
Balance as at 30 June	2,086	1,891	2,088	1,893

The ageing profile of receivables as at 30 June 2021 and 2020 are detailed below:

Debtors and other receivables - Council			
	30 June 2021		
	Gross \$'000	Impaired \$'000	Net \$'000
Not Past Due	27,757	0	27,757
Past Due 1 - 60 days	694	0	694
Past Due 61 - 90 days	301	0	301
Past Due > 90 days	8,064	(2,097)	5,967
Balance 30 June 2021	36,816	(2,097)	34,719

	30 June 2020		
	Gross \$'000	Impaired \$'000	Net \$'000
Not Past Due	52,763	0	52,763
Past Due 1 - 60 days	550	0	550
Past Due 61 - 90 days	1,317	0	1,317
Past Due > 90 days	7,156	(1,891)	5,265
Balance 30 June 2020	61,786	(1,891)	59,895

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Debtors and other receivables - Consolidated			
	30 June 2021		
	Gross \$'000	Impaired \$'000	Net \$'000
Not Past Due	28,696	0	28,696
Past Due 1 - 60 days	900	0	900
Past Due 61 - 90 days	305	0	305
Past Due > 90 days	8,077	(2,136)	5,941
Balance 30 June 2021	37,978	(2,136)	35,842

	30 June 2020		
	Gross \$'000	Impaired \$'000	Net \$'000
Not Past Due	52,396	0	52,396
Past Due 1 - 60 days	581	0	581
Past Due 61 - 90 days	1,321	0	1,321
Past Due > 90 days	7,190	(1,893)	5,297
Balance 30 June 2020	61,488	(1,893)	59,595

Debtors and other receivables impairment provision analysis				
	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Individual Impairment	126	153	165	153
Collective Impairment	1,971	1,738	1,971	1,740
TOTAL PROVISION FOR IMPAIRMENT	2,097	1,891	2,136	1,893

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write offs. Individually impaired debt has been determined because of the significant financial difficulties and circumstances being experienced by the debtor. An analysis of these individual impaired debtors are as follows:

Debtors and other receivables impairment provision aged analysis				
	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Past Due 1 - 60 days	0	0	0	0
Past Due 61 - 120 days	0	0	0	0
Past Due +120 days	2,097	1,891	2,136	1,893
TOTAL GROSS TRADE RECEIVABLES	2,097	1,891	2,136	1,893

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Note 22: Derivative financial instruments

Accounting policy

Tauranga City Council uses derivative financial instruments to manage exposure to foreign exchange risk arising from the Council's operational activities and risk arising from Council's financing activities. In accordance with its Treasury Policy, Tauranga City Council does not hold or issue derivative financial instruments for trading purposes.

Tauranga City Council has not adopted hedge accounting note 45 has a detailed disclosure of financial instruments risks.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value at each balance date. The resulting gain or loss is recognised in the surplus or deficit.

The portion of the fair value of a derivative that is expected to be realised within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non current.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Current Liabilities Portion				
Interest Rate Derivatives	424	1,486	424	1,486
Total Current Liabilities Portion	424	1,486	424	1,486
Non Current Liabilities Portion				
Interest Rate Derivatives	42,748	69,286	42,748	69,286
Total Non Current Liabilities Portion	42,748	69,286	42,748	69,286
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS - LIABILITIES	43,172	70,772	43,172	70,772

There were no financial instruments held for trading.

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Fair Value

Interest Rate Derivatives

The fair values of Interest Rate Derivatives have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

Council monitors the use of Derivative Financial Instruments using well defined market and credit risk limits and timely reporting to Council. Council's Treasury Policy sets out the overall minimum/maximum levels of fixed rate exposures permitted based on time bands.

Derivative financial instruments - Notional principal value assets

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Nil for Assets	0	0	0	0

Derivative financial instruments - Notional principal value liabilities

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Fixed Rate Maturities				
Up to 1 year	20,000	35,000	20,000	35,000
1 2 years	26,000	25,000	26,000	25,000
2 3 years	0	26,000	0	26,000
3 4 years	84,000	0	84,000	0
4 5 years	15,000	74,000	15,000	74,000
Over 5 years	159,000	154,000	159,000	154,000

Currently Derivative Financial Instruments only include Interest Rate Derivatives.

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Note 23: Non current assets held for sale

Accounting policy

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

Any impairment losses for write downs of non current assets held for sale are recognised in the surplus or deficit.

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

Non current assets (including those that are part of a disposal group) are not depreciated, revalued or amortised while they are classified as held for sale.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Non Current Assets Held for Sale are:				
Land	20,372	14,692	20,372	14,692
Buildings	21,440	0	21,440	0
Other Heritage Assets	0	0	7	7
TOTAL NON CURRENT ASSETS HELD FOR SALE	41,812	14,692	41,819	14,699

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Carrying Values of Non Current Asset Held for Sale are:				
Non Current Land Assets Held for Sale				
Opening Balance Land as at 1 July	14,692	14,107	14,692	14,107
Plus: Land Transferred in from Property, Plant and Equipment	13,947	0	13,947	0
Plus: Land Assets Transferred in from Investment Properties*	0	3,011	0	3,011
Less: Land Transferred to Investment Properties	(8,267)	0	(8,267)	0
Less: Disposals	0	(2,426)	0	(2,426)
Closing Balance Non Current Land Assets Held for Sale as at 30 June	20,372	14,692	20,372	14,692
Non Current Building Assets Held for Sale				
Opening Balance Buildings as at 1 July	0	106	0	113
Plus: Buildings Transferred in from Property, Plant and Equipment	21,440	0	21,440	0
Less: Disposals	0	(106)	0	(106)
Other Heritage Assets	0	0	7	0
Closing Balance Non Current Building Assets Held for Sale as at 30 June	21,440	0	21,447	7
TOTAL NON CURRENT ASSETS HELD FOR SALE	41,812	14,692	41,819	14,699

* Non Current Assets that were held for sale and transferred from Investment Property were assessed as to whether they met the criteria as Non Current Assets Held for Sale.

The properties included as land held for sale are those for which the sale completion date is expected to be in the 2021/2022 financial year.

Non Current Asset Held for Sale are not revalued due to the assumptions behind the classification.

Non current assets that were previously held for sale and transferred out to Investment property was due to a variety of reasons including time taken to resolve resource consents issues, legal processes and properties, not being actively marketed or changes in strategy by Council. The intention by Council is that these will be sold in future years as circumstances change.

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Note 24: Other current investments

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Short term deposits maturing four to twelve months from date of acquisitions	10,000	-	10,000	-
TOTAL	10,000	-	10,000	-

The carrying value of short term deposits approximate their fair value. The investment matures on the 15th July 2021

Weighted Average Effective Interest Rate	0.65%	0.00%	0.65%	0.00%
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Note 25: Other financial assets**Accounting policy**

Financial assets are initially recognised at fair value plus transaction costs; unless they are carried at fair value through surplus and deficit in which case the transaction costs are recognised in surplus or deficit.

The purchase and sale of financial assets are recognised at trade date, the date on which Tauranga City Council and group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Tauranga City Council and group have transferred substantially all the risks and rewards of ownership.

Tauranga City Council and group classify its financial assets into the following categories for the purpose of measurement:

- fair value through surplus or deficit, or
- loans and receivables, or
- fair value through other comprehensive revenue and expenses.

The classification depends on the purpose for which the instrument was acquired. Management determines the classification of its investments at initial recognition.

(i) Financial Assets at Fair Value Through Surplus or Deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit taking. Derivatives are also categorised as held for trading.

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

FINANCIALS

(ii) 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 are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non current assets. Tauranga City Council and group's loans and receivables comprise debtors and other receivables, term deposits, related party loans and community loans.

After initial recognition they are measured at amortised cost using the effective interest rate method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

These loans are measured at amortised cost using the effective interest rate method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as interest.

Community Loans

Loans to community organisations made at nil or below market interest rates are initially recognised at present value of its expected future cash flows, discounted at the current market rate of return for a similar financial instrument. Depending on the circumstances and provisions of each loan, the loans are subsequently:

- a) Amortised over the period of the loan, provided the conditions of the loan are met. The amortised cost is recognised in surplus or deficit as a grant, or
- b) Paid off by the loan recipient in annual instalments

(iii) Fair Value Through Other Comprehensive Revenue and Expenditure

Financial assets at fair value through other comprehensive revenue and expenditure are those that are designated into the category of initial recognition or are not classified in any of the other categories above. They are included in non current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council and Group includes in this category:

- investments that it intends to hold long term but which may be realised before maturity; and
- shareholdings in New Zealand Local Government Funding Agency (NZLGFA) and Bay of Plenty Local Authority Shared Services Limited (BOPLASS).

These investments are measured at their fair value, with gains and losses recognised in Other Comprehensive Revenue and Expenses.

On derecognition, the cumulative gain or loss previously recognised in Other Comprehensive Revenue and Expenses is reclassified from equity to the surplus or deficit.



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Impairment of Financial Assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Impairment is established when there is objective evidence that Tauranga City Council will not be able to collect amounts due according to the original terms of the receivable.

Indicators of the likely impairment of an asset's carrying amount arises when there is significant probability that the debtor will enter into:

- bankruptcy and or
- receivership or liquidation, and
- there is default on the payment.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

For debtors and other receivables, the carrying amount of the asset is reduced through the use of a provision for doubtful debts account. The amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is impaired as a bad debt and expensed.

Overdue receivables that have been renegotiated are reclassified as current (that is not past due).

Impairment in term deposits, local authority stock, government bonds and community loans is recognised directly against the instrument's carrying amount.

**Critical accounting estimates, assumptions and judgements****Te Tumu Land**

This land block referred to as Te Tumu which gave rise to a financial asset.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Concessionary Loan	25,104	22,343	25,104	22,343
TOTAL OTHER FINANCIAL ASSETS	25,104	22,343	25,104	22,343

Concessionary Loan

In 2007, Tauranga City Council and Western Bay of Plenty District Council together acquired a block of land referred to as Te Tumu. This land was purchased with the condition of providing the vendor the option to acquire it sometime from December 2016 to December 2026. The rationale for Tauranga City Council and Western Bay of Plenty District Council purchasing the land was to ensure its development was consistent with the Smart Growth Strategy.

In December 2020 Tauranga City Council acquired from Western Bay of Plenty District Council their 1/3rd share in the Te Tumu property. A new agreement was then entered into between Tauranga City Council and the Developers extending the buyback period from 2026 to December 2036 with the agreed price and compounded interest being recalculated at a flat interest rate of 4%.

FINANCIALS

The original transaction gave rise to the creation of a financial asset whereby Tauranga City Council has a right to receive cash when the vendor exercises their option to repurchase the property. This asset is recognised as a concessionary loan. (If the vendor does not exercise their right, the land reverts to Tauranga City Council and will be recognised as land in Council's accounts).

Fair value of the concessionary loan is \$32.8m, made up of a Property Subdivision Right shown under Note 30 \$7.8m and the Fair Value of the concessionary loan \$25m (2020:\$22.3m) determined as the present value of future cash flows based on a fixed investment financing rate of 4%. In December 2020, as per the agreement, the interest rate was renegotiated to a market related rate.

The property subdivision right has been recognised. This represents the right the Council has obtained in ensuring development of this land is consistent with SmartGrowth. The initial impairment of the loan has been recognised as the amount payable for the right to use the land in its undeveloped state, which in turn created a "Property Subdivision Right" asset. The subdivision right was recognised as an intangible asset and amortised over the period the vendor was expected to exercise their option to repurchase the property.

This intangible asset was measured as the difference between the amount paid by the Council for this land and the present value of the future cash flow discounted on the option if exercised, at the difference in rate between a market overdraft rate of 8% and the agreed rate of 4% as per the amended agreement.

Council's calculation was based on the fact that the correct discount rate should reflect long run average interest rate assumptions plus risk margins and other cost margins charged to borrowers above wholesale interest rates. Council looked first at the margin for household borrowers and then added further margin to reflect that property developers are higher risk than households and the 15 year duration of fixed rate borrowing is not available to either household mortgages or property developers. This has been confirmed for us by the ANZ bank.

Council used this average interest rate and margins approach to set the 8%. Interest rates available to property developers vary over time as market interest rates and credit risks vary in response to global as well as local economic conditions. Council used for our analysis the RBNZ wholesale benchmark rate. This rate is based on everyday wholesale market pricing to which borrowing margins are added by lenders.

In our analysis we included the average margin between household mortgage rates and wholesale rates of 2.2% based on average over 15 years.

In summary the long term average residential mortgage rate is 6.75% for qualifying households (4.55% wholesale rate plus average margin for residential property mortgages of 2.2%).

Property developer rates will be higher than qualifying household mortgage rates because of higher risk. In the analysis this totals 1.25% risk premium.

The 1.25% premium recognises also that mortgage rates in NZ rarely fix above 5 years. We note the 15 year borrowing period is high risk because interest rates and land prices are variable and future land prices uncertain. Banks have previously advised us that they will fix for 5 years maximum on such transactions so that such a long term borrowing would require resetting of the rate twice during the duration.

Note 26: Investment in associate**Accounting policy**

Tauranga City Council accounts for investments in associates in the group financial statements using the equity method. An associate is an entity over which the Tauranga City Council has significant influence and is neither a subsidiary nor an interest in a joint venture. The investment in an associate which shows the carrying amount in the group financial statements is increased or decreased to recognise Tauranga City Council's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

If the share of the deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After Tauranga City Council's interest is reduced to zero, additional deficits are provided for and a liability is recognised, only to the extent that Tauranga City Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, Tauranga City Council will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the group transacts with an associate, surpluses or deficits are eliminated to the extent of the group's interest in the associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.



	Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Tourism Bay of Plenty	231	212
TOTAL INVESTMENT IN ASSOCIATE	231	212

Tourism Bay of Plenty is funded by Tauranga City Council and Western Bay of Plenty District Council. Tauranga City Council accounts for its 50% interest in Tourism Bay of Plenty in the Groups accounts using the Equity Method.

(i) Movements in Carrying Amounts

	Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Balance as at 1 July	212	212
Share of Total Comprehensive Revenue and Expense	19	0
Balance before impairment	231	212
Balance at 30 June 2021	231	212

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Summarised Financial Information of Associate

	Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Assets	1,564	829
Liabilities	1,102	405
Revenues	3,728	2,954
Expenditures	(3,691)	(2,953)
Surplus/(Deficit)	37	1
Group Interest	50%	50%

Included within the above carrying value is:

	Aggregate balances		Group's portion	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
(a) Share of joint ventures' and associates' assets and liabilities				
Current assets	1,301	535	651	268
Non current assets	263	294	131	147
Total assets	1,564	829	782	415
Current liabilities	1,103	405	551	203
Non current liabilities	0	0	0	0
Total liabilities	1,103	405	551	203
NET ASSETS	461	424	231	212

	Aggregate balances		Group's portion	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
(b) Share of joint ventures' and associates' income, expenditure and results				
Income	3,728	2,954	1,864	1,477
Expenditure	(3,691)	(2,952)	(1,846)	(1,476)
Surplus before income tax	37	2	18	1
Surplus after income tax	37	2	18	1

Note 27: Other Council investments

Accounting policy

Tauranga City Council also has a 11.11% interest in Bay of Plenty Local Authority Shared Service (BOPLASS), a company set up by nine local authorities in the Bay of Plenty region. This is treated as an investment by Tauranga City Council. These are not consolidated but are accounted for as investments by Tauranga City Council.

Tauranga City Council is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA). This entity was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. As at 30 June 2021 there were 31 shareholders made up of 30 local authorities and the Crown. This is treated as an investment by Tauranga City Council and not consolidated.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Non Current Investments				
Shares in Unrelated Entities	445	391	445	391
Total Unrelated Entities	445	391	445	391
Related Party Investments				
Investment in Tauranga City Art Gallery Trust	1,000	1,000	0	0
Investment in Bay Venues Limited	84,232	84,232	0	0
Loan to Bay Venues Limited	18,273	17,112	0	0
Total Related Party Investments	103,505	102,344	0	0
New Zealand Local Government Funding Agency (NZLGFA)				
Shares in New Zealand Local Government Funding Agency	1,866	1,866	1,866	1,866
Borrower Notes New Zealand Local Government Funding Agency	9,148	9,000	9,148	9,000
New Zealand Local Government Funding Agency (NZLGFA)	11,014	10,866	11,014	10,866
Investment in Bay of Plenty Local Authority Shared Services	17	17	17	17
TOTAL OTHER COUNCIL INVESTMENTS	114,536	113,227	11,031	10,883

Investments in related parties

The carrying amounts of investments in related parties is \$85m (2020: \$85m). All Investments in related parties are investments in subsidiaries or associates of Tauranga City Council (Council Controlled Organisations).

Borrower Notes

Borrower notes are required to be held by each local authority that borrows from New Zealand Local Government Funding Agency in an amount equal to 1.6% of the aggregate borrowings by that local authority. The borrower notes mature as the underlying debt matures.

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Loans to Related Parties

The carrying amounts of loans to related parties is \$18.2m (2020: \$17m). The carrying amount approximates their fair value. Investments in Related Parties are shown at cost. All loans to related parties are loans to Council Controlled Organisations of Tauranga City Council.

Listed Shares

Listed shares are recognised at fair value. The fair value of listed shares is determined by reference to published current bid price quotations in an active market. Listed shares are included with unlisted shares under the category Shares in Unrelated Entities.

Unlisted Shares

Where possible, unlisted shares are recognised at fair value, drawn from an active market. If no quoted market prices are available and the value cannot be reliably measured, the cost price is used. Tauranga City Council has a minimal number of unlisted shares; the majority of these are shares in the New Zealand Local Government Insurance Corporation (Civic Financial Services Limited).

The carrying amount (\$20k) of shares in the New Zealand Local Government Insurance Corporation approximates their fair value.

New Zealand Local Government Funding Agency (NZLGFA)

Tauranga City Council is a shareholder of the New Zealand Local Government Funding Agency. The local authority shareholders have uncalled capital equal to their individual shareholding, which can be called if an imminent default is identified. The 30 shareholders are also guarantors of the New Zealand Local Government Funding Agency balance sheet and the borrowings of other local authorities. Refer to note 41.

As at balance date Tauranga City Council has 7.46% equity in New Zealand Local Government Funding Agency, the carrying amount of \$1,866m (2020: \$1,866m) approximates its fair value.

Note 28: Investment properties**Accounting policy**

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Properties classified as investment properties are measured initially at cost including transaction costs.

After initial recognition Tauranga City Council and group measures all investment property at fair value at each reporting date.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

**Critical accounting estimates, assumptions and judgements**

This note provides information about the estimates and assumptions applied in determining the fair value of investment properties.



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	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Balance as at 1 July	55,767	56,140	55,767	56,140
Transferred from Property, Plant and Equipment	0	1,100	0	1,100
Disposals	(62)	(627)	(62)	(627)
Transferred from Non Current Assets Held for Sale	8,268	0	8,268	0
Transferred to Non Current Assets Held for Sale	0	(3,011)	0	(3,011)
Additions	0	289	0	289
Revaluation Movement	14,683	1,874	14,683	1,874
TOTAL INVESTMENT PROPERTIES	78,656	55,765	78,656	55,765

This valuation has been undertaken based on Fair Value in accordance with International Financial Reporting Standards. NZ IFRS 13 defines Fair Value as: "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

The valuations have an as at date of 30 June 2021.

Land

All land has been valued on a fair market, highest and best use basis determined from market based evidence. Each site has been individually considered and valued in accordance with current market conditions.

Buildings

All the Council owned assets valued for this exercise are valued with reference to the market where market evidence exists.

QV have considered the highest and best use of the property when formulating which approach to undertake the building valuation with. Where market based evidence exists, structures have been valued on a current market basis in relation to market based net rates per square metre.

We have not been made aware of any buildings that are considered earthquake prone and therefore no deductions have been made.

All lessee building improvements (Non Council owned) have been excluded from this valuation if advised of them. All removable plant is excluded.

Valuation impact from Covid 19 on Investment Properties 2021 year

For the previous year's revaluation of investment property at 30 June 2020, the Council's external valuer included a statement in their valuation report that the assessed value was subject to "material valuation uncertainty" due to Covid 19.

There remains a small degree of uncertainty but the impact of Covid 19 on the economy to date not being as severe as anticipated. The market for residential properties has shown great resilience, in part due to the historic low mortgage interest rates and the ongoing lack of supply in relation to the moderate to high demand. As a general trend, values have experienced upward pressure as demand remains high.

Investment property operations				
	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Rental Income from Investment Properties	527	453	527	453
Expenses from Investment Property Generating Revenue	28	20	28	20
Expenses from Investment Property not Generating Revenue	41	98	41	98

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Note 29: Property, plant and equipment

Accounting policy

Property, plant, and equipment consist of:

Operational assets - these include land, buildings, airport facilities and operational assets, marine facilities and structures, landfill post closure, library books, plant and equipment, and motor vehicles.

Restricted assets - are mainly parks and reserves owned by the Tauranga City Council and Group that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets - are the fixed utility systems owned by Tauranga City Council. Each asset class includes all items that are required for the network to function. For example, wastewater reticulation includes reticulation piping and wastewater pump stations.

Land (operational and restricted) - is measured at fair value, and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

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 Tauranga City Council and Group and the cost of the item can be measured reliably.

In most cases 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 fair value as at the date of acquisition.

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 separately under revenue and expense. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

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



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Useful Lives

Depreciation is provided on a straight line basis on all property, plant, equipment and motor vehicles other than land, which is not depreciated, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

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

Class of Asset Depreciated	Estimated Useful Life (Years)	Depreciation Method	Class of Asset Depreciated	Estimated Useful Life (Years)	Depreciation Method
RESTRICTED ASSETS			Wastewater Reticulation		
Land	N/A	N/A	Wastewater Pipework	50-100	SL
Buildings	50-100	SL	Wastewater Pump Stations		
Parks Facilities	5-80	SL	Structures and Civil Works	30-70	SL
Improvements	10-25	SL	Electrical Controls and Cabling	1-20	SL
OPERATIONAL ASSETS			Telemetry	14-20	SL
Land	N/A	N/A	Pumps and Motors	1-20	SL
Buildings	9-100	SL	Pipework, Valves and Connections	20-50	SL
Building improvements	4-50	SL	Wastewater Treatment Plants		
Heritage	N/A	N/A	Mechanical Plant	1-20	SL
Library Books	8-20	SL	Electrical and Control Equipment	1-20	SL
Plant and Equipment	4-50	SL	Structural and Buildings	40-70	SL
Computer Equipment and Core operating systems	2.5-12	SL	Pipework and Valves	20-50	SL
Office Furniture and Equipment	4-50	SL	Stormwater Reticulation		
Motor Vehicles	4-10	SL	Stormwater Pipework	50-100	SL
Marine Assets			Stormwater - Other Assets	1-49	SL
Breakwater and Rock walls	50-100	SL	ROADING NETWORK		
Boat Ramps and Pontoons	20-70	SL	Roads less than 1,000 Vehicles per day		
Wharves	50-70	SL	Formation	Infinite	N/A
INFRASTRUCTURAL ASSETS			Pavement	96-100	SL
Water Reticulation			Surfacing	1-40	SL
Water Supply	50-100	SL	Roads more than 1,000 Vehicles per day		
Fresh Water Supply Treatment Plants			Formation	Infinite	N/A
Mechanical Plant	1-20	SL	Pavement	1-60	SL
Electrical and Control Equipment	1-20	SL	Surfacing	1-30	SL
Structural and Buildings	30-70	SL	Roading Reseals	8-15	SL
Pipework and Valves	10-50	SL	Infrastructural Assets - Bridges	50-70	SL
Generator Set	1-20	SL			
Fresh Water Supply Reservoirs					
Reservoirs and Foundation	30-70	SL			
Pipework, Valves and Connections	15-50	SL			
Telemetry and Controls	1-10	SL			

When assets are revalued, depreciation rates are overridden by the new annual depreciation rates which may be outside the range for the class of asset, to accurately reflect the useful life of the asset.

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

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Impairment

Property, plant and equipment and intangible assets subsequently measured at cost 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.

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 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. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of the impairment loss is also recognised in surplus or deficit.

Value in Use for Non Cash Generating Assets

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

For noncash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units' approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

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 and cash generating units is the present value of expected future cash flows.

Local government disclosures**Core assets**

Under the Local Government (Financial Reporting and Prudence) Regulations 2014, the Council is required to disclose information about the Group's core assets.

Tauranga City Council has applied section 6 information disclosure requirements to its core assets in Note 29 Property, Plant and Equipment.

Critical accounting estimates, assumptions and judgements



Revaluation

Land and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued on a three yearly valuation cycle, to ensure that their carrying amount does not differ materially from fair value. Revaluation is completed at least every three years on a cyclical basis.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off cycle asset classes are revalued.

Tauranga City Council accounts for revaluations of property, plant, and equipment on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expenses but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenses.

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Valuation**Land (operational, restricted and infrastructural)**

Land is valued at fair value using market based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the “unencumbered” land value where there is a designation against the land, or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensively.

The most recent valuation was performed by Quotable Value Limited, and the valuation is effective as at 1 July 2020.

Buildings, (operational and restricted)

Specialised buildings are valued at fair value using Depreciated Replacement Cost (DRC) because no reliable market data is available for such buildings. Depreciated Replacement Cost is determined using several significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non specialised buildings, (for example, residential buildings) are valued at fair value using market based evidence. Market rents and capitalisation rates were applied to reflect market value.

The most recent valuation was performed by Quotable Value Limited and the valuation is effective as at 1 July 2020.

Infrastructural asset classes: wastewater, water, stormwater (3 Waters)

Wastewater, water and stormwater infrastructural assets are valued using the Depreciated Replacement Cost method.

In order to minimise the risk of significant movement in the replacement cost of infrastructure assets, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset (NZIAV) and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience.

Asset inspections, deterioration, and condition modelling are also carried out regularly as part of asset management planning activities. These provide further assurance over useful life estimates.

The most recent valuation was performed by GHD Valuations for the 3 Waters assets. The valuation is effective 1 July 2020.

Infrastructural asset classes: transportation assets

Transportation infrastructural assets are valued using the Depreciated Replacement Cost method.

Land under roads and Rooding Corridor land were valued based on fair value provided by previous valuations in 2012 of the Rooding Network. This valuation was carried out by BECA Valuation Limited. On transition to New Zealand's External Reporting Board (XRB) International Public Sector Accounting Standards (PBE IPSAS) at 1 July 2014, the Council elected to use the fair value of land under roads and rooding corridor land as at 30 June 2012 as the deemed cost. Land under roads and rooding corridor land are no longer revalued.

Vested land under roads are not being valued.

Library collections

Library collections are valued at depreciated replacement cost in accordance with the guidelines released in 2002 by the New Zealand Library Association and the National Library. The last valuation was effective as at 30 June 2019 and prepared by Tauranga City Council staff deemed experts in their field.

Airport assets

Airport land

Airport land is valued as vacant and incorporates the influences of size contour, quality, location, zoning, designation and current and potential usage. An open market, "willing buyer, willing seller", scenario is assumed. Airport land was valued with the Council's Land and Buildings class. This was carried out by Quotable Value Limited as at 1 July 2020.

Airport infrastructure

Airport assets consist of infrastructure assets which includes the airside assets of the runways and taxiways. Airport Infrastructure improvements are valued on a depreciated replacement cost approach for specialised assets, where replacement costs are derived from construction contracts of like assets, reference to publications such as Rawlinson's Construction Handbook, recent costings obtained from construction details and Property Institute of New Zealand's cost information.

The most recent valuation was performed by BECA Projects NZ Limited. Valuation is effective 1 July 2019.

Disclosures

The airport land consists of some 225 hectares of land of which some 86 hectares is jointly owned by Tauranga City Council (TCC) and Western Bay of Plenty District Council (WBOPDC). Tauranga City Council are the legal owners of the land and Western Bay of Plenty District Council are the beneficial or equitable owners of the jointly owned land. Western Bay of Plenty District Council own 14.45% of the jointly owned land. The jointly acquired land is held by Tauranga City Council on trust for itself and Western Bay of Plenty District Council. As the legal owner Tauranga City Council must exercise its rights of ownership in terms of the trust and for the benefit of the trustees.

The terms of the trust are that Tauranga City Council may use the jointly acquired land rent free provided the land is used as an airport. If the jointly owned airport land is sold and the principal use of the land is no longer an airport then a liability to Western Bay of Plenty District Council is created for the sale price of the jointly owned land at that point.

Group recreational facilities

Pool assets consist of building and improvements, plant, machinery and chattels. Plant, machinery and chattels are revalued together with building and improvement assets as they are part of the building structures of the pool buildings.

Buildings and improvement assets are valued at fair value using Depreciated Replacement Cost method. Plant, machinery and chattels associated with pools have been valued on the "in use" basis assuming the on going economic life of the relevant facility.

The most recent valuation was performed by Quotable Value Limited, and the valuation is effective as at 1 July 2020.

Marine infrastructure assets

Marine infrastructure assets consist of wharves, jetties/pontoons, boat ramps and coastal structures owned by Tauranga City Council. The Council's marine assets are deemed specialised assets and have been assessed at fair value based on the Depreciated Replacement Cost method.

These marine assets were broken down to a component level and depreciated individually. The assets were generally valued based on construction in green field or undeveloped sites. Depreciation has been applied to depreciable assets on a straight line basis over the total assessed economic life of the asset. Land formation and earthworks have not been depreciated.

The most recent valuation was performed by Aecom Limited and the valuation is effective as at 1 July 2018.

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Parks and recreation facility assets

Parks and Recreation facilities assets consists of improvements and infrastructure assets. Reserve land has been valued by external valuers as part of the Council land and building valuation and are not part of Parks infrastructure facility asset revaluation. Parks buildings are included in Council's Land and Building class.

Parks infrastructure assets have been valued in accordance with New Zealand Infrastructure Asset Valuation and Depreciation Guidelines Manual.

The valuation process used included:

- Calculation of replacement cost, the cost of constructing a new asset into modern equivalent asset using present day technology and maintaining the original service potential.
- Optimising the asset factor out over design, over capacity and redundant assets.
- Calculation of depreciated replacement cost using the optimal factors on the gross replacement cost of the modern equivalent assets.
- Calculation of the annual depreciation on a straight line basis to delineate the degradation of the asset over its expected useful life.

The most recent valuation of Parks Infrastructure assets was performed by BECA Projects NZ Limited. Valuation effective 1 July 2019.

Other asset classes

All other asset classes are carried at depreciated book value.

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Note 29: Council 2021 - Property, plant and equipment													
	Cost / Revaluation 1 Jul 2020 \$'000	Accumulated Depreciation and Impairment Charges 1 Jul 2020 \$'000	Carrying Amount 1 Jul 2020 \$'000	Current Year Additions Assets Constructed by Council \$'000	Current Year Additions to Council \$'000	Current Year Disposals and Impairments \$'000	Current Year Depreciation \$'000	Current Year Net Transfers \$'000	Revaluation Surplus \$'000	Cost/Revaluation 30 June 2021 \$'000	Accumulated Depreciation and Impairment charges 30 June 2021 \$'000	Carrying Amount 30 June 2021 \$'000	Replacement Cost \$'000
Council Infrastructural Assets													
Wastewater - Treatment Plants and Facilities	111,640	0	111,640	2,306	0	0	(3,476)	0	0	113,946	(3,476)	110,470	205,104
Other Wastewater Systems	485,361	0	485,361	36,347	2,416	0	(7,210)	0	0	524,124	(7,210)	516,915	660,169
Water Supply - Treatment Plants and Facilities	35,472	0	35,472	0	0	0	(1,917)	0	0	35,472	(1,917)	33,555	55,653
Other Water Supply Systems	297,926	0	297,926	1,785	2,362	0	(6,103)	0	0	302,073	(6,103)	295,970	441,629
Stormwater System	568,193	0	568,193	7,404	5,572	0	(6,323)	0	0	581,169	(6,323)	574,846	889,436
Roading Network	473,727	(19,152)	454,575	10,144	3,838	0	(10,593)	0	0	487,709	(29,745)	457,964	482,100
Roading Corridor Land	1,362,125	0	1,362,125	3,422	0	(3,222)	0	(479)	0	1,361,846	-	1,361,846	0
Other Roading Assets	111,805	(8,425)	103,380	15,214	2,767	(5,808)	(4,268)	0	0	123,978	(12,693)	111,285	269,680
Work in Progress	215,167	0	215,167	58,788	0	0	0	0	0	273,955	-	273,955	0
Total Council Infrastructural Assets	3,661,417	(27,577)	3,633,840	135,410	16,955	(9,030)	(39,890)	(479)	0	3,804,273	(67,467)	3,736,806	3,003,771
Council Restricted Assets													
Land	533,771	0	533,771	865	0	(860)	0	0	0	533,776	0	533,776	0
Buildings and Improvements	22,728	0	22,728	4,899	0	(536)	(1,267)	0	0	27,091	(1,267)	25,824	42,278
Parks Facilities	44,884	(4,125)	40,759	894	383	0	(4,247)	0	0	46,161	(8,372)	37,789	44,512
Work in Progress	17,084	0	17,084	1,403	0	0	0	0	0	18,487	0	18,487	0
Total Council Restricted Assets	618,467	(4,125)	614,342	8,061	383	(1,396)	(5,514)	0	0	625,515	(9,639)	615,876	86,790
Council Operational Assets													
Land	436,521	0	436,521	7,705	0	(8,941)	0	(13,947)	0	421,338	0	421,338	0
Buildings and Improvements	85,620	0	85,620	3,830	0	(328)	(5,443)	(19,140)	0	69,982	(5,443)	64,539	131,259
Airport Buildings and Operational Assets	47,089	(1,165)	45,924	4,913	0	0	(1,188)	0	0	52,002	(2,353)	49,649	52,121
Jetties, Wharves, Marine Facilities and Structures	41,781	(3,491)	38,290	14	0	0	(1,844)	0	0	41,795	(5,335)	36,460	85,892
Library Books	6,283	(2,318)	3,965	2,085	0	0	(657)	0	0	8,368	(2,975)	5,393	0
Heritage	2,326	(11)	2,315	0	0	0	(29)	0	0	2,326	(40)	2,286	0
Office Furniture and Equipment	37,170	(28,108)	9,062	1,952	0	(1)	(2,629)	0	0	39,121	(30,737)	8,384	0
Plant and Equipment	16,955	(10,668)	6,287	448	0	(28)	(1,047)	0	0	17,375	(11,715)	5,660	0
Motor Vehicles	4,373	(3,169)	1,204	461	0	(40)	(311)	0	0	4,794	(3,480)	1,314	0
Work in Progress	16,842	0	16,842	1,881	0	0	0	0	0	18,723	0	18,723	0
Total Council Operational Assets	694,960	(48,930)	646,030	23,289	0	(9,338)	(13,148)	(33,087)	0	675,824	(62,078)	613,746	269,272
TOTAL COUNCIL PROPERTY, PLANT AND EQUIPMENT	4,974,845	(80,632)	4,894,213	166,760	17,338	(19,764)	(58,552)	(33,566)	0	5,105,613	(139,184)	4,966,429	3,359,833

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Note 29: Consolidated 2021 (Property, plant and equipment													
	Cost / Revaluation 1 Jul 2020 \$'000	Accumulated Depreciation and Impairment Charges 1 Jul 2020 \$'000	Carrying Amount 1 Jul 2020 \$'000	Current Year Additions by Assets Constructed by Council \$'000	Current Year Additions to Council \$'000	Current Year Disposals and Impairments \$'000	Current Year Depreciation \$'000	Current Year Net Transfers \$'000	Revaluation Surplus \$'000	Cost/Revaluation 30 June 2021 \$'000	Accumulated Depreciation and Impairment charges 30 June 2021 \$'000	Carrying Amount 30 June 2021 \$'000	Replacement Cost \$'000
Consolidated Infrastructural Assets													
Wastewater - Treatment Plants and Facilities	111,640	0	111,640	2,306	0	0	(3,476)	0	0	113,946	(3,476)	110,470	205,104
Other Wastewater Systems	485,356	0	485,356	36,347	2,416	0	(7,210)	0	0	524,119	(7,210)	516,909	660,169
Water Supply - Treatment Plants and Facilities	35,473	0	35,473	0	0	0	(1,917)	0	0	35,473	(1,917)	33,556	55,653
Other Water Supply Systems	297,926	0	297,926	1,785	2,362	0	(6,103)	0	0	302,073	(6,103)	295,970	441,629
Stormwater System	568,193	0	568,193	7,404	5,572	0	(6,323)	0	0	581,169	(6,323)	574,846	889,436
Roading Network	473,727	(9,223)	454,575	10,144	3,838	0	(10,593)	0	0	487,709	(29,745)	457,964	482,100
Roading Corridor Land	1,362,125	0	1,362,125	3,422	0	(3,222)	0	(479)	0	1,361,852	0	1,361,852	0
Other Roading Assets	111,805	(3,755)	103,380	15,214	2,767	(5,808)	(4,268)	0	0	123,978	(12,693)	111,285	269,680
Work in Progress	215,167	0	215,167	58,788	0	0	0	0	0	273,955	0	273,955	0
Total Consolidated Infrastructural Assets	3,661,412	(27,577)	3,633,835	135,410	16,955	(9,030)	(39,890)	(479)	0	3,804,275	(67,467)	3,736,808	3,003,771
Consolidated Restricted Assets													
Land	533,771	0	533,771	865	0	(860)	0	0	0	533,776	0	533,776	0
Buildings and Improvements	22,728	0	22,728	4,899	0	(536)	(1,267)	0	0	27,091	(1,267)	25,824	42,278
Parks Facilities	44,884	(4,125)	40,759	894	383	0	(4,247)	0	0	46,161	(8,372)	37,789	44,512
Work in Progress	17,084	0	17,084	1,403	0	0	0	0	0	18,487	0	18,487	0
Total Consolidated Restricted Assets	618,467	(4,125)	614,342	8,061	383	(1,396)	(5,514)	0	0	625,515	(9,639)	615,876	86,790
Consolidated Operational Assets													
Land	439,996	0	439,996	7,705	0	(8,941)	0	(13,947)	490	425,303	0	425,303	0
Buildings and Improvements	196,704	0	196,704	4,873	0	(328)	(8,477)	(19,140)	335	182,444	(8,477)	173,967	326,358
Airport Buildings and Operational Assets	47,089	(1,165)	45,924	4,913	0	0	(1,188)	0	0	52,002	(2,353)	49,649	52,121
Jetties, Wharves, Marine Facilities and Structures	41,781	(3,491)	38,290	14	0	0	(1,844)	0	0	41,795	(5,335)	36,460	85,892
Library Books	6,283	(2,318)	3,965	2,085	0	0	(657)	0	0	8,368	(2,975)	5,393	0
Heritage	3,858	(11)	3,847	66	0	0	(29)	0	0	4,216	(40)	4,176	0
Office Furniture and Equipment	40,210	(29,811)	10,399	3,599	0	(8)	(3,198)	0	0	43,801	(33,009)	10,792	0
Plant and Equipment	36,829	(14,941)	21,888	1,773	0	(54)	(3,084)	0	0	40,857	(18,025)	22,832	0
Motor Vehicles	4,846	(3,317)	1,529	748	0	(81)	(381)	0	0	5,513	(3,698)	1,815	0
Work in Progress	18,076	0	18,076	1,708	0	0	0	0	0	19,784	0	19,784	0
Total Consolidated Operational Assets	835,672	(55,054)	780,618	27,484	0	(9,412)	(18,858)	(33,087)	3,426	824,084	(73,912)	750,172	464,371
TOTAL CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT	5,115,551	(86,756)	5,028,795	170,955	17,338	(19,838)	(64,262)	(33,566)	3,426	5,253,874	(151,470)	5,102,856	3,554,932

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Note 28: Council 2020 - Property, plant and equipment														
	30-Jun-19 \$'000	Accumulated Depreciation and Impairment Charges 30-Jun-19 \$'000	Carrying Amount 30-Jun-19 \$'000	Current Year Additions Assets Constructed by Council \$'000	Current Year Additions Vested Assets Transferred to Council \$'000	Current Year Disposals and Impairments \$'000	Current Year Depreciation \$'000	Current Year Net Transfers \$'000	Asset value adjustment \$'000	Revaluation Surplus \$'000	Cost/Revaluation 30-Jun-20 \$'000	Accumulated Depreciation and Impairment charges 30-Jun-20 \$'000	Carrying Amount 30-Jun-20 \$'000	Replacement Cost \$'000
Council Infrastructural Assets														
Wastewater - Treatment Plants and Facilities	62,297	(2,083)	60,214	178	0	0	(2,169)	0	(2,184)	55,601	111,640	0	111,640	132,100
Other Wastewater Systems	350,667	(6,288)	344,379	4,484	1,642	0	(6,827)	0	40,124	101,554	485,356	0	485,356	433,702
Water Supply - Treatment Plants and Facilities	26,446	(1,649)	24,797	0	0	0	(1,672)	0	1,698	10,650	35,473	0	35,473	132,101
Other Water Supply Systems	248,949	(4,547)	244,402	835	1,110	0	(4,858)	0	(956)	57,393	297,926	0	297,926	433,702
Stormwater System	448,734	(4,566)	444,168	867	1,198	0	(4,943)	0	(1,367)	128,270	568,193	0	568,193	516,744
Roadway Network	448,900	(9,223)	439,677	11,234	1,377	0	(9,929)	0	12,216	0	473,727	(19,152)	454,575	482,100
Roadway Corridor Land	1,360,565	0	1,360,565	4,905	379	0	0	0	(3,724)	0	1,362,125	0	1,362,125	0
Other Roadway Assets	123,781	(3,755)	120,026	3,853	1,549	0	(4,670)	203	(17,581)	0	111,805	(8,425)	103,380	269,680
Work in Progress	149,529	0	149,529	77,414	8,095	(19,871)	0	0	-	0	215,167	0	215,167	0
Total Council Infrastructural Assets	3,219,868	(32,111)	3,187,757	103,770	15,350	(19,871)	(35,068)	203	28,226	353,468	3,661,413	(27,577)	3,633,836	2,400,129
Council Restricted Assets														
Land	383,403	0	383,403	7,910	3,110	0	0	0	(19,748)	159,096	533,771	0	533,771	0
Buildings and Improvements	21,021	(1,438)	19,583	3,370	0	(1,421)	(860)	0	(1,780)	3,836	22,728	0	22,728	24,312
Parks Facilities	67,698	(13,184)	54,514	3,101	143	176	(4,125)	35	1,382	(14,467)	44,884	(4,125)	40,759	44,512
Work in Progress	10,648	0	10,648	6,436	0	0	0	0	-	0	17,084	0	17,084	0
Total Council Restricted Assets	482,770	(14,622)	468,148	20,817	3,253	(1,245)	(4,985)	35	(20,146)	148,465	618,467	(4,125)	614,342	68,824
Council Operational Assets														
Land	393,462	0	393,462	2,044	0	(1,293)	0	(1,303)	(14,680)	58,291	436,521	0	436,521	0
Buildings and Improvements	84,309	(9,853)	74,456	3,720	0	(1,957)	(5,073)	(20)	10,028	4,466	85,620	0	85,620	136,795
Airport Buildings and Operational Assets	41,894	(3,662)	38,232	1,097	0	0	(1,165)	(182)	(139)	8,081	47,089	(1,165)	45,924	52,121
Jetties, Wharves, Marine Facilities and Structures	41,905	(1,713)	40,192	1,720	0	0	(1,778)	0	(1,844)	0	41,781	(3,491)	38,290	85,892
Library Books	3,709	(1,661)	2,048	0	0	0	(657)	0	2,574	0	6,283	(2,318)	3,965	0
Heritage Assets	2,152	0	2,152	176	0	0	(11)	0	(2)	0	2,326	(11)	2,315	0
Office Furniture and Equipment	40,666	(25,311)	15,355	2,462	0	(236)	(2,797)	142	(5,864)	0	37,170	(28,108)	9,062	0
Plant and Equipment	14,703	(9,499)	5,204	801	0	(118)	(1,169)	49	1,520	0	16,955	(10,668)	6,287	0
Motor Vehicles	3,121	(2,886)	235	1,294	0	(9)	(283)	(24)	(9)	0	4,373	(3,169)	1,204	0
Work in Progress	20,917	0	20,917	4,925	0	(9,000)	0	0	0	0	16,842	0	16,842	0
Total Council Operational Assets	646,838	(54,585)	592,253	18,239	0	(12,613)	(12,933)	(1,338)	(8,416)	70,838	694,960	(48,930)	646,030	274,808
TOTAL COUNCIL PROPERTY, PLANT AND EQUIPMENT														
	4,349,476	(101,318)	4,248,158	142,826	18,603	(33,729)	(52,986)	(1,100)	(336)	572,771	4,974,841	(80,632)	4,894,209	2,743,761

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Note 29: Consolidated 2020 - Property, plant and equipment														
	Cost/Revaluation 30 Jun 2019 \$'000	Accumulated Depreciation and Impairment Charges 30 Jun 2019 \$'000	Carrying Amount 30 Jun 2019 \$'000	Current Year Additions Assets Constructed by Council \$'000	Current Year Additions to Council \$'000	Current Year Disposals and Impairments \$'000	Current Year Depreciation \$'000	Current Year Net Transfers \$'000	Asset value adjustment \$'000	Revaluation Surplus \$'000	Cost/Revaluation 30 Jun 2020 \$'000	Accumulated Depreciation and Impairment Charges 30 Jun 2020 \$'000	Carrying Amount 30 Jun 2020 \$'000	Replacement Cost \$'000
Consolidated Infrastructural Assets														
Wastewater - Treatment Plants and Facilities	62,297	(2,083)	60,214	178	0	0	(2,169)	0	(2,184)	55,601	111,640	0	111,640	132,100
Other Wastewater Systems	350,667	(6,288)	344,379	4,484	1,642	0	(6,827)	0	40,124	101,554	485,356	0	485,356	433,702
Water Supply - Treatment Plants and Facilities	26,446	(1,649)	24,797	0	0	0	(1,672)	0	1,698	10,650	35,473	0	35,473	132,101
Other Water Supply Systems	248,949	(4,547)	244,402	835	1,110	0	(4,858)	0	(956)	57,393	297,926	0	297,926	433,702
Stormwater System	448,734	(4,566)	444,168	867	1,198	0	(4,943)	0	(1,367)	128,270	568,193	0	568,193	516,744
Roadway Network	448,900	(9,223)	439,677	11,234	1,377	0	(9,929)	0	12,216	0	473,727	(19,152)	454,575	482,100
Roadway Corridor Land	1,360,565	0	1,360,565	4,905	379	0	0	0	(3,724)	0	1,362,125	0	1,362,125	0
Other Roadway Assets	123,781	(3,755)	120,026	3,853	1,549	0	(4,670)	203	(17,581)	0	111,805	(8,425)	103,380	269,680
Work in Progress	149,529	0	149,529	77,414	8,095	(19,871)	0	0	-	0	215,167	0	215,167	0
Total Consolidated Infrastructural Assets	3,219,868	(32,111)	3,187,757	103,770	15,350	(19,871)	(35,068)	203	26,226	353,468	3,661,412	(27,577)	3,633,835	2,400,129
Consolidated Restricted Assets														
Land	383,403	0	383,403	7,910	3,110	0	0	0	(19,748)	159,096	533,771	0	533,771	0
Buildings and Improvements	21,021	(1,438)	19,583	3,370	0	(1,421)	(860)	0	(1,780)	3,836	22,728	0	22,728	24,312
Parks Facilities	54,513	0	54,513	3,101	0	0	0	0	1,383	0	44,884	(4,125)	40,759	0
Work in Progress	10,648	(13,184)	10,648	6,436	143	176	(4,125)	35	-	(14,467)	17,084	0	17,084	44,512
Total Consolidated Restricted Assets	469,585	(1,438)	468,147	20,817	3,253	(1,245)	(4,885)	35	(20,145)	148,465	618,467	(4,125)	614,342	68,824
Consolidated Operational Assets														
Land	396,937	0	396,937	2,044	0	(1,293)	0	(1,303)	(14,680)	58,291	439,996	0	439,996	0
Buildings and Improvements	183,890	(6,253)	177,637	4,866	0	(1,975)	(9,599)	(20)	10,029	15,766	196,704	0	196,704	136,795
Airport Buildings and Operational Assets	38,232	0	38,232	1,097	0	0	(1,165)	(182)	(139)	8,081	47,089	(1,165)	45,924	52,121
Jetties, Wharves, Marine Facilities and Structures	41,905	(1,713)	40,192	1,720	0	0	(1,778)	0	(1,844)	0	41,781	(3,491)	38,290	85,892
Library Books	3,709	(1,661)	2,048	0	0	0	(657)	0	2,574	0	6,283	(2,318)	3,965	0
Heritage	3,684	0	3,684	176	0	0	(11)	0	(2)	0	3,858	(11)	3,847	0
Office Furniture and Equipment	43,182	(26,515)	16,667	2,975	0	(268)	(3,296)	142	(5,821)	0	40,210	(29,811)	10,399	0
Plant and Equipment	30,129	(11,906)	18,223	5,368	0	(237)	(3,035)	49	1,520	-	36,829	(14,941)	21,888	0
Motor Vehicles	3,445	(2,995)	450	1,507	0	(73)	(322)	(24)	(9)	-	4,846	(3,317)	1,529	0
Work in Progress	23,032	0	23,032	4,044	0	(9,000)	0	0	-	-	18,076	0	18,076	0
Total Consolidated Operational Assets	768,145	(51,043)	717,102	23,797	0	(12,846)	(19,863)	(1,338)	(8,372)	82,138	835,672	(55,054)	780,618	274,808
TOTAL CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT														
	4,457,598	(84,592)	4,373,006	148,384	18,603	(33,962)	(59,916)	(1,100)	(291)	584,071	5,115,551	(86,756)	5,028,795	2,743,761

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Council - Work in progress

Accounting policy

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



	Council		Consolidated	
	Actual 30 June 2021 \$000	Actual 30 June 2020 \$000	Actual 30 June 2021 \$000	Actual 30 June 2020 \$000
PROPERTY, PLANT AND EQUIPMENT WORK IN PROGRESS				
Council Infrastructural Assets				
Wastewater - Treatment Plants and Facilities	11,412	38,088	11,412	38,088
Other Wastewater Systems	14,776	13,548	14,776	13,548
Water Supply - Treatment Plants and Facilities	110,255	31,915	110,255	31,915
Other Water Supply Systems	42,656	54,958	42,656	54,958
Stormwater System	24,682	28,051	24,682	28,051
Road Network	51,738	40,581	51,738	40,581
Road Corridor Land	1,323	139	1,323	139
Other Road Assets	17,033	7,887	17,033	7,887
Total	273,875	215,167	273,875	215,167
Council Restricted Assets				
Land	916	210	916	210
Buildings and Improvements	4,672	3,265	4,672	3,265
Park Facilities	12,899	13,609	12,899	13,609
Total	18,487	17,084	18,487	17,084
Council Operational Assets				
Land	4,205	9,639	4,205	9,639
Buildings and improvements	3,452	2,184	4,074	2,901
Airport Buildings and Operational Assets	52	843	52	843
Jetties, Wharves, Marine Facilities and Structures	1,669	478	1,669	478
Library Books	0	1,113	0	1,113
Heritage	1	1	1	1
Office Furniture and Equipment	2,354	1,509	2,506	1,596
Plant and Equipment	6,934	1,060	7,222	1,382
Vehicles - Motor and Electric	135	15	0	60
Total Operational Assets Work In Progress	18,802	16,842	19,729	18,013
Total Property, Plant and Equipment Work In Progress	311,164	249,093	312,091	250,264
INTANGIBLE WORK IN PROGRESS				
Software	11,887	11,147	11,887	11,147
TOTAL WORK IN PROGRESS	323,051	260,240	323,978	261,411

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Insurance of assets

Local government disclosures

Under the Local Government Act 2002, the Council is required to disclose the following information on insurance of the Group's assets as at 30 June 2021.

Disclosure as required under Local Government Amendment (No3) Act.



	Carrying Amounts 30 June 2021 \$'000	Insured Amounts 30 June 2021 \$'000	Carrying Amounts 30 June 2020 \$'000	Insured Amounts 30 June 2020 \$'000
Assets Covered by Insurance Contracts				
Infrastructural Assets				
Wastewater - Treatment Plants and Facilities	112,293	73,915	56,039	73,915
Water Supply - Treatment Plants and Facilities	33,368	63,121	24,823	63,121
Other Water Supply Systems*	302,434	440,678	240,533	444,973
Other Wastewater Systems*	579,591	47,095	383,802	45,815
Stormwater Systems*	304,434	239	439,923	239
Bridges	15,133	69,500	22,985	69,501
Total Infrastructural Assets Insurance Coverage	1,347,253	694,548	1,168,105	697,564
Operational Assets				
Buildings and Improvements	88,056	597,526	199,908	561,242
Airport Buildings and Operational Assets	47,299	0	45,924	0
Jetties, Wharves, Marine Facilities and Structures	36,650	0	38,290	0
Library books	5,393	0	3,365	0
Heritage	2,348	0	3,847	0
Office Furniture and Equipment	8,384	0	10,409	0
Plant and Equipment	5,450	0	21,891	0
Work in Progress	311,165	0	250,262	0
Motor Vehicles	1,314	6,673	1,533	5,573
Forestry	9,400	1,235	9,872	3,100
Total Operational Assets Insurance Coverage	515,459	605,434	585,301	569,915
Total Assets Covered by Insurance Contracts	1,862,712	1,299,982	1,753,406	1,267,479
Financial Risks Sharing Arrangements Assets				
Roading Corridor Land	1,359,478	0	1,362,127	0
Other Roading Assets	111,062	0	80,395	0
Land	959,967	0	756,307	0
Parks Facilities	40,841	0	40,760	0
Roading Network	442,834	0	454,577	0
Total Financial Risks Sharing Arrangements	2,914,182	0	2,694,166	0
TOTAL INSURANCE OF ASSETS	4,776,894	1,299,982	4,447,572	1,267,479

The insurance cover is for Council and the group.

* Underground assets are covered under separate cover for \$380m (2020:\$380m). This amount has been included in the "Other Water Supply Systems" insured amount for ease of presentation but applies to all underground assets.

Note 30: Intangible assets

Accounting policy



Intangible assets are initially recorded at cost. Where acquired in a business combination, the cost is the fair value at the date of acquisition. The cost of an internally generated intangible asset represents expenditure incurred in the development phase.

Subsequent to initial recognition, intangible assets with finite useful lives are recorded at cost, less any amortisation and impairment losses and are reviewed annually for impairment losses. Amortisation of intangible assets is provided on a straight line basis that will write off the cost of the intangible asset to estimated residual value over their useful lives. Assets with indefinite useful lives are not amortised but are tested, at least annually, for impairment and are carried at cost less accumulated impairment losses.

Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Impairment losses resulting from impairment are reported in the Statement of Comprehensive Revenue and Expense.

Realised gains and losses arising from the disposal of intangible assets are recognised in the Statement of Comprehensive Revenue and Expense in the year in which the disposal occurs.

Intangible Assets Comprise:

Software Acquisition and Development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs directly associated with the development of identifiable and unique software products in house are recognised as an asset.

Property Subdivision Rights

Council has a property subdivision right in terms of the land block referred to as Te Tumu. This has been recognised as an intangible asset and is being amortised over the period of the agreement. Refer to note 25.

Easements and Access Rights

Easements and Access Rights are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements used for access to Council infrastructure assets are included in Property, Plant and Equipment and easements used by Council for access to restricted assets such as reserves are included as part of intangible assets.

Where easements have an indefinite useful life, they are not amortised. These are capitalised to the asset to which they belong. They are tested for impairment as part of the regular asset impairment testing.

The access rights are recognised as an intangible asset and amortised over the life of the access.

Access Rights have a definite life and are amortised over the life of the right given.

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Carbon Credits

Purchased carbon credits are recognised at cost on acquisition. Carbon credits allocated by the Crown are recognised at fair value on receipt.

Carbon credits held are revalued each year and the resulting movement is put through the Surplus and deficit. Carbon credits were revalued using the latest carbon credit market trading price as at 30 June 2021, as quoted by Carbon News.

They are derecognised when they are used to satisfy carbon credit emission obligations. Any costs associated with maintaining New Zealand Units (NZU) are recognised as an expense when incurred.

Useful Lives

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

Class of Intangible Asset	Estimated Useful Life (Years)	Amortisation Rates
Acquired Computer Software	4	25%
Core Systems Software	4 - 7	14.3%-25%
Access Rights	8 - 50	2%-12%

Impairment

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

Intangible assets subsequently measured at cost 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.

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 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. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Computer software

Computer software is purchased from independent external suppliers.

Easements and access rights

Right of access is the cost of the Tauranga City Council contributions to community infrastructure (buildings) within the city which Tauranga City Council does not own, but the community has access to use. Easements provide Council with access to infrastructural assets for an indefinite time period.

Property subdivision rights

The initial impairment of the Te Tumu concessionary loan was recognised as the amount payable for the right to use the Te Tumu land in its undeveloped state, which in turn created a "Property Subdivision Right" asset. The asset is recognised as an intangible asset and amortised over the period of the loan agreement amended to 15 years under the new agreement. The vendors' right to repurchase the property was extended to 2036 from 2026 under the Council's Long-term Plan.

See Note 25.

Emissions trading scheme

Pre 1990 Forest:

Owners of pre 1990 forests may opt to join the Emissions Trading Scheme (ETS) and are allocated New Zealand Units (NZU's) based on the size of the forested area in tree tranches. Pre 1990 forests are forests that were established before 1 January 1990. New Zealand Units cannot be earned for an increase in the carbon stock (through forest growth) in a pre 1990 forest, but, provided that pre 1990 forests are re established after harvesting (either by replanting or regeneration) there are no liabilities or obligations under Emissions Trading Scheme. However, landowners must surrender New Zealand Units equivalent to the carbon emissions from any deforestation.

Tauranga City Council was allocated New Zealand Units relating to 157 hectares of the forested land surrounding its water catchments and reservoirs during 2015. Tauranga City Council and Western Bay of Plenty District Council were allocated New Zealand Units in relation to 906 hectares of forested land within the TECT All Terrain Park which they share on a 50/50 basis.

Carbon Credits

New Zealand Units have been assessed as having an indefinite useful life because they have no expiry date but will continue to have economic benefit if the Emissions Trading Scheme is in place.

New Zealand Units are revalued annually by reference to published current price quotations in an active market. Movements in the value of New Zealand Units are shown in Surplus/(Deficit).

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Note 30: Intangible assets - 2021										
	COUNCIL						CONSOLIDATED			
	Computer Software \$'000	Right Of Access \$'000	Property Subdivision Rights \$'000	Carbon Credits \$'000	Work in Progress \$'000	Council Total \$'000	Subsidiaries Computer Software \$'000	Consolidated Total \$'000		
Cost										
Balance as at 1 July 2020	12,603	10,736	3,061	915	11,147	38,462	1,763	40,225		
Additions	9,163	0	7,782	0	740	17,685	442	18,127		
Disposals	0	0	0	0	0	0	0	0		
Transfers	0	673	(739)	0	0	(66)	(15)	(81)		
Revaluation	0	0	0	328	0	328	0	328		
Balance as at 30 June 2021	21,766	11,409	10,104	1,243	11,887	56,409	2,190	58,599		
Accumulated Amortisation and Impairment										
Balance as at 1 July 2019	16,917	4,812	3,061	659	4,605	30,054	1,729	31,783		
Additions	5,154	5,924	0	0	6,542	17,620	36	17,656		
Disposals	(9,468)	(2)	0	0	0	(9,470)	(2)	(9,472)		
Revaluation	0	0	0	256	0	256	0	256		
Balance as at 30 June 2020	12,603	10,734	3,061	915	11,147	38,460	1,763	40,223		
Accumulated Amortisation and Impairment										
Balance as at 1 July 2020	(5,276)	(903)	(2,282)	0	0	(8,461)	(1,307)	(9,768)		
Amortisation adjustment	0	0	0	0	0	0	0	0		
Amortisation Charge	(3,634)	3	(304)	0	0	(3,935)	(156)	(4,091)		
Balance as at 30 June 2021	(8,910)	(900)	(2,586)	0	0	(12,396)	(1,463)	(13,859)		
Carrying Amounts										
Balance as at 1 July 2019	(11,427)	(824)	(2,170)	0	0	(14,421)	(1,119)	(15,540)		
Amortisation Charge Written Back on Disposal	8,921	0	0	0	0	8,921	0	8,921		
Amortisation Charge	(2,770)	(79)	(112)	0	0	(2,961)	(188)	(3,149)		
Balance as at 30 June 2020	(5,276)	(903)	(2,282)	0	0	(8,461)	(1,307)	(9,768)		
Carrying Amounts										
Balance as at 30 June 2019	5,490	3,988	891	659	4,605	15,633	610	16,243		
Balance as at 30 June 2020	7,327	9,831	779	915	11,147	29,999	456	30,455		
Balance as at 30 June 2021	12,856	10,509	7,518	1,243	11,887	44,013	727	44,740		

Note 31: Forestry assets

Accounting policy

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs, and silvicultural costs and takes into consideration environmental, operational, and market restrictions.

All current forests have been valued on a going concern basis.

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

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



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Balance as at 1 July	9,872	10,641	9,872	10,641
(Decreases)/Increases due to Revaluation	(848)	(354)	(848)	(354)
Gains Arising from Changes Attributable to Physical Changes	768	785	768	785
Decreases due to Harvest	(392)	(1,200)	(392)	(1,200)
Total Forestry Assets Balance as at 30 June 2021	9,400	9,872	9,400	9,872

The change in value of forestry assets is recorded as Other Gains in note 14.

The most recent valuation of Forestry assets is as at 30 June 2021. The Forest crop assets held in Tauranga City Council water catchments and TECT All Terrain Park forest were valued by Registered Valuer Peter Auge from Interpine Group Limited.

The two areas of forest valued by Interpine have been approached individually. The approach to non radiata species is different because the TECT forest area contains other exotic species that can be harvested while this is not the case for the water catchment area which only consists of Radiata.

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(A) Forestry assets water catchments

The Council owns a total of 307 hectares of forestry assets surrounding its water catchments and within the TECT All Terrain Park. Of the total area of forest within the TECT All Terrain Park, 431 hectares are stocked, and Tauranga City Council owns 50% of these.

The forestry assets have no restrictions on title or any known pledges against them.

The forest consists of:

Tree species	TECT All Terrain Park Total	Tauranga City Council Share of TECT Forest	Water Catchment Areas	Total
Hectares				
Pinus Radiata	357	179	86	265
Douglas Fir	48	24	0	24
Other Species	26	13	5	18
Total hectares 2021	431	216	91	307
Total Value 2021 \$'000's	9,705	4,852	4,548	9,400
Total Hectares 2020	437	219	96	315
Total Value 2020 \$'000's	9,795	4,897	4,975	9,872

(B) TECT All Terrain Park Forest

TECT All Terrain Park is located on State Highway 36 between Rotorua and Tauranga. TECT All Terrain Park consists of 5 compartments subdivided into 58 stands totalling 906 hectares. Of these stands 18 are under forest right agreements and are not included in this valuation. Of the 40 remaining stands only, those classified for production and harvest are valued. The production management regime stands, 28 in total, have a net stocked area of 431 hectares. Three temporarily unplanted stands are not valued.

Pinus radiata accounts for 356 hectares (2020 363 hectares) of the tree crop. The total value of the forestry stands at 30 June 2021 is \$9.7 million (2020 \$9.8m) of which Council owns 50%.

Independent registered valuer, Peter Auge from Interpine Group Limited, valued the TECT All Terrain Forest as at 30 June 2021. The estimated value of the forest is exclusive of GST, land value and tax.

Valuation

The Standards applied in this valuation are the PBE IPSAS 27 as issued by the External Reporting Board (XRB) and the Forest Valuation Standards issued by the NZ Institute of Forestry. As such the following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- The valuation considers only the costs and revenues associated with the current crop (single rotation).
- An appropriate discount rate is derived based on evidence from industry practice.
- An average pre tax discount rate of 7.3% (2020: 7.6%) has been used in valuing the forest crops.
- A land rental cost is charged against the tree crop value for each stand until harvested.
- Wood flow is based on a presumed harvest schedule for a typical forest owner and not specific to the current owner.
- Costs are based on industry standard management and operational requirements.
- Logs processed are based on market rates and forecast based on best estimates of future supply and demand.
- Uncropped areas awaiting replanting contribute no value to the tree crop but have a potential value in forestry which is accounted for in the land value.

The method used to measure the *Pinus radiata* tree crops in this valuation is the Expectation method. The Expectation method employs a conventional discounting approach to determine the present value of future cash flows. Previous expenditure on the forest is treated as sunk costs and are excluded from the valuation determination.

Interpine varied the methodology on valuing young *radiata* stands to a discounted cash flow basis instead of compounding cost approach to allow for better analysis of year to year change. This change has little effect on the total valuation.

Non *radiata* tree crops have been valued using a compounded cost methodology. Here a fair value is determined to be the compounded cost of the operations required to grow each crop to its current age.

(C) Forest within water catchment areas

Tauranga City Council's forests are located in the Tauranga City Council water supply catchments close to State Highway 36 on the outskirts of Tauranga, Tauranga City Council has 7 forests comprising of 36 productive (*Pinus radiata*) compartments totalling 90.9 hectares. Native bush and *Acacia melanoxylon* compartments are deemed to have no crop value and are not valued.

Net stocked area has decreased in the 2021 financial year due to the removal of the Athenree Forest. No harvesting has taken place. Natural regeneration has taken place in all old harvest areas but this is not valued.

Independent Registered Valuer Peter Auge of Interpine Group Ltd valued the Tauranga City Council owned forest as at 30 June 2021.

The Standards applied in this valuation are PBE IPSAS 27 issued by the External Reporting Board (XRB) for an agricultural asset and the Forest Valuation Standards issued by the NZ Institute of Forestry. As such the following considerations have been made in formulating this valuation.

The valuation considers only the costs and revenues associated with the current crop (single rotation).

- An appropriate discount rate is derived based on evidence from industry practice.
- Non *radiata* tree crops have been valued using a compounded cost methodology.
- A land rental cost is charged against the tree crop value for each stand until harvested.
- Costs are based on industry standard management and operational requirements.
- Wood flow is based on a presumed harvest schedule for a typical forest owner and not specific to the current owner.
- Log prices are based on market rates and forecasted based on best estimates of future supply and demand.
- Land value, rates and insurance are excluded from the valuation.
- An average pre tax discount rate of 7.3% (2020: 7.6%) has been used in valuing the forest crops.
- Unstocked areas awaiting replanting contribute no value to the tree crop but have a potential value in forestry which is accounted for in the land value.
- Land related costs and the impact of any potential cost or gain from carbon credits are not included in the valuation.
- The expected net returns from harvesting are based on current prices.

No biological assets are pledged as security for liabilities. Biological assets are deemed to be of a consumable nature.

Financial Risk Management Strategies

The Council is exposed to financial risks arising from changes in timber prices. The forest crops owned by the Council and group are held primarily for conservation purposes and are not intended to be logged and sold in substantial portions in order to earn income.

Therefore, no measures have been taken to manage the risks of a decline in timber prices. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

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Note 32: Payables and deferred revenue

Accounting policy

Short term creditors and other payables are recorded at their face value and are non interest bearing. They are normally settled on 30 day terms; therefore, the face value of creditors and other payables approximates their fair value.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Total Creditors and Other Payables	85,304	101,100	87,627	102,500
Payables and Deferred Revenue from Exchange Transactions				
From Exchange Transactions				
Trade Payables	28,954	0	29,198	71
Accrued - Other Expenses	23,987	28,774	26,016	28,390
Income in advance	1,726	1,304	1,726	1,304
Accrued Interest on Borrowings	1,471	1,537	1,471	1,537
Total Payables and Deferred Revenue from Exchange Transactions	56,138	31,615	58,461	31,302
From Non Exchange Transactions				
Accrued - Other Expenses	2,485	3,022	2,485	3,938
Deferred Revenue	5,005	5,572	5,005	5,572
Rates in Advance	20,396	18,698	20,396	18,698
Other Payables	1,280	42,193	1,280	42,870
GST Payable	0	0	0	119
Total Payables and Deferred Revenue from Non Exchange Transactions	29,166	69,485	29,166	71,197
TOTAL PAYABLES AND DEFERRED REVENUE FROM EXCHANGE AND NON EXCHANGE TRANSACTIONS	85,304	101,100	87,627	102,499

Note 33: Employee entitlement liabilities**Accounting policy**

Provision is made in respect of Tauranga City Council's liability for salaries, wages, annual leave, long service leave and gratuities, accrued up to balance date.

**Short Term Employee Entitlements**

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

A liability and an expense are recognised for bonuses where the Council or group has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long Term Employee Entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, 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 and vested long service leave are classified as a current liability. 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.

Sick leave, 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.

Superannuation Schemes**(i) Defined Contribution Schemes**

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

(ii) Defined Benefit Schemes

Tauranga City Council makes employer contributions to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi employer defined benefit scheme. See Note 41.

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	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Employee Entitlements				
Accrued Pay	1,378	1,113	1,945	1,855
Annual Leave	4,455	4,224	5,114	4,977
Long Service Leave	127	94	127	94
Total Employee Entitlements	5,960	5,431	7,186	6,926
Current Portion - Employee Entitlements				
Accrued Pay	1,378	1,113	1,945	1,855
Annual Leave	4,455	4,224	5,114	4,977
Long Service Leave	127	94	127	94
Total Current Portion - Employee Entitlements	5,960	5,431	7,186	6,926

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Note 34: Deposits held

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
General Deposits	6,815	3,362	6,836	3,375
Site Development Bonds	2,787	2,811	2,787	2,811
TOTAL DEPOSITS HELD	9,602	6,173	9,623	6,186

Note 35: Revenue in advance developer contributions and other

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Developer Contributions				
Stormwater	(780)	(307)	(780)	(307)
Wastewater	(1,907)	(1,665)	(1,907)	(1,665)
Water Supply	343	386	343	386
Roading	6,014	6,331	6,014	6,331
Parks and Recreation	70	70	70	70
Developer Contributions Received in Advance	3,740	4,815	3,740	4,815
Crown Infrastructure Partner Funding	6,031	0	6,031	0
Other Revenue in Advance	792	560	1,435	1,768
TOTAL REVENUE IN ADVANCE DEVELOPER CONTRIBUTIONS AND OTHER	10,563	5,375	11,206	6,583

Development Contribution revenue received in advance represents the value of assets vested to Tauranga City Council in excess of the value of Development Contributions owing to Council, under a works in lieu agreement with a developer. The works in lieu agreement allows for the developer to construct local infrastructure and vest this to Council rather than Council charging local development contributions for subdivisions and building the infrastructure itself.

The Council received Crown Infrastructure Partner (CIP) funding of \$7.46m which must be repaid if not spent by March 2022. This is half of the \$14.9m approved CIP funding along with a further \$1m Crown funding, for a total of 26 projects. The second half of the approved funding can be applied for in March 2022.

Works included in the Works in Lieu agreement are now complete and all assets related to their agreement have been vested.

Works in lieu agreement consists of the following: Development Contributions owing to Council at 30 June 2021 totalled \$16m (2020: \$16m) and assets vested to Council totalled \$28m (2020: \$28m).

Development Contribution Fees Owing	(\$16m)
Assets Vested to Council	\$28m
Less Reimbursements	(\$8.3m)
Total Works in Lieu	\$3.7m

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Note 36: 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 Tauranga City Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date, or if the borrowings are expected to be settled within 12 months of balance date.

Council's borrowings are regularly reviewed to establish their effect on the going concern assumption. Management reviews its borrowings and liquidity to ensure compliance with set ratios, Council remains solvent and that its debt repayments can be met. Future economic impacts are assessed for potential impact on Council's ability to carry on its primary objectives.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Borrowings				
Maturing under 1 year	66,012	54,079	67,012	55,079
Maturing in 1-2 years	55,878	63,889	55,878	63,889
Maturing in 2-3 years	55,724	53,812	55,724	53,812
Maturing in 3-4 years	50,829	52,669	50,829	52,669
Maturing in 4-5 years	55,772	45,000	55,772	45,000
Maturing in 5+ years	351,158	270,250	351,158	270,250
TOTAL BORROWINGS	635,373	539,699	636,373	540,699
Weighted Average Interest on Outstanding Borrowings (actual as at balance date)	2.99%	3.78%	2.99%	3.78%
Current Portion				
Current Portion of Borrowings	0	0	1,000	1,000
Current Portion - Local Government Funding Agency	60,000	50,000	60,000	50,000
Current Portion - Housing Infrastructure Fund	6,012	4,079	6,012	4,079
Total Current Portion	66,012	54,079	67,012	55,079
Non Current Portion				
Non Current - Wholesale Borrowing	12,032	0	12,032	0
Non Current Portion - Local Government Funding Agency	455,218	475,250	455,218	475,250
Non Current Portion - Housing Infrastructure Fund	102,111	10,370	102,111	10,370
Total Non Current Portion	569,361	485,620	569,361	485,620
TOTAL BORROWINGS	635,373	539,699	636,373	540,699

Credit standby arrangements

At balance date Tauranga City Council had undrawn bank facilities of \$70m (2020: \$70m), with facility maturing October 2024.

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(A) Financing Arrangements

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Credit Standby Arrangements				
Adams Centre Loan	0	0	1,000	1,000
Housing Infrastructure Fund	108,123	14,449	108,123	14,449
Wholesale Borrowings at Floating Interest Rates	440,000	450,000	440,000	450,000
Wholesale Borrowings at Fixed Interest Rates	87,250	75,250	87,250	75,250
TOTAL FINANCING ARRANGEMENTS	635,373	539,699	636,373	540,699

The borrowings (including any debentures) are secured loans which are secured by a charge over all Rates from time to time set or assessed by Tauranga City Council.

All Tauranga City Council's floating interest rates are set based on the 90 day bank bill rates. Interest rates are reset at 90 days as appropriate with the financial instrument. All borrowings are expected to be held until their maturity.

Fair value

The carrying amounts and fair values of borrowings at balance date are as follows:

Council				
	Carrying Amount 30 June 2021 \$'000	Fair Value 30 June 2021 \$'000	Carrying Amount 30 June 2020 \$'000	Fair Value 30 June 2020 \$'000
Current Borrowings	66,012	66,240	50,000	50,000
Housing Infrastructure Fund	102,111	96,163	14,449	15,568
Wholesale Borrowings at Floating Interest Rate	400,000	400,000	400,000	400,000
Wholesale Borrowings at Fixed Interest Rate	67,250	70,348	75,250	82,606
TOTAL COUNCIL FAIR VALUE AND CARRYING AMOUNTS	635,373	632,751	539,699	548,174
Traded debentures	60,000	0	50,000	0

The fair values are based on a yield to maturity basis, assuming interest payments are on a semi annual basis (in accordance with market convention). Fair value interest rates range for fixed interest rate borrowings from 0.58% to 1.56% (2020: 1.66% to 2.24%).

Consolidated				
	Carrying Amount 30 June 2021 \$'000	Fair Value 30 June 2021 \$'000	Carrying Amount 30 June 2020 \$'000	Fair Value 30 June 2020 \$'000
Current Borrowings	66,012	66,240	50,000	50,000
Adams Centre Loan	1,000	1,000	1,000	1,000
Housing Infrastructure Fund	102,111	96,163	14,449	15,568
Wholesale Borrowings at Floating Interest Rate	400,000	400,000	400,000	400,000
Wholesale Borrowings at Fixed Interest Rate	67,250	70,348	75,250	75,250
TOTAL CONSOLIDATED FAIR VALUE AND CARRYING AMOUNTS	636,373	633,751	540,699	541,818
Traded debentures	60,000	0	50,000	0

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(B) Housing Infrastructure Fund (HIF)

In September 2016 the Housing Infrastructure Fund was established by the New Zealand Government as a one off contestable fund aimed at accelerating short and medium term supply of new housing in high growth urban areas.

The aim of the fund was to provide financing capacity for growth councils to deliver the infrastructure needed to support their growth.

High growth urban areas are defined as those where Statistics New Zealand projects population growth to be, or will exceed, 1% per year for the next ten years.

Tauranga was identified as a high growth urban area.

Tauranga City Council submitted its proposals for a share of the \$1 billion Housing Infrastructure Fund and was successful in getting funding for three of its proposals. The three Council projects that will be funded by the Housing Infrastructure Fund are Waiari Water Treatment Plant, the Te Maunga Wastewater Treatment Plant Upgrade and the infrastructure required to establish the Te Tumu growth area. The first two projects are providing increased water and wastewater capacity for an additional 35,000 houses. This extra capacity can be for either development of existing urban areas or development of new urban growth areas. The third project was to provide access to a new growth area in Papamoa East. Due to delays outside Council's control TCC are now working with the Crown to refocus this loan on enabling the bringing forward of the Wairakei town centre. This predominantly relates to transportation projects, but includes Water, Wastewater and Stormwater works

During the current financial year, a \$110.8m interest free loan was drawn down (2020: \$15.8m). The undrawn amount under the Housing Infrastructure Fund at 30 June 2021 is \$31m (2020: \$126.1m). The Waiari Water Treatment Plant facility of \$105.9m has now been fully drawn. Loan repayments of \$4.3m and the \$1.9m for Waiari and Te Maunga were made during the year.

	Council		Council	
	Carrying Amount 30 June 2021 \$'000	Carrying Amount 30 June 2020 \$'000	Fair Value 30 June 2021 \$'000	Fair Value 30 June 2020 \$'000
Housing Infrastructure Fund				
Maturing under 1 year	6,012	4,079	6,180	4,252
Maturing in 1-2 years	5,878	3,889	6,106	4,222
Maturing in 2-3 years	5,724	3,812	5,839	4,188
Maturing in 3-4 years	5,829	2,689	5,710	2,906
Maturing in 4-5 years	5,772	-	5,564	-
Maturing in 5+ years	78,908	-	72,944	-
TOTAL HOUSING INFRASTRUCTURE BORROWINGS	108,123	14,469	102,343	15,568

The drawdown amounts for Waiari and Te Maunga mature annually June of each year, commencing June 2021 at \$6.2m each year.

As these loans are at 0.0% interest rate, for accounting purposes the loans are discounted, discounted rates range from 1.01% to 5.0% to recognise the initial gain at drawdown and then this gain is amortised back until maturity of these loans. Fair value amounts are based on market interest rates ranging from 0.73% to 2.46% at balance date.

Note 37: Provisions

Accounting policy

Tauranga City Council recognises a provision for future expenditure of an uncertain amount or timing when:

- there is a present obligation, (either legal or constructive) as a result of a past event, and
- 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".

ACC Accredited Employers Programme

The Council belongs to the ACC Accredited Employers Program (the "Full Self Cover Plan") whereby the Council accepts the management and financial responsibility for employee work related illnesses and accidents. Under the programme, the Council is liable for all its claims costs for a period of two years after the end of their cover period in which the injury occurred. At the end of the two year period, the Council pays a premium to ACC for the value of residual claims, and from that point the liability for ongoing claims passes to ACC.

The liability for the ACC Accredited Employers Programme is measured using actuarial techniques at the present value of expected future payments to be made in respect of the employee injuries and claims up to the balance date. Consideration is given to anticipated future wage and salary levels and experience of employee claims and injuries. Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires Tauranga City Council to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to meet a payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a standalone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability Tauranga City Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However, if Tauranga City Council assesses that it is probable that expenditure will be required to settle a guarantee, then a provision for the guarantee is measured at the present value of the future expenditure.

Tauranga City Council initially recognises financial guarantees on behalf of its subsidiaries at fair value in the statement of financial position, as a liability and as an increase to the value of the investment in the subsidiary.

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Critical accounting estimates, assumptions and judgement



Landfill Closure Costs (Aftercare Liability)

As operator of the Cambridge Road and Te Maunga landfills, Tauranga City Council has a legal obligation to provide ongoing maintenance and monitoring services at the landfill sites after closure. A calculation of the estimated future costs of this monitoring has been discounted and is recognised in the surplus or deficit and as a liability in the Statement of Financial Position. Both landfill sites are closed.

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Current Portion Provisions				
Provision for Claims Under Weathertight Homes	31,206	7,598	31,206	7,598
Aftercare Liability	10	10	10	10
Other Provisions	882	643	882	643
Total Current Portion Provisions	32,098	8,251	32,098	8,251
Non Current Provisions				
Aftercare Liability	4	4	4	4
Total Non Current Portion Provisions	4	4	4	4
TOTAL PROVISIONS	32,102	8,255	32,102	8,255

Council 2021					
Movements	Employee Cost Provision \$'000	Aftercare Liability \$'000	Weathertight Homes Resolution \$'000	Retentions Provision \$'000	Total \$'000
Balance at 1 July 2020	43	10	7,598	600	8,251
Additional provisions made	239	0	26,438	0	26,677
Amount used	0	0	(2,830)	0	(2,830)
Balance at 30 June 2021	282	10	31,206	600	32,098

Council 2020					
Movements	Employee Cost Provision \$'000	Bella Vista \$'000	Aftercare Liability \$'000	Weathertight Homes Resolution \$'000	Total \$'000
Balance as at 1 July 2019	42	14	19,112	0	19,168
Additional Provisions Made	1	0	2,000	600	2,601
Amounts Used	0	(4)	(13,514)	0	(13,518)
Balance as at 30 June 2020	43	10	7,598	600	8,251

Weathertightness Claims (Leaky homes)

Provision for Building Claims under Weathertight Homes Resolution Service (WHRS) and Financial Assistance Package (FAP).

Previously these two provisions have been shown separately and have now been combined as one provision.

Council now has exposure to claims for leaky buildings under the Weathertight Homes Resolution Service as the Financial Assistance Package has been fully settled with no further claims being admissible due to the 10 year window being fulfilled.

Financial Assistance Package (FAP)

This package provides that Government will provide 25% of the repair costs for leaky buildings, local government a further 25% (where they certified the building) with the balance being met by the homeowner. This is available for leaky buildings meeting the criteria under the scheme.

All Claims under the FAP are now complete and settled between the homeowners and Council. No further claims under FAP are expected to eventuate.

Specific Claims

2. Individual Properties

There are currently two claims under the WHRS and are being worked on through Council's legal advisors.

3. Multi Unit Claims

Following recent legal cases Tauranga City Council has seen more activity in this area. One significant case is now in progress and due to legal proceedings, the details remain commercially sensitive and legally privileged.

The total weathertight liability is \$31.2m.

There is no contingent liability for the 2021 year based on an event after Balance Date that solidified the contingency to a Provision. See Note 39.

Other Provisions

Aftercare Liability

As historic operator of the Cambridge Road and Te Maunga landfills, Council has a legal obligation to provide on going maintenance and monitoring services at the landfill sites after closure. A calculation of the future costs of this monitoring has been discounted and offset to the current period against the value of the land. Both landfill sites have been closed for a number of years. The economic outflow of benefits associated with monitoring is expected to continue over the foreseeable future.

New Zealand Local Government Funding Agency (NZLGFA)

Financial Reporting standards require Tauranga City Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee and therefore has not recognised a liability. The Council considers the risk of the New Zealand Local Government Funding Agency defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority default events in New Zealand, and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligation if further funds were required.

Risk management fund reserve

The risk management fund is a council created reserve (i.e. set up voluntarily). It was established in order to help manage council's financial risk and to fund unforeseen events. The reserve is generally funded from a direct allocation from rates, set by the mayor and councillors. There have also been occasions (as in 2018) where the rates surplus has been transferred into the reserve.

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Since 1 July 2013 the reserve has been used to fund:

- Leaky home and weathertight home provisions
- Removal of staff from Willow Street administration building, which has since been demolished
- Bella Vista operating costs.

The reserve is currently in deficit. This means that payments that are anticipated to be required in the future are higher than funds that have been collected in the past. At some point future ratepayers are expected to have to fund these costs.

The balance of the risk management fund at June 2021 is a \$33.1m in deficit. (2020: \$27.7m deficit). See note 49 C.

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Note 38: Reconciliation of net surplus / (deficit) after tax to net cash flow from operating activities

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Surplus/(Deficit) After Tax	64,550	(3,637)	66,042	(5,639)
Add/(Less) Non Cash Items:				
Depreciation and Amortisation Expense	62,571	55,947	68,450	63,067
Revaluation Movement Investment Properties	(14,683)	(1,874)	(14,683)	(1,874)
Capital Gains on Disposal of Property, Plant and Equipment	(22)	(1,260)	(22)	(1,260)
Gain on Forestry due to Physical Changes and Remapping	(768)	(785)	(768)	(785)
Gains on Carbon Credits	(328)	(256)	(328)	(256)
Loss on Amortisation	2,148	(761)	2,148	(761)
Housing Infrastructure Fund Initial Discount Recognition	(10,913)	(440)	(10,913)	(440)
Reduction in Forestry Crop due to Harvest	392	1,202	392	1,202
Assets Vested to Tauranga City Council	(10,660)	(24,110)	(10,660)	(24,110)
Assets vested from Tauranga City Council	5,808	0	5,808	0
(Gains)/Losses on Derivative Financial Instruments and Non Interest Loans	(27,655)	13,463	(27,655)	13,463
Deferred Tax	910	(1,440)	910	(3,991)
Assets Written Off	0	33,891	0	33,891
Loss on Asset Sales	6,753	1,519	6,753	1,367
Loss on Forestry Valuation	848	354	848	354
Unrealised Investment Income	0	(26)	0	(26)
Weathertight Expense	26,438	0	26,438	0
Other Non Cash Items	32	1,576	(43)	1,663
Total Non Cash Items	40,871	76,999	46,675	81,504
Add/(Less) Movements in Working Capital Items				
(Increase)/Decrease in Receivables	25,176	(29,476)	24,453	(27,790)
(Increase)/Decrease in Deposit Held	3,429	0	3,429	0
(Increase)/Decrease in Inventory	(514)	6	(565)	31
Increase/(Decrease) in Payables	(15,796)	37,416	(16,085)	37,173
Increase/(Decrease) in Income Tax Payable	475	(825)	(2,036)	(825)
Increase/(Decrease) in Provisions	23,847	(10,913)	23,847	(10,913)
Increase/(Decrease) in Employee Entitlements	528	1,061	257	1,352
Increase/(Decrease) in Revenue in Advance	5,188	0	5,188	0
Increase/(Decrease) in NCAHFS	(27,120)	0	(27,120)	0
Other Adjustments	0	516	0	65
Net movement in working capital items	14,737	(2,216)	11,367	(907)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	120,158	71,146	124,084	74,958

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Note 39: Events occurring after balance date

In August 2021, Covid 19 reappeared in Auckland. The country was placed in lockdown at Alert Levels 3 and 4 since the outbreak occurred. Tauranga remains at Alert Level 2. Staff continue to work either remotely or on site to align with government protocol on physical distancing. There was no significant impact on our essential services during the various Alert Levels, deferred maintenance and capital works programmes have not affected our services.

In December 2021 a mediation meeting for a weathertight building claim between the Council and the plaintiffs was settled. This event resulted in an adjustment to the Weathertight provision for the June 2021 financial statements.

No other significant events, favourable or unfavourable, that impact the financial statements have occurred since balance date.

Note 40: Capital commitments and operating leases**Accounting policy****Finance Leases**

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to the ownership of an asset, whether title is eventually transferred. Tauranga City Council does not have any finance leases.

Operating Lease

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.

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Capital Commitments				
Water Supply	93,474	35,807	93,474	35,807
Roading Network	21,811	0	21,811	0
Buildings	2,472	8,564	2,472	8,564
Intangible Assets	604	586	604	586
Parks Facilities	9,785	3,388	9,785	3,388
Bay Venues Limited	0	0	49	0
TOTAL CAPITAL COMMITMENTS	128,146	48,345	128,195	48,345

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Operating Leases as Lessee

Tauranga City Council leases property, plant and equipment in the normal course of business. The majority of these leases have a minimum non cancellable term of at least 60 months.

Leases

Leases can be renewed at Tauranga City Council's option, with rents set by reference to current market rates for items of equivalent age and condition. Tauranga City Council does not have an option to purchase the assets at the end of the lease term. There are no restrictions placed on Tauranga City Council and group by any leasing arrangement.

The future aggregate minimum lease payments to be made under non cancellable operating leases are as follows:

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Operating Leases				
Not later than one year	2,571	2,441	2,648	2,559
Later than one year and not later than five years	6,156	7,911	6,371	7,925
Later than five years	1,645	1,704	1,645	1,704
TOTAL NON CANCELLABLE OPERATING LEASES	10,372	12,056	10,664	12,188

Operating Leases as Lessor

Tauranga City Council leases its Commercial properties under operating leases. The majority of these leases have a non cancellable term of at least 60 months.

The future aggregate minimum lease payments to be collected under non cancellable operating leases are as follows:

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Operating Leases				
Not later than one year	1,788	1,079	2,249	1,699
Later than one year and not later than five years	4,871	2,194	5,796	3,470
Later than five years	12,970	5,514	13,551	6,205
TOTAL NON CANCELLABLE OPERATING LEASES	19,629	8,787	21,596	11,374

No contingent rents have been recognised during the year (2020: nil).

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Note 41: Contingencies

Accounting policy

The council do not recognise contingent liabilities and contingent assets in the financial statements due to their uncertainty or the fact they cannot be reliably measured. Disclosures are provided as follows:

- Contingent liabilities are disclosed unless the possibility is remote.
- Contingent assets are only disclosed when the possibility is probable.



	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
Contingent Liabilities				
Leaky Building Claims*	0	17,935	0	17,935
Guarantee from Tauranga City Council for Loans on Behalf of Bay Venues Limited	1,000	1,000	1,000	1,000
TOTAL CONTINGENT LIABILITIES	1,000	18,935	1,000	18,935

*See below Leaky Building Claims for further details.

Other quantifiable contingent liabilities

Tauranga City Council is not aware of any potential general contract claims.

Financial guarantees

Tauranga City Council has provided a guarantee to Waikato University for a loan of \$1m (2020: \$1m) to Bay Venues Limited.

Bank guarantees

Tauranga City Council has no outstanding guarantees associated with local community organisations (2020:\$0k).

Guarantee provision - New Zealand Local Government Funding Agency (NZLGFA)

Tauranga City Council is a shareholder of The New Zealand Local Government Funding Agency Limited. This entity was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. Standard and Poor's have given the entity a credit rating of AAA which is equal to New Zealand Government sovereign rating.

As at 30 June 2021 Tauranga City Council is one of the 31 shareholders made up of 30 local authorities and the Crown. All 30 local authority shareholders have uncalled capital equal to their individual shareholding totalling \$20 million in aggregate which can be called on if an imminent default is identified. Also, together with the other shareholders, Tauranga City Council is a guarantor of all New Zealand Local Government Funding Agency borrowings. At 30 June 2021, New Zealand Local Government Funding Agency had borrowings totalling \$13,610m (2020 \$11.907m).

Financial reporting standards require Tauranga City Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of New Zealand Local Government Funding Agency defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover enough funds to meet any debt obligations if further funds were required.

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The loss on default methodology was used to calculate the potential liability of the guarantee at balance date. This assessed the likelihood of any one local authority defaulting that required a call on the guarantee to be made once the uncalled capital had been applied to the default. The guarantee has been proportionally allocated on a rates income basis.

Legal risk

Council is aware of potential legal claims and has not included these as a contingency. At the time of writing this report the amount of these claims was unknown. Council has not disclosed any further detailed information about this contingency due to its commercial sensitivity.

Treaty settlement

Tangata Whenua are identified as a priority for Tauranga City Council and it remains committed to developing the partnership together. From a long history and a strong foundation of protocol agreements, Tauranga City Council continues to develop systems and relationships to meet the changing political, economic and social environments in Tauranga Moana. A key change will be the treaty settlements when they are finalised.

Tauranga City Council is currently working closely with the Tangata Whenua Collective to build a stronger voice to assist and guide Council decision making processes. This includes consultation and representation to ensure active participation and advice into key strategies. In addition the strategic engagement framework continues to develop to set out how the partners can best work together to add value to the City. Through this partnership Tauranga City Council and Tangata Whenua gain a better understanding of how each other's processes work, where synergies exist and therefore how each party can add value to the relationship.

Tangata Whenua have clear aspirations set out in hapu management plans and these give opportunities for collaboration in areas of mutual interest bringing added culture, history and depth to Tauranga City.

Collective strategic engagement and effective communication will bring the best out of the partnership between Tauranga City Council and the Tangata Whenua of Tauranga Moana.

Leaky building claims

Tauranga City Council has recognised a provision of \$31.2m relating to actual and potential claims under the Weathertight Homes Resolutions Service and the Financial Assistance Package for leaky homes. These are for claims that are still to be investigated and confirmed, which includes work to assess whether other available parties will share the liability and work to assess the costs. The provisions represent the estimated amount payable under these claims including the insurance excess based on information currently available.

Tauranga City Councils maximum exposure to Leaky Buildings claims is currently estimated as \$0 Due to an Event after Balance Date settling the majority claim. See Note 39.

Superannuation schemes

Tauranga City Council is a participating employer in the Defined Benefit Plan Contributors Scheme ('the Scheme') which is a multi employer defined benefit scheme.

The funding arrangements are governed by the requirement of Section 44 of the National Provident Fund Restructuring Act 1990, which requires that any increase or decrease to the employer contribution rate should:

"result in contributions being at a level which, on reasonable assumptions, is likely to achieve neither a surplus or deficit in the trust fund of the Defined Benefit Plan Contributors Scheme...at the time that the last contributor to that scheme ceases to so contribute."

And by the Trust Deed, which requires the employers to contribute such amount as the Board of Trustees of the National Provident Fund, after consultation with the Actuary, may direct.

In practice, a single contribution rate is determined for all employers which is expressed as a multiple of the contributions of members of the Scheme who are employees of that employer. At present, employer contributions are suspended.

There is no minimum funding requirement and employers have no right to withdraw from the plan.

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The employer contribution rate is determined by the Board of Trustees of the National Provident Fund ('the Board') following consultation with the Actuary. Current practice is for the employer to contribute a multiple of its members' contributions.

The Trust Deed specifies that immediately before the Defined Benefit Plan Contributors Scheme ('the Scheme') is wound up, the assets and the interests of all contributors in the Scheme will be transferred to the Defined Benefit Plan Annuitants Scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine, from the terms of the Scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

As at 31 March 2021, the Scheme had a past service surplus of \$1.3 million (2.2%) of the liabilities. This amount is exclusive of Employer Superannuation Contribution Tax. This deficit was calculated using a discount rate equal to the expected return on the assets but otherwise the assumptions and methodology were consistent with the requirements of PBE IPSAS 25

The current employer contribution rate is four times contributor contributions, inclusive of Employer Contribution Withholding Tax. The Actuary has recommended a stepped approach to changing the employer contribution rate, as follows:

- 1 April 2020 - 31 March 2021 Three times contributor contributions
- 1 April 2021- 31 March 2022 Four times contributor contributions
- From 1 April 2022 Five times contributor contributions

The key assumptions in the review were:

- the difference between the future investment returns and the rates of CPI inflation assumed when calculating future factors for transfers from this Scheme to the Defined Benefit Plan Annuitants Scheme
- the pensioner mortality assumptions, which are based on the results of a recent pensioners' mortality investigation, and include an allowance for improving mortality
- the future investment returns assumed for the Scheme over the next ten years..

The following shows the Scheme investment return over the next ten years, and the difference between investment return and CPI inflation assumed when calculating future factors for transfers from the Scheme to the Defined Benefit Plan Annuitants Scheme.

	Valuation date	
	30 June 2021 %	30 June 2020 %
DBPC Scheme investment return, next 10 years	2.3	2.5
Transfer factors: Difference between investment return and CPI inflation		
First 10 years	0.2	0.6
Thereafter	1.1	1.2

The Scheme had 91 members at 31 March 2021. One of these is an employee of Tauranga City Council.

There were no overdue or prepaid contributions at balance date.

Uncalled capital

A contingent liability exists to Bay Venues Ltd for \$18m of uncalled capital.

41.1 CONTINGENT ASSETS

Contingent assets

The Council is the plaintiff in a legal case for consequential losses from the defendants. The parties are in the process of agreeing upon the terms of the claim. Until that time the Council could receive something more than \$3m which is dependent on the outcome of future legal proceedings.

Note 42: Remuneration of Chief Executive, Key Management Personnel, Mayor and Elected Members

Local government disclosures

The Chief Executive of Tauranga City Council is appointed under Section 42(1) of the Local Government Act 2002.



Chief Executive

The current Chief Executive commenced on 3 September 2018.

The total annual cost to Tauranga City Council for the remuneration package received by the Chief Executive for the year ended 30 June 2021 is \$452,013 (2020: \$432,522) of which \$0 (2020: \$0) is at risk (performance based) and \$12,631 (2020: \$12,405) was employer contributions to superannuation schemes. There were fringe benefits of \$12,500 (2020: \$11,575) for the company vehicle provided as part of the employee package.

The current Chief Executive is supplied a council owned car park so there is no fringe benefit.

The Chief Executive is employed under contract for a five year term. The remuneration package was based on advice given to Council by an independent consultant.

	Council	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
KEY MANAGEMENT PERSONNEL REMUNERATION		
Councillors		
Remuneration	1,266	1,198
Total Councillors Remuneration	1,266	1,198
 Full Time Equivalent Members (at Balance Date 4 Commissioners held office.)	 4	 11
Senior Management Team, Including the Chief Executive		
Remuneration	1,982	1,945
Total Senior Management Team, Including the Chief Executive Remuneration	1,982	1,945
 Full Time Equivalent Personnel	 7	 7
TOTAL KEY MANAGEMENT PERSONNEL REMUNERATION	3,248	3,143
 Total Full Time Equivalent Personnel	 11	 18

Due to the difficulty in determining the full time equivalent for Councillors and commissioners, the full time equivalent figure is taken as the number of Councillors/Commissioners.

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Former Mayor and Elected Members and Commissioners

Local government disclosures

Remuneration to Mayor and Councillors in accordance with the provisions of Clause 6 of Schedule 7 of the Local Government Act 2002.



On 9 February 2021, a Crown Commission appointed by the Minister of Local Government took over all the council's governance responsibilities. The following people held office as elected members or commissioners of the Council's governing body during the reporting period. The aggregate monetary remuneration to Councillors, the Mayor and Commissioners during the year totalled \$1,265,709 (2020: \$1,197,889) and is disaggregated and classified as below.

The monetary remuneration detailed above (Salary and Expenses Allowances) is determined by Council Resolution within limits set by the Local Government Elected Members.

Determination in accordance with the provisions of Clause 6 of Schedule 7 of the Local Government Act 2002.

	Council	
	Actual 30 June 2021 \$	Actual 30 June 2020 \$
Current Commissioners Appointed		
Rolleston, Shadrach	120,000	0
Selwood, Stephen	135,960	0
Tolley, Anne	173,794	0
Wasley, Bill	118,287	0
Term ending on appointment of Commissioners		
Baldock, Larry	70,339	121,458
Clout, Kelvin	70,339	113,978
Grainger, Bill	66,547	92,637
Hollis, Andrew	66,547	67,746
Kiddie, Dawn	67,256	75,927
Morris, Stephen	70,339	109,497
Robson, John	67,400	93,135
Salisbury, Tina	84,363	78,166
Term ending part way through the election cycle		
Abrie, Jako	34,286	75,927
Hughes, Heidi	52,916	75,927
Powell, Tenby	67,336	117,190
Past Council Members		
Brown, Leanne	0	25,711
Brownless, Greg	0	49,005
Curach, Rick	0	25,459
Mason, Max	0	25,459
Molloy, Terry	0	25,459
Stewart, Catherine	0	25,208
TOTAL REMUNERATION	1,265,709	1,197,889

\$ in whole numbers

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Staffing levels and remuneration

Local government disclosures

The number of employees who were employed at 30 June are detailed below. Those receiving remuneration of \$60,000 or more are grouped into \$20,000 bands. If there are less than five or fewer employees in a band, they are combined upwards with the next banding as stipulated in the Local Government Act 2002.



Total Personnel

	Council Number of Employees 30 June 2021	Council Number of Employees 30 June 2020
< \$60,000	265	253
\$60,000 - \$79,999	183	161
\$80,000 - \$99,999	183	185
\$100,000 - \$119,999	107	94
\$120,000 - \$139,999	64	59
\$140,000 - \$159,999	21	20
\$160,000 - \$179,999	23	17
\$180,000 - \$229,999	8	6
\$230,000 - \$269,999	6	6
\$440,000 - \$459,999	1	1
TOTAL EMPLOYEES	861	802

	Council			
	2021 Full Time Equivalents*	2021 Number of Employees	2020 Full Time Equivalents*	2020 Number of Employees
Employees as at 30 June				
Full Time Staff	670	680	602	601
Part Time	80	115	99	139
Casual and Relief *1	12	66	11	62
TOTAL EMPLOYEES AND FULL TIME EQUIVALENTS	762	861	712	802

* based on a 40 hour week

*1 based on actual hours worked

The total employees and full time equivalent figures included in these tables do not include vacant positions at 30 June 2021.

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Note 43: Severance payments**Local government disclosures**

Refer to schedule 10 clause 33 of the Local Government Act 2002 for the definition of severance payments.



The value of each of the severance pays was:

Council 2021		Council 2020	
Number of employees	Council Amount Paid \$'000	Number of employees	Council Amount Paid \$'000
1	15	1	5
1	25	1	10
1	15	1	11
1	10	1	13
1	12	1	16
1	17	1	19
1	30	1	22
1	3	1	25
1	3	1	27
0	0	1	40
TOTAL SEVERANCE PAYMENTS	9	10	188

Severance payments include any consideration (monetary or non monetary) provided to any employee in respect of the employee's agreement to terminate his or her employment with Council, over and above the usual employee entitlements.

Note 44: Related party transactions with subsidiaries and associates

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client / recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Council and 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 the 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.

Related party transactions required to be disclosed

Bay of Plenty Local Authority Shared Services Limited (BOPLASS Limited) is owned by nine Councils and is managed from Tauranga area. Tauranga City Council owns 11% shareholding with Chief Executive being member of the board.

Bay of Plenty Local Authority Shared Services receives reduced postage costs, digital services and premises rental through Tauranga City Council.

Tauranga City Council provided accounting services to Bay of Plenty Local Authority Shared Services during the financial year to 30 June 2021 free of charge. An estimated value of the accounting services provided for the year is \$12k (2020: \$12k).

Transactions with key management personnel

Key Management personnel includes the Mayor, Councillors, Chief Executive and six Group Managers. During the year, Councillors and senior management, as part of a normal customer relationship, were involved in minor transactions with the council such as rates, water charges and the sale of goods or services with key management personnel in the ordinary course of business and on an arm's length basis.

There were close family members of Key Management Personnel employed by the Council and Group. The terms and conditions of those arrangements are no more favourable than the Council and Group would have adopted if there was no relationship to the Key Management Personnel.

No provision has been required, nor any expense recognised, for impairment of receivables, for any loans or other receivable to related parties (2020: nil).

\$ in whole numbers.

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Note 45: Financial instruments**Accounting policy**

For the purpose of measurement, the Council and the group's financial assets and liabilities are classified into categories. The classification depends on the purpose for which the financial assets and liabilities are held. Management determines the classification of financial assets and liabilities and recognises these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented below:



Categories	Subsequent measurement	Treatment of gains and losses
Fair value through surplus or deficit	Fair value	Surplus or deficit
Loans and receivables	Amortised cost less provision for impairment	Surplus or deficit
Available for sale financial assets	Fair value	Other comprehensive revenue and expenditure
Financial liabilities at amortised cost	Amortised cost	Surplus or deficit
Held to maturity financial assets	Amortised cost less provision for impairment	Surplus or deficit

Derivatives are, by their nature, categorised as held for trading unless they are designated into a hedge relationship for which hedge accounting is applied. As at balance date Tauranga City Council does not have any amounts in which hedge accounting is applied.

Financial assets and liabilities are offset, and the net amount reported in the Statement of Financial Position when offset is legally enforceable and there is an intention to settle on a net basis. Revenue and expenses arising as a result of financial instrument earnings or fair value adjustments are recognised as a net result for like items.

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(A) Financial instrument categories

	Council		Consolidated	
	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000	Actual 30 June 2021 \$'000	Actual 30 June 2020 \$'000
FINANCIAL ASSETS				
Fair Value Through Surplus or Deficit				
Derivative Financial Instruments	0	0	0	0
Shares in Unrelated Companies	445	391	445	391
Total Fair Value Through Surplus or (Deficit)	445	391	445	391
Loans and Receivables				
Cash and Cash Equivalents	39,836	39,836	40,767	15,853
Debtors and Other Receivables	28,583	54,332	29,525	53,839
Borrower Notes in New Zealand Local Government Funding Agency	9,148	9,000	9,148	9,000
Short Term Deposits greater than 90 Days	10,000	0	10,000	0
Related Party Loans	18,273	17,112	0	0
Interest Free Loan	25,104	22,343	25,104	22,343
Total Loans and Receivables	130,944	142,623	114,544	101,035
Fair Value Through Official Cash Rate and Exchange				
Shares in New Zealand Local Government Funding Agency and Bay of Plenty Shared Services Limited	1,883	1,883	1,883	1,883
TOTAL FINANCIAL ASSETS	132,827	144,506	116,427	102,918
FINANCIAL LIABILITIES				
Financial Liabilities at Amortised Cost				
Creditors and Other Payables	59,903	75,526	62,226	76,926
Borrowings - Debentures	635,373	539,699	635,373	540,699
Deposits Held	9,602	6,173	9,623	6,186
Total Fair Value at Amortised Cost	704,878	621,398	707,222	623,811
Fair Value Through Surplus or Deficit				
Derivative Financial Instruments	43,172	70,772	43,172	70,772

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(B) Fair value hierarchy disclosure

Accounting policy

For those financial instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:



- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. The quoted market price used for financial assets held by the Council and the group is the bid price at reporting date.
- Level 2 - Inputs other than quoted prices included within Level 1 using observable market inputs for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

The following table analyses the basis for valuation of classes of financial instruments measured at fair value on the Statement of Financial Position:

Council - 30 June 2021			
	Total \$'000	Quoted Market Price \$'000	Observable Inputs \$'000
Financial Assets			
Derivatives	0	0	0
Listed Shares	445	445	0
TOTAL FINANCIAL ASSETS	445	445	0
Financial liabilities			
Derivative Financial Instruments	43,172	0	43,172
TOTAL FINANCIAL LIABILITIES	43,172	0	43,172

Council - 30 June 2020			
	Total \$'000	Quoted Market Price \$'000	Observable inputs \$'000
Financial Assets			
Derivatives	0	0	0
Listed Shares	391	391	0
TOTAL FINANCIAL ASSETS	391	391	0
Financial Liabilities			
Derivative Financial Instruments	70,772	0	70,772
TOTAL FINANCIAL LIABILITIES	70,772	0	70,772

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Consolidated 30 June 2021

	Total \$'000	Quoted Market Price \$'000	Observable Inputs \$'000
Financial Assets			
Derivatives	0	0	0
Listed Shares	445	445	0
TOTAL FINANCIAL ASSETS	445	445	0
Financial Liabilities			
Derivative Financial Instruments	43,172	0	43,172
TOTAL FINANCIAL LIABILITIES	43,172	0	43,172

Consolidated 30 June 2020

	Total \$'000	Quoted Market Price \$'000	Observable Inputs \$'000
Financial Assets			
Derivatives	0	0	0
Listed Shares	391	391	0
TOTAL FINANCIAL ASSETS	391	391	0
Financial Liabilities			
Derivative Financial Instruments	70,772	0	70,772
TOTAL FINANCIAL LIABILITIES	70,772	0	70,772

There were no transfers between the different levels of the fair value hierarchy.

(C) Financial instrument risks

The significant risks that Council has and manages are interest rates, funding and credit risks.

The Council has a series of policies to manage these risks. The Council is risk averse and seeks to minimise exposure from its treasury activities. The 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.

Interest rate risks on borrowing are managed by having guidelines on the proportion of fixed and variable loans and controls related to maturity of interest rate exposures.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. Council is exposed to interest rate fluctuations on existing and future borrowings. Council manages interest rate risk by having minimum/maximum fixed rate exposures by time bands.

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. Investments and borrowings issued at variable interest rates expose Tauranga City Council to cash flow interest rate risk.

Council raises long term borrowings at fixed and floating interest rates and use derivative financial instruments to manage the cash flow interest rate risk in the borrowings.

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 risk arises on listed share investments, which are classified as available for sale investments.

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Interest Rate Risk

Interest rate risk is the risk that the cost of borrowing is substantially different from budget. As a result, interest expense will be significantly different compared to the projected interest expense in the Council and group's annual plans and ten year plans. If interest rates are higher than budget, then there could be a negative impact on the Council and Group's financial performance and position. If interest rates are lower than budget, then there could be a positive impact.

The main objective of interest rate risk management is to reduce uncertainty around net interest expense as interest rates change. Mechanisms used include matching the interest rate profile of the Council and Group's financial investments and financial liabilities and, where appropriate, fixing rates through fixed rate borrowings and the use of interest rate hedging facilities.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to Tauranga City Council, causing it to incur a loss. In the normal course of business, Tauranga City Council incurs credit risk principally from short term money market investments, bank balances, accounts receivable, derivative financial instruments and sports club guarantees.

Financial Instruments which potentially subject Council to credit risk consist principally of bank balances and short term money market investments. Council reduces its risk by spreading these investments over registered banks, local authorities and other organisations. Treasury Policy permits a minimum credit rating of A+ for registered banks and other organisations. At 30 June 2021 all financial instruments were held with the four major New Zealand registered trading banks which are rated AA. There are no major concentrations of credit risk with respect to trade and other receivables.

Derivative financial instruments also expose Council to credit risk. Council's Treasury Policy provides the framework for credit risk management and it sets out the minimum credit rating of A+ for Interest Rate Risk Management Instruments and notional transaction limits for Council bank counterparties.

The Council is exposed to credit risk as guarantor of all New Zealand Local Government Funding Agency borrowings. Information about this exposure is explained in notes 41 and 37.

Currency Risk

Council's exposure to foreign currency risk is very short in duration and therefore there is no material currency risk.

Treasury Policy

Tauranga City Council adopted the Treasury Policy in June 2006, last amended June 2020. This policy provides the policy framework for all Tauranga City Council's treasury activities and defines the operating framework within which liability management, investment and risk management activities are to be carried out. The policy amendment in June 2020 relates to the Net Debt to Total Operating Revenue ratio to align it with New Zealand Local Government Funding Agency foundation policy financial covenants. Treasury Policy amendments to Net Debt to Total Operating Revenue are:

Borrowings

The borrowing limits in Council's Treasury Policy are shown below:

Debt Ratios	Limits	Council		Consolidated	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
Net Debt to Total Operating Revenue	< 300%	209.3%	206.2%	196.7%	195.3%
Net Interest to Total Operating Revenue	< 20%	6.9%	7.7%	6.7%	7.7%
Net Interest to Rates Revenue	< 25%	10.1%	11.2%	10.5%	11.5%

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Sensitivity analysis

The table below illustrates 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 Tauranga City Council and the group's financial instrument exposures at balance date.

30 June 2021								
	Council				Consolidated			
	-100bps		+100bps		-100bps		+100bps	
	Surplus/ (Deficit) \$'000	Equity \$'000	Surplus/ (Deficit) \$'000	Equity \$'000	Surplus/ (Deficit) \$'000	Equity \$'000	Surplus/ (Deficit) \$'000	Equity \$'000
Interest Rate Risk								
Financial Assets								
Cash and Cash Equivalents	0	0	0	0	0	0	0	0
Derivative Financial Instruments	0	0	0	0	0	0	0	0
Financial Liabilities								
Derivative Financial Instruments	(16,454)	0	15,242	0	(16,454)	0	15,242	0
Secured Loans	4,400	0	(4,400)	0	4,400	0	(4,400)	0
TOTAL SENSITIVITY	(12,054)	0	10,842	0	(12,054)	0	10,842	0

30 June 2020								
	Council				Consolidated			
	-100bps		+100bps		-100bps		+100bps	
	Surplus/ (Deficit) \$'000	Equity \$'000	Surplus/ (Deficit) \$'000	Equity \$'000	Surplus/ (Deficit) \$'000	Equity \$'000	Surplus/ (Deficit) \$'000	Equity \$'000
Interest Rate Risk								
Financial Assets								
Cash and Cash Equivalents	0	0	0	0	0	0	0	0
Derivative Financial Instruments	0	0	0	0	0	0	0	0
Financial Liabilities								
Derivative Financial Instruments	(20,322)	0	18,720	0	(20,322)	0	18,720	0
Secured loans	4,500	0	(4,500)	0	4,500	0	(4,500)	0
TOTAL SENSITIVITY	(15,822)	0	14,220	0	(15,822)	0	14,220	0

Explanation of Interest Rate Risk Sensitivity

The interest rate risk sensitivity is based on a reasonably possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease of 100 bps is equivalent to a decrease in market interest rates of 1.0%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of 100bps/+100bps (2020 100bps/+100bps).

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(D) Maturity analysis of derivative financial instruments

The table below analyses the Council and group's derivative financial instrument liabilities and assets 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.

Council 2021					
	Carrying Amount \$'000	Less Than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
Net Settled Derivative Assets	0	0	0	0	0
Net Settled Derivative Liabilities	(43,172)	(425)	(1,713)	(13,114)	(27,920)
NET MOVEMENT	43,172	425	1,713	13,114	27,920

Council 2020					
	Carrying Amount \$'000	Less Than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
Net Settled Derivative Assets	0	0	0	0	0
Net Settled Derivative Liabilities	(70,772)	(1,486)	(1,266)	(19,577)	(48,443)
NET MOVEMENT	70,772	1,486	1,266	19,577	48,443

Consolidated 2021					
	Carrying Amount \$'000	Less Than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
Net Settled Derivative Assets	0	0	0	0	0
Net Settled Derivative Liabilities	(43,172)	(425)	(1,713)	(13,114)	(27,920)
NET MOVEMENT	43,172	425	1,713	13,114	27,920

Consolidated 2020					
	Carrying Amount \$'000	Less Than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
Net Settled Derivative Assets	0	0	0	0	0
Net Settled Derivative Liabilities	(70,772)	(1,486)	(1,266)	(19,577)	(48,443)
NET MOVEMENT	70,772	1,486	1,266	19,577	48,443

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(E) Credit risk**Maximum Exposure to Credit Risk**

Tauranga City Council's maximum credit risk exposure for each class of financial instruments is as follows:

	Council		Consolidated	
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
Cash at Bank and Term Deposits	39,836	14,774	40,767	15,853
Short Term Deposits Greater than 90 days	10,000	0	10,000	0
Debtors and Other Receivables	34,719	54,332	35,842	53,839
Borrowers Notes New Zealand Local Government Funding Agency	9,148	9,000	9,148	9,000
Community and Related Party Loans	18,273	17,112	18,222	0
Derivative Financial Instruments	0	0	0	0
TOTAL CREDIT RISK	111,976	95,218	113,979	78,692

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	Council		Consolidated	
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at Bank and Term Bank Deposits				
AA	0	0	0	40,773
AA-	39,836	14,774	40,767	15,853
Total Cash at Bank and Other Term Deposits	39,836	14,774	40,767	56,626
Short Term Deposits Greater than 90 days				
AA-	10,000	0	10,000	0
Total Short Term Deposits Greater than 90 days	10,000	0	10,000	0
Derivative financial instruments				
AA-	0	0	0	0
Total Derivative Financial Instruments	0	0	0	0

Credit risk attaching to rates receivables is minimised as a result of the Entity's statutory collection powers under the Local Government (Rating) Act 2002.

Debtors and other receivables arise mainly from Tauranga City 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 ratings. Tauranga City Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has many credit customers, mainly ratepayers, and Tauranga City Council has powers under the Local Government Act (2002) to recover outstanding debts from ratepayers.

(F) Management of liquidity risk

Liquidity risk is the risk Tauranga City 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. The Tauranga City Council aims to maintain flexibility in funding by keeping committed credit lines available.

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In meeting its liquidity requirements, Tauranga City Council maintains a target level of investments that must mature within the next 12 months. Tauranga City Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management policy. These policies have been adopted as part of Tauranga City Council's Long-term Plan.

The Council also has a committed overdraft facility of \$70m (2020: \$70m). There are no restrictions on the use of this facility.

Contractual Maturity Analysis of Financial Liabilities Excluding Derivatives

The table below analyses Tauranga City Council and group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

Council 30 June 2021						
	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
Financial Liabilities						
Secured Loans	74,408	62,194	178,163	363,836	678,601	635,373
Creditors and Other Payables	63,437	0	0	0	63,437	63,437
TOTAL FINANCIAL LIABILITIES	137,845	62,194	178,163	363,836	742,038	698,810

Council 30 June 2020						
	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
Financial Liabilities						
Secured Loans	63,127	71,034	168,943	287,678	590,782	539,699
Creditors and Other Payables	73,989	0	0	0	73,989	73,989
TOTAL FINANCIAL LIABILITIES	137,116	71,034	168,943	287,678	664,771	613,688

Consolidated 30 June 2021						
	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
Financial Liabilities						
Secured Loans	75,408	62,194	178,163	363,836	679,601	635,373
Creditors and Other Payables	65,760	0	0	0	65,760	65,760
TOTAL FINANCIAL LIABILITIES	141,168	62,194	178,163	363,836	745,361	701,133

Consolidated 30 June 2020						
	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
Financial Liabilities						
Secured Loans	64,127	71,034	168,943	287,678	591,782	540,699
Creditors And Other Payables	75,389	0	0	0	75,389	75,389
TOTAL FINANCIAL LIABILITIES	139,516	71,034	168,943	287,678	667,171	616,088

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Contractual Maturity Analysis of Financial Assets

The table below analyses Tauranga City Council and 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.

Council 2021					
	Less Than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Contractual Cash Flows \$'000
Financial Assets					
Cash and Cash Equivalents	39,836	0	0	0	39,836
Debtors and Other Receivables	34,719	0	0	0	34,719
Short Term Deposits Greater Than 90 Days	10,000	0	0	0	10,000
Other Financial Assets	0	0	0	25,549	25,549
Community and Related Party Loans	0	0	0	18,273	18,273
TOTAL FINANCIAL ASSETS	84,555	0	0	43,822	128,377

Council 2020					
	Less Than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Contractual Cash Flows \$'000
Financial Assets					
Cash and Cash Equivalents	14,774	0	0	0	14,774
Debtors and Other Receivables	59,895	0	0	0	59,895
Other Financial Assets	0	0	0	22,734	22,734
Community and Related Party Loans	0	0	0	17,112	17,112
TOTAL FINANCIAL ASSETS	74,669	0	0	39,846	114,515

Consolidated 2021					
	Less Than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Contractual Cash Flows \$'000
Financial Assets					
Cash and Cash Equivalents	40,767	0	0	0	40,767
Debtors and Other Receivables	29,525	0	0	0	29,525
Short Term Deposits Greater Than 90 Days	10,000	0	0	0	10,000
Other Financial Assets	0	0	0	25,549	25,549
Community and Related Party Loans	0	0	0	0	0
TOTAL FINANCIAL ASSETS	86,609	0	0	25,549	112,158

Consolidated 2020					
	Less Than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Contractual Cash Flows \$'000
Financial Assets					
Cash and Cash Equivalents	15,853	0	0	0	15,853
Debtors and Other Receivables	59,595	0	0	0	59,595
Other Financial Assets	0	0	0	22,734	22,734
Community and Related Party Loans	0	0	0	0	0
TOTAL FINANCIAL ASSETS	75,448	0	0	22,734	98,182

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Note 46: Capital management**Local government disclosures**

Tauranga City Council's capital is its equity (or ratepayers' funds) which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Tauranga City 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 Act and applied by Tauranga City Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Tauranga City Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Tauranga City Council has in place asset management plans for major classes of assets detailing renewal and maintenance programs, to ensure ratepayers in future generations are not required to meet the cost of deferred renewals and maintenance.

The Act requires Tauranga City Council to make adequate and effective provision in its Long-term Plan and its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that Tauranga City 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 Tauranga City Council's Long-term Plan.

Tauranga City Council has the following Council reserves:

- Restricted Reserves - Development Contributions and Restricted Reserve and Trust Funds
- Other Council Created Reserves - used for a special purpose e.g Risk Management Fund
- Depreciation Reserves

Trust and bequest reserves are set up where the 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.

Refer to note 38.

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Note 47: Prior period adjustments

There has been a restatement of the 2020 figures in respect of the carrying amount of property, plant and equipment at 30 June 2020. Following the 1 July 2020 revaluations, the comparative balance of property, plant and equipment at 30 June 2020 has been restated to reflect the valuation which was materially different to the carrying value. As a result, the comparative figures for 30 June 2020 have also been restated and the following table summarises the impact of the prior period error on the financial statements.

	As previously reported \$000	Adjusted \$000	As restated \$000
Council 30 June 2020			
Statement of Comprehensive Revenue and Expense			
Asset revaluation reserve (losses)/gains	(6,386)	579,157	572,771
Total other comprehensive revenue and expense	(8,649)	579,157	570,508
Total comprehensive revenue and expense	(12,287)	579,157	566,870
Statement of Financial Position			
Property, plant and equipment	4,315,052	579,157	4,894,209
Total assets	4,636,456	579,157	5,215,613
Accumulated revaluations gains/(losses)	2,754,934	579,157	3,334,091
Total equity	3,897,469	579,157	4,476,626
Statement of changes in equity			
Total comprehensive revenue and expense	(12,287)	579,157	566,870
Equity as at 30 June 2020	3,897,469	579,157	4,476,626
Net impact of revaluations on revaluation reserves (losses)/gains	(6,386)	579,157	572,771
Asset revaluation reserves at the end of the year	2,754,934	579,157	3,334,091
Group 30 June 2020			
Statement of Comprehensive Revenue and Expense			
Asset revaluation reserves (losses)/gains	4,914	579,157	584,071
Total other comprehensive revenue and expense	(513)	579,157	578,644
Total comprehensive revenue and expense	(6,153)	579,157	573,004
Statement of Financial Position			
Property, plant and equipment	4,449,637	579,157	5,028,794
Total assets	4,671,135	579,157	5,250,292
Accumulated revaluations gains/(losses)	2,794,319	579,157	3,373,476
Total equity	3,916,728	579,157	4,495,885
Statement of changes in equity			
Total comprehensive revenue and expense	(6,153)	579,157	573,004
Equity as at 30 June 2020	3,916,728	579,157	4,495,885
Net impact of revaluations on revaluation reserves (losses)/gains	4,914	579,157	584,071
Asset revaluation reserves at the end of the year	2,794,319	579,157	3,373,476

We note that the comparative figures in Note 29 for property, plant and equipment have been restated and the comparatives presented are the restated amounts.

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Note 48: Explanations of major variances against budget and current year actuals compared to prior year

STATEMENT OF FINANCIAL POSITION

	Variance against budget	Variance against last year
CURRENT ASSETS		
Cash and Cash Equivalents	For budget purpose all movements are budgeted in borrowings with minimal cash holdings. Timing in carrying out borrowing and the capital expenditure programme has led to this variance.	The increase in Cash and Cash Equivalents is due to the timing of expenditure and borrowing programmes throughout the year.
Debtors and Other Receivables	Increased activity in Development Contributions and Fees and charges due to Budget allowing for impact of 2020 Covid-19 were greater than budgeted.	Insurance proceeds relating to the Cayman building settlement during the 2020 year were an anomaly over the 2021 actuals.
Inventories	Inventories were up on budget due to inclusion of new Kerbside bins not previously budgeted for.	See Budget comments.
Derivative Financial Instruments	For budgeting purposes revaluation of derivative financial instruments are not undertaken. The balances included in the budget are from the previous year. All outstanding transaction have now matured.	No outstanding transactions as at 30 June 2021.
Other Current Assets	Short term deposits greater than 90 days not budgeted for.	Short term deposit maturing 15th July 2021.
Non-Current Assets Held for Sale	The increase against budget relates to Council decisions during the year relating to the disposal of land and buildings.	The increase against the prior year reflects the Council decisions during the year relating to the disposal of land and buildings and the movement from PP&E and the Investment Property portfolio.
NON CURRENT ASSETS		
Investments in Associate	Not applicable.	Not applicable.
Other Financial Assets	An increase on budget due to new arrangement with developer and the purchase of WBOPDC's 1/3rd share.	See budget comments.
Investment Properties	The increase against budget is due to an upwards movement in the Investment Property portfolio from this year's valuation.	See comments per budget.
Intangible Assets	Computer software & rights of access additions were well above budgeted levels due to the completion of several major projects. An increase on previous Property Subdivision Right due to new arrangement with developer and the purchase of WBOPDC's 1/3rd share.	Refer comments on variation from budget.
Forestry	Impact of revaluation of forestry assets in 2021 was lower than budget due to fall in log prices and reduction of forest area.	Decrease on last year due to slight downward movement in forestry valuation.
Property, Plant and Equipment	Current year additions of \$252m plus the valuation increases in the 3 Waters assets of \$353m and land and buildings of \$226m has seen the asset value significantly increase over budget.	Refer comments on variation from budget.
CURRENT LIABILITIES		
Creditors and Other Payables	In the 2020 year there were zero trade payables due to implementation of new system and all payables were by paid by year end. The 2020 Year also included the accrued payment for the Cayman apartments settlement a one of payment.	Refer comments on variation from budget.
Provisions	Increase in provision for two legal Weathertight claims currently before the courts not budgeted for.	Refer comments on variation from budget.
Employee Entitlements	Additional staff numbers, leading to increased leave entitlements.	Refer comments on variation from budget.
Deposits Held	Increase in general deposits held over budget.	Deposits Held fluctuate from year to year.

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	Variance against budget	Variance against last year
Revenue in Advance Developer Contributions	Balance of revenue receivable under works in lieu agreements with developers has increased. Includes \$6m funding from Crown Infrastructure not budgeted for.	Revenue in advance similar to prior year.
Derivative Financial Instruments	The current portion of derivatives for 2021 has reduced due to the maturity timing of the derivatives.	The current portion of derivatives for 2021 has reduced due to the maturity timing of the derivatives.
Borrowings	Debt due within one year is higher due to the timing of debt maturity. See explanation of borrowings under non-current liabilities	Debt due within one year is higher due to the timing of debt maturity.
NON CURRENT LIABILITIES		
Deferred Tax Liability	No budget provided at Council level.	Increase in deferred tax liability due to building depreciation being included in port activities.
Employee Entitlements	No material variance	No material variance.
Derivative Financial Instruments	Variance is due to the impact of increasing market interest rates as compared to 30 June 2020 interest rate.	Variance is due to the impact of increasing market interest rates as compared to 30 June 2020 interest rate.
Borrowings	Overall borrowings (both current and non-current) are largely in line with budget. Net borrowings are lower as a result, of capital budget underspend.	Borrowings are up overall due to substantial growth related capital expenditure.
EQUITY		
Retained Earnings	Significantly higher than budget after tax surplus, reflecting the higher value of. Fees and Charges, Development Contributions and Other Gains in the revenue offset by higher Personnel expenses and lower other operating expenses.	Refer comments on variation from budget.
Restricted Reserves	Lower development contributions reserve deficit than budgeted due to higher development contribution revenue in prior years and slower capital delivery.	Higher development contribution reserve deficit balances than 2020 due to lower development contributions revenue and high capital expenditure.
Council Created Reserves	Increase due to significant capitalisation in 2021 And increases from valuations in 3 Waters & building assets.	Slight increase in depreciation reserves due to capitalisations and valuation increases from 3 Waters & buildings.
Asset Revaluation Reserve	Land & Building & 3 Waters assets were valued in 2021 with significant upwards movements in their valuations.	Refer comments on variation from budget.
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES		
Rates	No material variation in rates revenue or water by meter revenue.	Increase is due to the higher number of rateable properties and increase in rates per rateable property. 5.7% increase in total rates over 2020, plus an increase in general rates to offset the reduction in the Uniform Annual General Charge (from \$600 to \$296 per property). Water by meter revenue increased from last year due to increase in consumption volumes and charge per cubic metre.
Fees and Charges	Fees and charges higher than budgeted, particularly building and airport, due to 2021 budgets being reduced for the adverse impact of COVID-19 (which didn't impact actuals).	Refer comments on variation from budget.
Grants and Subsidies	Decrease in grants revenue and operational NZTA subsidies due to a reduction in roading projects.	No material movement in Grants & Subsidies over the 2020 year.
Finance Revenue	Income above budget due to higher cash deposits than budgeted.	Falling interest rates and lower interest from loans to CCO's.
Vested Assets	Lower value of assets vested to Council than budgeted due to the timing of completion of significant projects.	Refer comments on variation from budget.

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	Variance against budget	Variance against last year
Development Contributions	Revenue significantly above budget mainly due to the following growth areas Papamoa East, Wairakei and Tauriko Business Estate development activity.	Refer comments on variation from budget.
Grants, Subsidies and Other Capital Expenditure Contributions	Reduced revenue received from NZTA for budgeted growth projects in 2021.	Unbudgeted insurance proceeds for the settlement of Cayman apartments in the 2020 year.
Other Gains	Gains from sale of assets which fluctuate from year to year.	2021 included \$15m gain for investment properties, reflecting the strong commercial property market. Gains of \$11m from the Housing Infrastructure Fund and \$27m of Gains on Interest Rate Swaps.
Depreciation	Actuals are in-line with budget.	Depreciation up as a result of increase in 3 Waters and Building assets due to their revaluation. Increase in asset capitalisations on 2020.
Personnel Costs	Higher than budget due to increasing FTE numbers due to growth related projects.	Personnel costs are higher due to additional staff employed to meet additional workload requirements, particularly in activities related to infrastructure services, because of high growth of capital projects.
Finance Expenses	Finance costs were marginally below budget attributable to lower debt levels, resulting from slower capital delivery.	Net finance costs were lower due largely to falling interest rates.
Other Operating Expenses	Other operating expenses are \$5m lower than budget.	Main areas of increase on 2020 were in the areas of Consulting and Repairs & Maintenance.
Assets Vested to Other Parties	Not budgeted for.	Vesting of a Council constructed asset, Tauriko Crossing overbridge SH36 to NZTA. A one off not in 2020.
Other Losses	These include asset write-offs, impairment and losses, which are not budgeted and vary year to year. Comprised mainly of the Harington Street carpark land disposal and loss on sale of the Bella Vista site.	2020 included \$33m of assets written off as part of the replacement of the ERP system & \$13m of Interest Rate swap losses. See comments for 2021 in budget column.
Weathertight and Other Provisions	Provisioning to cover new leaky buildings legal claims based on two significant claims before the courts not budgeted for.	2020 provision was mainly due to the Cayman apartment settlement. See 2021 comments per budget column.
Unrealised Loss on Interest Swaps	These are dependent on the movement in interest rates, which are not budgeted and vary year to year.	Refer comments on variation from budget.
OTHER COMPREHENSIVE INCOME		
Asset Revaluation Gain/(losses)	The valuation increases in the 3 Waters assets of \$353m and land and buildings of \$226m has seen the asset value significantly increase over budget.	Infrastructure assets were revalued in 2021 and generated a significant increase in the value of these assets since the last valuation. Revaluation gains are dependent on the class of asset revalued in a given year and the movement in those asset values.
STATEMENT OF MOVEMENTS IN EQUITY		
Retained Earnings	Significantly higher than budget after tax surplus, reflecting the higher value of Fees and Charges, Development Contributions and Other Gains in the revenue offset by higher Personnel expenses and lower other operating expenses.	Refer comments on variation from budget.
Restricted Reserves	Lower development contributions reserve deficit than budgeted due to higher development contribution revenue in prior years and slower capital delivery.	Higher development contribution reserve deficit balances than 2020 due to lower development contributions revenue and high capital expenditure.
Council Created Reserves	Increase due to significant capitalisation in 2021 And increases from valuations in 3 Waters & building assets.	Slight increase in depreciation reserves due to capitalisations and valuation increases from 3 Waters & buildings.
Asset Revaluation Reserves	The valuation increases in the 3 Waters assets of \$353m and land and buildings of \$226m has seen the asset value significantly increase over budget.	Refer comments on variation from budget.

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	Variance against budget	Variance against last year
STATEMENT OF CASH FLOWS		
Receipts from Rates Revenue	Increase is due to the higher number of rateable properties and upwards movement of rateable property values in 2021 Water by meter revenue increased from last year due to increase in consumption volumes and charge per cubic metre.	Refer comments on variation from budget.
Grants and Subsidies	Reduced revenue received from NZTA for budgeted growth projects in.	The Council received Crown Infrastructure Partner funding during the year of \$7.6m compared to 2020.
Development Contributions	Revenue above budget due to increased development activity.	Refer comments on variation from budget.
Fees and Charges	Fees and charges significantly higher than budgeted particularly building and airport, due to 2021 budgets being reduced for the adverse impact of COVID-19 (which didn't impact actuals).	Refer comments on variation from budget.
Interest Received	Income above budget due to higher cash deposits than budgeted.	No material variance.
Dividends	No material variance.	Refer comments on variation from budget.
Payments to Suppliers	Although Other expenses actual was below budget, historical payments made for past Weathertight claims was not budgeted for on the cashflow.	Main areas of increase on 2020 were in the areas of Consulting and Repairs & Maintenance
Payments to Employees	No material variance.	Employee costs are higher due to additional staff employed to meet additional workload requirements, particularly in activities related to infrastructure services, because of high growth of capital projects.
Interest Paid	Finance costs were marginally below budget attributable to lower debt levels, resulting from slower capital delivery.	Net finance costs were lower due largely to falling interest rates.
Goods and Services Tax (net)	This is assumed to be zero for budget purposes as it is a clearing account. Any net flow is due to timing.	Refer comments on variation from budget.
Proceeds from Sales of Assets	Sale proceeds fluctuate on an annual basis with the level of property sales.	Refer comments on variation from budget.
Purchase of Property, Plant and Equipment and Intangibles	Reflects the actual capital programme spend for the year and includes prior year projects that have been carried forward. Some of the projects not completed during the year will be carried forward to next financial year.	Refer comments on variation from budget.
Proceeds and Repayment of Borrowings	The actual inflow and outflow varies based on the timing of borrowings. Borrowings exceeded the repayments for the year.	Borrowings exceeded the borrowings for last year as a result of a higher capital expenditure spend.

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Note 49: Statements of Reserves

Accounting policy

Restricted Reserves

Restricted reserves are those reserves subject to specific conditions accepted as binding by Tauranga City Council and which may not be revised by Tauranga City Council without reference to the courts or a third party. Restricted reserves may be legally restricted. Transfers from these reserves may be made only for certain specified purposes or if certain specified conditions are met.



(A) Restricted reserves - development contributions

Reserves relating to the collection of revenue from development contributions for the purpose of funding growth related expenditure. Each reserve is shown by area. A debit in a reserve indicates a negative reserve due to funding of growth related capital expenditure prior to revenue being collected.

NOTE 49A: STATEMENT OF RESTRICTED RESERVES - DEVELOPMENT CONTRIBUTIONS
for the year ended June 2021

Restricted Reserves (Development Contribution)	Activities to which the reserve relates	Opening Balance 2020/21 \$000s	Transfers In 2020/21 \$000s	Transfers Out 2020/21 \$000s	Closing Balance 2020/21 \$000s
CITY WIDE DEVELOPMENT CONTRIBUTION					
Building Impact Fees	LIBRARIES	(171)	0	(1)	(172)
	PARKS AND RECREATION	(277)	(1,249)	166	(1,360)
	STORMWATER	(55)	0	0	(56)
	TRANSPORTATION	832	(419)	305	718
	WASTEWATER	(424)	(6,855)	5,501	(1,777)
	WATER SUPPLY	79,603	(4,635)	63,545	138,513
LOCAL DEVELOPMENT CONTRIBUTIONS					
Bethlehem	PARKS AND RECREATION	(679)	0	295	(384)
	STORMWATER	976	(50)	34	960
	TRANSPORTATION	1,102	(71)	38	1,069
	WASTEWATER	1,799	(74)	63	1,789
	WATER SUPPLY	713	(13)	25	726
Bethlehem West	PARKS AND RECREATION	2,668	(29)	222	2,862
	STORMWATER	1,512	(12)	142	1,643
	TRANSPORTATION	4,038	(61)	143	4,119
	WASTEWATER	721	(34)	29	716
	WATER SUPPLY	(47)	(74)	0	(121)
Kaitemako South	WASTEWATER	1	0	0	1
Mount Maunganui Infill	PARKS AND RECREATION	(27)	0	8	(20)
	WASTEWATER	2,095	0	74	2,170
	WATER SUPPLY	(177)	0	(1)	(178)
Neewood	WASTEWATER	2	0	0	2
Ohauti/Hollister Lane	PARKS AND RECREATION	711	0	25	736
	STORMWATER	326	(44)	11	293
	TRANSPORTATION	(116)	(73)	(1)	(190)
	WASTEWATER	410	(91)	14	333
	WATER SUPPLY	2,227	(304)	77	2,000

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NOTE 49A: STATEMENT OF RESTRICTED RESERVES - DEVELOPMENT CONTRIBUTIONS
 for the year ended June 2021

Restricted Reserves (Development Contribution)	Activities to which the reserve relates	Opening Balance 2020/21 \$000s	Transfers In 2020/21 \$000s	Transfers Out 2020/21 \$000s	Closing Balance 2020/21 \$000s
Pāpāmoa East I (Wairakei)	STORMWATER	2,515	(1,537)	1,052	2,030
	TRANSPORTATION	(5,517)	(3,688)	1,065	(8,140)
	WASTEWATER	(3,802)	(792)	(15)	(4,609)
	WATER SUPPLY	(2,803)	(991)	(24)	(3,818)
Pāpāmoa East II (Wairakei)	STORMWATER	1,347	0	48	1,395
	TRANSPORTATION	9,061	0	631	9,692
	WASTEWATER	1,032	0	79	1,111
Pāpāmoa	PARKS AND RECREATION	(3,263)	(68)	101	(3,230)
	STORMWATER	3,355	(394)	127	3,088
	TRANSPORTATION	3,497	(353)	251	3,395
	WASTEWATER	168	(91)	5	82
	WATER SUPPLY	(172)	(22)	(1)	(195)
Pukemapu	WASTEWATER	3	0	0	3
Pyes Pa	PARKS AND RECREATION	(2,018)	0	825	(1,193)
	STORMWATER	55	(20)	2	37
	TRANSPORTATION	676	(38)	12	650
	WASTEWATER	(309)	(13)	(2)	(325)
	WATER SUPPLY	(56)	(8)	0	(64)
Pyes Pa West	PARKS AND RECREATION	(930)	(111)	(7)	(1,048)
	STORMWATER	7,885	(153)	624	8,356
	TRANSPORTATION	5,128	(145)	3,792	8,775
	WASTEWATER	(1,996)	(133)	(16)	(2,145)
	WATER SUPPLY	1,637	(19)	73	1,692
South Ohauiti	WASTEWATER	2	0	0	3
South Pyes Pa	TRANSPORTATION	4,152	0	147	4,299
	WASTEWATER	298	0	11	308
	WATER SUPPLY	111	0	4	115
Southern Pipeline Reserve	WASTEWATER	63,298	(899)	2,272	64,671
Tauranga Infill	PARKS AND RECREATION	(4,941)	0	782	(4,159)
	STORMWATER	22	0	1	23
	TRANSPORTATION	1,589	0	56	1,645
	WASTEWATER	4	(47)	0	(42)
	WATER SUPPLY	(702)	0	(5)	(707)
Tauriko Business Estate	STORMWATER	(2,605)	(927)	72	0
	TRANSPORTATION	(5,221)	(6,066)	107	102
	WASTEWATER	(2,762)	(2,467)	(301)	929
	WATER SUPPLY	1,018	(342)	609	13
Tauriko West	TRANSPORTATION	0	0	102	102
	WASTEWATER	0	0	929	929
	WATER SUPPLY	0	0	13	13
Waitaha/Waikite	PARKS AND RECREATION	(1,303)	0	(9)	(1,312)
	STORMWATER	(119)	(7)	(1)	(127)
	TRANSPORTATION	(701)	(11)	(5)	(717)
	WASTEWATER	1,032	(31)	36	1,038
	WATER SUPPLY	1,340	(11)	47	1,377
TOTAL DEVELOPMENT CONTRIBUTIONS		167,770	(33,471)	84,198	218,497

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(B) Restricted reserves and trust funds

Reserves and funds for which expenditure is restricted to the purpose of the reserve under Trust deed.

NOTE 49B: STATEMENT OF RESTRICTED RESERVES AND TRUST FUNDS - for the year ended June 2021						
Restricted Reserves	Description of Reserve	Activities to which the reserve relates	Opening Balance 2020/21 \$'000s	Transfers In 2020/21 \$'000s	Transfers Out 2020/21 \$'000s	Closing Balance 2020/21 \$'000s
Carruthers Capital	Fund to provide & maintain homes & flats for elderly persons.	CORPORATE SERVICES	(34)	0	0	(34)
Carruthers Income	Revenue from the capital fund that can be distributed.	CORPORATE SERVICES	(20)	0	0	(20)
E.V Flower Family Trust	For city museum maintenance of aviary.	CORPORATE SERVICES	(22)	0	0	(22)
Endowment Land Fund	Proceeds received from the sale of endowment land in Devonport Road.	CORPORATE SERVICES	(66)	0	0	(67)
Landscape Impact Fee	To develop street planting - funds from impact fee in industrial areas.	CORPORATE SERVICES	(125)	0	(1)	(125)
Museum Collection Fund	For the provision & development of the museum collection.	CORPORATE SERVICES	(189)	0	(1)	(191)
Parking Fees Reserve (JOG)	Funds for parking management and Joint Officials Group (JOG).	CORPORATE SERVICES	(2)	0	0	(2)
Parking Impact Fee	The City Plan imposes an impact fee on development that impacts on Parking.	CORPORATE SERVICES	(749)	0	(6)	(755)
Roading Land Purchase Fund	For roading land purchases (funded by roading land sales).	CORPORATE SERVICES	(1,646)	0	(12)	(1,659)
Stewarts Trust Capital	Fund to provide relief from poverty for aged & needy persons.	CORPORATE SERVICES	(558)	0	(4)	(563)
Stewarts Trust Income	Revenue from the capital fund that can be distributed.	CORPORATE SERVICES	(149)	0	(1)	(150)
Strategic Fundraising Reserve	Revenue from external parties for projects.	COMMUNITY DEVELOPMENT		0	25	25
		CORPORATE SERVICES	(1,465)	0	(11)	(1,476)
Strategic Roading Network	Roading fund for strategic roading network and sub-regional transportation.	CORPORATE SERVICES	(7)	0	0	(7)
TDC Eden Family Trust	For city museum maintenance of the steam engine	CORPORATE SERVICES	(16)	0	0	(16)
Water Future Land Purchase	To purchase additional land in water catchment areas when it becomes available.	CORPORATE SERVICES	(166)	0	(1)	(167)
TOTAL RESTRICTED RESERVES AND TRUST FUNDS			(5,214)	0	(14)	(5,228)

FINANCIALS

Accounting policy

Council Created Reserves

Council Created Reserves are part of the accumulated balance and are established at the will of Tauranga City Council. Tauranga City Council may alter them without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of Tauranga City Council.



(C) Other council created reserves

These reserves are established by resolution of Council for a particular purpose. This purpose can be amended by resolution of Council.

NOTE 49C: STATEMENT OF OTHER COUNCIL CREATED RESERVES - for the year ended June 2021						
Other Council Created Reserve	Description of Reserve	Activities to which the reserve relates	Opening Balance 2020/21 \$000s	Transfers In 2020/21 \$000s	Transfers Out 2020/21 \$000s	Closing Balance 2020/21 \$000s
Bethlehem Roundabout	Funding of slip lane for Parau lane.	TRANSPORTATION	(89)	0	(1)	(89)
Biosolids Reserve	Reserve to provide for biosolids maintenance.	WASTEWATER	(214)	(1,500)	(6)	(1,720)
Boscabel Subdivision Water Supply	Funding of upgrading the Water Supply for the subdivision.	WATER SUPPLY	(17)	0	(0)	(17)
Elder Housing Sale Reserve	Sale of Elder Housing Assets.	ELDER HOUSING	134	0	1,362	1,496
Event Investment Fund	Funding of major events.	CITY EVENTS		(131)	(0)	(131)
General Contingency	Miscellaneous expenditure for operational items not foreseen in annual plan.	CORPORATE SERVICES	(389)	(695)	379	(705)
Risk Management Fund	For the purpose of managing Council's financial risk and to fund unforeseen events.	CORPORATE SERVICES	27,719	8,370	(36,511)	(421)
Stormwater Reactive Reserve	Levy collected for stormwater remedial works.	STORMWATER	(9,588)	(2,300)	(4)	(11,892)
Kerbside Targeted Rate Reserve	Targeted rates collected for kerbside collection.	SUSTAINABILITY AND WASTE	595	(607)	1,265	1,253
Tauranga Hockey Turf 1	For the purpose of replacing turf.	PARKS AND RECREATION	(322)	(27)	(3)	(351)
Tauranga Hockey Turf 2	For the purpose of replacing turf.	PARKS AND RECREATION	(322)	(27)	(3)	(351)
Tauranga Hockey Turf 3	For the purpose of replacing turf.	PARKS AND RECREATION		(41)	(0)	(41)
Voluntary Rates Account	To maintain voluntary rate payments.	CORPORATE SERVICES	(8)		(0)	(8)
Waste Levy Reserve Account	To receive funds from waste management levy for approved activity.	SUSTAINABILITY AND WASTE	(1,534)	(488)	418	(1,605)
Waste Resources Reserve	The purpose is to record the grant funding and costs relating to the Central Government Grant Funding.	SUSTAINABILITY AND WASTE		(5,011)	6,419	1,408
Wastewater Enhancement Reserve	For the purpose of mitigating the cultural and environmental affects of the wastewater scheme.	WASTEWATER	(638)	(50)	(5)	(693)
Weathertight Reserve	For the purpose of managing Council's future exposure to leaky home payments.	CORPORATE SERVICES		(30,130)	84,214	34,647
			15,326	(32,637)	57,526	40,215

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(D) Council created depreciation reserves

Depreciation balances (charge less expenditure) are held in depreciation reserve by activity.

NOTE 49D: STATEMENT OF COUNCIL CREATED RESERVES - DEPRECIATION RESERVES
 for the year ended June 2021

Depreciation Reserves	Activities to which the reserve relates	Opening Balance 2020/21 \$000s	Transfers In 2020/21 \$000s	Transfers Out 2020/21 \$000s	Closing Balance 2020/21 \$000s
	AIRPORT	(9,444)	(1,754)	4,391	(6,807)
	ANIMAL SERVICES	(184)	(44)	12	(215)
	ARTS AND HERITAGE	(321)	(18)	(1)	(340)
	BAYCOURT	(1,975)	(485)	214	(2,245)
	BEACHSIDE HOLIDAY PARK	356	(140)	154	370
	BUILDING SERVICES	(876)	(274)	59	(1,091)
	CEMETERIES	(361)	(229)	344	(246)
	CITY AND INFRASTRUCTURE PLANNING	(47)	(42)	4	(86)
	CITY CENTRE	(1)	0	(0)	(1)
	CITY EVENTS	(8)	(3)	2	(9)
	COMMUNITY DEVELOPMENT	326	(502)	528	352
	CORPORATE SERVICES	(6,044)	(6,642)	10,114	(2,572)
	ELDER HOUSING	(9,078)	(2,301)	1,489	(9,890)
	EMERGENCY MANAGEMENT	943	(54)	201	1,090
	ENVIRONMENTAL PLANNING	4	(1)	1	5
	ENVIRONMENTAL PROTECTION	26	(12)	10	24
	GOVERNANCE	(4)	(0)	0	(4)
	LIBRARIES	(1,800)	(1,024)	1,806	(1,018)
	MARINE FACILITIES	(4,578)	(1,547)	1,007	(5,119)
	MARINE PRECINCT	(302)	(630)	275	(656)
	PARKS AND RECREATION	(33,298)	(10,947)	9,771	(34,474)
	REGULATION AND MONITORING	(122)	(8)	1	(130)
	STORMWATER	(21,331)	(5,644)	2,583	(24,391)
	SUSTAINABILITY AND WASTE	148	(314)	20	(146)
	TRANSPORTATION	(4,680)	(7,904)	11,304	(1,280)
	WASTEWATER	(27,218)	(10,707)	7,277	(30,648)
	WATER SUPPLY	(25,700)	(8,064)	6,295	(27,469)
		(145,569)	(59,288)	57,862	(146,995)

The activities above now represent the groupings as per the 2021-2031 Long-term Plan.

FINANCIALS

DRAFT





ANNUAL REPORT SUMMARY 2020/21

PŪRONGO O TE TAU



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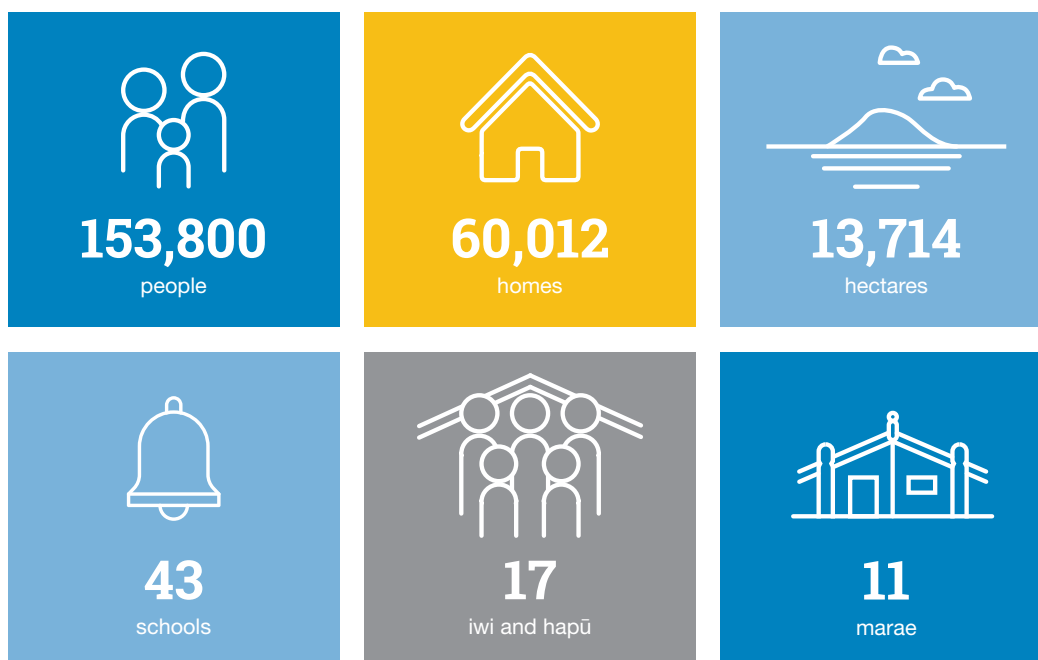
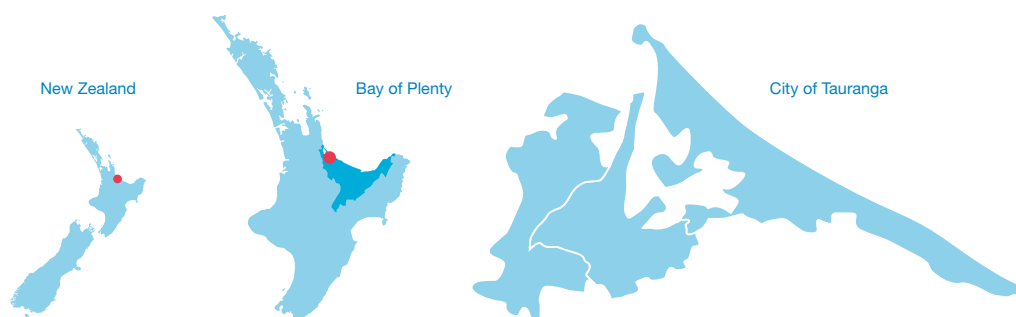
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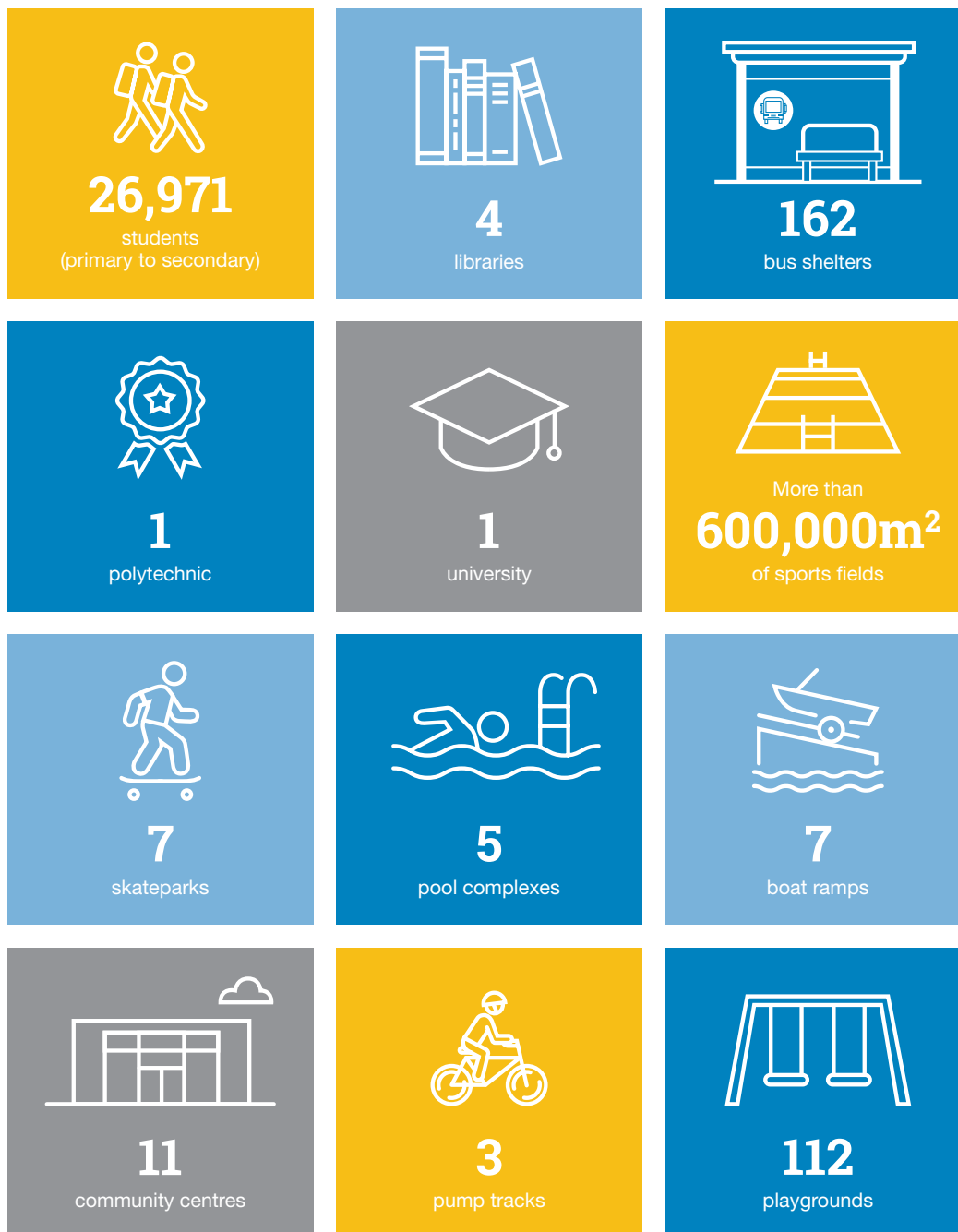
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INTRODUCTION

Tauranga^{2020/21}



INTRODUCTION



INTRODUCTION

Commissioners' message

A year without precedent

Tēnā koutou katoa

Welcome to Tauranga City Council's Annual Report for 2020/21.

It's fair to say that this has been a year without precedent for Tauranga City Council, and for the way our city is governed.

The Minister of Local Government's decision to replace the council's elected members with an appointed commission was not taken lightly. And inevitably, it had significant ramifications for the organisation, not least being the loss of preparation time for the 2021-31 Long-term Plan (LTP) as a result of the governance transition.

The LTP is hugely important, because it sets out the council's proposed workplan and budgets for the next 10 years and provides an opportunity for the community to submit on and influence the city's direction. Before we took the draft plan out for feedback, we had to learn about the council's business and get a sense of the community's priorities. That put the overall process back by a month and meant that the final LTP could not be adopted before the end of June, as would normally be the case.

Taking that additional time was vital, however, because it meant that we could engage comprehensively with the wider community, to ensure that we have a robust, future-focused long-term plan that will meet the needs of our fast-growing city. As a result, we have a workplan that corrects our historic underinvestment in community facilities and the infrastructure we need to cater for our existing population and allow the city to grow.

By their nature, long-term plans can never please everyone and the Commission and the organisation are acutely aware of the financial impact of increased rates, particularly for people living on fixed incomes and for those businesses that are struggling in our post-COVID economic environment. That makes it even more important that we live up to our workplan and deliver the assets and services that we have said we will provide, that will allow Tauranga to regain its status as a great place to live, work, play and learn – now and in the future.

This report provides a comprehensive description of our highlights and challenges, and the council's operating and financial performance for the year that ended on 30 June 2021. Within that detail, there is much that we can be proud of, and a base that we can continue to build from.

Our city has an exciting future, and we all have the opportunity to contribute to and benefit from the tasks we have in front of us.

The Commissioners wish to thank everyone who has shared their concerns, priorities, and above all else their positivity and commitment to the city they are passionate about.

Ngā mihi, nui



Anne Tolley
Commission Chair



Bill Wasley
Commissioner



Stephen Selwood
Commissioner



Shadrach Rolleston
Commissioner

Year in review

Te tau kua hipa



ANNUAL REPORT SUMMARY 2020/21

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YEAR IN REVIEW

Highlights, opportunities and challenges

Our community's quality of life and opportunities are enhanced by a combination of social, cultural, economic and environmental factors.

Council's Community Outcomes show the way we are taking a holistic, interconnected and strategic approach to creating the city our community has told us they want to live in.

During 2020/21 there have been many highlights, along with opportunities and a range of challenges, which are summarised in the following sections.

HIGHLIGHTS

Our highlights from 2020/21 are grouped under these key themes:

- Urban form
- Community amenity
- Planning for growth
- Sustainability
- Partnerships
- Future delivery models

Urban form

By using a coordinated approach to bring together the different plans and projects from across the western Bay of Plenty and take us forward as a unified sub-region council was involved in the Urban Form and Transport Initiative (UFTI).

The aims of UFTI are to deliver an integrated, strategic and shared investment programme which defines the immediate and future priorities and funding opportunities for key social and economic areas, including:

- transportation, and the support of sub-region and regional transport flows
- urban development
- education
- housing

As part of our commitment to advancing this vision, we have been considering new ideas and partnership and collaboration opportunities.

Highlights from council's investment in urban form projects in 2020/21, include:

Te Papa Peninsula - Futureproofing Cameron Road

The Te Papa Spatial Plan provides for increasing housing choice throughout the Te Papa peninsula, with a focus on increased height and higher densities close to key centres, public transport and amenities. This will enable people to choose from more housing types and encourage more people to walk, cycle and take public transport to get to where they need to go.

Key to increasing the density of the Te Papa peninsula is developing Cameron Road into a multimodal transport corridor with frequent rapid transit bus stops, active modes and amenity improvements

Cameron Road is also one of our city's main arteries, connecting residents in Tauranga's southern suburbs to the city centre. To futureproof this important road, council secured \$45 million from central government's Crown Infrastructure Projects (CIP) initiative. This project aligns with the initiative's overarching objectives to enable recovery from COVID-19, including supporting growth, safety, alternate transport choices and creating attractive public spaces for the community.

Improvements to Cameron Road will include new part-time bus lanes, a two-way cycleway, and making it more walkable, attractive and community friendly. Native plantings will reflect the history of the area and attract bird life, and there will be new community spaces and areas for outdoor dining so businesses can interact with their street. Existing traffic lanes will be retained.

Other proposed improvements include layout changes to some of the side-road intersections connecting with Cameron Road, more pedestrian crossings and upgrades to stormwater and wastewater. Investigatory works started in April 2021, with wastewater and stormwater works due to begin at the end of July 2021. The main works will get underway in September 2021.

Wharf Street upgrade

The Wharf Street upgrade was completed in December 2020, on time and well within budget. The street upgrade was a collaborative effort with businesses, the contractor and council working together to achieve a space that can be enjoyed by residents and visitors alike.

This project is part of council's ongoing effort to create inviting and people-friendly spaces within the city centre – to support business, strengthen community and enhance the city centre's vibrancy. The design celebrates a wharf aesthetic through layout and materials, and the unique lighting has been a major factor contributing to the success of the street.

The new Wharf Street now features limited vehicle access, more space for pedestrians and an enhanced outdoor dining experience. The upgrade connects the city to the harbour, with a focus on providing a flexible space with multiple uses, as was demonstrated by the recent National Jazz Festival.

Elizabeth Street upgrade

Council is upgrading Elizabeth Street to create an attractive, safe and people-friendly environment. The upgrade will contribute to our city centre revitalisation through better amenity to support and attract new business and investment in additional residential development.

Significantly, the upgrade will complement the Thirty-Eight Elizabeth development, which is set to bring major anchor store Farmers back to the city centre, as well as hundreds of new city centre residents. The streetscape enhancements include a new public green space at the south end of the CBD, better access between Elizabeth Street and First Ave, and some safety improvements at the First Ave and Devonport Road intersection.

We are coordinating work on the overlapping site boundaries between the Thirty-Eight Elizabeth development and our streetscape upgrade by using the same lead contractor. Construction on the project began in November 2020 with upgrades to wastewater and water mains on First Ave, Devonport Road and Elizabeth Street. By the end of June 2021, the wastewater and water upgrades were 95% complete. Streetscape works on First Ave started in May 2021 and by the end of June, trees and ground level planting were in the ground and construction was underway on all frontages – Elizabeth Street, Devonport Road, First Ave, and the accessway between Elizabeth Street and First Ave.

Completion of the streetscape project will be done in stages as sections of the Farmers site area become available. Farmers retail is expected to open for Christmas 2021 shopping and Elizabeth Towers are due to be completed in early 2022, with the streetscape upgrade set to be finished approximately three months later.

YEAR IN REVIEW

Community amenity

Community facilities are an integral part of our infrastructure network. They contribute to building strong, healthy and vibrant communities by providing spaces where people can connect, socialise, learn and participate in a wide range of social, cultural, art, sporting and recreational activities. These activities help to improve wellbeing and create a sense of belonging and pride in our community.

Highlights from council's investment in community amenity during 2020/21, include:

Hartford Avenue Reserve pump track and playground

Council was pleased to upgrade Hartford Avenue Reserve with a new pump track and playground this year. Community feedback has been positive, with the reserve becoming a hub for locals.

During the pre-construction phase we engaged extensively with the community, and Ngā Pōtiki and Tahatai Coast School presented a range of ideas. The final playground design incorporates the legend of Mangatawa, the Three Whales, which is significant to local Māori. Colours represent the surrounding Pāpāmoa hills, beach and sea.

The pump track includes options for younger riders as well as more advanced sections for confident riders. It follows the existing contour of the reserve to minimise environmental impact. The picnic structure and basketball area were refurbished with new furniture, and we relocated the barbeque to be more accessible.

Together with the Mount Pump Track Society community group, we also established a large pump/jump track at Arataki Park. The project was community driven and proudly supported by council alongside several public and private organisations. The track was opened in November 2020 and has proven to be hugely popular.

Trail Rider – Te Kaiwhakare

Te Kaiwhakare (Trail Rider) takes accessibility and unique experiences to the next level. This innovative all-terrain wheelchair enables families, whānau and volunteers to come together in support of our community members who have additional mobility needs. It provides them with access to sites, heights and views that they have previously been unable to enjoy.

Prior to the implementation of Te Kaiwhakare, people with additional accessibility and mobility needs could not easily access walking tracks and the summit of Mauao. A four-wheel drive vehicle was required to reach the summit, and access was limited and only granted in special circumstances.

Te Kaiwhakare has provided our disabled and elderly community with the opportunity to choose to be active participants, on their own schedule, with their own whānau and support networks.

The project was highly commended at the LGFA Taituarā Awards 2021. This recognised not only the community outcome, but also the relationships formed between council and project partners Ngā Poutiriao o Mauao, Halberg Foundation and Mount Maunganui Beachside Holiday Park.

Mobile library

The replacement of the end-of-life mobile library bus with a new mobile library was a major achievement this year. The service brings library materials to schools, preschools, rest homes and neighbourhoods where people find it difficult to access our physical libraries.

The mobile library breaks down barriers to use and contributes to a liveable city by visiting people in the places and neighbourhoods where they live. To ensure the new mobile library is fit for purpose, ideas were gathered from current customers, other local and overseas mobile libraries, and Tauranga-based company Kiwi Bus Builders.

The Mobile Library - Te Ao Mārama o Tauranga Moana was blessed and launched in March 2021. With wider aisles, seating, bright shelving, cabinetry, soft music and coloured lights, it has given users an accessible and fun library experience and has been very well-received by the community.

Planning for growth

Tauranga continues to grow quickly as people move here from other regions, attracted by the lifestyle options our city offers.

In general, well-managed growth is good. It creates jobs, increases economic activity and can improve efficiency. However, it also increases the cost of providing roads, water, parks, libraries and most other services and infrastructure that a modern city requires to meet its community's needs.

To tackle these long-term challenges, in 2020/21 we focused our efforts on initiatives to help better plan for growth, including:

Completion of the Western Bay of Plenty Transport System Plan

Council together with tangata whenua, Waka Kotahi NZ Transport Agency, Bay of Plenty Regional Council, Port of Tauranga, Priority One and KiwiRail contributed to the development of the Western Bay of Plenty Transport System Plan (TSP), which was completed this year.

The TSP focuses on our region's future transport needs and ensures our transport planning keeps all parts of our community in mind. It covers the Western Bay's entire transport system including roads, rail, public transport, walking, cycling, parking and travel demand management, and the impact these have on one another.

The TSP outlines the first 30 years of transport planning required to make the Urban Form and Transport Initiative (UFTI) Connected Centres vision a reality. This includes setting priorities and detailing projects that need to begin in the next 0-3 years, 3-10 years, and 10-30 years respectively.

Notification of Plan Changes (Housing choice, Flooding and Earthworks)

In November 2020, we publicly notified three plan changes to the Tauranga City Plan. These addressed emerging issues such as the city's need to meet housing supply and changing demographics, ensuring growth is resilient to natural hazards, and providing clarity of rules.

- Housing choice (Plan Change 26): proposes changes to make it easier to build a variety of compact type homes like duplexes, terraced houses, townhouses and apartments, that better suit people's needs.
- Flooding from intense rainfall (Plan Change 27): introduces a new rule framework to manage the effects of flooding in intense rainfall events on people, properties and infrastructure.
- Earthworks (Plan Change 30): clarifies wording of existing provisions to ensure that earthworks are undertaken in a safe manner, avoiding negative environmental effects.

The submission periods have now closed for these plan changes and hearings are scheduled towards the end of 2021.

Waiāri water supply scheme

The Waiāri water supply scheme is one of the most important projects undertaken in our region in the past decade. It is designed to improve resilience and help meet the future water supply needs of Tauranga and the wider Western Bay of Plenty.

The water treatment plant will enable growth areas by servicing the Pāpāmoa coastal strip/Te Tumu and in time will provide a backup for Western Bay of Plenty District Council's Te Puke water supply.

In the 2020-21 year, all 25km of pipeline was completed and works are now underway on the plant. The intake site construction is also moving ahead, with the scheme planned to be operational in December 2022.

Alongside project construction, council is working with tangata whenua to develop a mauri (life force) model to protect the Waiāri stream into the future.

YEAR IN REVIEW

Sustainability

Significant steps have been undertaken to adapt in response to climate change, however council still has further work to do in order to reduce our own impact on the environment.

We made progress this year, by completing the following:

Sustainability stocktake

In 2020/21 a sustainability stocktake was undertaken to review the performance of council and the city so we can develop a Sustainability Framework by the end of 2021. This will provide council with clarity around the outcomes we want for Tauranga, along with measurable objectives and an implementation plan.

Resourcing for this will be proposed through the 2022/23 Annual Plan process for the balance of this Long-term Plan.

LTP commitment to multi-modal

Planning for the growth of our city is a key focus for council, our SmartGrowth partners and Waka Kotahi, through processes like the development of the Urban Form and Transport Initiative (UFTI). UFTI describes how growth and transport will be addressed through a 'Connected Centres' concept supported by a multi-modal transport system.

Our 2021-31 LTP provides for \$2 billion investment in transport and roading over the next decade. Included in this expenditure is an objective to achieve a multi-modal transport system, allocating \$192 million for walkways, cycleways and more accessible streets, and \$112 million for bus infrastructure (including park and ride facilities).

This investment aims to generate a noticeable shift from cars onto public transport, improving safety, providing reliable travel times including freight journeys, and creating better walking and cycle connections.

Kerbside rollout

In August 2020, council confirmed the details of the rates-funded kerbside collection service that it decided on in-principle in 2018, with the aim being to halve the amount of waste being sent to landfill by 2028.

The new service was established to ensure that 65% of current waste is diverted to composting or recycling. The system consists of a weekly food scraps collection and fortnightly rubbish and recycling collections, with an optional garden waste service (fortnightly or four-weekly). It is in addition to the existing glass collection service that began in October 2018.

Most households will now have their previous waste disposal costs reduced, while receiving a more comprehensive service. This also means a reduction in methane produced by landfills and therefore a reduction in our greenhouse gas emissions.

Throughout the 2020/21 year, our team worked hard to ensure the service would start on 1 July 2021. This included hiring extra staff and communicating with residents to keep them informed and ensure they knew how to use the service when it started. In total, council staff had more than 4,000 face to face interactions with members of our community.

We worked closely with the contractor to ensure that three sets of new bins were delivered to more than 58,000 households (over 170,000 individual bins) in our city; specially designed trucks could service the bins; and staff were trained to deliver the service.

Partnerships

To realise our region's ambitions, strategies and plans, we rely heavily on building successful partnerships.

In 2020/21 we have been concentrating on strengthening our partnerships with tangata whenua, Waka Kotahi NZ Transport Agency, neighbouring councils, central government and other organisations to make Tauranga a better place to live, work, play and learn.

Some examples of our activities in 2020/21, include:

Te Rangapū Mana Whenua o Tauranga Moana

The Te Rangapū Mana Whenua o Tauranga Moana Partnership is an autonomous body made up of 17 representatives from each of the hapū and iwi in the Tauranga City Council area.

This partnership is founded through the principles of Te Tiriti o Waitangi and has seen a longstanding and ongoing relationship developing. The benefits of the partnership can be seen in the calibre of representatives that have been added to the Strategy Finance Audit & Risk Committee adding significant skills and qualifications at the decision making table. This partnership enables council to deliver our obligations to Māori participation at all levels of council and together we build a stronger team than alone. With significant input into all strategies, policies and processes within council we can bring the value of a tangata whenua lens to our activities.

The Rangapū provides a forum for tangata whenua within the Tauranga City Council area to discuss and debate local authority concerns and allow Te Rangapū Mana Whenua o Tauranga Moana to implement initiatives to advance and protect the interests of tangata whenua often enhancing the wider City. This also provides an opportunity for council and the Te Rangapū Mana Whenua o Tauranga Moana Partnership to discuss and develop council concepts, procedures, policies and projects that will impact on Tauranga Moana Tangata Whenua.

Dive Crescent – Tauranga City Council and Otamataha Trust

On 29 March 2021, council resolved to transfer a 50% share in the reclaimed land at 9 Dive Crescent to Otamataha Trust. This milestone was the result of council and the trust working in partnership for more than a decade to legalise and formalise this whenua.

The transfer reflects the existing Memorandum of Understanding between council and the trust. Most administrative requirements have now been completed, and we expect to lodge an application for title with Land Information New Zealand (LINZ) shortly.

Going forward, Otamataha Trust and council plan to better develop the reclaimed land, which forms an integral part of the foreshore experience for all of Tauranga.

Māori wards

Council voted on 25 August 2020 to establish a Māori ward for Tauranga, and the Commissioners confirmed this decision on 12 April 2021. This reflects our commitment to our Treaty of Waitangi partnership and was met with approval from tangata whenua.

One Māori ward will cover the whole of our city and in the next local body election (October 2022) voters on the Māori electoral roll will be able to vote for and be represented by the Māori ward councillor. This ensures a formal voice for local Māori in the council chamber when important decisions are made about our city's future.

The establishment of a Māori ward will help council meet its Local Government Act 2002 obligations to improve Māori participation in decision-making, by having a distinctive Māori perspective on all matters and ensuring that priority issues for Māori are directly brought to council. It will also go towards meeting Local Electoral Act 2001 requirements for fair and effective representation of our communities.

Working with the community

We regularly ask for our community's opinions on a wide range of projects, plans, bylaws and services that affect people across the city. Your contributions and feedback help ensure that council's decisions reflect the aspirations of everyone who lives in Tauranga.

During the past 12 months we have solidified our aim to place the community at the heart of our work. This saw us put additional focus on how we engage with our community.

Community relations strategy

This year we developed a new community relations strategy, centred around putting our community at the heart of everything we do. Our focus will shift to building and maintaining strong relationships with community groups across the city using a place-based model of engagement, rather than project-based. We will also be creating more innovative types of digital and creative content to share the work we are doing with our community.

The strategy includes an enhanced structure to deliver more coordinated and strategic communications across council. A newly created community relations team (in place of the previous communications and engagement teams) will implement our new strategy in 2021/2022.

 YEAR IN REVIEW

Working with regional partners

Tauranga City Council works together with Te Rangapū Mana Whenua o Tauranga Moana Partnership, Bay of Plenty Regional Council and Western Bay of Plenty District Council, along with several central government organisations. We recognise that these relationships have great importance, especially as we continue to implement SmartGrowth and jointly achieve the outcomes identified through Urban Form and Transport Initiative (UFTI) and the Western Bay of Plenty Transport System Plan (TSP).

An example of our work with our regional partners in 2020/21, includes:

Kāinga Tupu

Kāinga Tupu: Growing Homes is the Western Bay of Plenty's response to support people experiencing homelessness across the sub-region. In March 2020, the Kāinga Tupu: Growing Homes strategy was launched in Tauranga. Its vision is that homelessness is prevented where possible, or is rare, brief and non-recurring.

We believe no one agency can solve homelessness alone – it takes a partnership approach. Our mission is to ensure that all residents have the right to warm, safe, habitable and affordable housing.

With the support of the Kāinga Tupu taskforce, the Kāinga Tupu action groups, and the WBoP Homelessness Provider Network, a total of 13 homelessness projects have been delivered in our first year, 2020/21.

Projects to date have focused on capability building across the sector, policy and planning advocacy, feasibility studies, a housing campaign, and the publication, When the Dominoes Start to Fall. The strategy is managed through council's Kāinga Tupu Advisor within our Community Partnerships team.

Future delivery models

Key reforms are currently underway that will impact local government – and we have no certainty about how they will affect us in the future. These are:

- Three Waters reform;
- Resource Management changes; and
- Future for local government.

The following shows how council is responding to the first two reforms, based on information released in 2020/21.

Three Waters reform

In July 2020, the Government launched the Three Waters reform programme, which aims to reform the way councils provide water services. As part of this process, we and other councils are working with central government to find ways to improve water management nationwide.

Just prior to our 2021-31 Long-term Plan being adopted, the Minister of Local Government announced what the Three Waters reform would mean, including:

- that water services will be amalgamated into four publicly owned entities to take responsibility of drinking water, wastewater and stormwater infrastructure across New Zealand; and
- the proposed boundaries (based on scale and population size) of the four water providers; and
- further details on the proposed water services entities, including governance arrangements, the role of iwi, and how they would be regulated.

The Minister said the Government remains interested in continuing discussion with local government and iwi / Māori most affected by the proposed boundaries, before progressing them in legislation.

The following timeline has been proposed by Government and may be subject to change should a decision be made to make the reform mandatory:

- Late 2021: We expect to engage with our community on the proposed structure and whether we should take part.
- End of 2021: Councils will be asked whether they wish to participate in the new system.
- 2023/24: The structure is likely to take effect.

Resource Management changes

In 2021, the Government released details on the Proposed Government Policy Statement on Housing and Urban Development, and the Select Committee Inquiry on the Natural and Built Environments Bill: Parliamentary Paper.

Government Policy Statement on Housing and Urban Development (GPS-HUD)

Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) is leading the development of the GPS-HUD, which is intended to communicate the long-term vision and change needed in housing and urban development in New Zealand.

The discussion document for the proposed GPS-HUD outlines a vision, outcomes, focus areas, actions, and ways of working to shape housing and urban development over the next 30 years. It sets out how central government and others will work together to make this happen and shape future government policy, investment, and programmes of work.

Select Committee Inquiry on the Natural and Built Environments Bill: Parliamentary Paper

On 29 July 2021, public submissions were called for the Select Committee Inquiry on the Natural and Built Environments Bill: Parliamentary Paper. This inquiry is the first part of reforming the resource management (RM) system and replacing the Resource Management Act 1991 (RMA) with three new pieces of legislation.

The Parliamentary Paper includes an 'Exposure Draft' of the Natural and Built Environments Bill (NBA). The process is intended to test and improve the contents of the bill before it goes into the formal parliamentary process. The exposure draft provides an early look at key aspects of this legislation, including:

- a) the purpose of the NBA (including Te Tiriti o Waitangi clause) and related provisions;
- b) the National Planning Framework; and
- c) the Natural and Built Environments plans.

Tauranga City Council supports in principle the Government's objectives for RM reform. As with other high growth councils around New Zealand, we have struggled to respond effectively to urban development pressures under the current planning system. We therefore welcome a reformed system that seeks to better enable development within environmental limits, better prepare for adaptation to climate change and risks from natural hazards, and to improve efficiency and reduce complexity.

However, based on the proposed framework set out in the exposure draft (and discussed in the parliamentary paper), we are concerned that the objectives for reform will not be met and that existing challenges will be perpetuated.

OPPORTUNITIES AND CHALLENGES

Our opportunities and challenges during 2020/21 related to these key themes:

- Leadership
- Community amenity
- Growth
- Sustainability
- Project delivery

Each section below briefly describes council's approach and provides some examples from during the year.

Leadership

2020/21 has been a challenging year for council leadership. However, new beginnings presented plenty of opportunity to rebuild and create a new spirit of partnership between the council, tangata whenua and the community, with further work undertaken to restore our community's trust and confidence.

Challenges that we faced and the opportunities that arose from these, include:

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The transition from elected members to an appointed Commission

On 9 February 2021, council's elected members were replaced by a Commission appointed by the Minister of Local Government, Hon. Nanaia Mahuta. This decision followed an extended period of governance problems marked by infighting, relitigation of council decisions, questioning of recommendations for remedial action provided by independent observers, and the respective resignations of the Mayor and a councillor. Minister Mahuta commented that council faced substantial infrastructure and funding challenges that needed to be addressed in its 2021-31 Long-term plan and specifically addressed this within the Terms of Reference of the Commission.

Since their appointments, Commission Chair Anne Tolley and Commissioners Stephen Selwood, Bill Wasley and Shadrach Rolleston have focused on:

- familiarising themselves with council's business,
- providing decisive and stable governance,
- engaging extensively with key stakeholders and the wider community; and
- forming a strong working relationship with council staff.

Delivering a quality Long-term Plan (LTP)

Due to the transition process described above, we were unable to make significant progress on preparing the draft 2021-31 Long-term Plan (LTP) during January and February this year. The timeframes for the LTP process were condensed to the point it was not possible to deliver a quality document for adoption before the end of the 2020/21 financial year. It was decided that the LTP would be adopted in July instead, providing time for the Commissioners and council team to develop a robust draft plan to address the city's longstanding underinvestment in community facilities and infrastructure.

Formal consultation on the draft plan occurred from 7 May to 7 June 2021 and featured a sustained period of intensive community engagement, led by the Commission. This involved 34 community meetings to provide information, answer questions and encourage submissions, and more than 2,000 face-to-face discussions.

As a result, close to 1,800 submissions were received, with more than 200 people and organisations providing 50 hours of oral submissions at the subsequent hearings. After deliberating on the submissions, additional funding requests for several community-led initiatives were included in the LTP, with the cost involved offset by savings elsewhere in the budget.

The future-focused LTP developed through that process was sent for audit in early-July and was formally adopted on 26 July.

Community engagement – new direction

During 2020/21 we focused on better engagement to understand our community's expectations around important issues, notably in relation to the 2021-31 Long-term Plan, as well as other locally significant matters such as plan changes, policies and bylaws.

Community and stakeholder engagement are now an integral part of council's work. Our aim is to put our community at the heart of everything we do, meeting your needs by being more proactive and responsive, and empowering our community to become more involved in council decision-making processes.

We engage with our community and stakeholders in three primary ways:

- Responding to specific requests for information and services;
- Participating in multi stakeholder relationships; and
- Conducting our own engagement activities.

Community Amenities

Community spaces and places are where people can engage in sport and play, walk and cycle, have connections with others, learn, and have fun. They include parks, pools, libraries, halls, theatres and sports fields.

These amenities contribute to our social, cultural, physical and mental wellbeing – and make our city a great place to live.

However, one of our biggest challenges is that Tauranga does not have enough spaces and places to provide for the people who live here now, let alone those who will move here in future. Many facilities are worn out or nearing the end of their lives, because

for many years they have not received the investment they needed.

Our city's population has doubled or tripled since many of our spaces and places were built or developed, and more people are coming to live here every day. This means we need to work with our partners to redevelop what we already have and fund the upgrades, replacements and new places and spaces we need.

For decades Tauranga has suffered from under-investment in community facilities, but in the new Long-term Plan we have taken on this challenge.

Read more about the investment council has recently made:

Community Facilities Investment Plan (CFIP)

In 2020/21, council developed and adopted a new Community Facilities Investment Plan (CFIP), informing decisions on community facility investment in the 2021-2031 Long-term Plan (LTP) and 30-year Infrastructure Strategy.

The plan seeks to ensure we have the right facility, in the right place, at the right time, taking into consideration wider priorities for growth and investment across the city and financial constraints. It covers council's core 'multi-use' facilities and identifies investment needs in:

- libraries;
- community centres and community halls;
- indoor sports centres;
- aquatic centres; and
- active reserves or sports fields.

Council has developed the plan in collaboration with Bay Venues Ltd.

Community amenity spend in the Long-term Plan

As a result of the planning done for CFIP over the next 10 years, we have committed to investing \$689m in spaces and places. This includes aquatics, sports halls, sports fields and libraries.

Through the accessible recreation programme, we are also proposing to invest in boardwalks, park furniture, shade, sports facilities and accessibility solutions so our varied and growing community can connect, explore and engage in valued experiences across the city.

This expenditure will enable us to:

- Catch up on under-investment over recent years;
- Provide facilities on both sides of the harbour;
- Replace old facilities that no longer meet the needs of our community; and
- Secure land for future community spaces and places (beyond the timeframe of the recently adopted Long-term Plan).

Growth

We know that more than 35,000 homes will be needed in the next 45 years to accommodate people who will be living here.

While land for new housing is limited in Tauranga, areas being developed in Tauriko and Te Tumu respectively will see fresh new communities spring up. There will also be new 'city-living' type investment in housing infrastructure along the Te Papa peninsula from Sulphur Point to Barks Corner.

Tauranga City Council is aware that during the next 10 years there is likely to be more demand than can be met – even though the developments outlined above will be actioned. This means council does not currently comply with the National Policy Statement on Urban Development set by central government.

Growth puts pressure on council in many ways, such as the examples below:

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Pressure on land supply

Ensuring there is enough land and associated infrastructure to support residential growth is a high priority for Tauranga. In the short term (1-3 years), there is an under-supply of around 1,000 houses. The new LTP seeks to put significant investment into two new growth areas, Tauriko and Te Tumu, along with intensification planned along Te Papa peninsula.

The short-term supply shortage has been discussed with central government ministers, and officials from the Ministry of Housing and Urban Development and Waka Kotahi. There is a willingness to work collaboratively to address these matters and a need to ensure that responses align with the Government's broader urban growth agenda.

Existing rules for suburban residential, commercial and city living zones are inconsistent with emerging land use strategies and are not achieving the outcomes we need for our urban and suburban areas. To address this, council is working on planning initiatives, plan change proposals and technical planning studies. Further information on these plan changes can be found in our highlights section, above.

Transport and housing

More people are travelling around our city and this causes challenges such as traffic congestion, so council is considering better ways for people and goods to be transported.

While growth is affecting all types of infrastructure, the most visible impacts for our community relate to the transport network, with traffic congestion highlighted in submissions to our Long-term Plan.

We understand the importance of cars, and significant investment in a car-based transport network has occurred in Tauranga during the past 25 years. Unfortunately, investment in other types of transport has fallen well behind.

The Government has directed that transport projects focusing mostly on cars will not be looked upon favourably for future funding. The Government and councils across New Zealand, including Tauranga, want to invest more in public transport, encourage more walking and cycling, and reduce the impact of transport on the environment.

These priorities are reflected in the type of projects included in our Long-Term Plan, and in the formation of the Urban Form and Transport Initiative (UFTI) and Western Bay of Plenty Transport System Plan (TSP).

Water restrictions

A city-wide sprinkler ban was implemented on 23 December 2020 and lifted on 28 June 2021, making this year's water restrictions the longest in Tauranga's recent history. In previous years, city-wide sprinkler restrictions have not been necessary beyond the first week of April.

Water restrictions have been required during the past four summers to regulate water demand and minimise the risk of water treatment capacity being exceeded. This year however, we faced unprecedented drought in our region and the challenge of source water stream levels being at an all-time low.

While flow levels in the streams that supply Tauranga with water have stabilised, they remain lower than normal. If the stream flows do not recover with winter rainfall, this could signal a likelihood of earlier water restrictions coming into effect. The construction of the Waiāri water supply scheme is due to be completed late 2022, which will help to meet our city's future water supply needs.

Sustainability

In addition to ensuring we have resilient infrastructure that can respond to the challenges of climate change, we have a range of strategies and actions that together will achieve measurable reductions in our city's carbon emissions.

This is a huge challenge for council now and in the future. Below are some of the opportunities we have progressed, over 2020/21:

Climate change

As a city we generate 5.9 tonnes of carbon dioxide emissions equivalent per person. The Urban Form and Transport Initiative (UFTI) and the Western Bay of Plenty Transport System Plan (TSP) include investment objectives of reducing emissions to net zero by 2050. SmartGrowth partners are also committed to achieving the Government's climate change targets for transport emissions.

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Through the implementation of both the UFTI and TSP plans, tailpipe emissions are anticipated to reduce by as much as 50% by 2030 and 90% by 2050 through a mix of transport interventions / investments and increase in non-fossil fuel powered transport. Specific projects through the TSP include Cameron Road – Stage 1 and Stage 2, the accessible streets programme, the parking strategy, Tauriko enabling works, and the Totara Street and 15th Ave / Turret Road improvements.

Aligned with these plans, Plan Change 26 focuses development within our city to create more compact living environments. This reduces the need for cross-city travel as well as improves accessibility to public transport along main transit routes, thereby also reducing carbon emissions.

While most emissions in Tauranga are related to road transport (60%), council is also considering our community's electricity consumption and solid waste disposal. These together make up another 22% of our city's greenhouse gas emissions.

For further information on how we aim to make progress, please see the sustainability section of the year's highlights.

Resilience

Our city is exposed to a wide range of global and localised threats. These can challenge us in both expected and unexpected ways, with effects occurring over time or very suddenly. We need to be prepared for all eventualities.

Climate change will intensify our experience of intense rainfall events leading to flooding, landslides and erosion. There is also the threat of potential tsunami, earthquakes and volcanic eruptions.

Sea level rise will lead to inundation of some areas, so to reduce the likelihood of this happening council must plan ahead and provide appropriate infrastructure to reduce the risks. Of course, all of this requires funding.

With increasing threats from natural hazards and already stressed infrastructure, continued and renewed investment is vital to keep our communities safe.

In 2020/21 we continued planning for this changing environment so that our assets, particularly pipes and roads, can operate during hazard events and provide a solid platform for our communities to thrive.

In preparation for our Long-term Plan, 315 projects were identified to improve our city's resilience to natural hazards such as:

- sea level rise;
- tsunami;
- land slide;
- flooding;
- liquefaction;
- inundation; and
- erosion.

Council introduced a targeted rate for resilience in the previous Long-term Plan, to cover the costs of planning for resilience projects. This concluded in 2020/21.

During the Long-term Plan process, the council agreed that this targeted rate will now be increased to cover capital costs, enabling us to bring forward delivery of resilience projects to futureproof our city.

Project delivery

To meet Tauranga's needs and challenges, our organisation has had to review the way it approaches capital expenditure.

Council's large capital programme comes at a time when the city and the country need improvements to core infrastructure, coupled with delays in supply chains and skill shortages in the construction sector due to the COVID-19 pandemic. This means that we are experiencing delays and difficulty in obtaining resources and that costs are significantly higher than they have been previously.

Some council projects have drawn criticism from people in the community who believe they have not delivered the expected outcomes. An example of one such project in the past year, is the Harington Street transport hub. We are taking on board our community's feedback, learning from these occurrences and aiming to improve our project delivery over the coming years.

The investments outlined in the recently adopted Long-term Plan are by far the biggest ever proposed for our city. Being able

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to deliver on our commitments as outlined in the new LTP requires significant investment in both our people and our systems, as well as providing an appropriate place for our city-based staff to work. We need a highly capable, responsive and skilled organisation if we are to deliver for our community.

Some of our learnings and challenges from project delivery over 2020/21, include:

Harington Street transport hub

In June 2020, council abandoned construction of the Harington Street transport hub building. It was clear from expert engineering advice that remedying significant seismic design defects in the structure would make the cost of completing the project prohibitive.

Options for the site included demolition of the structure and restoration of the site for ground level parking, at an estimated cost of just under \$10 million, or sale of site and building 'as-is'. In March 2021, an unconditional sale and purchase agreement was reached with WAIBOP (Harrington) Limited, a subsidiary of lead project contractor Watts and Hughes, for a nominal sum of \$1. After the sale of unused materials and structural steel, and a negotiated settlement for the cancellation of the construction contract, the final payment to council was \$200,000.

While the sum realised was considerably less than the site's land value (assessed at \$5.35 million in mid-2020), it provided the best possible outcome for the city, avoiding the cost of demolition and ensuring that public car parking must be provided on the site, either at ground level if the structure is demolished, or as part of a future development of the site.

Council has filed a claim in the High Court against the building's designer and the design peer reviewer, to attempt to recover as much as possible of the cost expended on the project, the loss of land value and other consequential costs and losses.

Establishment of a Capital Programme Assurance Division (CPAD)

Our Capital Programme Assurance Division (CPAD) is a business unit created as part of council's new project delivery model. This unit will support and enable all project delivery teams across council, providing industry best practice frameworks, systems, reporting, processes, procedures and advice.

CPAD's aim is to become a centre of excellence for programme and project management, by providing guidance and support for anyone within council undertaking a project or building a programme.

The delivery function and accountability for projects still sits within the relevant activity area, e.g. City Waters, Transportation, Spaces and Places etc. However, the CPAD team will play a big part in the support and enabling of project managers, and programme and outcome managers to successfully deliver their projects and programmes respectively.

CPAD provides assurance for the successful delivery of our capital works programme, in accordance with the Long-term Plan, and confidence that we are delivering exceptional outcomes for our community. It also provides our Commissioners, executive, and senior leadership group with meaningful data and information on our performance, to allow for effective governance and decision making.

These are just some of our highlights, opportunities and challenges for the year. Others are discussed throughout this report.



ANNUAL REPORT SUMMARY 2020/21

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Non-financial performance

53%

of measures achieved
78 measures

37%

of measures not
achieved
55 measures

10%

of measures unable
to be assessed
15 measures

All targets achieved for 3 activities



Cemeteries



Wastewater



Water supply

We exceeded a number of our targets

414,169

Number of passengers
through the airport
Target was 407,000

85,452

Number of guest nights at
Beachside Holiday Park
Target was 72,500

266,139

Number of annual visitors to
Historic Village
Target was 225,000

121,839

e-books loaned
Target was 41,000

780,843

Virtual visits to our libraries
Target was 470,000

473

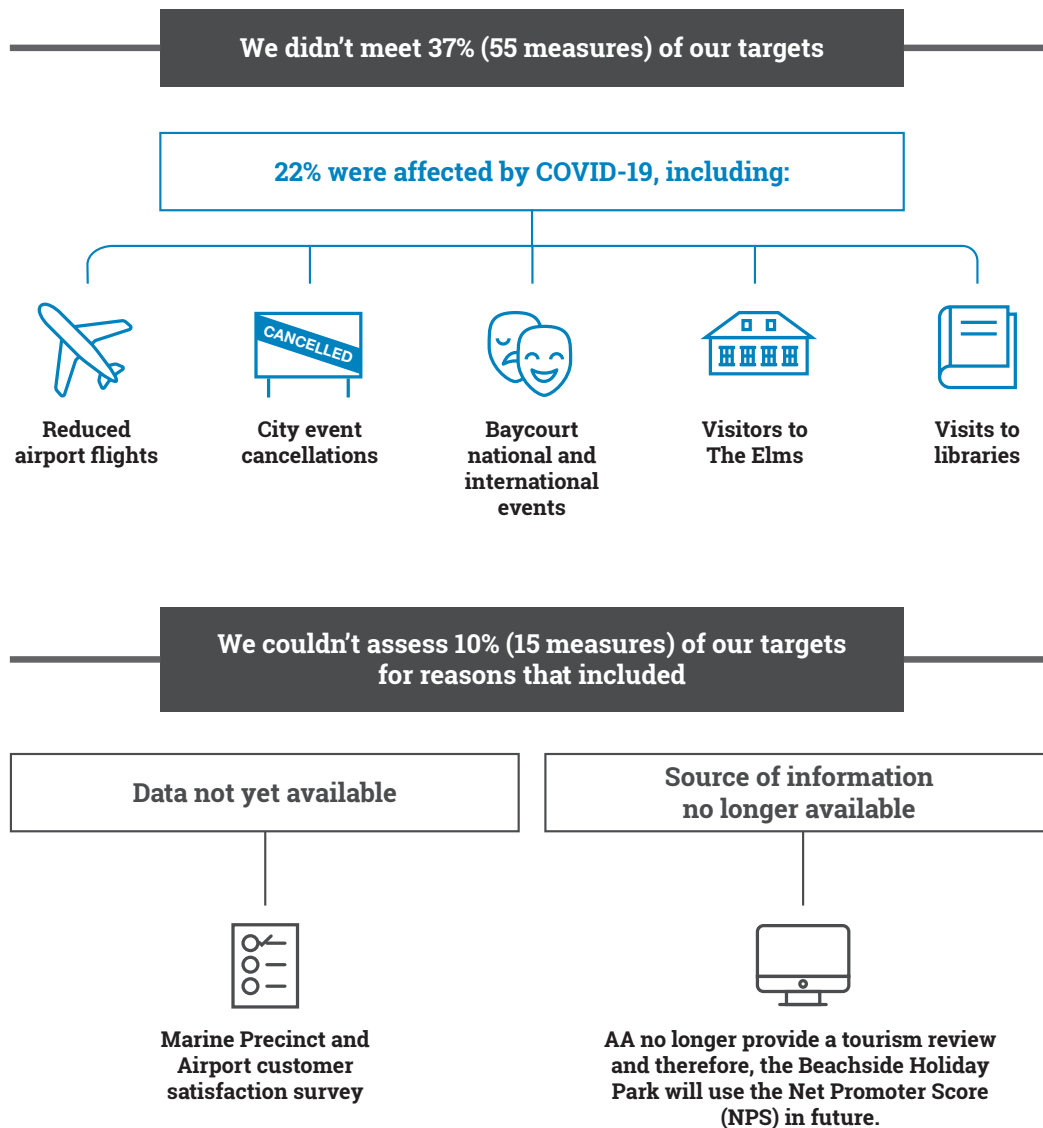
Number of participants in adult
cycling programmes
Target was 470

9,946

Number of participants in school
children's walking and cycling
programmes
Target was 5,600

26min

Median response time to attend a
flooding event
Target was ≤60 min



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Non-financial performance summary

We achieved 53% of our non-financial performance measures

We provide a wide range of activities and services for our community, and we strive to deliver the high level of service that our community expects from us.

The 2018-28 Long-term Plan (LTP) sets our performance and 'level of service' targets, as well as the measures we use to assess them. In total, we use 148 measures for our 27 activities.

These measures vary greatly depending on the activity. For example, we use bacteriological standards as a measure for drinking water quality and perception-based measures to assess the percentage of residents who feel safe in their neighbourhood after dark.

We measure our performance throughout the year, reporting the results quarterly and annually.

Seven measures in the LTP were changed after resolutions by the Audit, Finance, Risk and Monitoring Committee on 19 February 2019 and 27 November 2019. They relate to arts and heritage, emergency management, and resource recovery and waste. These measures are tabled separately under 'Additional measures monitored' and have been excluded from our overall performance summary.

We have measured and reported on 133 of the 148 non-financial performance measures. We were unable to

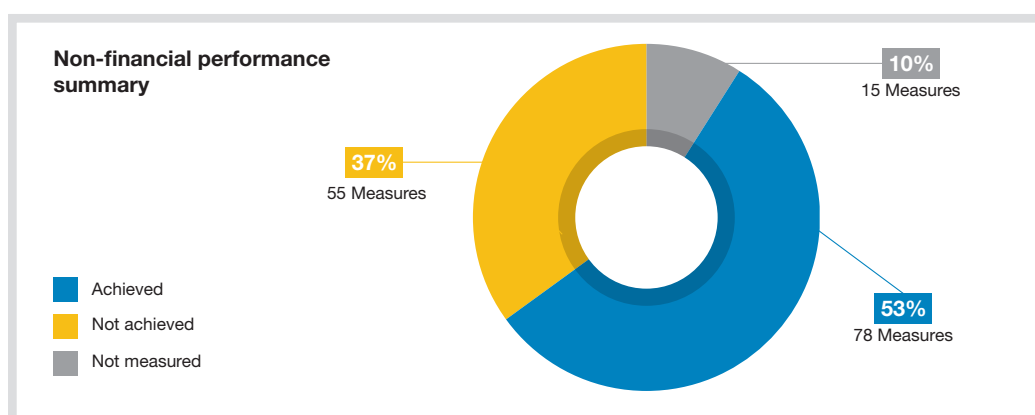
report on the remaining 15 because data was unavailable (e.g. census data is released every five years) or because there was no directly comparable result from previous years.

Of the measures that have been reported, 78 (53%) were achieved and 55 (37%) were not achieved. Of the 55 measures not achieved, 12 measures (22%) were affected by COVID-19, for reasons including:

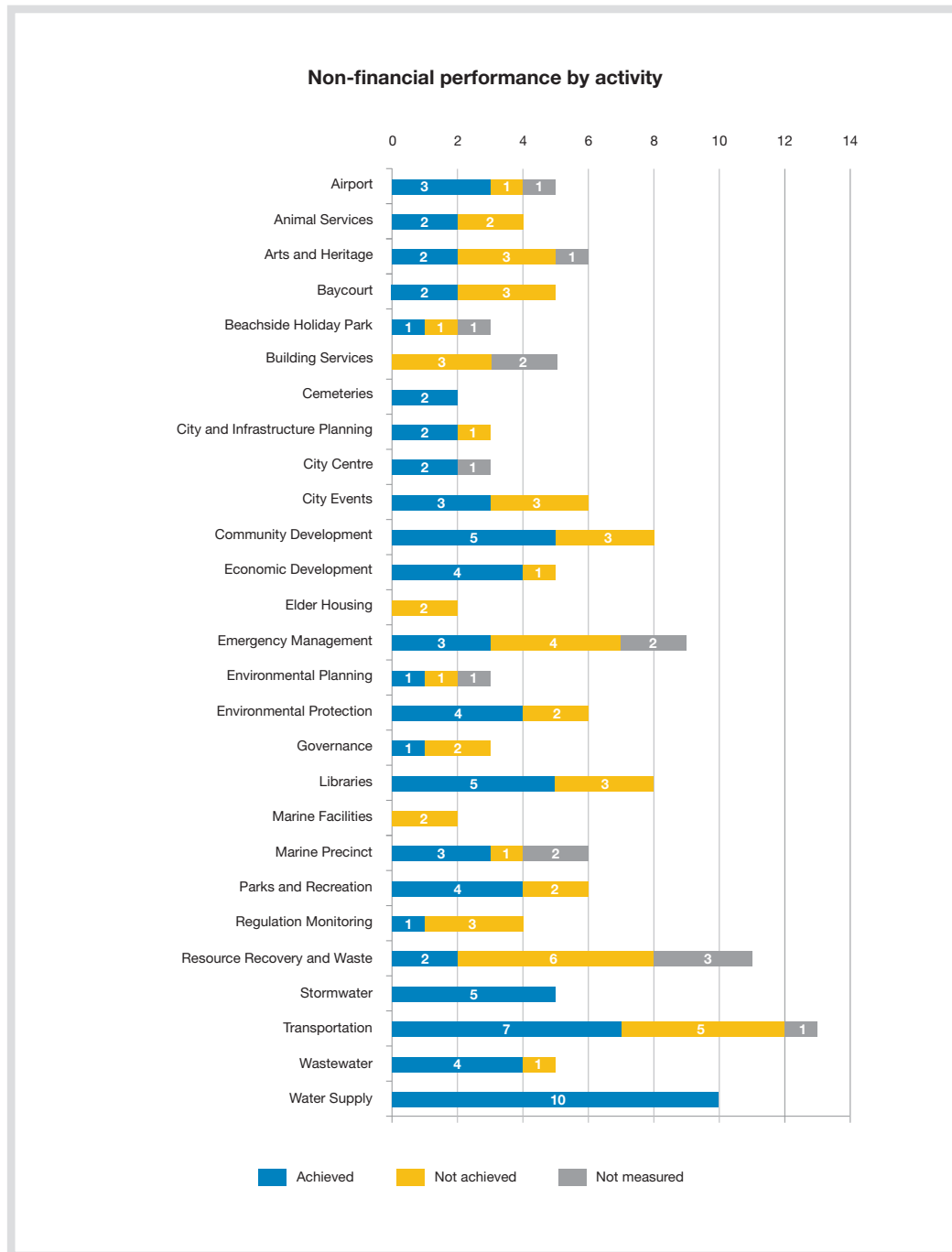
- event cancellations
- reduced utilisation and visitor numbers due to alert level restrictions
- disruption to business-as-usual operations

The following seven activities were affected:

- Airport
- Arts and Heritage
- Baycourt
- City Events
- Community Development
- Emergency Management
- Libraries



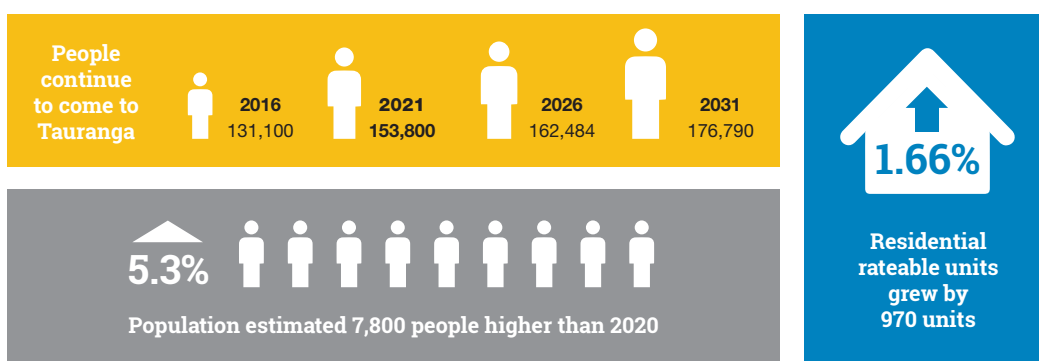
YEAR IN REVIEW



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Our performance snapshot

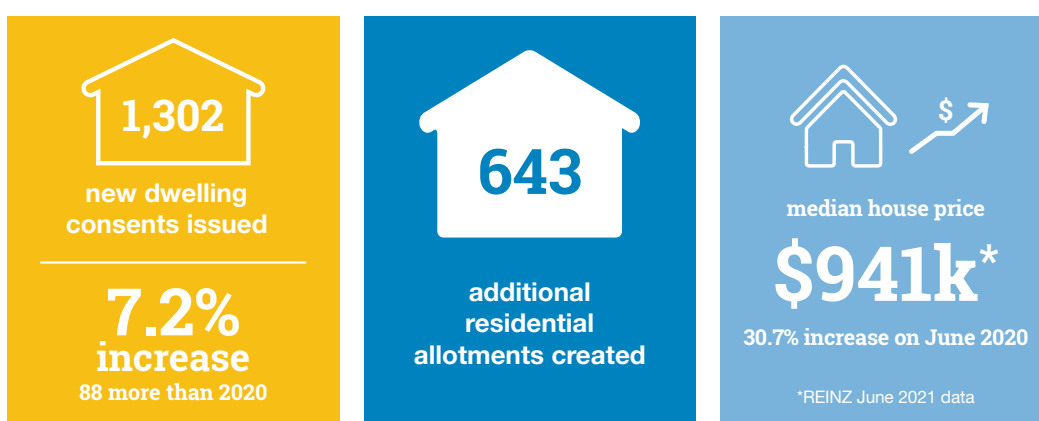
Our city continues to grow



We continue to see commercial investment



But the rate of growth is putting pressure on our city





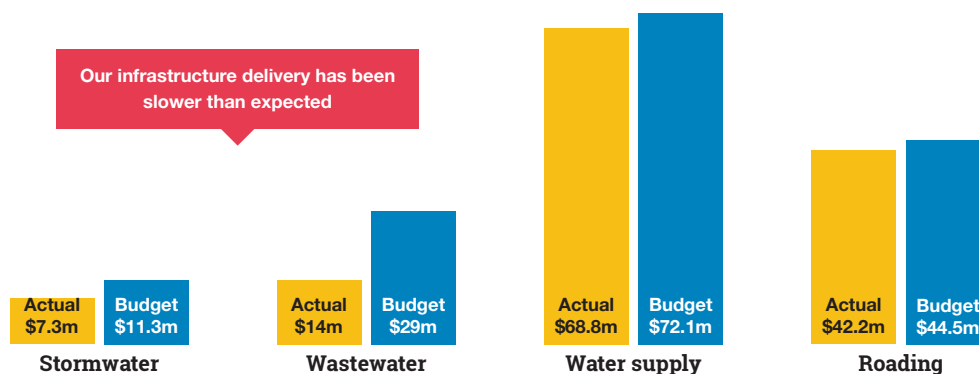
YEAR IN REVIEW

We need to encourage behaviour change in both our community and industry to ensure water is treated as a precious resource.



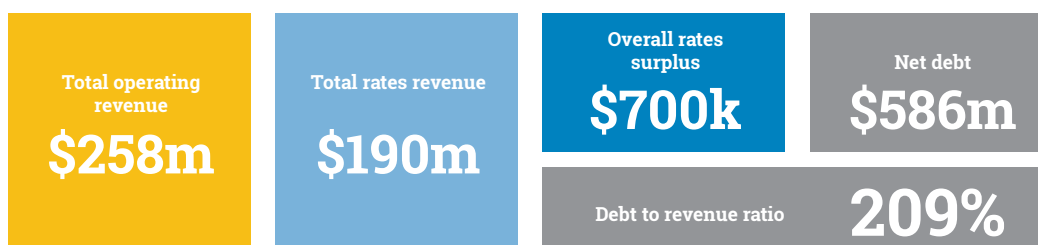
We are in the process of building more infrastructure to support growth.

Our infrastructure delivery has been slower than expected



(all totals include vested assets)

Our overall financial position is following underlying trends towards higher debt and debt ratios





Key themes from financial results

Impact of COVID-19 on 2020-21 financials

Revenue

The 2020-21 Annual Plan was revised downward as a result of post COVID-19 lockdown impacts and uncertainty about future economic conditions and level and timing of recovery. As well as the lower level of rates increase, annual plan revenue budgets were adjusted downwards across key user fee earning areas of business including parking, regulatory services, airport and property.

Reflecting the better than expected economic bounce-back, the actual user fees revenue for council direct activities for the year, was nearly \$10m (20%) higher than budgeted. Consenting revenues (e.g. building and resource consenting) led the favourable result (\$3m above budget) with strong building activity which included new housing builds, commercial development and building renovations. This was part of a nationwide trend where expenditure on housing and goods replaced lower expenditure on services such as overseas travel.

The airport and Beachside Holiday Park were favourable performers, reflecting higher domestic holiday demand and rapidly recovering domestic air travel. The airport recorded higher than budgeted revenue post COVID-19 (\$0.8m above budget), while Beachside Holiday Park revenue was just under \$2.2m, the first time it has exceeded \$2m in revenue.

Half (\$1.8m) of the Government COVID-19 response wage subsidy received in May 2020 has been recognised as income in 2021 as the payment was to cover through to August 2020. Consolidated revenue was higher than the previous year's results. Bay Venues Limited reported revenue 23% higher than last year, whilst the Art Gallery reported a positive year for visitor numbers (against revised post COVID-19 expectations) but noted a loss of revenue from international visitors.

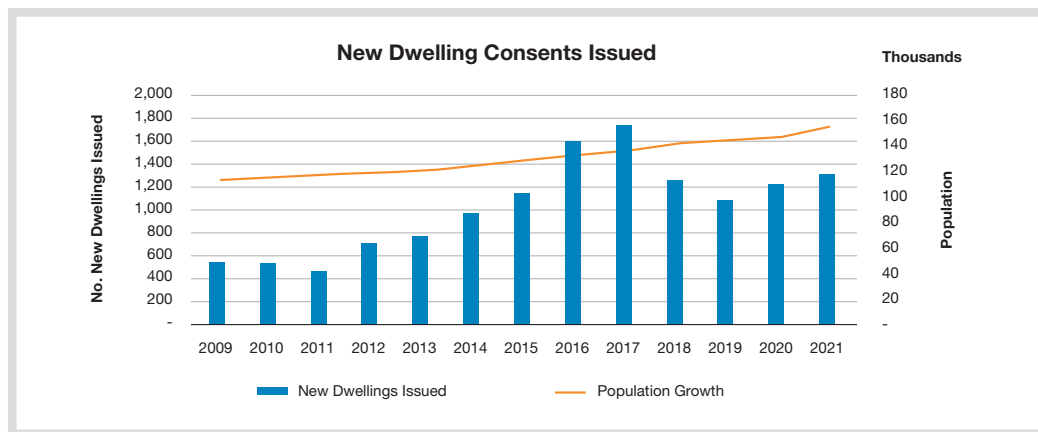
Government Stimulus Funding through Crown Infrastructure Partners (CIP) (capital)

Post lockdown, government made available through its stimulus funding package \$45m for the upgrade of Cameron Road through to 17th Avenue to enable better multi-modal transportation options and for various approved three waters projects, which included \$7.5m for stage one. A small portion of this funding was received prior to July 2021 with the remainder to be reimbursed once expenditure has occurred primarily in the 2021-22 financial year.

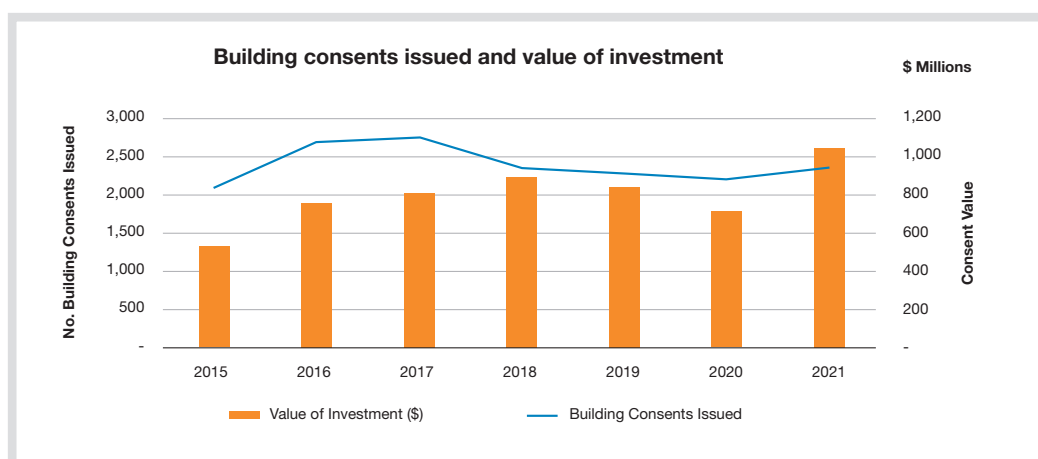
Managing our Growth and Future Infrastructure Requirements

Tauranga continues to grow with an estimated population of 153,800, which is 7,800 more people than estimated in our 2020 report. However, the number of new residential dwellings increased by less than that, at 1302 new residential dwellings consents issued for the year. The number of new dwellings consented was 88 dwellings higher than last year.

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Overall building consent numbers - which include commercial consents and upgrade of existing dwellings-increased in both number and value from the previous year with a total number of building consents (2,374) which is slightly ahead of last year. The total value of consents was \$1billion, significantly higher than 2020.

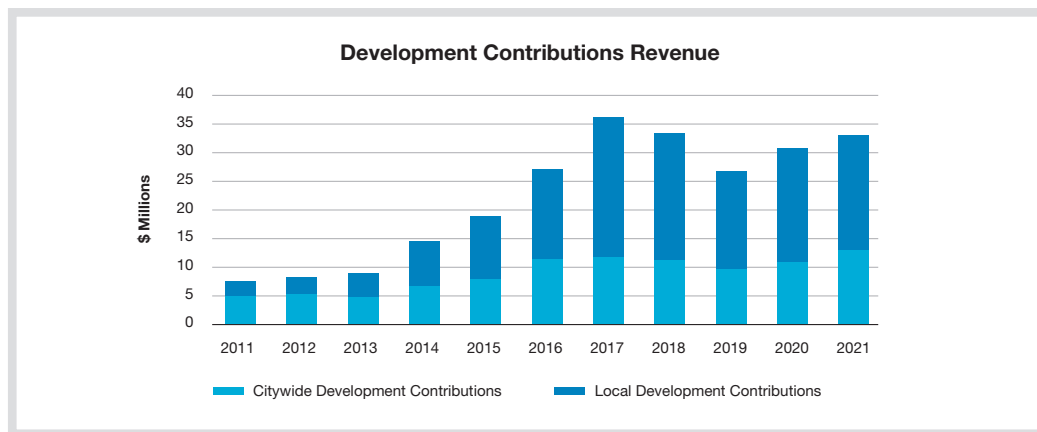


Our existing growth areas at Pyes Pa West and Wairakei continue to fill with new residences. In Wairakei development surged ahead with large areas now being made ready for development. As well as developing areas for residential property, a large amount of development occurred within Tauriko industrial catchments

Available land in our existing growth areas is fast running out and we are relying on commencing development in the new growth areas of Te Tumu and Tauriko West by 2026. While we are underway planning for these new growth areas, development of these areas has been delayed as a result of a third-party court case and ongoing discussions with NZTA around funding and upgrades to state highways.

Our development contribution (DC) revenue has continued to remain high at \$33.5m for the year, with both city-wide DCs and local DCs (from new subdivision) ahead of last year and ahead of the downwardly revised budget post COVID-19. We had anticipated a reduction in development in relation to COVID-19 restrictions, but this did not eventuate.

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New Capital Delivery

We are also well underway with the provision of new water supply at Waiari and upgrading and expanding our wastewater treatment and disposal at Te Maunga and through to the ocean outfall.

In total we budgeted \$223m of new capital but delivered \$182m. The following word cloud shows the main programmes of work for 2020-21 which account for most of the capital programme spend. The size of the spend is shown in the relative size of the lettering of that programme.

Of the \$182m of capital delivered by council \$57m was spent on the new Waiari Water Treatment Plant, which is planned to be completed in the next two years and \$8m on Te Maunga Wastewater Treatment Plant and Outfall, a project which is planned to continue through the next few years of the LTP. Remaining water, stormwater and wastewater capital expenditure totalled \$24m. Therefore, in total \$89m (49%) of the capital programme delivered in 2020-21 related to the three waters.

The other activities with significant capital expenditure included:

- Streetlight renewals and LED upgrades \$8.8m
- Kerbside Waste Collection \$5.9m
- Elizabeth Street upgrades associated with major Farmers development \$4.2m
- Cameron Road commencement of the upgrade from Harington Street to 17th Avenue \$5.3m to be funded by central government under its post COVID-19 stimulus package.
- Roading \$28.2m across various programmes (excluding Cameron Road and Streetlights,)
- Digital \$11.5m including the first stage of the replacement of the core systems platform, with SAP finance and reporting
- Spaces and Places \$13.7, including city centre streetscape and other parks development

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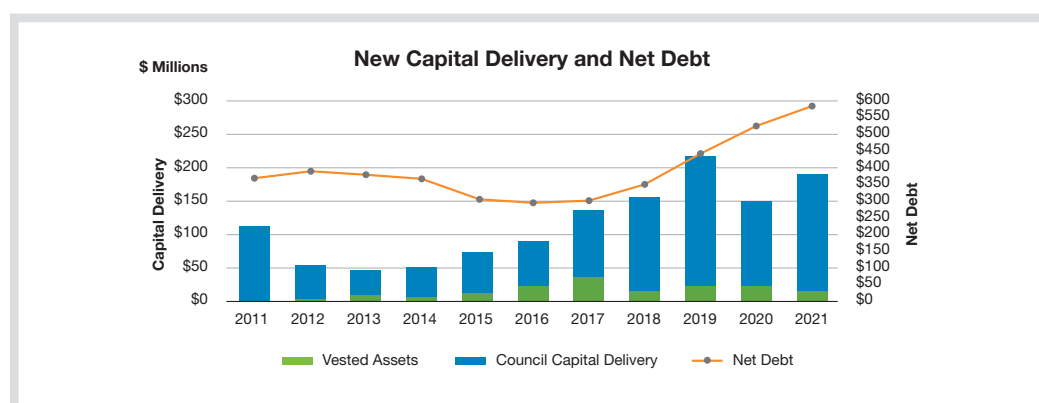
Vested assets, which are delivered by developers and vested to council made up a further \$10.7m of assets to council. Of these \$4.5m were in roading and \$5.9m across three waters. Spaces and Places comprised \$0.2m of vested assets.

Future capital delivery

The shortfall in delivery to budget by \$41m further pushes the bow wave of projects to be delivered into later years. These delayed projects have been incorporated into the 2021-31 Long-term Plan which has a planned capital delivery over the ten years of \$4.6b.

Costs of materials and services to deliver new infrastructure are increasing significantly, and this is being reflected in higher costs and unit rates across the capital programme. Challenges to source materials and labour are an increasing driver of the timing and cost of the capital programme.

During the year an increased focus on capital programme delivery and assurance has led to the establishment of the new Capital Project Assurance Division, which will look at improving processes for procurement, risk management, contracting and reporting across the council's capital programme. The additional staff resources taken on for this team, along with a strengthened support for capital delivery within our core service areas of three waters, transportation and community, will assist in driving the delivery of a much larger capital programme in the future.

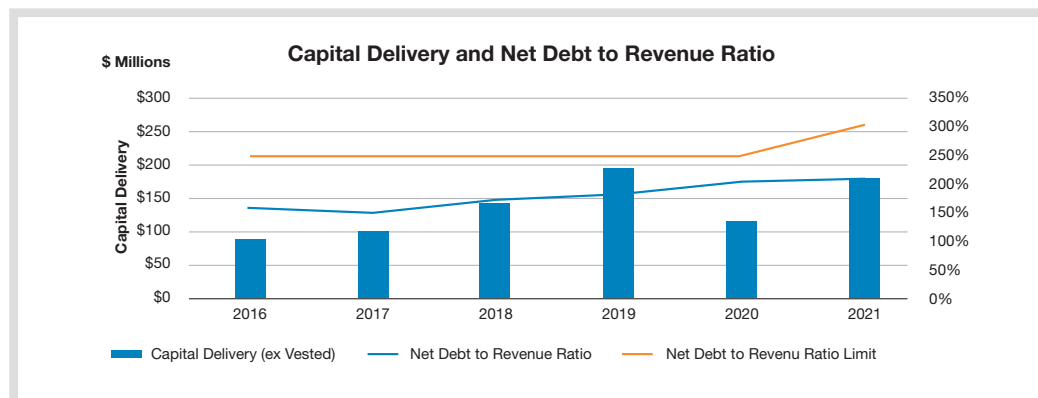


YEAR IN REVIEW

Council's capacity to borrow has been extended by an increase in the Local Government Funding Agency (LGFA) net debt to revenue ratio limit from 250% to 300% for the next two years and then reducing to 280% by 2026. Overall, this means council can borrow about \$120m (in total) more than it would have under the previous 250% ratio. A prudent borrowing limit for council would see an amount of debt headroom maintained below these LGFA limits to provide capacity to respond to the risk of unforeseen events, and realisation of known risks.

Government has also provided financing assistance to council through the Housing Infrastructure Fund zero interest loans made as costs are incurred on the Waiari and Te Maunga growth projects. By agreement with the Crown the financial benefit of these zero interest rates is shared across all debt of council, recognising that debt is managed at the whole of council level rather than against specific projects.

Significant new "stepped" infrastructure investment is needed across the business over the next ten years with limited capacity for council to fund and finance this investment from its balance sheet without debt retirement or funding by an entity other than council. These factors were a key theme in developing the 2021-31 Long-term Plan and continue to drive workstreams in the council and with our regional and national partners to investigate alternative funding and financing arrangements for future investment. The costing, prioritisation and physical delivery of projects remains a significant challenge over the next ten years.



Key Financials

Overall, the financial results for Tauranga City Council (TCC) reflect continuation of the themes outlined above. The economy performed more strongly than anticipated at the time of budgeting so that overall financial results are more favourable than budget, particularly across the building, community facilities and airport activities.

Operational Results For Tauranga City Council

In most cases council aims to balance its operational budget so that operational costs are funded through rates or another form of operational revenue such as user fees or subsidy. Operational expenditure includes depreciation expense, which is an accounting entry reflecting the annual amount by which the useful lives of council assets are reduced. The dollar value of depreciation that is funded each year can be available to fund renewal of assets, or otherwise reduce borrowing so that over time council has capacity to renew assets when they are at the end of their useful lives.

Council budgets for an overall operational deficit for a number of reasons. The operational deficit is due to specific circumstances where council does not budget revenue to cover operational costs. These are:

1. Non-funding depreciation (\$7.5m) in transportation to reflect the amount of renewal cost funded by Waka Kotahi New Zealand Transport Agency (NZTA) (51%). In recent years a portion of stormwater depreciation (\$1m) has been unfunded.

 YEAR IN REVIEW

1. Loan funded expenditure on long-term structural planning for our growing city to reflect intensification, transport planning and new growth areas. While this expenditure is recognised as operational, council has chosen to loan fund it as it is providing long term benefit to the community and so is more fairly contributed to by future ratepayers as well as current ratepayers.
2. Loan funding of project expenditure that could not be capitalised so recognised in the accounts as operating expenditure
3. Funding of expenditure from a reserve such as the stormwater reserve or the risk reserve
4. Deficit in operations of user fee funded activities, including parking activity where there has been a reduction in parking fee revenue as a result of city centre on street parking charges on hold post COVID-19.

There is an overall rates surplus for the year. This is due to a favourable interest rate variance of \$695,000 and otherwise rates collected cover the rates requirement for the year.

Interest rate variance - proposed transfer to interest rate reserve

There is a favourable net external interest variance of \$700,000, which has been primarily due to achieving favourable interest margins on both external debt and short-term investments. This is equivalent to 3.5% of annual net interest.

Surplus before tax

The surplus before tax reflects total revenue against total expenditure. This includes asset revenue and other gains and other expenditure. The consolidated operating surplus before tax was \$64m.

Other expenses were \$40.8m higher than budgeted reflecting a number of unbudgeted items including:

- a) recognition of various asset write-offs and amortisation losses of \$9.7m, including \$3.4m to write off the Bella Vista remediation costs.
- b) weathertight and provisions expense of \$26.4m which includes provision for a settlement of a large weathertight claim in December 2021 which has been recorded as an event after balance date.
- c) assets vested to NZTA of \$5.8m

Asset revenue and other gains was greater than budgeted by \$44m due to gains on revaluation of interest rate swaps and investment property. Lower vested assets (assets provided to council by developers during the year) and capital subsidies and contributions received were substantially offset by higher development contributions received.

Council assets and debt

Council (group) assets total \$5.4 billion. This year the three waters assets and land and buildings were revalued. Three waters assets were revalued upward by \$354m and land and buildings were revalued upwards by \$225m as at 01 July 2021. Because the revaluation was significant, it has been recognised as a prior period error and the June 2021 accounts have been restated to reflect this value at year end rather than at 01 July 2021.

Overall net debt has increased to \$586m from \$525m the previous year. This is less than the budgeted figure for the year of \$686m, reflecting slower capital delivery, which means less has been borrowed.

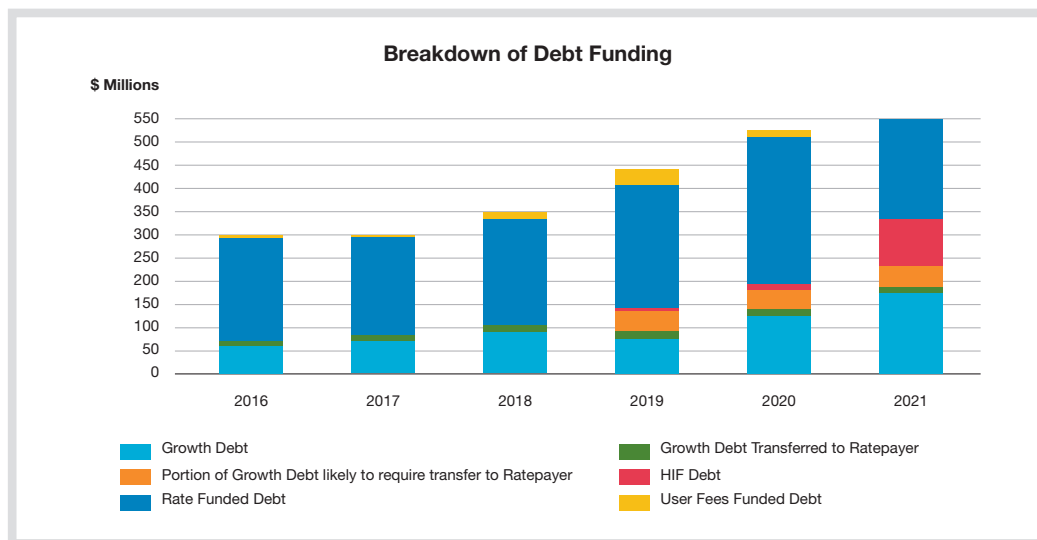
The net debt-to-revenue ratio at year-end is 209%. This ratio excludes Bay Venues Limited (BVL) revenue. At a consolidated level which includes BVL revenue the debt to revenue ratio is below 200%.

The following graph shows the increase in debt and how it is funded over time. Both growth debt and rates debt have steadily increased over time.

Council borrowings in 2021 is made up of debt that is 47% growth-related and funded (development contributions (DC) and Housing Infrastructure fund (HIF) borrowing), 53% is non-growth related debt (with interest funded from rates and some user fees).

Rates debt comes from capital investment to enhance community levels of service or to upgrade facilities and infrastructure when such upgrades are not able to be recovered from DCs. It also includes growth related investment that has not in practice been able to be fully recovered from development contributions. Current rates debt includes \$16m initially identified as growth funded debt which was transferred to ratepayer funded debt due to under-collection of development contributions. Last year an additional amount of growth debt of \$43m has been identified as potential DCs under-collection. This amount is to be transferred over the next ten years to ratepayer debt.

YEAR IN REVIEW



Risk Management Fund and Weathertight Reserves

The risk management fund and weathertight reserves are reserves created by council to help manage and account for council's financial risk and to fund unforeseen events and weathertight claims. Previously, this was one reserve, but the two elements were separated in 2021. During Annual Plans and Long-term Plans some rates have been agreed to be collected for these reserves and rates surpluses have been directed to address the deficit in these reserves.

Since 1 July 2013 the reserve have been used to fund:

- leaky homes and weathertight provisions
- removal of staff from Willow Street administration building which has since been demolished
- Bella Vista operating costs

Due to the large value of payments recorded through the reserve and the relatively low level of reserve funding, the Weathertight Reserve deficit at the end of June 2021 is \$30m. The Risk Management Fund has an available balance of \$0.4m.

Council grants and community contracts

We support a range of other organisations that deliver services and benefits to the Tauranga community, with grants and community contracts.

YEAR IN REVIEW

Tauranga City Council Support for External Organisations above \$39,000

	Actual 2020/21 \$'000	Actual 2019/20 \$'000
Support to council controlled organisations		
Bay Venues Limited (CCO's) ¹	7,108	6,305
Tourism Bay of Plenty ²	2,320	2,214
Art Gallery (CCO)	970	976
BOPLASS Ltd	54	243
Rates collected to fund mainstreet organisations³		
Tauranga Mainstreet	342	335
Mount Mainstreet	189	180
Greerton Mainstreet	64	122
Papamoa Mainstreet	50	50
Grants to organisations		
Priority One	1,485	1,322
Surf Lifesaving ⁴	285	1,598
Sport BOP	408	398
Creative Bay of Plenty	304	380
Venture Centre	0	250
Elms Foundation	234	225
The Incubator Growing Art & Culture Charitable Trust	98	98
Citizens Advice Bureau	61	61
Chamber of Commerce	61	60
Harbourside Netball Centre	0	30
Tauranga Hockey Association	0	10
Other community initiatives receiving council funding		
Recycling /Waste Minimisation initiatives ⁵	50	55
Community Development match fund, civic and other community grants ⁶	297	186
Collaborative initiatives	146	115
	14,526	15,259

¹ Support for Bay Venues Limited includes capital and operating grants and payments. It includes the renewals grant of \$3.7m (2020: \$3.1m) which was funded from the depreciation reserve held by Tauranga City Council, but excludes the rate funded contribution to the depreciation reserve of \$4.4m (2020:\$4.4m)

² Includes \$493k (2020: \$493k) for the Visitor Information Centre contract.

³ Mainstreet organisations are funded from Targeted rates on the relevant commercial businesses.

⁴ Includes contribution towards the Papamoa Surf Rescue Base.

⁵ Includes \$20k to the Good Neighbour Food Rescue Project.

⁶ Includes Community Development Match Fund grants as and grants to various community groups

YEAR IN REVIEW

Council controlled organisations

Our financial accounts are consolidated with the accounts of two of our Council Controlled Organisations: Bay Venues Limited and Tauranga Art Gallery Trust. The largest of these entities is Bay Venues Limited (BVL), which owns and operates recreation and community facilities on behalf of council, including the Trustpower Arena, Baywave and the University of Waikato Adams Centre for High Performance. BVL has total assets of \$132m.

The Tauranga Art Gallery has total assets of \$10.2m, consisting mainly of the art gallery itself and the underlying land.

Other partner organisations

Tauranga City Council has a 50% interest in Tourism Bay of Plenty (TBOP) and also provides TBOP an operational grant which is funded from commercial rates, and a service delivery contract to operate the Visitor Information Service. Further funding for destination management is also provided funded from airport revenues.

YEAR IN REVIEW

Trends in our core financials

The following table summarises five years of key financial data.

Operating revenue and expenditure have increased over the past five years with continued population growth and associated significant demand for new infrastructure. The main investments in new infrastructure were summarised above in a word graph of the capital programme and detail of significant projects are outlined for each activity in the Groups of Activities section of this report.

Financial overview

Tauranga City Council five year performance summary (\$ millions)

	2017	2018	2019	2020	2021
Rates Revenue ^{*1}	145	155	167	180	190
Other Revenue	73	55	62	63	68
Operating Expenditure	201	223	242	259	271
Operating Surplus/(Deficit)	17	(13)	(12)	(16)	(14)
Development Contribution Revenue	36	33	27	31	33
Capital Expenditure ^{*2}	145	142	206	147	182
Capital Subsidies ^{*4}	8	22	22	12	22
Gross External Debt	355	370	458	540	635
Net External Debt	301	349	441	525	586
Fixed Assets (Net Book Value) ^{*3}	3,535	4,000	4,333	4,983 ^{*5}	5,096

^{*1} Including water by meter revenue.

^{*2} Capital expenditure less vested assets and excluding land sales.

^{*3} Fixed Assets include physical assets, property, plant and equipment, forests, investment property and non current assets held for sale.

^{*4} Capital subsidies are predominantly from NZTA for local roading infrastructure.

^{*5} A prior period adjustment in 2021/22 accounts has increased fixed assets from \$4,404m to 4,983m.

	Limits	2017	2018	2019	2020	2021
Proportion of Rates to Operating Revenue		63.4%	64.4%	66.7%	70.5%	67.8%
Net External Term Debt to Total Assets		8.0%	8.5%	9.8%	10.9% ^{*6}	10.9%
Net External Debt per Rateable Property		5,541	6,223	7,766	8,975	9,848
Net Interest Expense to Operating Revenue	< 20%	8.4%	7.9%	7.4%	7.7%	6.8%
Net Debt to Operating Revenue	< 250%	151%	167%	176%	206%	209%
Net Interest Expense to Rates Revenue	< 25%	11%	11%	11%	11%	10%
Rates increase after growth ^{*5} including water by meter		2.6%	3.9%	5.4%	5%	4.1%
Rates increase after growth including water by meter - Limit	Varies each year	3.9%	4.0%	5.8%	7.5%	4.7%

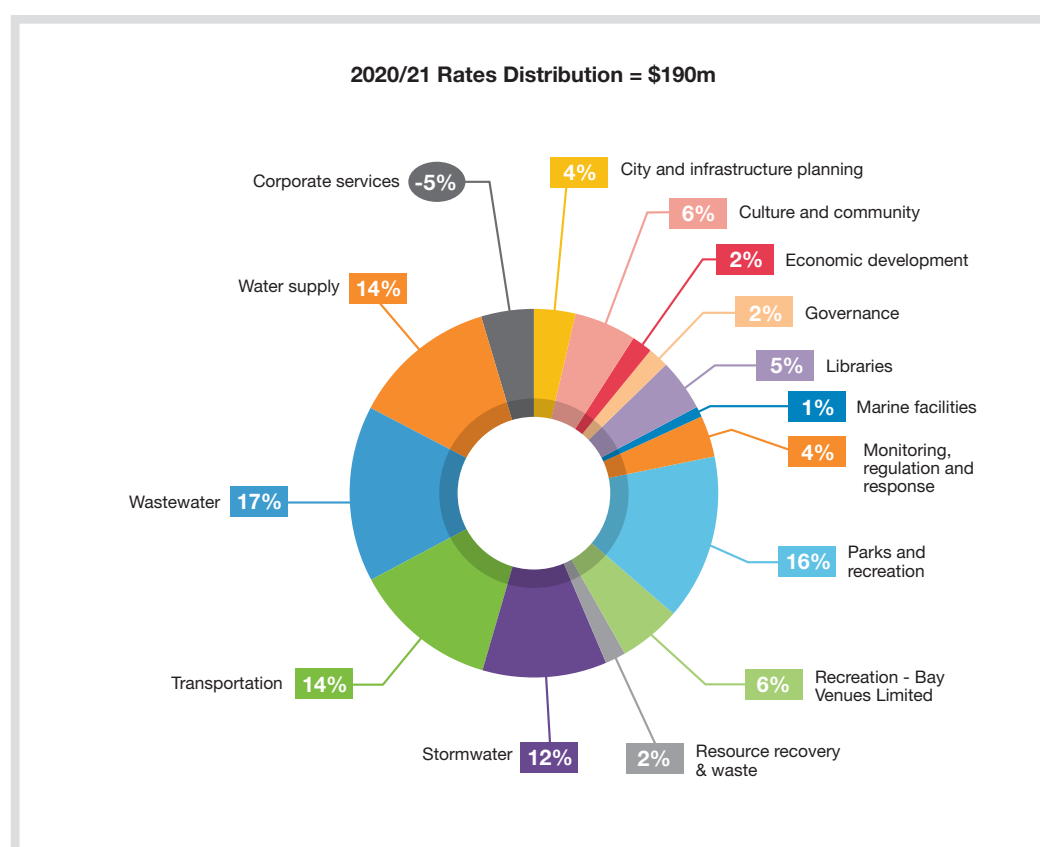
^{*6} A prior period adjustment in 2021/22 accounts has increased fixed assets from \$4,404m to 4,983m, leading to a higher total assets figure.

YEAR IN REVIEW

What did rates pay for over the last year?

Rates and user fees cover the operational (day to day) costs of running a city. This includes providing core services and ensuring infrastructure is maintained. About 70% of our operating expenditure was covered by rates this year, which is higher reflecting user fee revenue loss primarily from COVID-19 impacts. Loans also covered a portion of operational costs with debt retirement rates funded.

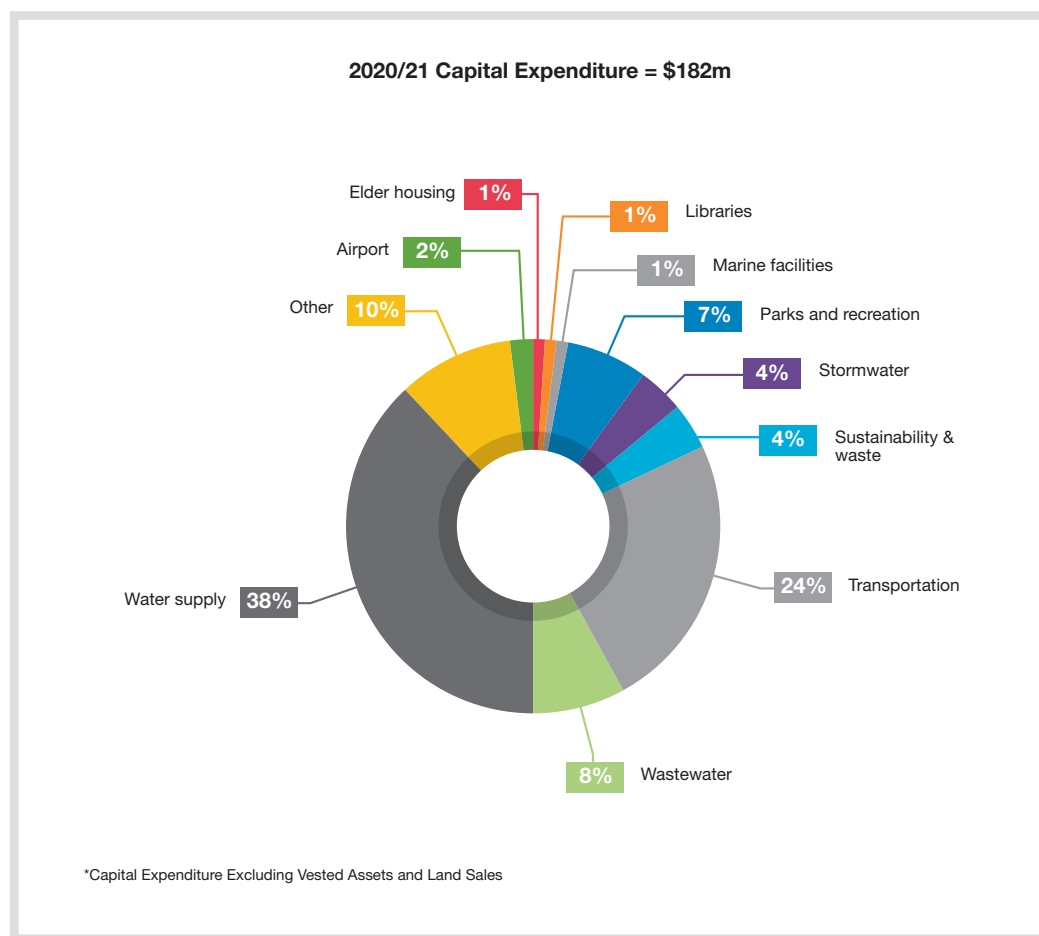
The rates graph below shows the services that rates fund. Three waters and transportation accounted for 57% of the rates spend, with a further 28% funding our city's libraries, parks and recreation and other community facilities. Corporate services includes corporate treasury in which interest revenue offsets a portion of rating requirement for the organisation.



YEAR IN REVIEW

What did our new debt pay for over the last year?

Capital expenditure pays for new assets, renewing existing assets and improving them to deliver a better service. The majority of our capital works programme was spent on core network infrastructure (transportation, wastewater, water supply and stormwater), which accounted for 74% of our capital expenditure this year. Key projects delivered this year were identified earlier in this section.





Independent Auditor's Report

To the readers of Tauranga City Council's annual report for the year ended 30 June 2021

The Auditor-General is the auditor of Tauranga City Council (the City Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to report on the information in the City 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 City 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 City 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 13 December 2021. This is the date at which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages [...] to [...] and pages [...] to [...]:
 - present fairly, in all material respects:
 - the City 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 page [...], 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 City Council's annual plan;

- the statement of service performance on pages [...] to [...]:
 - 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 [...] to [...], presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's annual plan; and
- the funding impact statement for each group of activities on pages [...] to [...], 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 City Council's long-term plan.

Report on the disclosure requirements

We report that the City 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 [...] to [...], which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council's audited information and, where applicable, the City 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 [x] on page [x], 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 City 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 City 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 City Council's annual plan.

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City 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 statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the City 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 City 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 City 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 [...] to [...] and [...] to [...], but does not include the audited information, the disclosure requirements, and our auditor's report thereon.

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

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 City 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.

Other than the audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the City Council's debenture trust deed and Financial Management Information System data migration and audit engagements for the 2021-31 Long-term plan Consultation Document and the 2021-31 Long-term plan. Other than these engagements, we have no relationship with, or interests in, the City Council or its subsidiaries and controlled entities.

Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand