

# Pūrongo-ā-tau 2021

Annual Report 2021





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# Section one: Overview

## Wāhanga tuatahi: Tirohanga whānui





# CEO and Chair's foreword

## Ngā karere mai i te Heamana rāua ko te Tumuaki

If the past year (July 2020 to June 2021) had to be summed up in one word 'challenging' would be one of the key contenders, however, we have risen to those challenges and delivered exceptional results.

COVID-19 lurked in the background fuelling uncertain times, while long-running dry conditions made for a difficult summer and autumn.

However, we remained flexible and willing to try new ways of working and the unpredicted bounce back of the economy resulted in us being able to post a record financial result of nearly \$33.5 million on behalf of the people of Northland.

Our mission to create a healthy environment, a strong economy and resilient communities has continued, and we've strengthened our relationships with tangata whenua having concluded Mana whakahono ā Rohe with two hapū, established a Regional Alliance with Department of Conservation and multiple iwi partners under 'Jobs for Nature.'

Over the course of the financial year, we led the way for our three district council counterparts in voting to introduce Māori seats at the 2022 local body elections.

We also signed an MOU with the Crown, Auckland Council and Kaipara Uri resulting in the establishment of Te Taitokerau's second co-governance body for the \$200 million Kaipara Moana project, which aims to remediate ongoing environmental degradation by halving sediment loss from land to the Kaipara Harbour. The year one work programme has been successfully concluded and we are well on the way to establishing a new business unit 'Kaipara Maurikura' to deliver the remainder of the six year programme of work.

Our important flood protection and other business-as-usual work has continued and we've had some significant successes on the animal and pest control fronts, including securing \$10 million funding for predator free projects in both the Whangārei and Bay of Islands areas as well as a highly successful wilding conifer eradication programme.

On the transport front we launched separate 12-month trials of new public transport services for the Hikurangi and Whangārei Heads areas.

With the receipt of a significant increase in Crown funding support we have been able to create a number of new jobs focussed on the delivery of improved environmental outcomes, with the total organisational staff complement increasing from 243 to 265 over the course of the financial year. On the political front, we welcomed new councillor Terry Archer in early 2021.

Congratulations too to our Whakamānawa ā Taiao - Environmental Awards 2021 Supreme Award winner Experiencing Marine Reserves and other winners of the eight categories, including a new category, environmental action in climate change, the latter won by the Kerikeri branch of the Carbon Neutral NZ Trust.

The 2020-2021 financial year also saw much of the groundwork laid for our new Climate Change Strategy 'Ngā Taumata o te Moana'. The strategy's vision lays out our commitment to climate action and aims to ensure the wellbeing of current and future generations.

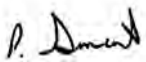
We also established joint governance committees for climate change and economic development. It's pleasing to note the growing levels of collaboration and the expansion of joint governance committees within local government in Northland.

On the central government front, we are monitoring the Three Waters reform programme, the Resource Management Act reforms and the Future of Local Government review. Pleasing progress is also being made with the Regional Plan and implementation of the National Policy Statement on Freshwater. There are also a host of other changes coming our way that we will need to be prepared for, including the National Policy Statement for Indigenous Biodiversity.

Significant change brings with it significant opportunities.

Ehara taku toa I te toa takitahi, engari kē he toa takitini

*Success is not the work of one, but the work of many*



Penny Smart  
Chair



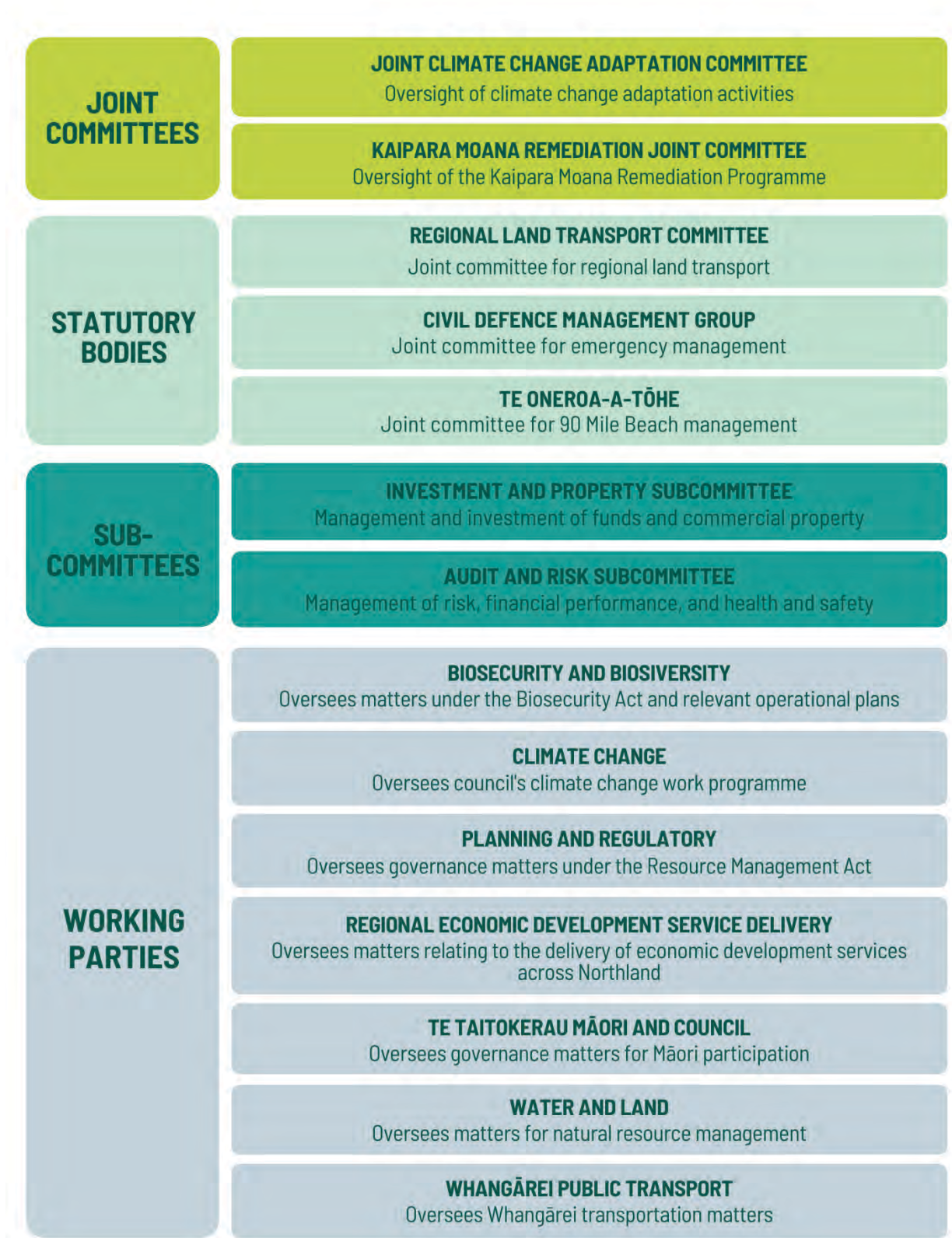
Malcolm Nicolson  
Chief Executive Officer

# Your regional councillors Ō koutou Kaikaunihera





# Governance structure



# Council membership, responsibilities and advisors

## Regional council representation on committees and boards

### Regional Transport Committee

Councillors Stolwerk (Chair), Archer (Deputy Chair)

This statutory committee brings together Northland's four councils and Waka Kotahi NZ Transport Agency, and oversees strategic transport planning and passenger transport functions for the Northland region.

### Civil Defence Emergency Management Committee (CDEM Group)

Councillor Stolwerk as Chair (alternative Councillor Kitchen)

This joint committee brings together Northland's four councils (with Fire and Emergency and NZ Police in an observer capacity) and sets the strategic direction for the CDEM Group.

### Te Oneroa-a-Tōhē Board

Regional council membership: Councillors Kitchen and Robinson

This Board is a statutory body as a result of Treaty Settlement and is a joint committee with Far North District Council (FNDC), Te Rūnanga o Te Rarawa, Te Manawa o Ngāti Kuri Trust, Te Rūnanga Nui o Te Aupouri Trust, Te Rūnanga o Ngāi Takoto. The Board consists of eight members as follows: one member appointed from each of the four Te Hiku iwi (settlement entities), two members appointed by regional council (being councillors holding office), and two members appointed by FNDC (being the mayor and a councillor holding office).

### Joint Climate Change Adaptation Committee

Councillor Macdonald as Chair (alternative Councillor Craw)

NRC iwi/hapū representative Rihari Dargaville

This is a joint committee made up of elected members from all the Northland councils and representatives from Northland hapū and iwi.

## Kaipara Moana Remediation Joint Committee

Councillors Smart, Yeoman, Macdonald

This committee consists of six appointed Kaipara Uri entities, three elected members appointed by Auckland Council and three elected members appointed by NRC.

## Council Subcommittees

### Investment and Property Subcommittee

Councillors Stolwerk (Chair), Blaikie, Kitchen, Craw, Smart (ex officio), and Independent Advisors (x2)

### Audit and Risk Subcommittee

Councillors Kitchen (Chair), Macdonald, Yeoman, Stolwerk, Smart (ex officio) (alternative Councillor Blaikie), and Independent Advisors (x2)

## Council Working Parties

- Climate Change Working Party – Councillors Macdonald (Chair), Craw, Robinson, Yeoman, Smart (ex officio), and four members of Te Taitokerau Māori and Council (TTMAC) Working Party
- WDC/NRC Whangārei Public Transport Working Party – Councillors Archer (Chair), Craw, Stolwerk, and three Whangārei District councillors
- Planning and Regulatory Working Party – Councillors Yeoman (Chair), Blaikie, Macdonald, Kitchen, Smart (ex officio), and four members of Te Taitokerau Māori and Council (TTMAC) Working Party
- Biosecurity and Biodiversity Working Party – Councillors Craw (Chair), Blaikie, Robinson, Stolwerk, Smart (ex officio), and four members of Te Taitokerau Māori and Council (TTMAC) Working Party
- Te Taitokerau Māori and Council Working Party (TTMAC) – up to 30 members in total consisting of full council, and 18 iwi and hapū members from Taitokerau Māori (one representative per iwi and hapū). The working party is co-chaired by Councillor Robinson and a member of TTMAC

- Water and Land Working Party – Councillors Blaikie (Chair), Craw, Macdonald, Robinson, Yeoman, Smart (ex officio), and five members of Te Taitokerau Māori and Council (TTMAC) Working Party
- Regional Economic Development Service Delivery Working Party – comprises Councillors Blaikie (Chair) and Kitchen, and two members from each of the two district councils Far North District Council and Kaipara District Council.

## Collaborative Community Working Groups

- Doubtless Bay Catchment Working Group – Councillor Kitchen
- Mangere Catchment Working Group – Councillor Yeoman
- Ngunguru Catchment Working Group – Councillor Macdonald
- Poutō Catchment Working Group – Councillor Smart
- Waitangi Catchment Working Group – Councillor Robinson
- Whangārei Catchment Working Group – Councillor Craw
- Whangārei Heads Pest Management Working Group – Councillor Macdonald
- Kāeo-Whangaroa River Working Group – Councillor Robinson (Chair)
- Kaihū River Working Group – Councillor Smart (Chair)
- Kerikeri River Working Group – Councillor Yeoman (Chair)
- Ruakākā River Working Group – Councillor Stolwerk (Chair)
- Taumārere River Liaison Working Group – Councillor Blaikie (Co-Chair)
- Urban Whangārei Working Group – Councillor Craw (Chair)
- Awanui River Working Group – Councillor Kitchen (Chair)

## Councillor portfolios

- Appeals on Regional Plan – Councillor Yeoman
- Inter council working party on genetically modified organisms risk evaluation and management – no appointment until Regional Plan finalised
- Northland Conservation Board – shared across council
- Northland Sports Facilities Plan (Sport Northland) – Councillor Stolwerk

- Shareholder representative for Northland Marsden Maritime Holdings Limited – Councillor Smart
- Shareholder representative for Northland Inc. Limited – Councillor Blaikie
- Shareholder representative on Regional Software Holdings Limited – Councillor Smart
- Upper North Island Strategic Alliance (UNISA) – Councillor Smart
- Zone One (LGNZ) – Councillor Smart (Councillor Yeoman as alternative)

## Advisors

### Auditors:

- Deloitte Limited on behalf of the Auditor-General

### Bankers:

- ASB Bank
- ANZ Bank
- Bank of New Zealand

### Solicitors:

- Ali Ballantine
- Brookfields Lawyers
- Buddle Findlay
- Chapman Tripp
- Julian Dawson
- Karenza de Silva
- Marsden Woods Inskip & Smith
- SBM Legal
- Simpson Grierson
- Thomson Wilson Law
- Webb Ross McNab Kilpatrick
- Wynn Williams

### Independent Advisors:

- Danny Tuato'o – Audit and risk
- Eriksens Global – Investments
- Stuart Henderson – Financial

### Chief Executive Officer:

The Chief Executive Malcolm Nicolson is responsible for setting the direction of the council within the policy framework provided by councillors. The executive leadership team is accountable to him and he is accountable to the council.



# Council's strategic direction

This is the third Annual Report following the adoption of the Long Term Plan 2018-2028 in June 2018. As part of developing the Long Term Plan, council gave careful consideration to the service we provide to our community, what we are working to achieve, and our priorities for making this happen. This is outlined as our strategic direction, which is driven by our vision: 'Our Northland - together we thrive'. Our strategic direction also sets out council's values and areas of focus, which drive the activities and performance measures set out in the long term plan, and are reported on in this Annual Report.



# Our year in review

Our Long Term Plan 2018-2028 was one of our most ambitious and forward-thinking strategic plans. This plan laid the foundation for a raft of new initiatives tackling water quality, native species protection and flood infrastructure. We've spent the past three years translating words into action and despite the twin challenges of prolonged dry conditions and pandemic for much of that time, have still made significant headway to make Northland thrive.

We've set out the long-term vision in '[Our Vision 2018-2028 | Te Pae Tawhiti 2018-2028](#)', a document that provides a real feel for what your regional council is doing to achieve outcomes in our areas of focus.



We've also spent a large part of the 2020/2021 year building on this to come up with a new suite of initiatives (adopted in June) in our Long Term Plan 2021-2031 to create even greater community resilience, improve freshwater health and realise our region's collective potential.

Some of our progress is reported in this annual report, but it's just a snapshot – the progress is much wider. Here are some of our highlights from the year:

## A healthy environment

### Together we thrive

Our strength as a council relies heavily on regular collaboration with Northland's community groups and iwi and hapū. We have once again consolidated some existing partnerships and created new ones.

Many thousands of volunteers work with us across a suite of initiatives – everything from pest animal control, weed busting, coastal and riparian planting, to growing plants in shade houses and fencing to keep stock out of our waterways. Without the great work of these volunteers, we could not achieve the results we have.

### Improving freshwater quality

Our communities regularly tell us that improving freshwater quality is a high priority and that's why we have proactively spent money looking after our streams, rivers, lakes, and wetlands.

Much of this work is collaborative, involving landowners, tangata whenua, community organisations and central government agencies, all working towards a shared goal.

One example is the \$500,000 'Whangārei Urban Awa' project, a collaboration between Northland Regional Council and the Ministry for the Environment (MfE) targeting water quality in the Kirikiri, Lower Hātea, Raumanga and Waiarohia catchments.

It aims to improve water quality through a combination of stock exclusion fencing, riparian planting, and land management advice to eligible landowners.

The project began in earnest late 2020 and has already seen 7.4km of fencing across 10 properties, well in excess of the 4km first year target. Similarly, there has already been 1300m<sup>2</sup> of riparian planting completed, again well in excess of Year One's 500m<sup>2</sup> target.

The project has enjoyed good engagement from the community to date and we're now seeking interest from new landowners who are keen to take part.

Eligible landowners qualify for an 80% subsidy for the work required, provided they pay the remaining 20% upfront (the funding comes from the Government's 'Jobs for Nature' funding package, so all the fencing and planting must be done by contractors).

Our annual summer bathing water monitoring programme showed water quality at most popular Northland swim spots – especially those on the coast – met swimming guidelines over summer.

We carried out over 800 samples at 58 sites – 16 freshwater sites and 42 coastal – between early December 2020 and March 2021, testing for faecal indicator bacteria used to gauge the risks of



contracting gastrointestinal and other infections while using beaches, rivers and lakes for swimming, water sports and other forms of recreation.

In coastal areas 98% of the 577 samples taken at 48 sites were within the Ministry for the Environment's Recreational Bathing guidelines.

Subsequent microbial source tracking at six different sites revealed birds as the major source of the coastal faecal contamination.

Being outside of the guidelines was higher at freshwater sites with 28 samples (12%) of the 234 taken not being within these. Most of the results outside of these guidelines were 'one-offs' linked to wet weather.

We worked with NIWA (the National Institute of Water and Atmospheric Research) to contribute to the GALACTIC project, a two-year global study on microplastic levels in lakes.

The project involves gathering water from the surfaces of 54 lakes in 22 countries. Universities in Canada, Italy and the United Kingdom are analysing the samples, a complex process that comes at no cost to council.

In September, our maritime and environmental monitoring officers took samples from two of Northland's most precious dune lakes, the 198ha Lake Taharoa (in Kaipara's Kai Iwi Lakes group) and the 56ha Lake Ngatu (northwest of Awanui in the Far North).

Although microplastics are a well-acknowledged problem in the marine environment, affecting animals, birds and kaimoana, this is the first time microplastics have been studied in New Zealand's freshwater systems. The project is strongly supported by the Taharoa Domain Governance Committee and Ngāi Takoto (Lake Ngatu) and the results will influence how we protect our waterways from this emerging pollutant.

## **Pest control in action**

All over the North, people from all walks of life give their time to tackle pest plants and animals, often in tough country and harsh conditions. Their dedication to restore and protect our environment is astounding.

Much of this work is the result of community partnerships with a range of community, iwi and other participants and we're proud to lead them.

Predator control efforts in Whangārei will scale up over the next several years following the announcement in July last year of a \$6 million funding from Predator Free 2050 Limited and the Provincial Growth Fund.

Predator Free Whangārei is a large-scale community-led project that will build on many years of dedicated and successful community predator control in the Whangārei area, and the project is seen as a critical step towards the regional vision for a predator free Taitokerau.

In addition to the \$6 million from Predator Free 2050 Limited and the PGF, the project has been made possible by significant in-kind contributions from community conservation groups, iwi/hapū, Northland Regional Council, Whangārei District Council, Kiwi Coast and Department of Conservation. The five-year project has a total budget of just over \$27 million.

The groundwork was also laid over the year for a successful bid for \$4 million funding, again from Predator Free 2050 Ltd, for a partnership with Bay of Islands iwi, hapū, landowners, community landcare groups, Northland Regional Council, other organisations, and agencies.

It will work alongside existing pest control programmes across the three main peninsulas within the Bay of Islands: Purerua Peninsula (about 7600ha), Russell Peninsula (3000ha) and Cape Brett/Rākaumangamanga (3000ha).

Also a five-year project, it has an estimated budget of \$15 million (including in-kind community contributions) and will also establish sustained predator control, with a pathway to eradication, in the 80,000-plus hectares that make up the wider Bay of Islands.

On the marine pest control front, our contractors inspected 2145 vessels and intercepted 33 transporting pests. Members of our marine biosecurity team also attended 10 education events over the year.

For the first time council received funding to carry out wilding conifer control throughout Northland. This initiative, through the Ministry of Primary Industries (MPI), is aimed at keeping wildings away from high value sites such as our coastal dune systems, wetlands, fragile ecosystems, geothermal areas, gum lands, roadsides, waterways and regenerating native bush.

Wilding conifer control projects have taken place at:

- Lake Ngatu, linking into a long-running community-driven project to restore this rare and culturally significant Far North dune lake
- Awanui River, removing unwanted trees from a stretch of erosion-prone riverbank and providing a valuable extra line of defence against flooding

- Kai Iwi Lakes, in a project to protect Northland's rare dune lakes from destructive wilding pines while providing career opportunities for youth
- Aupōuri Peninsula, extracting nearly 2000 young pines before they smother the fragile dunes at Kokota (The Sandspit), Great Exhibition Bay
- Whangārei Heads, protecting locations from the coast (Kauri Mountain Beach, Pataua South) to hills and maunga (Pukenui, Te Whara/Bream Head)

## A strong economy

Regional economic growth is an important part of our wellbeing. The COVID-19 pandemic continues to impact, although Northland has been fortunate to be less affected than our neighbours to the south in Auckland.

We've worked closely with regional development agency Northland Inc, our three district council counterparts and central government agencies to deliver co-ordinated recovery initiatives in Northland.

A major new initiative instigated by Northland Regional Council means Northland Inc is now jointly owned by our council, Kaipara District Council and Far North District Council.

Until 30 June 2021, Northland Regional Council had been the 100% shareholder of Northland Inc, a Council Controlled Organisation (CCO), but over the course of the past year the two district councils voted as part of their LTPs to become equal shareholders in a move designed to give them a greater role in the governance of economic development strategy and the appointment of directors. This will result in increased investment in yearly contributions to help fund regional economic development.

Council sold its high-profile Kensington redevelopment to a Whangārei-based investor in a multimillion-dollar deal that went unconditional on 21 June this year.

The Kensington Crossing redevelopment at the corner of Kamo Rd and Kensington Ave opened in Whangārei in late 2020 and has breathed new life into a former supermarket site, including a medical centre, dentist, gym, physio and several food outlets. A separately owned childcare centre at the same address is under construction.

Income from the sale of the development will be used to support further redevelopments, most likely in and around Whangārei's Central Business District. Supporting a strong economy is a core part of our mission, and we look forward to creating more hubs of activity that will connect and service local communities.

Meanwhile, construction of a proposed \$9 million Kaipara service centre expected to house up to 80 local authority staff from both the Northland Regional and Kaipara District Councils is progressing well. The Hokianga Rd service centre is expected to open early in 2022 and will accommodate about a dozen of our operational field staff, with associated vehicles and equipment eventually based there to service West Coast communities.

## Resilient communities

Northland Regional Council provides a shared service on behalf of the region's four councils, which work together on Civil Defence emergency management – along with emergency services, iwi and hapū, welfare groups, other agencies, and trained volunteers – to build resilience in our communities.

Flooding, storms (like the one which struck Northland in July 2020) and tsunami are among the highest risks to Northland and are a focus for the region's Civil Defence emergency management network.

## Climate change

The year saw the groundwork laid for 'Ngā Taumata o te Moana', council's new strategy to tackle climate change that represents our generation's biggest challenges.

The effects of climate change will increasingly disrupt our water, land, ecosystems, people, and economy. Our new climate strategy's vision lays out our commitment to climate action and aims to ensure the wellbeing of current and future generations – and Northland's natural environment – by addressing the causes and impacts of climate change.

We're framing our response to the climate crisis in terms of three pou: adaptation, reducing emissions, and removing carbon.

Council is envisaging a region that's resilient in a changing climate, and transitions proactively and equitably to a thriving net-zero emissions society before 2050.

We acknowledge as a society we need to reach a point where we no longer produce net greenhouse gas emissions by 2050, and we also need to adapt to the impacts of climate change and restore our valuable carbon-storing ecosystems.

## Protecting our people

Flooding ranks as one of the highest risks for Northland, so development of flood protection infrastructure and various river works are a priority for us.

More than \$3 million of upgrade work that collectively makes up about a quarter of annual improvements to the Awanui flood scheme was carried out in the 2020/2021 financial year.

The previously planned eight-year \$15 million upgrade is now expected to be completed in 2022/2023 (earlier than originally planned), after a multimillion-dollar injection from central government as part of its COVID-19 recovery response package. The central government funding is allowing the upgrade to be done more quickly and at less direct cost to ratepayers.

The 2020/2021 construction schedule involved about \$3,050,000 of works, including extensive earthworks for southern spillways over about 2.4ha of former farmland behind Rongopai Place in Kaitaia.

Those works included construction of 280m of new stop banking to better protect 29 flood-prone homes in Rongopai Pl, and approximately 900m of new spillway.

Church Road scour protection and stopbank stabilisation is also complete, while work at Allan Bell Park is about 50% finished and due to be completed by Christmas.

The council also has \$4 million of works – much of it centred around local bridges and the Whangatane spillway – scheduled to begin later this year for the new 2021-2022 construction season, and another \$5 million that should mark the completion of the upgrade for the year after that.

Kaitaia was not the only place we invested in flooding infrastructure, with works also carried out in Panguru, working alongside partners Far North District Council, and in Moerewa with Waka Kotahi (the New Zealand Transport Agency). Annual routine maintenance work was completed in Kaeo, Whangarei and Kaihu catchments as well as our minor rivers and an additional \$250,000 of COVID-19 relief funding was used for riverside improvements.

Our \$11 million-plus investment in a Whangārei detention dam commissioned several years ago spared the city's central business district from significant damage during the July 2020 storm.

Council's Hopua te Nihotetea dam faced its single biggest test during the storm, rapidly capturing floodwaters from the Raumanga Stream that otherwise would have swept through the city's CBD and parts of Morningside and Raumanga.

At its peak, the Hopua te Nihotetea dam had retained about 400,000m<sup>3</sup> of floodwaters (about one third of its capacity), with council engineers estimating this had kept the flow in the Raumanga Stream to about 82m<sup>3</sup> per second, a level you would expect to see roughly once every 27 years on average.

Without the dam, the flow rate would have been 114m<sup>3</sup> per second, equivalent to the sort of level that would normally only be seen every 90 years.

## Recognising our people

Experiencing Marine Reserves – Mountains to Sea Conservation Trust was named Te Tohu Matua-Supreme Award winner of our annual 'Whakamānawa ā Taiao – Environmental Awards'.

The trust – one of 47 entries received this year – secured the top award that was announced at a ceremony attended by about 200 people at Kerikeri's Turner Centre in late May.

This year's awards covered eight categories: community, pest management, education, water quality improvement, industry, leadership, kaitiakitanga, and a new category, environmental action in climate change, the latter won by the Kerikeri branch of the Carbon Neutral NZ Trust.

The awards began three years ago as a way of recognising the thousands of people working to improve the north's environment, many toiling away quietly behind the scenes.

Over the year we allocated eight \$3000 scholarships via our annual Tū i te ora Scholarship programme. This programme aims to support students studying or training in areas aligned to work the council does in the environmental, economic, or community resilience fields. The awards can also help provide financial support to students experiencing financial hardship and difficulties.

The programme also aims to build Māori capacity within Te Taitokerau, and provide opportunities for further education, with four of the eight scholarships available earmarked for Māori who whakapapa to Te Taitokerau.

We received 90 applications for the eight scholarships available, more than half of which were from Māori who whakapapa to Northland.

## Achievement of key performance indicators

### Governance and engagement » Total 12



For more info see page 27

### Regulatory services » Total 15



For more info see page 34

### Environmental services » Total 12



For more info see page 41

### River Management » Total 01



For more info see page 51

### Customer services and community resilience » Total 11



For more info see page 54



# Māori participation in council processes

## *Strengthening Relationships with Māori | Nau te raurau, naaku te raurau, kā ora ai te Iwi*

Northland Regional Council is committed to growing and strengthening its relationship with Māori across the region and providing opportunities for Māori to have input into its decision-making processes. This commitment is reflected in our key focus areas articulated in our Long-Term Plan 2018-2018: **Enduring relationships with tangata whenua.**

In recognising this, council made progress in several areas and continues to work with Māori as well as building our internal capacity to better understand and respond to issues of importance to Māori. Highlights for the 2020/2021 year are:

### **Māori Representation (Māori Constituencies)**

Councillors voted in support of guaranteeing Māori a voice around the council table, from the next local body elections in 2022, through the establishment of dedicated Māori constituencies and seats on council. Northland has a significant Māori population and guaranteed Māori seats on council is seen as an important expression of council's commitment to tangata whenua.

This will help ensure council is more reflective of the communities it serves and reflect the desire to improve the future growth and development of Te Taitokerau as encapsulated in council's vision statement 'Ko tatou o Te Taitokerau – Ka whai hua tātou' | Northland, together we thrive'. As part of the process for council decision-making, council held six workshops with invited guest speakers to better understand the full range of views in relation to the establishment of Māori seats, both within a local government and Northland context. In addition, council also sought advice and leadership from Te Taitokerau Māori and Council Working Party.

The majority of feedback received during the investigation process supported the establishment of Māori seats as a significant and positive step forward for council and Māori that will ultimately lead to improving the economic, social, cultural, and environmental well-being of all Northland and for all Northlanders. The change aims to strengthen the existing Māori and council partnerships to enable council to better reflect Māori values, issues, priorities, and aspirations as they relate to council roles and functions. This is a significant decision and another example of councils ongoing commitment to implement opportunities to proactively progress its Treaty of Waitangi obligations.



*Councillors cast their votes in favour of establishing dedicated Māori constituencies at the meeting held Tuesday, 20 October with a 'yes' vote greeted by waiata from the floor*



### **Te Taitokerau Māori and Council Working Party**

TTMAC consists of all councillors and 21 iwi and hapū representatives. These representatives have been mandated by their respective iwi authorities and hapū entities. Tangata whenua members also have had equal membership represented on council working parties. This includes the 50% representation of tangata whenua on the following working parties:

- Climate Change Working Party
- Planning and Regulatory Working Party
- Biosecurity and Biodiversity Working Party
- Water and Land Working Party

Eight formal meetings have been hosted in Whangārei and three regional marae-based hui were held although the challenges of COVID-19 has impacted many of our marae and communities resulting in three regional marae-based hui being postponed. The regional marae-based hui are an opportunity for council to meet on marae hosted by TTMAC hapū and iwi representatives to hear first-hand the local challenges and priorities of tangata whenua and how we can work in partnership to address these issues.





*Councillors and TTMAC members hosted by Te Hikutu Hapu at Moria Marae, July 2021*

At the May 2020 TTMAC meeting, TTMAC considered and decided that their strategic priorities are:

1. Development of an overarching water strategy
2. Development of a climate change strategy
3. Development of an economic development strategy and with a focus on Māori Economic Development
4. Development of a marine strategy as it pertains to Taitokerau
5. Build tangata whenua capacity and capability e.g. LTP etc
6. Strengthen Māori Representation in local body politics.

From May to December 2020 Māori Technical Advisory Group mainly focused on the 'build tangata whenua capacity and capability strategic priority' working with staff to contribute to the Long-Term Planning Proposals. This was supported by our communities and council and as a result the following proposals and projects have been endorsed for implementation:

- To fund the recently signed Mana Whakahono ā Rohe agreements, to give tangata whenua more opportunities to be involved in RMA processes, \$30,000 a year is budgeted.
- Employing a kaiāwhina kaupapa Māori (Māori technical advisor) permanently to support council's commitment to partnerships with Māori. There's a budget of \$102,000 a year for this.
- Starting in 2022/23, \$10,000 a year increase from \$20,000 to \$30,000 has been budgeted to support the development of Iwi and Hapū Environmental Management Plans (IHEMP).
- To support the process of introducing Māori seats in the 2022 election, as the council has voted to do, council has budgeted \$20,000 in 2021/22 and 2022/23.
- To further develop and support cultural capacity, council is planning new spend of \$127,000 in 2021/22, and \$138,000 each year following to implement mātauranga Māori (Māori knowledge) across council activities, plan for systems that improve the way tangata whenua engage with

council, and develop a Māori internship to build understanding and capacity across council activities.

- For the first time, council plans to carry out a 'treaty health check' of their legislative compliance and key performance indicators with Treaty of Waitangi/Te Tiriti o Waitangi obligations and best practice within the local government sector. Being the first time, a health check of this type has been carried out, it will cost slightly more in the first year to establish a baseline. Council has budgeted \$50,000 in 2021/22, and \$25,000 each year following. In addition, \$100,000 is proposed each year from 2022/23 for implementing the health check, ensuring budget is available to make any required changes to plans, policy or other operations, as highlighted by the health check.
- \$25,000 a year has been budgeted to increase TTMAC members' allowances to recognise the increasing time, technical capability and experience required of them.
- \$250,000 a year starting in 2022/23 is budgeted to better support tangata whenua involvement in freshwater management. This is driven by the National Policy Statement for Freshwater Management 2020 and its greater emphasis on "Te mana o te wai".

### Mana Whakahono ā Rohe

Mana Whakahono ā Rohe (MWR) is a tool in the Resource Management Act 1991 (RMA) to formalise the way tangata whenua participate in RMA processes and decision making (such as resource consent processing and development of RMA plans). The RMA requires local authorities to enter into discussions to prepare a MWR if instigated by an iwi authority. However, it is up to council's discretion whether to enter into a MWR with hapū (should hapū wish to).

Since December 2017, council and Te Taitokerau Māori and Council Working Party (TTMAC) have been working together to consider the feasibility of a hapū-based MWR. The output of that work was a single multi-hapū MWR which was adopted as the basis for a single multi-hapū agreement. In September 2019, TTMAC endorsed an approach to hapū who have taken an active interest in having a MWR with council. Council has taken the approach of signing with known interested hapū as an opportunity to test and refine the process of implementation with those that have identified this as a priority.

Subsequently in 2021, Patuharakeke and Ngati Rehia signed the MWR being hailed as a significant step in developing mutual relationships with councils and hapu. The agreements were among some of the first to be endorsed nationally. Patuharakeke Trust Board's Acting Chair Gilbert Paki stated while legally the decision-making responsibilities under the RMA

remain with councils, MWR agreements provide an additional, important opportunity for tangata whenua to influence and have their say on resource management issues generally.



Mayor Sheryl Mai, WDC and Chair Penny Smart signing the MWR with Patuharakeke Chair, Gilbert Paki and Environmental Taiao Unit Manager, Julianne Chetnam



Ngāti Rehia runanga Chair Kipa Munro and Northland Regional Council Chair Penny Smart sign the Manawhakahono ā Rohe agreement. Looking on is Ngāti Rehia TTMAC Representative and kuia, Nora Rameka

### Te Oneroa-a-Tōhe Board and Beach Management Plan Launch

There was a fantastic celebration for the launch of "Te Rautaki o Te Oneroa-a-Tohe" with a pōwhiri and blessing of the beach management plan held at Korou Kore Marae in Ahipara. Ngāti Kuri, Te Rarawa, Te Aupouri and Ngai Takoto iwi leaders from the Board hosted the event. For generations of Te Hiku o Te Ika iwi, Te Oneroa-a-Tōhe has been and continues to be a vital resource for food, transport and recreation. Given its profound connection to Te Ara Wairua (the spiritual pathway), it's also a source of cultural and spiritual sustenance. It's the cultural and spiritual significance of Te Oneroa-a-Tōhe that is of utmost importance to Māori, connecting these lands and its people to Haiwaiki and Polynesia. Treaty of Waitangi settlement legislation in 2012 acknowledged Te Hiku

o te Ika's connection with Te Oneroa-a-Tōhe by establishing an eight-member Te Oneroa-a-Tōhe Board (the Board).



L to R: Malcolm Nicolson and Haami Piripi (Te Rarawa and Board Chair) with a carved hoe gifted to the marae by the Board to signify the launch; Te Oneroa-a-Tōhe Board members; Cr Marty Robinson and Steve Sanson (planner)

The board's purpose is to provide governance and direction to everyone with a role in – or responsibility for – Te Oneroa-a-Tōhe management area. This is to protect environmental, economic, social, cultural and spiritual wellbeing within that area. With an even split of iwi and local government members, the Board was tasked with developing a management plan for Te Oneroa-a-Tōhe. The plan has been many years in the making and is the first co-designed management plan for Taitokerau. It covers a broad range of activities, including cultural, resource management and economic considerations and is expected to be in place for up to 10 years. This plan is an incredible opportunity to give effect to a vision for the beach that just a few years ago many people, especially Māori and tangata whenua would not have thought possible.

While the plan's release represents a significant milestone, there is still a great deal of work to be undertaken, including significant research to better understand the beach's ecology and the impact of people and other influences. Council has played a valuable role in achieving this significant milestone and many staff and councillors have contributed to this success over many years. This is a recognition of council's quiet commitment to the development of new and innovative governance and operational models that give effect to the Treaty of Waitangi / Te Tiriti o Waitangi and is a substantive contribution to the future of Northland.

### Provision of funding and scholarships

- Provision of funding to support the development or review of iwi/hapū environmental management plans.
- Provision of funding scholarships Tū I te Ora to support students studying or training in areas that align with the council's focus and mission of "working together to create a healthy environment, strong economy and resilient communities" with an aim to build Māori capacity within Te Taitokerau and provide opportunities for further education,

with four earmarked for Māori who whakapapa (share a genealogical connection) to Te Taitokerau.

### Te Whāriki Māori Responsiveness Framework

A core cultural competency framework established and implemented to build capabilities of council staff to engage with iwi and hapū has been developed to implement Te Whāriki – council's Māori responsiveness strategy. By the end of May 2021, 244 staff have attended Level 1 Te Whāriki workshops which encompasses one day noho on marae (Terenga Paraoa/Pehiaweri marae) focused on three key components of the programme; te reo Māori, tikanga Māori and the application of the Treaty / Te Tiriti and council's legislative requirements as a baseline for staff professional development. These trainings are compulsory for all staff and have required a significant amount of time and resource commitment by council and its staff. This is a first of many milestones achieved with Level 2 workshops beginning in 2021/2022.



In addition:

- Strengthening relationships and working with Te Kahu o Taonui, iwi groups, iwi health providers and Māori organisations to respond to the impacts of droughts and the COVID-19 pandemic with positive and lasting connections made to continue to work together to sustain the resilience within the Te Taitokerau region.
- The Treaty of Waitangi/Te Tiriti o Waitangi training for councillors' induction and ongoing workshops to increase understanding of kaupapa Māori protocols and practices
- Increasing staff within Māori relationships team to build capacity of council to respond appropriately to the needs and aspirations of tāngata whenua
- Responding to resource consent issues being raised by hapū and iwi and how we can work to improve our responses when challenged by hapū and iwi regarding council policies and processes
- Attendance at tangihanga, pōwhiri and significant events by councillors and staff to show a commitment to ongoing relationships with iwi and hapū

# Compliance statement

## Northland Regional Council

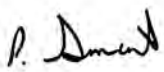
### Annual Report

For the year ended 30 June 2021.

### Statement of Compliance

The council and its officers are responsible for preparing this report and financial statements, including the statement of service performance, and confirm that all statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

In our view, this Annual Report fairly reflects the financial position and operating results of the council and its subsidiaries for the year ended 30 June 2021.



Penny Smart  
Chair



Malcolm Nicolson  
Chief Executive Officer

Date: 19 October 2021



## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF NORTHLAND REGIONAL COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

The Auditor-General is the auditor of Northland Regional Council (the Regional Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Peter Gulliver, using the staff and resources of Deloitte Limited, to report on the information in the Regional 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 Regional 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 Regional Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

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

We completed our work on 19 October 2021. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 70 to 130:
  - present fairly, in all material respects:
    - the Regional Council's 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; and
- the funding impact statement on page 133 to 134, 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 Regional Council's annual plan;
- the statement of service performance of the Regional Council on pages 26 to 64:
  - 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 26 to 64, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's annual plan; and
- the funding impact statement for each group of activities on pages 26 to 64, 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 Regional Council's Long-term plan.



## **Report on the disclosure requirements**

We report that the Regional 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 65 to 67, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council and Group's audited information and, where applicable, the Regional Council's long-term plan and annual plans.

## **Basis for our opinion on the audited information**

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

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

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

## **Responsibilities of the Council for the audited information**

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

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

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

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the Regional 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 Regional 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 Regional 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 Council Activities, as a reasonable basis for assessing the levels of service achieved and reported by the Regional 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 Regional 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 Regional 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 4 to 19 and 136 to 147, but does not include the audited information and the disclosure requirements.

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

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Independence**

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

In addition to our audit we have carried out assurance engagements on the council's consultation document and long-term plan, engagements with respect to a limited assurance report pursuant to the Council's Trust Deed, and

maintenance of the register of security stock. We have also provided fraud awareness training services and a review of Council's counter fraud controls, an agreed procedures report in relation to the Waima Waitai Wairoa project, and a review of certain rates revenue collection processes and controls. These services have not impaired our independence as auditor of the Council. Other than these engagements we have no relationship with or interests in the Regional Council or its subsidiaries and controlled entities.



Peter Gulliver  
**For Deloitte Limited**  
**On behalf of the Auditor-General**  
**Auckland, New Zealand**  
**19 October 2021**

# Section two: Council activities Wāhana tuarua: Nga mahi a te kaunihera





# Overview of our activities

Northland Regional Council is required by law to deliver a range of core services, and strives for excellence in delivering these services. There are other services that we deliver outside of our legal requirements.

We do this where we can (within legislative mandate) to respond to requests from our communities, address issues that arise, and make the most of opportunities, where the service or activity contributes to achieving good outcomes across the region.

In 2018 council approved the [Long Term Plan 2018-2028](#), which set out the range of services we intend to deliver during the next 10 years.



These services are broken down into activities and are grouped as follows:

- **Governance and engagement** – Governance, Māori relationships, communication and engagement, and economic development
- **Regulatory services** – Planning and policy, consents, and monitoring
- **Environmental services** – Natural hazard management, hydrology, biosecurity, biodiversity, land and water
- **River management** – River management
- **Customer services and community resilience** – Customer services, Civil Defence emergency management, oil pollution response, harbour safety and navigation, and transport
- **Corporate excellence** – Finance, human resources and information technology management activities (however these are not specifically reported on).

The Long Term Plan 2018-2028 identified the significant aspects of each service and set performance measures and targets for these to enable the level of service to be assessed

These performance measures and targets are reported on for the third time in this Annual Report 2021.

# Governance and engagement

## Ratonga whakahaere whakauru

### Hei aha te kai o te rangatira? He korero, he korero, he korero

*What is the food of chiefs? It is knowledge, it is communication*

This group includes the following activities:

- governance
- Māori relationships
- communications and engagement
- economic development

These activities contribute to the following council **areas of focus** (community outcomes):

- continuous improvement in water quality and security of supply
- enhancement of indigenous biodiversity and biosecurity
- a strong regional economy
- safe and resilient communities
- enduring relationships with tangata whenua
- efficient and effective service delivery
- improved returns on council investments
- efficient and effective land transport policies and public transport

### Community well-being

The community of Northland is represented by councillors who make decisions collectively as the council. In order to make good decisions, council needs to have an understanding of the wants and needs of the people of Northland, and must consider all aspects of Northland - its social landscape, environment, economy, culture, and the aspirations of the diverse individual communities that make up the tapestry of Northland.

This activity group provides for the ongoing flow of information between council and the people of Northland. It promotes cultural competency so that council fulfills its statutory obligations to Māori, and provides for effective, transparent governance on behalf of the people of the Northland region. This activity group also actively promotes sustainable economic development in Northland.

### Changes to level of service

The Long Term Plan 2018-2028 provided for a "maintained or increased" level of service within each of the activities in the Governance and engagement group. This proposed level of service has been maintained, however the performance measures and targets have not been well achieved with only five of 12 performance targets met. Of the seven targets not met, two of these were due to a change in focus, two a combination of the ongoing impacts of COVID-19, and three due to other factors, some of which were outside of council's control.

### What we did

#### *Engaging with our communities*

The Tū i te ora Scholarship programme, now in its second year, supports students studying or training in areas aligned with the council's work and builds Māori capability within Northland. This year, as a one-off boost, eight scholarships were awarded to deserving students chosen from more than 90 applications. The scholarships are valued at \$3000 each, normally four are given out annually.

The Whakamānawa ā Taiao Environmental Awards recognise groups and individuals getting the mahi done for our environment. There were 47 entries received across eight categories, including the new Climate Change category. This year the awards were held in Kerikeri, with over 200 people attending to support the winners and entrants.

Council allocated \$20,000 of funding via the annual Environmental Leaders' Fund (ELF) to 21 early childhood centres and schools across Northland. Funding is provided for native planting and riparian restoration projects, fencing, shade house and nursery construction, and SHMAK kits for water quality monitoring. On top of the ELF fund, another \$4255 worth of trapping hardware from council's biosecurity fund was granted to six schools carrying out pest control projects.

## Enviroschools

Of Northland's 126 Enviroschools, seven hold Green-Gold status, 20 Silver and 42 Bronze. We've welcomed a new generation of environmental action. As the first region to boast a dedicated early childhood education (ECE) facilitator, we have added 15 new ECE centres to the programme.

With community groups and local hapū, dune lake education days were held across the region. Our WaiFencing and Project Pest Control NCEA-based courses have both attracted record numbers of senior students.

## Economic development

Council worked with district councils to implement a proposal for the joint delivery of local government economic development activities in Northland. While Whangarei District Council resolved not to be involved, both Far North (FNDC) and Kaipara (KDC) District Councils agreed to participate following consultation with their communities. This culminated on 1 July 2021, with KDC and FNDC becoming joint and equal owners with council of Northland Inc., a council-controlled organisation formerly 100% owned by council. The three councils also established a Joint Regional Economic Development Committee to work together on economic development related activities, including the shareholder responsibilities for Northland Inc. The FNDC and KDC have also committed to making financial contributions, along with council, to the Investment and Growth Reserve.

This increases the level of funding that the three councils can use to support economic development in the region.

Following public consultation on the Long Term Plan 2021-2031, council agreed to provide grant funding of \$6 million to support the Oruku Landing Conference and Events Centre. This will be funded by a new targeted rate commencing in 2023/24. However, this grant funding will only be provided if several conditions are met, including the development of social procurement requirements and that Whangarei District Council maintain its commitment to the project including responsibility for any cost overruns.

Council also supported a number of regionally significant projects, including the Ngawha Innovation and Education Centre, the Te Tai Tokerau Water Trust and the Te Hiku Water Project. It also continued its endeavours to recover the money owed by the guarantors of the failed REL sawmill venture at Ruakaka.

## Māori relationships

Our work with Māori is outlined in this report on page 16 titled 'Māori participation in council processes'

## Service delivery review

In order to ensure that all services are reviewed every six years, as required by the Local Government Act, council maintains a rolling schedule of reviews. No reviews were undertaken in this financial year.

# 1.1 Governance

## Performance measures and targets

1.1.1 Maintain effective, open and transparent democratic processes.		
Performance measure	Target	2020/21 result
Percentage of official information <sup>(1)</sup> requests that are responded to within 20 working days.	100% compliance	96% – not achieved  8 out of 187 LGOIMA requests were not responded to within 20 working days
Percentage of time that council receives a favourable ("unqualified") audit opinion on its Long Term Plan, Annual Plan, and Annual Report.	100% compliance	100% – achieved
Percentage of time that elected members attend council meetings.	90% compliance	98% – achieved

### 1.1.1 Maintain effective, open and transparent democratic processes.

Percentage of the community surveyed that is satisfied with the way council involves the public in the decisions it makes.	Improve	Not achieved  The 2021 survey changed focus to determine if people were getting sufficient information and opportunity to be involved in the consultation process, which 48% said they were. Another 34% were not aware of consultation opportunities, 12% found the information either difficult to understand or in an incompatible format, and 8% did not want to be involved.
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1. LGOIMA – Local Government Official Information and Meetings Act

## 1.2 Māori relationships

### Performance measures and targets

#### 1.2.1 Establish enduring and robust governance relationships between council and Māori of Taitokerau

Performance measure	Target	2020/21 result
Ten meetings <sup>(1)</sup> of the Te Taitokerau Māori and Council Working Party are held each calendar year.	10 meetings held annually	8 meetings – not achieved  In total, six formal meetings and two regional hui were held. Cancellation of regional hui by the hapū/iwi hosts was due to COVID-19 concerns and, in one case, a clash with another significant hui that would have precluded many attending. It's noted that there were 12 TTMAC subgroup meetings (Māori Technical Advisory Group, Economic Development Subgroup, Tangata Whenua Water Advisory Group Selection Panel, Strategic Priorities Workshop) as well as TTMAC tangata whenua attendance at other working parties (Water and Land, Planning and Regulatory, Biosecurity and Biodiversity, Climate Change).

1. Five formal meetings and five marae-based meetings

#### 1.2.2 Provide opportunities for Māori to participate in council processes

Performance measure	Target	2020/21 result
Percentage of time council meets all relevant requirements of Treaty of Waitangi settlement legislation.	100% compliance	95.9% – not achieved  This measure comprises three elements: the recording of statutory acknowledgements in regional plans; attendance and support of



### 1.2.2 Provide opportunities for Māori to participate in council processes

		co-governance committees; and circulation of consent applications to Treaty settlement groups.  Council has achieved two of these elements in full, with the third (the circulation of consent applications) achieved in part. This was due to 89 bore consents out of 637 failing to be circulated.
Percentage of time targeted pre-consultation engagement is undertaken with Māori during council's statutory Resource Management Act planning processes.	100% compliance	100% - achieved

## 1.3 Communications and engagement

### Performance measures and targets

#### 1.3.1 Support and deliver environmental education initiatives

Performance measure	Target	2020/21 result
Percentage of schools and kindergartens participating in the Enviroschools programme. <sup>(1)</sup>	Maintain or increase	68% - achieved (2019/20 result: 66%)

1. Schools include primary, intermediate and secondary schools.

#### 1.3.2 Promote effective community engagement

Performance measure	Target	2020/21 result
Number of subscribers to online and social media channels <sup>(1)</sup>	25% annual increase  (number and percentage increase to be reported)	11% increase - not achieved  20,574 subscribers in total  This is due to a shift in focus from increasing FB likes/followers to improving reach and overall engagement with our audience.
Frequency of engagement with council's Collaborative Community Engagement Groups <sup>(2)</sup>	Annual engagement with 100% of groups  (actual number of groups and percentage compliance to be reported)	87.8% - not achieved  Of 140 groups, council achieved engagement with 123. Reasons for not achieving engagement included that the group wasn't functioning or active, that email contact only was sufficient (the criteria requires face to face engagement), or that contact was not able to be made. In one instance the group wasn't active because the marae was under

### 1.3.2 Promote effective community engagement

repair, and in another instance a new group was actively being recruited but not yet established. In other cases, engagement was with other similar groups or groups under a different banner. Three groups were removed from the list as they no longer exist.

1. Includes social media, eNewsletters and web alerts
2. Collaborative Community Engagement Groups are defined as any group that the council engages with at least annually, that contributes knowledge and resources to achieve outcomes in a defined area. For example - CoastCare groups, catchment management groups, river liaison committees or civil defence community response groups.

## 1.4 Economic development

### Performance measures and targets

#### 1.4.1 Invest in economic development projects and ventures within Northland to improve Northland's economic performance

Performance measure	Target	2020/21 result
Northland Inc's compliance with Local Government Act requirements relating to its Statement of Intent (SOI) <sup>(1)</sup>	100% compliance	100% - achieved
Percentage of Northland Inc's SOI key performance indicators achieved by 30 June each year.	100% compliance	79% - not achieved  Three of the 14 targets were not met. One relates to the development of a long-term economic development strategy for the region, which is being undertaken in 2021/22. The other two relate to the implementation of high impact projects and the number of inward delegations hosted. COVID-19 restrictions reduced the opportunities to achieve these, in addition to a Whangarei District Council decision to not proceed with the Oruku Landing Conference and Event Centre project as part of its LTP 2021-2031.

1. Requirements are to provide council with a draft Statement of Intent (SOI) by 1 March, consider council comments by 1 May, and deliver final SOI by 30 June each year.

## Governance and engagement | Ratonga whakahaere whakauru

### Funding Impact Statement

<i>For the period ending 30 June</i>	Long Term Plan 2019/20 \$000	Long Term Plan 2020/21 \$000	Actual 2020/21 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, and rates penalties	-	-	51
Targeted rates	3,017	3,199	3,811
Subsidies and grants for operating purposes	-	-	316
Fees and charges	60	60	76
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,402	1,433	2,812
<b>TOTAL OPERATING FUNDING</b>	<b>4,478</b>	<b>4,692</b>	<b>7,066</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,560	6,146	6,251
Finance costs	253	253	-
Internal charges and overheads applied	843	882	788
Other operating funding applications	-	-	-
<b>TOTAL APPLICATIONS OF OPERATING FUNDING</b>	<b>7,655</b>	<b>7,281</b>	<b>7,039</b>
<b>Surplus/(deficit) of operating funding</b>	<b>(3,177)</b>	<b>(2,589)</b>	<b>27</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital purposes	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	-	-	-
to replace existing assets	-	26	5
Increase/(decrease) in reserves	(2,446)	(1,835)	100
Increase/(decrease) of investments	(731)	(780)	(78)
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING</b>	<b>(3,177)</b>	<b>(2,589)</b>	<b>27</b>
<b>Surplus/(deficit) of capital funding</b>	<b>3,177</b>	<b>2,589</b>	<b>(27)</b>
<b>FUNDING BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>

## **Major variances compared to Year 3 (2020/21) of the Long Term Plan 2018-2028**

### Operational Funding

Sources of operating funding is \$2.37M more than the long term plan predominantly due to:

- More rates attributed to this activity than in the long term plan.
- More than budgeted gains on the Long term fund (Community Investment Fund portion).



# Regulatory services Ratonga a ture

## Whatungarongaro te tangata, toitū te whenua

*As man disappears, the land remains*

This group includes the following activities:

- planning and policy
- consents
- monitoring

These activities contribute to the following council **areas of focus** (community outcomes):

- continuous improvement in water quality and security of supply
- safe and resilient communities
- enduring relationships with tangata whenua
- efficient and effective service delivery
- enhancement of indigenous biodiversity and biosecurity

## Community well-being

The natural and physical resources of Northland are central to our economy, culture and communities. The regulatory services group of activities aims to ensure that these resources are well governed and managed to meet the needs of Northlanders, having a positive effect on community well-being.

## Changes to levels of service

The Long Term Plan 2018-2028 provided for a "maintained or increased" level of service within each of the activities in the Regulatory services group. This proposed level of service has been maintained, however the performance measures and targets have not been well achieved with only seven out of 15 performance targets met. Of the eight targets not met, the majority of these were due to factors outside of council's control. Overall, non-achievement was minor and did not impact the level of service provided.

## What we did

### *Regional Plan for Northland*

Mediation and hearings on the appeals to the Proposed Regional Plan continued throughout the year with many appeal points being resolved. The Environment Court issued final decisions on

numerous provisions including water quantity and agrichemicals. Updates to the appeals version of the plan have been published on a regular basis on our website [www.nrc.govt.nz/newregionalplan](http://www.nrc.govt.nz/newregionalplan)

Modelling has been completed to support the freshwater quality plan change and the Tangata Water Advisory Group and Primary Sector Liaison Group have been established and initial discussions held with several iwi and hapū.

### *Consents*

Decisions on 840 consents were issued in this financial year. Of these, only one decision on a proposal was appealed, which involved a total of 16 consents. Several long outstanding appeals on previous consent decisions have also been resolved this financial year.

### *Environmental monitoring*

The Natural Resources team has been hard at work over the past 12 months, having:

- Reviewed the entire environmental monitoring network, similar to taking your car in for a "WOF", making sure it is still fit for purpose
- Investigated the use of satellites to help monitor the environment
- Assisted with a global study on microplastic, also submitting to central government about phasing out single-use plastics
- Commissioned a regional water quality model for predicting the current state of the Northland's rivers
- Commissioned research on assessing the impact of afforestation on water allocation regimes
- Assessed the impact of the 2019/2020 drought on instream ecology
- Assisted with Regional Plan Significant Ecological Areas (SEAs) assessments

In addition to the monitoring carried out and recorded as performance measures in this report, the monitoring teams have:

- Deployed a mobile air quality (PM10) monitor in Kawakawa, Mairtown and Whangārei

- Deployed stormwater traps to monitor litter and plastics
- Installed five soil moisture probes
- Installed a prototype camera as a new way to measure flows on the Awanui River
- Upgraded 13 river stations, 25 lake stations, five water quality stations, two air quality stations and one marine buoy

Another key area of focus has been making more data available to the public after collection. The data team has been working on:

- The Environmental Portal, upgrade to the council's web site to make more environmental data available to the public
- Commissioning the new ecological database
- Replacing paper with electronic forms used for data collection
- Automating data quality checks

The demand for environmental monitoring, data and science has increased significantly over the past three years, and it's predicted data volume will double in the

next two years. The teams are looking at innovative technology and automation to help service the current and future data demands.

### *Compliance monitoring and enforcement*

In addition to the compliance monitoring carried out and recorded as performance measures in this report, council also carried out 249 inspections/assessments of forestry activities under the National Environmental Standard – Plantation Forestry.

Council took the following enforcement actions in relation to non-compliance with resource consent conditions, regional rules or national regulations:

- 93 infringement notices (152 in 2019/20)
- 210 abatement notices (247 in 2019/20)
- Four enforcement orders (nil in 2019/20)
- Three prosecutions initiated (5 in 2019/20)

Council also supported enforcement orders sought by the Whangarei District Council in relation to a contaminated site and undertook emergency works to ensure the lawful removal of asbestos containing material from a site.

## 2.1 Planning and policy

### Performance measures and targets

#### 2.1.1 Develop and maintain regional planning documents for the management of Northland's natural and physical resources

Performance measure	Target	2020/21 result
Develop a new Regional Plan.	<p>By 2018/19 Hold hearings and release council decisions on the proposed Regional Plan.</p> <p>By 2019/20 Engage Māori and stakeholders in plan preparation process.</p> <p>By 2020/21 Notify any plan changes required to implement the National Policy Statement for Freshwater Management (NPS Freshwater).</p> <p>By 2025/26 Efficiency and effectiveness review of the new Regional Plan.</p>	<p>Not achieved</p> <p>The Proposed Regional Plan is not yet operative – there are still Environment Court appeals to resolve. The process and timing for resolving the appeals is largely out of the council's control.</p>
Make changes to the new Regional Plan and Regional Policy Statement (RPS) as necessary to implement national direction and to respond to resource management issues.	<p>By 2018/19 NPS Freshwater implementation programme is notified by 31 December 2018.</p> <p>Regional targets to improve water quality at specified swimming sites identified and publicly available.</p>	<p>Not achieved</p> <p>The release of the NPS Freshwater 2020 has largely made the targets redundant. These targets have been overtaken by the water quality plan</p>

### 2.1.1 Develop and maintain regional planning documents for the management of Northland's natural and physical resources

	By 2019/20 Engage Māori and stakeholders in plan preparation process.	change council has committed to implement the requirements of the NPS Freshwater 2020.
	By 2020/21 Notify plan change to identify and protect significant freshwater biodiversity sites in the Regional Plan <sup>(1)</sup>	
	By 2025/26 Further necessary changes to RPS and Regional Plan in response to national planning standards completed.	

1. If not addressed through proposed plan process in 2018.

## 2.2 Consents

### Performance measures and targets

#### 2.2.1 Provide efficient and effective processing and administering of resource consents

Performance measure	Target	2020/21 result
Percentage of all resource consent applications that are processed within the statutory timeframes.	98% compliance <sup>(1)</sup>	99.4% - achieved

1. This target takes into account that there may be fluctuations in the number and complexity of resource consent applications that council receives.

## 2.3 Monitoring

Our monitoring activity comprises compliance monitoring and state of the environment monitoring

### Performance measures and targets

#### Compliance monitoring:

#### 2.3.1 Provide efficient and effective compliance monitoring of resource consents

Performance measure	Target	2020/21 result
Percentage of monitored resource consents that are not graded as significantly non-compliant <sup>(1)</sup>	90%	96% - achieved
Percentage of monitored permitted farm dairy effluent activities that are not graded as significantly non-compliant <sup>(2)</sup> .	90%	88% - not achieved  Of the 193 permitted activity dairy farms inspected in 2020/21, 170 of them were not significantly non-compliant. This measure is dependent on landowner behaviour which, while influenced by council activities, is also influenced by factors outside of council's control.

### 2.3.1 Provide efficient and effective compliance monitoring of resource consents

Percentage of consents for industrial, municipal sewage and farm discharges, and major water takes requiring monitoring, that are monitored as per the council's consent monitoring programme.	100%	87.3% - not achieved  Of the 964 regimes that required monitoring in the 2020/21 year, 842 were undertaken as per the programme. Non-achievement was largely due to staff resourcing issues.
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1. To be considered 'significantly non-compliant' the activity will have, or have the potential to have, a major or significant effect on the environment
2. To be considered 'significantly non-compliant' the activity will have, or have the potential to have, a major or significant effect on the environment

### 2.3.2 Efficient and effective response to and resolution of reported environmental incidents

Performance measure	Target	2020/21 result
Percentage of environmental incidents with more than minor effects reported to the Environmental Hotline resolved within 30 working days.	80% resolved within 30 working days	76.6% - not achieved  Of the 47 incidents that had more than minor effects reported, 11 were not able to be resolved within 30 working days. There were several incidents that took some time to satisfactorily resolve. In most cases, the adverse effects had ceased, but a final resolution had not been reached within the 30 working days.

## State of the environment monitoring

### 2.4.1 Gather and make available information on the suitability of water bodies for swimming and shellfish collection

Performance measure	Target	2020/21 result
Monitor at least 50 popular swimming sites weekly during the summer for faecal indicator bacteria and publish the results. <sup>(1)</sup>	50 or more sites monitored weekly during summer	58 sites - achieved
Monitor at least 15 popular shellfish collection sites weekly during the summer and publish the results. <sup>(2)</sup>	15 or more sites monitored weekly during summer	29 sites - achieved

1. Sites are monitored weekly in the summer from late November/early December to late February/early March.
2. Sites are monitored weekly in the summer from late November/early December to late February/early March.

### 2.4.2 Monitor the life-supporting capacity of water (fresh and marine), uses and values

Performance measure	Target	2020/21 result
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#### 2.4.2 Monitor the life-supporting capacity of water (fresh and marine), uses and values

Percentage of sites monitored for macroinvertebrates showing improved or maintained trend in their Macroinvertebrate Community Indices (MCI).	At least 90%	Not achieved  In the five years from 2017-2021, 34.5% of sites show improving MCI values. It's noted that not all sites were sampled yearly during this period, either because the site was a one off sampling event not part of the SOE network, or sampling couldn't take place at a site for various reasons. A minimum of five years data is required to run trend analysis and only 29 sites met this criteria.
Percentage of fish monitoring sites showing improved or maintained trend in their Index of Biotic Integrity (IBI).	At least 90%	Not achieved  Data was collected from 19 of 25 sites required to calculate this measure, therefore it could not be achieved. Additional resourcing has since been secured to ensure full yearly monitoring is complete.
Percentage of lake sites monitored for ecological status showing improved or maintained trend in their Submerged Plant Indices (SPI).	At least 90%	77% - not achieved  Of 13 lakes that received submerged plant index monitoring, three showed a non-significant downward trend due to invasive weed expansion in one and a drop in native condition index or decreasing bottom limits in two (possibly linked to drought conditions and water quality). Five remained stable or showed slight improvements, two showed improvements above 5%, and three showed significant improvement above 15%. This resulted in a positive shift in overall ecological rankings. One lake had a significant decrease in invasive indices due to pest control.
Percentage of lake sites monitored for level of nutrient enrichment showing improved or maintained trend in their Trophic Level Indices (TLI).	At least 90%	100% - achieved
Comprehensively monitor at least 40 coastal sites monthly for general water quality.	40 sites monitored annually	42 sites - achieved

#### 2.4.3 Monitor the standard of ambient air quality in Northland

Performance measure	Target	2020/21 result
Percentage of air sheds meeting the national air quality environmental standards.	100% compliance	100% - achieved

## Regulatory services | Ratonga a ture

### Funding Impact Statement

For the period ending 30 June	Long Term Plan 2019/20 \$000	Long Term Plan 2020/21 \$000	Actual 2020/21 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, and rates penalties	-	-	99
Targeted rates	6,386	6,559	7,274
Subsidies and grants for operating purposes	-	-	282
Fees and charges	1,910	1,951	2,538
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
<b>TOTAL OPERATING FUNDING</b>	<b>8,296</b>	<b>8,510</b>	<b>10,193</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,095	6,348	8,179
Finance costs	-	-	-
Internal charges and overheads applied	3,398	3,540	3,870
Other operating funding applications	-	-	-
<b>TOTAL APPLICATIONS OF OPERATING FUNDING</b>	<b>9,493</b>	<b>9,888</b>	<b>12,049</b>
<b>Surplus/(deficit) of operating funding</b>	<b>(1,197)</b>	<b>(1,378)</b>	<b>(1,856)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital purposes	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	10	-	180
to replace existing assets	43	92	373
Increase/(decrease) in reserves	-	-	(255)
Increase/(decrease) of investments	(1,249)	(1,470)	(2,154)
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING</b>	<b>(1,197)</b>	<b>(1,378)</b>	<b>(1,856)</b>
<b>Surplus/(deficit) of capital funding</b>	<b>1,197</b>	<b>1,378</b>	<b>1,856</b>
<b>FUNDING BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>

## **Major variances compared to Year 3 (2020/21) of the Long Term Plan 2018-2028**

### Operational Funding

Operating funding is \$1.68M more than the long term plan predominantly due to:

- More rates attributed to this activity than in the long term plan
- Higher consent monitoring fees than in the long term plan
- Grants for a drought animal welfare programme

### Application of Operational Funding

Applications of operating funding is \$2.16M more than the long term plan predominantly due to:

- Higher than planned legal and consultant costs relating to council's consenting activities
- Higher legal fees relating to regional plan appeals than in the long term plan
- Grant expenditure on a drought animal welfare programme not in the long term plan
- A contribution by council to the clean up of the sustainable solvents site not in the long term plan

### Capital Expenditure

Capital Expenditure is \$461K more than the long term plan predominantly due to:

- Hydrology capital expenditure has been moved to this activity since the long term plan

# Environmental services

## Ratonga i te taiao

### Tiakina te Taiao, tiakina te iwi e

*Protect the environment, protect the people*

This group includes the following activities:

- natural hazard management
- hydrology
- biosecurity
- biodiversity
- land and water

The activities contribute to the following council areas of focus (community outcomes):

- continuous improvement in water quality and security of supply
- enhancement of indigenous biodiversity and biosecurity
- enduring relationships with tangata whenua
- efficient and effective service delivery

### Community well-being

Managing the natural resources of Northland is a complex task encompassing social, economic, environmental and cultural factors. The environmental services group of activities focuses on improving the natural environment through programmes of management, protection and enhancement and protecting Northland from natural hazards. This has a positive effect on community well-being.

### Changes to levels of service

The Long Term Plan 2018-2028 provided for a "maintained or increased" level of service within each of the activities in the Environmental services group. This proposed level of service has been maintained, however the performance measures and targets have not been well achieved with only seven out of 12 performance targets met. Of the five targets not met, four were largely due to changes in focus, and one due to ongoing effects of the previous drought. Overall, non-achievement was minor and did not impact the level of service provided.

### What we did

#### Biosecurity

The biosecurity team has carried out a raft of work as highlighted below.

#### Kauri dieback

The kauri dieback team secured \$2 million in funding from the Provincial Growth Fund to protect kauri along sections of the Te Araroa trail through track upgrades and boardwalk construction. The Kauri Mountain track upgrade has been completed and work is continuing on remaining sections in Kerikeri, Helena Bay, Onekainga and Matapouri. The 14 month project is scheduled to finish in January next year.

The kauri dieback team have delivered 10 kauri protection workshops, 22 school education presentations, as well as completing 94 management plans, installed 10 new hygiene stations and identified two new positive sites.

#### Deer eradication

The first step in the Russell Forest sika deer eradication project commenced in May this year, with a proof of concept DNA survey over known sika habitat. The results of this survey will provide data on the sika population, and home ranges of individuals that will inform the wider eradication plan. Our deer response team responded to four new deer reports resulting in three deer kills.

#### Marine biosecurity

The 2020-2021 hull surveillance season concluded with 2145 vessels inspected and all incidents responded to promptly and successfully. In addition, the marine biosecurity team continued to grow partnerships with iwi/hapū, local and central government agencies, local communities, and the science and education sector. The Ōpua Sabella eradication continued with significant gains made both in reducing the population and in strengthening partnerships and upskilling in incursion response management for the marine environment. Finally,

the development of the Clean Hull Plan (an inter-regional marine pathway management plan) progressed considerably with the draft proposal nearing completion. Decision papers for councils are being drafted as information is finalised, and planning is underway in anticipation of formal consultation.

### Pest plants

Pest plant control work continued for 26 eradication and progressive containment species programs across Northland, with over 2000 management site inspection and control visits completed, including seven large scale bush block grid searches. Additional funding has allowed for extended surveillance to be undertaken, and more than sixty new management sites have been identified. Eight weed workshops were held, including two run by council supported community groups.

### Freshwater pests

Following a reported koi carp sighting in Lake Taharoa at the beginning of February, a large-scale surveillance effort was initiated. This was a multi-agency response with involvement from Te Roroa, Department of Conservation, Northland Fish and Game, Kaipara District Council and Taharoa Domain Governance Committee. Multiple surveillance and detection tools were employed during the response to increase the chances of detection. These included drone surveillance, trapping, eDNA sampling, signage, media stories, and three rounds of intensive netting. To date no further evidence of koi carp presence has been found. Five other koi carp reports were also investigated using netting and eDNA sampling; four were determined to be species other than koi and one report for the Mangatete River was confirmed as new infestation site outside of the containment zone.

### Predator Free 2050

Predator Free Whangārei is one year into the collaborative five-year project that builds on over 20 years of dedicated and successful community predator control in the Whangārei area. The team is well into planning for the possum eradication part of the project and after a successful series of community engagement events, landowner access agreements have been obtained for half the project area. Community groups are working along with the project team to assist in delivery of the possum eradication phase of the project at Whangārei Heads (which is on track to start removing possums in spring 2021). Kiwi Coast is assisting with plans for intensified mustelid suppression across 60,000ha of the wider project area.

Predator Free Bay of Islands is a new exciting programme in the early stages of engagement with iwi / hapū, community groups and landowners to develop the partnership and approach to eradication.

### High value areas

High value pest control areas have been successfully implemented for Whangārei Heads, Mid North/Bay of Islands, Tutukaka, Kai Iwi Lakes and Piroa-Brynderwyns, funded from the region-wide pest management rate. Each high value area has a working group with landowners, members from the local community, iwi / hapū and representatives from other stakeholders such as local landcare groups and agencies. These working groups help to ensure funding is allocated to appropriate pest control activities and priorities within each high value area, and is detailed in a high value area pest management plan. This model is operating extremely well and reducing the impact of animal and plant pests across large landscapes.

### Kiwi Coast

Since its inception in 2013, the Kiwi Coast has continuously expanded, as existing projects linked in and new groups started. The Kiwi Coast now operates at a regional scale, linking projects over 291km from Mangawhai at the southern limit of the Northland region to the Aupouri Peninsula in the Far North. As of 30 June 2021, 187 entities have linked into Kiwi Coast. 149 of these are community, iwi and hapū led projects. Collectively, these groups and projects manage approximately 224,760ha.

Kiwi Coast has continued to strategically support predator control in key areas to link projects and build continuous trapping networks across landscapes to boost kiwi survival and allow their safe dispersal into new areas. Monitoring results demonstrate the strength of Kiwi Coast's collaborative approach. Collated trap catch data shows that 492,458 animal pests were caught in traps by groups and projects involved in the Kiwi Coast over the last eight years. Along with staff technical support and advice, council provided \$188,000 to support this community led, landscape scale, predator control programme.

### Land and water

New Government regulations aiming to improve freshwater management have seen more awareness and interest in riparian management from farmers and primary industry professionals. One aspect of the new national regulations will soon see Freshwater Farm Plans become compulsory, meaning that the land management team no longer writes Farm Environment Plans.



The new regulations have increased demand on the land team's resources, as we continue to support existing partnerships, while developing new relationships across Northland to provide free advice on various sustainable land management topics as well as grant funding.

Just over \$1 million from council's Environment Fund (along with Central Government-funded projects) was spent on land management projects across Northland (for example riparian fencing, planting and soil conservation works).

### Management of Hill Country Erosion

The Sustainable Hill Country and Regional Priorities (SHaRP) project has completed the second year of a four year project. It's co-funded by the Ministry of Primary Industry's Hill Country Erosion Fund and targets highly erodible land with land treatments such as retirement fencing, afforestation and poplar planting. Good progress has been made to date including retirement of 291ha of erodible hill country, 127ha of highly innovative forest planting and 5750 poplars and willows supplied for erosion control in pasture. There are also research projects underway looking in to the timber applications for poplar and mitigation of erosion in coastal sub-catchments to minimise harbour sedimentation.

### Waimā Waitai Waiora project

The Waimā Waitai Waiora project completed its fourth year, with a number of successful initiatives targeting water quality in the Northern Waiora catchment. The project partnership (consisting of eight partners including agencies, iwi and hapū) included initiatives such as granting funding and advice for riparian fencing, stock water reticulation, wetland restoration, Te Kawa Waiora (Maturanga Māori research project), biodiversity enhancement, education and wananga, and community and contractor planting. 133,500 native plants were planted throughout the Northern Waiora catchment in the 2020 calendar year as a result. The project is now in its final year of the five-year project (co-funded by MfE).

### Whangārei Urban Awa Project

The new Government-funded Whangārei Urban Awa project has exceeded first year goals, with very good uptake by landowners. This project is helping to fund stock exclusion fencing and riparian planting in the catchments of four waterways running through central Whangārei (the Raumanga, Kirikiri, Waiarohia streams and lower Hātea River). All the work is undertaken by contractors, helping provide work for Northlanders, as part of the Government's 'Jobs for Nature' initiative. So far, the project has achieved 7.4km of riparian fencing and 1,300m<sup>2</sup> of native planting.

## Biodiversity

### Terrestrial and General

Advice and biodiversity plans have been provided to landowners. One multidisciplinary survey and report was undertaken with iwi landowners and the biosecurity team for a large land block, resulting in the creation of a new CPCA. Forest plots were installed with iwi and external scientists as part of the Russell Forest high value area and another CPCA created. Significant support and biodiversity technical advice has been given to a number of council programmes.

### Jobs for Nature Regional Alliance

A newly established Jobs for Nature Regional Alliance was established between the Department of Conservation, Te Kahu o Taonui and Council, to support the regional allocation of Department of Conservation Jobs for Nature funding. In total, \$20 million of Jobs for Nature funding was allocated across 12 projects to support iwi / hapū priority projects.

### CoastCare

CoastCare groups and projects have been supported to achieve protection and restoration of dune systems across the region. Almost 15,000 plants were provided through the CoastCare programme for 17 sites around the region. School and community events have been attended by CoastCare staff, including Seaweed education events and planting days. Key CoastCare messages have also been promoted through campaigns and other communications. CoastCare staff worked alongside the Far North District Council, the Department of Conservation, and local iwi to support the collaborative Far North Kaitiaki Ranger programmes.

### Wetlands

Three Top Wetlands and 14 wetlands were fenced through the EFund. The number of managed wetlands monitored by Wetland Condition Index Monitoring was increased to 30. Wetland mapping was progressed and will be a key focus over the coming year.

### Lakes

Thirteen lakes received the five-year Lake SPI (Submerged Plant Index) monitoring and a further 15 lakes had reconnaissance checks including six new water bodies not surveyed before. NIWA undertook a review and audit of the Northland Lakes Strategy with positive feedback and recommendations, especially around aquatic pest management.

## FIF Lakes

Intensive pest fishing was undertaken in three lakes with a total of 26,532 pest fish removed and one possible lake wide eradication. Seventy two grass carp were removed from Roto-otua and 75 were removed from Midgely Lake, meaning that most grass carp in this lake are now gone.

A major herbicide operation was undertaken in collaboration with iwi at Lake Ngatu in Spring 2020, with the pest weed African oxygen weed not being detected during several post operation monitorings. Eradication of hornwort from five waterbodies and egeria from one lake on the Poutō Peninsula has been scoped and approved for delivery in Year 5 of the FIF project 2021-22.

A total of five dune lake education days were held with kura and two marae based Noho Taiao events were supported by delivering interactive freshwater modules.

Sediment mitigation to improve water quality was undertaken at two lakes with three swales, eight sediment traps, a wetland and community planting day.

A multi-day wananga for dune lakes was held in the Far North organised by iwi and council for around 30 people including iwi, kaitiaki and scientists with a field day and talks/workshops incorporating western science and mātauranga Māori.

## Natural hazards

The Awanui and Kerikeri river flood models have been upgraded and new flood maps are live on our website. The upgraded model is being used for the detailed design of the Awanui scheme.

A region-wide river flood model has been completed, which will enable the comprehensive coverage of river flood hazard zones across the entire region. The new maps will replace the current flood-susceptible layer on the natural hazards viewer, and include 10, 50, 100 year return periods as well as a scenario that includes climate change projections.

Coastal flood hazard zones have been assessed and mapped across the entire coastline, which include climate change sea level rise projections for 2080 and 2130 as well as a rapid sea level rise scenario.

Coastal erosion hazard zones have been reassessed, and 11 new coastal communities added to give a total of 41 detailed assessment sites across Northland. In addition, a high-level indication of erosion risk has been assessed through the digitisation and analysis of all open coast historic shorelines across the region.

The coastal hazards layers were publicly released on council's natural hazards viewer in April 2021, with nearly 20,000 letters to affected properties issued. The layers will be used for regulatory purposes as well as for climate change adaptation planning.

## Climate change

Council's climate change strategy, 'Ngā Taumata o te Moana', and an implementation plan have been developed and adopted by council. The document sets out an ambitious programme for climate change response for our organisation, including actions to reduce our emissions, community adaptation to climate impacts, and enhance natural carbon-storing ecosystems.

A new Joint Climate Change Adaptation Committee was established, including equal representation between iwi / hapu representatives and representatives from the four Northland council. The Joint Committee was established to provide governance oversight and seek alignment between respective councils adaptation activities. The Joint Committee is supported by an intercouncil staff working group. The current focus is on developing a collective position on climate adaptation through the establishment of a Te Taitokerau Climate Adaptation Strategy that all councils can sign up to.

## Kaipara Moana Remediation Programme

In October 2020, a joint Memorandum of Understanding (MOU) was signed between the Crown, Kaipara Uri (Te Uri o Hau, Ngā Maunga Whakahī o Kaipara and Te Rūnanga o Ngāti Whātua), Auckland Council and Northland Regional Council, recording an agreement to work in partnership for the remediation of the Kaipara Moana. The subsequent Deed of Funding outlined a \$200 million remediation programme, over a six year period, focusing on reducing the level of sediment entering the Kaipara Moana. Within the Deed of Funding, the Crown committed \$100 million, Auckland Council and Northland Regional Council have committed \$10 million respectively, with the remaining \$80 million to be sourced through landowner contributions to remediation activities and from other sources.

Significant progress has been made since the signing of the MOU and Deed of Funding. A Kaipara Moana Joint Committee has been established, comprising of 50/50 membership between Kaipara Uri and local government representatives. The Northland Regional Council has been confirmed as the interim delivery agency for the programme, with the establishment of a new dedicated team to run the programme (the Kaipara Murikura). Delivery over the first eight months has included:

1. Kaipara Moana Remediation Joint Committee held eight marae-based formal meetings throughout the catchment and seven workshops
  2. Significant progress made to establish the new programme including the development and adoption of a Partner and Stakeholder Engagement Strategy, Communications Plan, Workforce Strategy, and Nursery Strategy
  3. 156,606 plants planted or contracted to be planted for riparian, lake, or wetlands areas
  4. Ninety three km of riparian and wetland fencing completed or contracted to be fenced
  5. Sixty three Sediment Reduction Plans or equivalent developed with landowners
- This remediation programme, both the partnership approach and its size and scale, marks a significant shift in tangata whenua, crown and local government partnership approach to working together with landowners to achieve catchment scale remediation outcomes.

## 3.1 Natural Hazard Management

### Performance measures and targets

3.1.1 Identify and make available information on areas potentially affected by natural hazards through mapping		
Performance measure	Target	2020/21 result
Number (and percentage) of river catchments flood-mapped to identify river flooding hazards.	By 2018/19 - 28 (21.7%) By 2019/20 - 29 (22.5%) By 2020/21 - 129 (100%)	100% - achieved

## 3.2 Hydrology

### Performance measures and targets

3.2.1 Provide information on water resources including rainfall, flood levels and ground water		
Performance measure	Target	2020/21 result
Percentage of time that flood level monitoring is accurate to enable flood warnings to be developed.	100% compliance	No flood warnings - achieved

## 3.3 Biosecurity

### Performance measures and targets

3.3.1 Promote community involvement in pest management		
Performance measure	Target	2020/21 result
Increase in hectares of land under Community Pest Control Area Plans (CPCAs) per annum.	Increase by 5000 hectares annually	5731ha increase - achieved

### 3.3.1 Promote community involvement in pest management

Increase in kiwi populations within council supported programmes <sup>(1)</sup>	Increase by 2% annually	12.1 calls per hour/68% increase - achieved (Baseline data 7.2 calls per hour) (2019/20 result: 7.3 calls per hour)
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1. monitored in accordance with the standardised Department of Conservation kiwi call count monitoring scheme.

### 3.3.2 Implement measures to slow the introduction and spread of new and established marine pests

Performance measure	Target	2020/21 result
Survey at least 2000 vessel hulls for marine pests each year as part of the Marine Pathway Management Plan.	2000 hulls annually	2145 hulls inspected - achieved

## 3.4 Biodiversity

### Performance measures and targets

#### 3.4.1 Maintain and enhance indigenous biodiversity and eco-systems around our rivers, lakes, wetlands and coastal margins

Performance measure	Target	2020/21 result
Number of wetlands <sup>(1)</sup> enhancement and protection projects funded via Efund annually.	By 2018/19 - 13 By 2019/20 - 14 By 2020/21 - 15 By 2027/28 - 20	16.5 wetlands - achieved
Number of plants provided through CoastCare programme.	By 2018/19 - 11,000 By 2019/20 - 12,000 By 2020/21 - 13,000 By 2027/28 - 20,000	14,779 - achieved
Number of objectives met that are set out in annual work plan for Freshwater Improvement <sup>(2)</sup>	100% of objectives met	90% - not achieved.  One of the seven main tasks in the work plan agreed with MfE for the FIF dune lakes project was only partially achieved, while six were fully achieved. Of the one task not achieved (herbicide treatment of three lakes), one lake was successfully treated and a

### 3.4.1 Maintain and enhance indigenous biodiversity and eco-systems around our rivers, lakes, wetlands and coastal margins

change request was approved by MfE to treat a different set of lakes. Plans have been progressed to undertake this work in Year 5.

1. Includes Top Wetlands
2. Objectives are set out in Ministry for the Environment project work plans for the Northern Wairoa and Dune Lakes Freshwater Improvement Fund projects.

## 3.5 Land and water

### Performance measures and targets

#### 3.5.1 Promote improved water quality by providing advice and funding on sustainable land management, soil conservation, and biodiversity through farm management and catchment management initiatives

Performance measure	Target	2020/21 result
Area hectares (ha) of land being actively managed under a sustainable farm environment plan.	Increase 25,000 ha per annum	Not achieved  New government regulations (NPS Freshwater Management), have made farm environment plans a regulatory tool with their development to be undertaken by external contractors. Council will have a role to appoint farm environment plan certifiers, auditors and enforce non compliance. As a result, council has ceased development of farm environment plans.
Area (ha) of highly erodible land being actively managed under a farm environment plan.	Maintain or increase (from baseline data)	Not achieved  New government regulations (NPS Freshwater Management), have made farm environment plans a regulatory tool with their development to be undertaken by external contractors. Council will have a role to appoint farm environment plan certifiers, auditors and enforce non compliance. As a result, council has ceased development of farm environment plans.
Number of subsidised poplar poles provided for erosion-prone land by the Flyger Road nursery.	By 2018/19 - 6000 By 2019/20 - 7000 By 2020/21 - 8000 By 2027/28 - 20,000	5750 - not achieved  The extreme drought the previous summer killed a lot of poles and landowners were reluctant to replant until the ground had become wetter. In response, a range of hardier cultivars that are more tolerant of dry exposed conditions have been planted in the nursery. However, there will be a three year delay before these cultivars are available for planting.



### 3.5.1 Promote improved water quality by providing advice and funding on sustainable land management, soil conservation, and biodiversity through farm management and catchment management initiatives

Kilometres of waterway margins protected to reduce sediment, nutrient run-off and general contamination of water, funded by the Environment Fund.	Increase (from baseline data)	<p>157km - not achieved</p> <p>(2018/19 result: 297km)</p> <p>(2019/20 result: 181km)</p> <p>The Environment Fund has been fully allocated each year, however, a target of an annual increase in distance of waterways fenced has not been achieved due to increasing annual cost of materials and labour and due to targeting fencing that will achieve greater environmental outcomes (such as highly eroding hill country and wetlands where higher quality fencing is required or labour cost are higher than along lowland river margins).</p>
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## Environmental services | Ratonga i te taiao

### Funding Impact Statement

For the period ending 30 June	Long Term Plan 2019/20 \$000	Long Term Plan 2020/21 \$000	Actual 2020/21 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, and rates penalties	-	-	111
Targeted rates	8,196	8,754	8,250
Subsidies and grants for operating purposes	330	330	5,695
Fees and charges	447	456	594
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
<b>TOTAL OPERATING FUNDING</b>	<b>8,973</b>	<b>9,540</b>	<b>14,650</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	9,293	9,975	15,272
Finance costs	-	-	-
Internal charges and overheads applied	2,583	2,689	3,725
Other operating funding applications	-	-	-
<b>TOTAL APPLICATIONS OF OPERATING FUNDING</b>	<b>11,876</b>	<b>12,664</b>	<b>18,997</b>
<b>Surplus/(deficit) of operating funding</b>	<b>(2,903)</b>	<b>(3,124)</b>	<b>(4,347)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital purposes	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	403	332	136
to replace existing assets	2	2	19
Increase/(decrease) in reserves	-	-	(694)
Increase/(decrease) of investments	(3,308)	(3,458)	(3,808)
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING</b>	<b>(2,903)</b>	<b>(3,124)</b>	<b>(4,347)</b>
<b>Surplus/(deficit) of capital funding</b>	<b>2,903</b>	<b>3,124</b>	<b>4,347</b>
<b>FUNDING BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>

## **Major variances compared to Year 3 (2020/21) of the Long Term Plan 2018-2028**

### Operational funding

Operating funding is \$5.11M more than the long term plan predominantly due to:

- Ministry for Primary Industries grants for the Kauri boardwalk project not in the long term plan.
- Ministry for Primary Industries subsidies for a wilding conifer removal project not in the long term plan
- Subsidies for the Freshwater Improvement Fund (FIF) projects not in the long term plan

### Application of Operational Funding

Applications of operating funding is \$6.33M more than the long term plan predominantly due to:

- Expenditure for the Kauri boardwalk project not in the long term plan
- Expenditure for the FIF projects not in the long term plan
- Expenditure for the wilding conifer removal project not in the long term plan

# River management

## Ratonga whakahaere a awa

### Ko au te awa, ko te awa ko au

*I am the river; the river is me*

This group includes the river management activity.

The activity contributes to the following council area of focus (community outcome):

- safe and resilient communities
- efficient and effective service delivery.

### Community well-being

The river management group of activities focuses on managing risk and protecting Northland communities from flood hazards. This involves the preparation, implementation and maintenance of risk reduction plans, flood control works and assets in conjunction with local river management working groups. The river management activity has a positive effect on community well-being by improving community resilience.

### Changes to level of service

The Long Term Plan 2018-2028 provided for an "increased" level of service for the river management activity, which has been achieved as evidenced by achievement of the performance measure.

### What we did

Council was successful in obtaining \$12.5 million from the COVID-19 Recovery and Response Fund to subsidise and fast track the delivery of flood mitigation works in Awanui, Panguru and Moerewa-Otiria. These river management projects have been successfully progressed or completed, including rock armoring, benching and spillway construction at Awanui, Panguru work (including the FNDC/NZTA road lifting), and benching downstream of the SH1 at Turntable hill, Moerewa-Otiria.

Further flood management activities are in progress (Matangirau) or in design phase (Moerewa-Otiria). A wetland enhancement project upstream of the Whangārei detention dam is underway.

## 4.1 River management

### Performance measures and targets

4.1.1 Build, monitor and maintain flood protection schemes to protect life and property		
Performance measure	Target	2020/21 result
Number of flood events occurring as a result of failures of flood protection systems for the Awanui, Whangārei, and Kāeo schemes below specified design levels. <sup>(1)</sup>	Zero	Zero failures - achieved

1. The number of flood events arising due to the failure of the flood protections systems is considered to be the most direct measure of whether these systems are repaired and renewed to the standards set out in the activity management plans.

## River management | Ratonga whakahaere a awa

### Funding Impact Statement

For the period ending 30 June	Long Term Plan 2019/20 \$000	Long Term Plan 2020/21 \$000	Actual 2020/21 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, and rates penalties	-	-	64
Targeted rates	5,019	5,166	5,136
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	6
Internal charges and overheads recovered	17	4	20
Local authorities fuel tax, fines, infringement fees and other receipts	36	36	42
<b>TOTAL OPERATING FUNDING</b>	<b>5,072</b>	<b>5,205</b>	<b>5,268</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,679	2,957	2,351
Finance costs	517	582	424
Internal charges and overheads applied	947	984	1,518
Other operating funding applications	-	-	-
<b>TOTAL APPLICATIONS OF OPERATING FUNDING</b>	<b>4,143</b>	<b>4,523</b>	<b>4,293</b>
<b>Surplus/(deficit) of operating funding</b>	<b>929</b>	<b>682</b>	<b>976</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital purposes	-	-	2,493
Increase/(decrease) in debt	1,445	2,354	(1,563)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING</b>	<b>1,445</b>	<b>2,354</b>	<b>930</b>
<b>Applications of capital funding</b>			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	1,471	2,429	3,449
to replace existing assets	405	1,220	-
Increase/(decrease) in reserves	1,369	1,218	278
Increase/(decrease) of investments	(871)	(1,830)	(1,822)
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING</b>	<b>2,374</b>	<b>3,037</b>	<b>1,905</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(929)</b>	<b>(682)</b>	<b>(976)</b>
<b>FUNDING BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Major Variances compared to Year 3 (2020/21) of the Long Term Plan 2018-2028

### Sources of Capital Funding

Sources of capital funding is \$1.42M less than the long term plan predominantly due to:

- Not requiring borrowing on flood infrastructure work during the year. This was due to unbudgeted grants for flood infrastructure works from the PGF.

# Customer services and community resilience

## Ratonga manawaroa a haponi

### Hei aha te mea nui i tenei Ao? He tangata, he tangata, he tangata

*What is the greatest thing in the world? It is people, it is community*

This group includes the following activities:

- customer services
- Civil Defence emergency management
- oil pollution response
- harbour safety and navigation
- transport

These activities contribute to the following council **areas of focus** (community outcomes):

- a strong regional economy
- safe and resilient communities
- efficient and effective service delivery
- efficient and effective land transport policies and public transport

### Community well-being

Council is continually working to improve the safety and resilience of Northland and its communities. This includes working to keep people safe on the roads and on the water, preparing the region for emergency situations, and ensuring that council provides professional and timely interaction with the people of Northland. This group of activities works to ensure that excellent customer service is delivered across all activities.

The activities within the Customer Services and Community Resilience group are considered to have a positive effect on community well-being.

### Changes to levels of service

The Long Term Plan 2018-2028 provided for a "maintained or increased" level of service within each of the activities in the Customer services and community resilience group. This proposed level of service has been achieved as evidenced by achievement of nine out of 11 performance targets. The two instances of non-achievement were minor and did not impact on the overall level of service provided.

### What we did

#### Customer services

The total number of incoming calls through customer services was 28,452 with 96.8% of calls being answered within 30 seconds.

The annual residents' survey was carried out using people randomly selected from electoral rolls and inviting the wider community to have its say. Results indicate improvements in overall reputation, communication, community involvement and engagement and how well council is responding to issues. They also give an indication of areas where we can look to improve as an organisation.

#### Maritime

There were 225 incidents logged this year. There was an increase in accidents, possibly due to an increase in boating traffic as no one was traveling overseas. Incidents this year were similar to last year, with an increase in abandoned and derelict vessels. Light failures have reduced, and a number of the older main entrance lights have been replaced with new technology.

Cruise ships to the Bay of Islands have been banned since March 2020, so income has drastically reduced. The wave buoy providing live wave data outside the Bay of Islands has been functioning well, and is being serviced annually. A new anemometer has been fitted at Tapeka point by PredictWind.

Due to reduced shipping, there were increased bylaw and safety patrols over summer, and a new safety campaign in the Far North targeting remote communities with boating safety information, as well as gathering contacts and building relations. More capability is being built within the Maritime team for safer boating education, including some school visits with a planned programme developed to provide children with an educated knowledge.

Work has commenced on the build design for a replacement for the pilot/work vessel Waikare, now approaching 20 years old.

The hydrographic survey equipment is being used successfully to map areas with little data, focusing especially on mooring areas to enable optimal use of the full area once water depth is ascertained.

There was some staff turnover this year, including the Deputy Harbourmaster. In a slight change to the team structure the commercial aspects of the Deputy Harbourmaster role were contracted to a role based at Northport, and the team structure changed to cover the other roles. This also provided some increased responsibilities amongst the team.

## *Regional transport*

### **Planning**

Due to nationally introduced delays, the submission date for regional land transport plans to Waka Kotahi was moved to 30 June 2021.

The Regional Land Transport Plan for Northland 2021-2027 was approved by the Regional Transport Committee on 9 June 2021, and by the Northland Regional Council on 15 June 2021. The plan was then submitted to Waka Kotahi on 28 June 2021.

The Regional Public Transport Plan 2021-2031 will be completed in September 2021.

### **Contracted bus services**

The impact of the COVID-19 pandemic affected all services throughout the first part of the 2020/2021 financial year. Passenger numbers were detrimentally affected along with the farebox revenue.

#### *CityLink Service*

Whilst the passengers carried have slowly returned to pre-COVID-19 numbers, the farebox revenue has remained well below budget due to:

- Fares remaining at a lowered level to encourage greater uptake of the service; and
- The number of students using the service having dramatically increased at the expense of adult passengers. Whilst passenger numbers show a slow but positive growth, farebox revenue lags behind due to students paying half fare.

Another factor having a negative impact on the attempt to grow adult passenger numbers is the anti-social behaviour of school children on the buses and at the Rose Street Terminus.

Staff have been working with the schools and the police in an attempt to find a solution. This includes looking to introduce individual school-only buses operating directly to/from the schools in an effort to keep the students apart.

There has also been a marked decrease in SuperGold Card passengers travelling on the buses with a corresponding increase in travel on the Total Mobility Scheme. This is due mainly to the elderly being more cautious in their travel choice due to the COVID-19 transmission scare.

In April 2021, staff undertook a Passenger Satisfaction Survey on the CityLink service. This was undertaken over a three-day period, with 200 (12% of daily total) passengers being interviewed. Over 90% of those interviewed rated their experience of the Public Transport System overall as Good to Extremely Good.

#### *Hikurangi Link service*

This service is slowly showing positive results. Staff are actively working with community groups to identify various options to continue to grow the service and if feasible, expand it.

#### *Whangarei Heads Link service*

Although staff have continued to advertise and work with the community, passenger loadings remain disappointingly low. Various alternative operating options are being considered at this time, one being operating a summer service only.

#### *Far North Link/Mid North Link/Hokianga Link*

Staff will be undertaking an extensive feasibility/viability exercise into the above services. This includes meeting with the Northland Regional Council and Waka Kotahi regarding future funding, and the operators and the communities on possible alternative options available.

### **Total Mobility**

When comparing the 2020/2021 against the 2019/2020 financial period, there was a:

- \$40,755 increase in fares collected; and
- 3578 more trips operated.

This can be directly attributed to the change in the SuperGold Card bus passengers on the CityLink service choosing to use the Total Mobility Scheme instead.

A total of 1316 Total Mobility Scheme clients are registered on the database. This is a decrease of 316 when compared to the previous financial year's total of 1632 clients.

The Ridewise electronic ticketing system has completed three years of operation. The renewal process for the upgraded system has commenced.

In conjunction with the above, Total Mobility Scheme identity cards expire every three years, which requires a full database cleanse. When a card is about to expire, a letter is sent to the client advising them of the need for renewal. Any client card not used during this three year period are cancelled out of the system. Any attempt to use an expired card is automatically flagged in the system and all operators advised.

The increase in the number of Total Mobility Scheme service providers (taxi operators) during 2020/2021 has resulted in a greater number of wheelchair accessible vehicles being available, leading to increased confidence in the service. There were 810 more hoist lifts this year compared to last year as Total Mobility continues to grow.

### Regional road safety

Regional Road Safety partners continue collaborating using evidence-based approaches to targeting risk. Key themes include restraints, impairment, distractions, and speed – otherwise referred to as 'RIDS'. The Safe System Approach in addition targets – Safe Roads & Roadsides, Safe Speeds, Safe Vehicles, Safe Road Use.

The Government's 'Road to Zero Strategy' has a target of a 40% reduction in deaths and serious injuries by 2030. Road Safety promotion includes advertising, social media promotion, digital, websites, bus backs, roadside billboards etc. supporting initiatives of police and roading engineers to reduce the increased deaths and serious injuries on the region's roads. Ongoing advocacy with Waka Kotahi continues regarding safety improvements on all Northland state highway and local road corridors.

During the 2020/2021 financial year, provisionally there were 28 deaths and 144 serious injuries on Northland roads. To achieve a 40% reduction in death and serious injuries over the next 10 years (or 4% per annum) is going to be challenging in these uncertain COVID-19 and funding restricted times.

### *Civil Defence emergency management*

The Northland floods of July 2020, and the offshore earthquakes/tsunami warnings and consequent evacuation of coastal communities in March 2021 were the two most significant responses co-ordinated by the Northland Civil Defence Emergency Management Group during the year.

The March 2021 evacuation – the largest carried out in Northland during daylight hours – followed a complex series of large earthquakes off the East Cape

and in the Kermadec Islands to the north-east of New Zealand (a location which represents a high risk to Northland).

While the response in Northland generally went well, areas for improvement were identified, both within Northland and nationally. The events also led to a sustained increase in interest in education about tsunami risk, and meetings with communities and other groups will continue for many months.

Through their long term plans, all four of Northland's councils have allocated funding to the upgrade of Northland's tsunami sirens. The existing network has been progressively installed over a period of a decade; however, the technology now available provides greater reach and additional functionality such as voice messaging, back-up power supply and remote activation. The upgrade project has a value of more than \$5 million and will take place over an estimated three years.

Funding has also been approved for the development of a Multi-Agency Emergency Coordination Centre for Northland – a central, purpose-built facility that will allow for improved collaboration between CDEM staff, emergency services and other agencies during responses.

Following the 2019-20 drought, which was one of the most severe on record and highlighted Northland's lack of water resilience, the collaborative inter-agency Te Tai Tokerau Water Resilience Working Group was formed to promote improved water resilience, and in particular, access to safe, adequate household water. Membership of this group includes the Department of Internal Affairs, Te Puni Kōkiri, Te Kahu o Taonui, Northland District Health Board, the Ministries for Primary Industries and Social Development, Northland's four councils and Northland CDEM Group.

The working group's initial focus is on identifying water resilience improvement priorities and projects, coordinating agency support and potential funding opportunities.

In early 2021, central Government announced \$8 million in funding for an iwi-led plan to purchase and install up to 800 water tanks for homes and community facilities in Te Hiku which are not on public water supplies. Te Rūnanga Nui O Te Aupōuri is to administer the project, with the learnings expected to flow into future projects.

In addition, Northland Regional Council's Long Term Plan 2021-2031 has allocated \$0.5 million annually provide funding and grants to those most in need, for water tanks and associated infrastructure.

Central Government announcements during the early part of 2021 have included a \$46.6 million funding boost to the National Emergency Management Agency and the appointment of a new Ministerial Advisory Committee which recognises the vital role iwi have in responding to disasters and will help shape changes to New Zealand's emergency management system.

Consistent with this, during the year Northland CDEM Group appointed its first full-time staff member with a focus on iwi engagement.

The annual Northland CDEM Forum and the Youth in Emergency Services programme – two of the annual activities which were deferred in 2020 due to COVID-19 – went ahead in early 2021 and were both well received.

All CDEM Groups are legislatively required to operate under Group Plans which must be reviewed every five years. The review of the Northland CDEM Group Plan began in late 2019 and has continued around the demands of a series of responses. The draft Northland CDEM Group Plan 2021-2026 is on track to be adopted by the end of 2021 following Ministerial review.

## 5.1 Customer services

### Performance measures and targets

5.1.1 Providing meaningful customer service		
Performance measure	Target	2020/21 result
Percentage of customers surveyed who are satisfied with the quality of service received following an interaction with council.	Maintain or increase (specific targets will be set once baseline established)	45% - not achieved (2018/19 result: 52%) (2019/20 result: 58%)  Result have been distorted by small number of total respondents who have contacted the council in the last year (69). The drop reflects the views of five people. Many of the respondents also confused district council and regional council activities.

## 5.2 Civil Defence emergency management

### Performance measures and targets

5.2.1 Provide accurate and timely flood warnings to enable communities to take precautionary measures to protect life and property		
Performance measure	Target	2020/21 result
Percentage of time that accurate flood warnings are issued in accordance with the council's flood warnings procedures.	100% compliance	No regional rainfall events warranting warning - achieved

5.2.2 Maintain an effective Civil Defence emergency management system		
Performance measure	Target	2020/21 result



### 5.2.2 Maintain an effective Civil Defence emergency management system

Percentage of time that emergencies <sup>(1)</sup> are debriefed within one month, and noted improvements are incorporated into the appropriate emergency operating procedures and response plans.

100% annually

100% - achieved

1. *Emergencies that require the activation of an emergency operations centre.*

## 5.3 Oil pollution response

### Performance measures and targets

#### 5.3.1 Maintain an efficient and responsive oil pollution response

Performance measure	Target	2020/21 result
Maintain a regional oil spill response plan, including a minimum of 30 up-to-date trained responders <sup>(1)</sup>	Maintain a minimum of 30 responders at all times	30 responders - achieved

1. *The number of trained responders required is set by Maritime Pollution Response Services, Maritime New Zealand in accordance with a national plan.*

## 5.4 Harbour safety and navigation

### Performance measures and targets

#### 5.4.1 Provide regional navigational safety control of shipping and small craft, provide aids to navigation to ensure the region's navigable waters are safe for people to use, and manage the region's moorings.

Performance measure	Target	2020/21 result
Percentage of time that the operational safety management system for the pilotage areas of Whangārei and Bay of Islands complies with the Port and Harbour Safety Code. <sup>(1)</sup>	100% compliance	100% - achieved
Percentage of time that pilotage in the Bay of Islands is provided in accordance with the safety management system. <sup>(2)</sup>	100% compliance	100% - achieved
Percentage of reported aids to navigation faults that are responded to within five working days.	100% compliance	100% - achieved
Percentage of moorings either serviced within the past three years or booked to be serviced.	95% of moorings	98.33% - achieved

1. *Operational safety management system compliance with the Port and Harbour Safety Code is measured by conducting an annual self-assessment and periodic peer review.*

2. *Operational safety management system compliance with the Port and Harbour Safety Code is measured by conducting an annual self-assessment.*

## 5.5 Transport

### Performance measures and targets

5.5.1 Provide an efficient and effective public bus service		
Performance measure	Target	2020/21 result
Number of passengers for the Whangārei urban bus service. <sup>(1)</sup>	Maintain 310,000 per annum	326,894 - achieved
Percentage of passengers satisfied with overall Whangārei bus service. <sup>(2)</sup>	95% compliance	92% - not achieved  CityLink passenger survey was completed in April 2021 with the greatest dissatisfaction being around the frequency of the buses.

1. Other bus services apart from Whangārei not included as they are either minor, temporary or trial services only.

2. Passenger satisfaction rating of six or above on a 10 point scale.

5.5.2 Plan for the future transport needs of the region		
Performance measure	Target	2020/21 result
Develop and maintain statutory transport planning documents including the Regional Land Transport Plan (RLTP) and Regional Public Transport Plan (RPTP).	By 2020/21 - Adopt RLTP	Achieved

## Customer services and community resilience | Ratonga manawaroa a hapori

### Funding Impact Statement

For the period ending 30 June	Long Term Plan 2019/20 \$000	Long Term Plan 2020/21 \$000	Actual 2020/21 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, and rates penalties	-	-	61
Targeted rates	4,715	4,771	5,281
Subsidies and grants for operating purposes	2,539	2,539	3,877
Fees and charges	1,859	1,899	1,106
Internal charges and overheads recovered	8	8	16
Local authorities fuel tax, fines, infringement fees and other receipts	367	471	-
<b>TOTAL OPERATING FUNDING</b>	<b>9,488</b>	<b>9,688</b>	<b>10,341</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	8,566	8,793	9,126
Finance costs	367	470	3
Internal charges and overheads applied	1,691	1,771	2,313
Other operating funding applications	-	-	-
<b>TOTAL APPLICATIONS OF OPERATING FUNDING</b>	<b>10,624</b>	<b>11,034</b>	<b>11,442</b>
<b>Surplus/(deficit) of operating funding</b>	<b>(1,136)</b>	<b>(1,346)</b>	<b>(1,101)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital purposes	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	-	-	-
to replace existing assets	25	42	34
Increase/(decrease) in reserves	(16)	(141)	(131)
Increase/(decrease) of investments	(1,145)	(1,247)	(1,004)
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING</b>	<b>(1,136)</b>	<b>(1,346)</b>	<b>(1,101)</b>
<b>Surplus/(deficit) of capital funding</b>	<b>1,136</b>	<b>1,346</b>	<b>1,101</b>
<b>FUNDING BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>

## **Major variances compared to Year 3 (2020/21) of the Long Term Plan 2018-2028**

### **Operational Funding**

Operating funding is \$653K more than the long term plan predominantly due to:

- Cost recoveries from the Northland Transport Alliance not in the long term plan
- A shared civil defence function co funded by the district councils not in the long term plan
- Higher subsidies for council public transport services than in the long term plan

### **Application of Operational Funding**

Applications of operating funding is \$409K more than the long term plan predominantly due to:

- Costs for the shared civil defence function not in the long term plan
- Staff costs for the Northland Transport Alliance not in the long term plan
- Higher costs for council's public transport services than in the long term plan

# Corporate excellence Ratonga rangapū

## Mā e huru huru, ka rere te manu

*Adorn the bird with feathers so it can fly*

This group includes the corporate services activity.

This activity contributes to all council areas of focus (community outcomes):

- continuous improvement in water quality and security of supply
- enhancement of indigenous biodiversity and biosecurity
- a strong regional economy
- safe and resilient communities
- enduring relationships with tangata whenua
- efficient and effective service delivery
- improved returns on council investments
- efficient and effective land transport policies and public transport

of funding from the Regional sporting facilities rate in the three years to 30 June 2021. However, the performance measures and targets have not been well achieved with only 29 out of 51 performance measures met. Of the 21 targets not met, a number of reasons attributed to this, many being external factors outside of council's control. However, overall non-achievement did not impact the level of service provided.

## Community well-being

The corporate excellence group encompasses many of the corporate and support functions required to ensure that council business is run in an efficient, accountable, and legislatively compliant manner. This includes management of council's financial operations and investments, human resources and health and safety, information management, information technology, property, and other administration.

This service underpins all the work that council undertakes in the areas of governance and engagement, regulatory services, environmental services, and customer service and community resilience. Without it council could not deliver any of the levels of service discussed above.

The corporate excellence activity is considered to have a positive effect on community well-being.

## Changes to level of service

The Long Term Plan 2018-2028 provided for an "increasing" level of service for the corporate excellence activity in line with the need to support increases to all other council activities, and an increase in service resulting from the Regional sporting facilities rate. This proposed level of service has been achieved, with the distribution of \$2,780,000



## Corporate excellence | Ratonga rangapū

### Funding Impact Statement

<i>For the period ending 30 June</i>	Long Term Plan 2019/20 \$000	Long Term Plan 2020/21 \$000	Actual 2020/21 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, and rates penalties	-	-	19
Targeted rates	2,122	2,343	1,386
Subsidies and grants for operating purposes	-	-	160
Fees and charges	123	126	184
Internal charges and overheads recovered	9,583	9,991	12,258
Local authorities fuel tax, fines, infringement fees and other receipts	10,629	9,640	12,810
<b>TOTAL OPERATING FUNDING</b>	<b>22,457</b>	<b>22,099</b>	<b>26,817</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	10,507	9,862	11,809
Finance costs	89	105	233
Internal charges and overheads applied	121	125	-
Other operating funding applications	-	-	-
<b>TOTAL APPLICATIONS OF OPERATING FUNDING</b>	<b>10,717</b>	<b>10,092</b>	<b>12,042</b>
<b>Surplus/(deficit) of operating funding</b>	<b>11,740</b>	<b>12,007</b>	<b>14,775</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital purposes	-	-	-
Increase/(decrease) in debt	-	(305)	(4,037)
Gross proceeds from sale of assets	-	-	248
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING</b>	<b>-</b>	<b>(305)</b>	<b>(3,789)</b>
<b>Applications of capital funding</b>			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	524	395	8,815
to replace existing assets	14,916	462	546
Increase/(decrease) in reserves	2,610	2,142	(8,541)
Increase/(decrease) of investments	(6,310)	8,703	10,165
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING</b>	<b>11,740</b>	<b>11,702</b>	<b>10,985</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(11,740)</b>	<b>(12,007)</b>	<b>(14,775)</b>
<b>FUNDING BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>

## **Major variances compared to Year 3 (2020/21) of the Long Term Plan 2018-2028**

### **Operating Funding**

Operating funding is \$4.72M more than the long term plan predominantly due to:

- Higher than planned overhead recoveries due to a change from the long term plan in the way overheads are calculated
- Higher than planned commercial rent income
- Higher than planned externally managed fund gains

### **Applications of Operating Funding**

Applications of operating funding is \$1.95M more than the long term plan predominantly due to:

- Costs for the enterprise system costs not in the long term plan
- Higher IT costs due to a move to Software as a Service not in the long term plan
- Higher insurance costs than in the long term plan
- Higher salary costs due to higher numbers of staff than in the long term plan

### **Sources of Capital Funding**

Sources of capital funding is \$3.79M less than the long term plan predominantly due to:

- Not requiring borrowing for the Marsden Point rail corridor assets as they were disposed of at the end of the 2019/20 financial year.

### **Capital Expenditure**

Capital Expenditure is \$9.36M more than the long term plan predominantly due to:

- Expenditure on the Kensington redevelopment not in long term plan
- Expenditure on the Kaipara Service Centre not in the long term plan

# Financial prudence

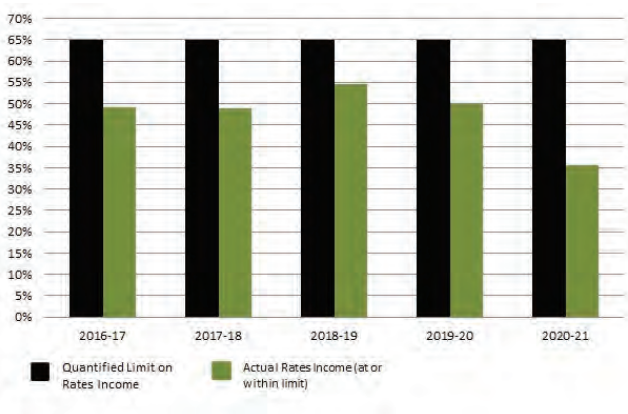
## Rates affordability benchmarks

The council meets the rates affordability benchmark if:

- its actual rates income equals or is less than each quantified limit on rates (no more than 65% total revenue); and
- its actual rates increases equal or are less than each quantified limit on rates increases.

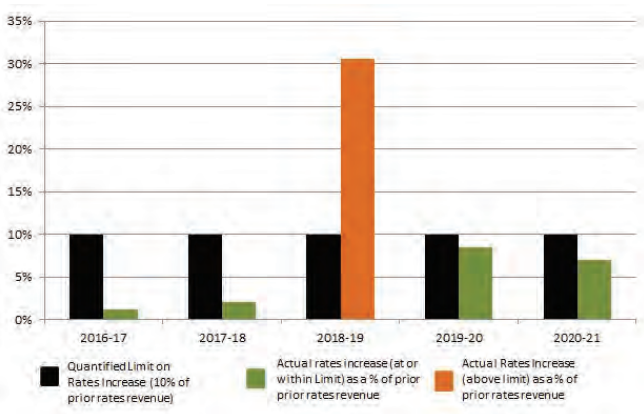
### Rates income affordability

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's Long Term Plan 2018-2028. The quantified limit is no more than 65% of total revenue.



### Rates increase affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases in the financial strategy included in the council's Long Term Plan 2018-2028. The quantified limit is 10%.



In 2018-19 council decided to breach its quantified limit on rates rises in order to undertake programmes that allow it to meet community and central government expectations. This is considered an exceptional year and an opportunity to position council for the medium to long term.

## Debt affordability benchmarks

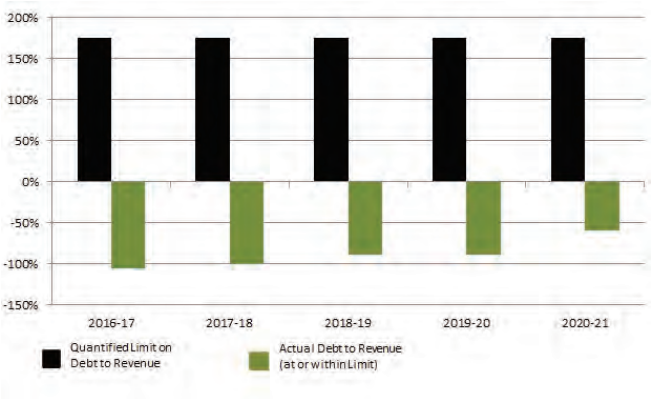
The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graphs compare the council's actual borrowing with quantified limits on borrowing stated in the financial strategy included in the council's Long Term Plan 2018-2028.

Northland Regional Council has \$13.96 million of external debt.

### Net debt to total revenue

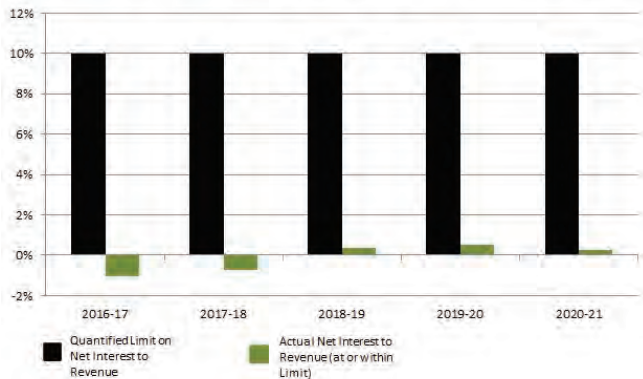
The quantified limit for net debt as a proportion of total revenue is 175%.



Northland Regional Council carries significant investments categorised as non-current assets that could be liquidated if required.

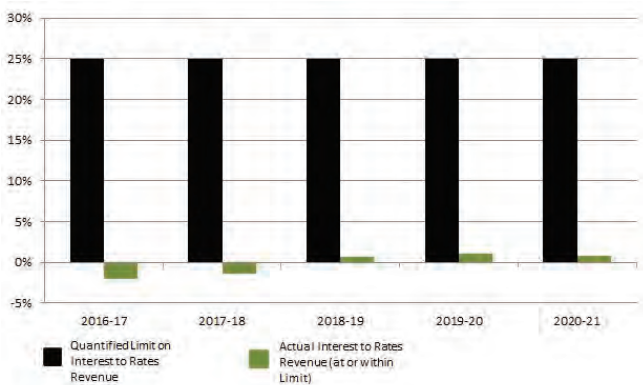
### Net interest to total revenue

The quantified limit for net interest as a proportion of total revenue is 10%.



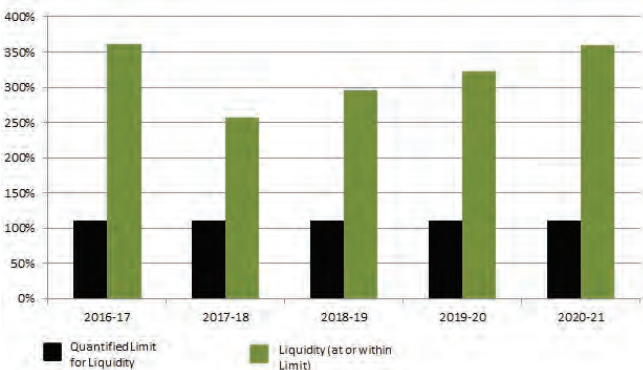
### Net interest to annual rates revenue

The quantified limit for net interest as a proportion of annual rates revenue is 25%.



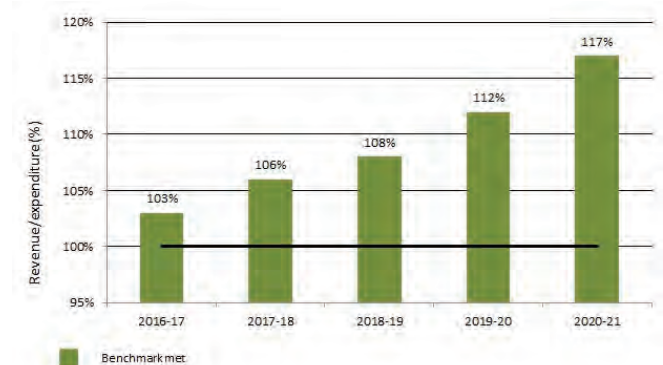
### Liquidity

Council measures liquidity as total externally managed funds over total external borrowings. The quantified limit for liquidity is set as a minimum of 110%.



### Balanced budget benchmark

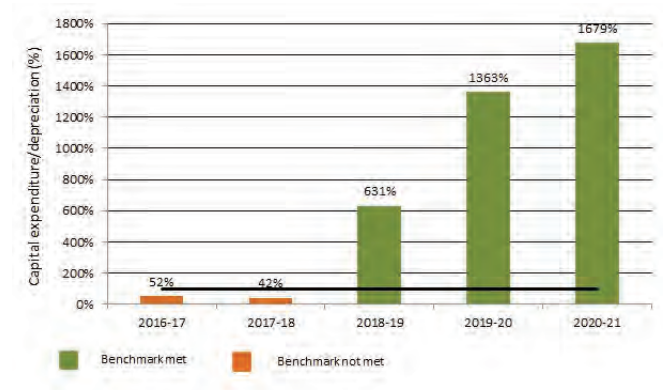
This graph shows council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The totals used in the graph do include gains or losses on disposal of property, plant, or equipment. Council meets this benchmark if its revenue equals or is greater than its operating expenses. The benchmark is represented by the black line.



### Essential services benchmark

This graph shows the council's capital expenditure on network services (flood protection) 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. The benchmark is represented by the black line.



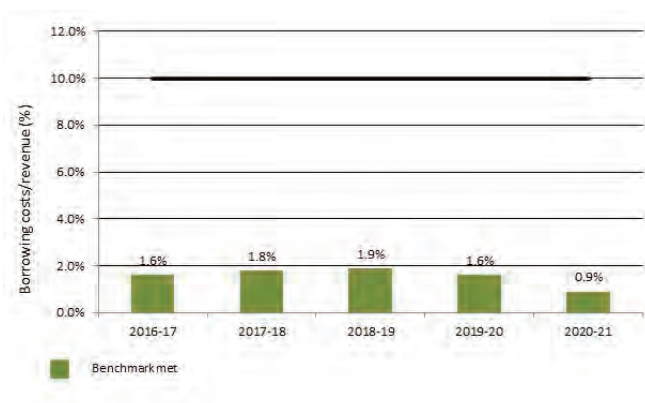
2016-17 and 2017-18 reflects lower capital expenditure due to the reclassification of Kerikeri flood protection works from capital expenditure originally incurred in 2015-16 to operation expenditure in 2016-17 and 2017-18 as the project did not continue.

2018-19, 2019-20, and 2020-21 reflect the capital cost associated with the Flood Infrastructure Schemes

## Debt servicing benchmark

The following graph displays the 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, or equipment).

Because Statistics New Zealand projects the population served by the council will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue. The benchmark is represented by the black line.

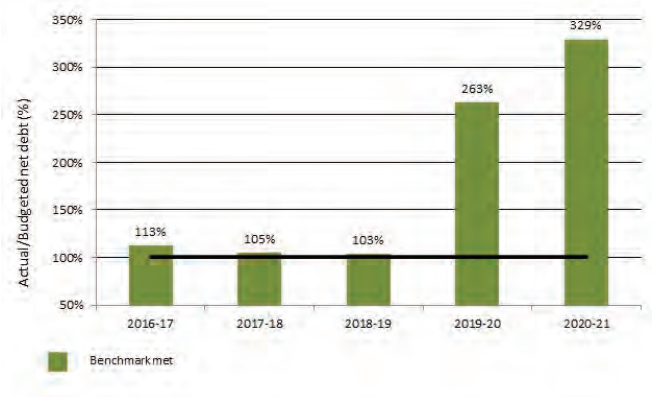


## Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

Northland Regional Council has low external debt, so therefore has planned to have net assets in all the years represented in the following graph. Financial assets (excluding trade and other receivables) were planned to exceed its financial liabilities.

The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt. For the purposes of this measure 100% equals planned net assets and an amount higher than 100% represents lower net debt than planned. The benchmark is represented by the black line.

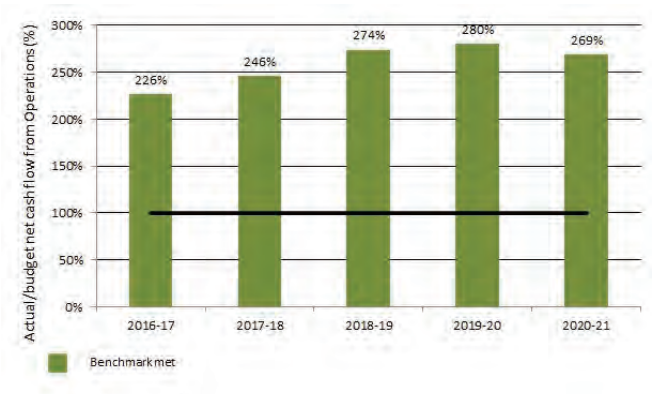


2019-20 and 2020-21 reflect lower actual net debt due to the sale proceeds of the MPRL JV being held in council's investment portfolio, lower than planned financial assets being required to fund development projects that were delayed due to COVID19, and lower than planned borrowings required for capital works.

## Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow 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. For the purposes of this measure 100% equals planned net cash flow. The benchmark is represented by the black line.







# Section three: Financial statements

## Wāhanga tuatoru: Tauākī pūtea



# Statement of comprehensive revenue and expense

For the year ended 30 June 2021	Note	Council 30-Jun-21 \$000	Annual Plan 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Revenue						
Rates		31,542	31,128	29,497	31,542	29,497
Fees and charges		4,505	3,989	4,842	5,876	5,964
Subsidies and grants		12,822	8,149	12,008	12,927	12,113
Revenue from activities		-	-	-	3,011	1,816
Interest revenue		345	552	624	346	631
Other revenue	2(ii)	6,675	4,805	8,306	8,800	9,838
Other gains	2(iii)	32,645	1,729	3,737	36,505	2,801
<b>TOTAL REVENUE</b>	<b>1</b>	<b>88,534</b>	<b>50,352</b>	<b>59,014</b>	<b>99,007</b>	<b>62,660</b>
Expenses						
Personnel costs	3	19,241	18,959	17,892	22,688	20,725
Depreciation and amortisation expense	13	1,635	1,839	1,740	2,222	2,231
Finance costs		581	1,060	930	1,116	1,430
Other expenses	4	33,900	30,969	33,685	38,487	39,070
<b>TOTAL EXPENSES</b>	<b>1</b>	<b>55,357</b>	<b>52,827</b>	<b>54,247</b>	<b>64,513</b>	<b>63,456</b>
Share of associate and joint venture company surplus/(deficit)	12(i)/(ii)	(171)	-	(61)	9,354	8,748
<b>SURPLUS/(DEFICIT) BEFORE TAX</b>		<b>33,006</b>	<b>(2,475)</b>	<b>4,706</b>	<b>43,848</b>	<b>7,952</b>
Income tax expense	5	-	-	-	(24)	(22)
<b>SURPLUS/(DEFICIT) AFTER TAX</b>		<b>33,006</b>	<b>(2,475)</b>	<b>4,706</b>	<b>43,824</b>	<b>7,930</b>
<b>SURPLUS/(DEFICIT) ATTRIBUTABLE TO:</b>						
Northland Regional Council		33,006	(2,475)	4,706	37,167	4,799
Non-controlling interest					6,657	3,131
Other comprehensive revenue and expense						
<i>Items that will be reclassified to surplus/(deficit):</i>						
Net hedging movement (joint venture company)					496	(186)
<i>Items that will not be reclassified to surplus/(deficit):</i>						
Gains/(loss) on property revaluations (other than investment properties)		260	-	522	4,983	(601)
Gains/(loss) on carbon credit revaluations	14	199	-	156	199	156

For the year ended 30 June 2021	Note	Council 30-Jun-21 \$000	Annual Plan 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Gains/(loss) on Infrastructure Asset revaluations	19	-	-	(66)	-	(66)
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE		459	-	612	5,678	(697)
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		33,465	(2,475)	5,318	49,502	7,233
<i>TOTAL COMPREHENSIVE REVENUE AND EXPENSE ATTRIBUTABLE TO:</i>						
Northland Regional Council					40,423	4,709
Non-controlling interest in Marsden Maritime Holdings Limited					9,079	2,524
					49,502	7,233

The financial statements should be read in conjunction with the 'Statement of accounting policies' and 'Notes to the financial statements'.

## Major variances compared to the Annual Plan 2020/21 (in thousands)

### Revenue

Revenue is \$38,182 more than annual plan, mainly due to:

- Unbudgeted revaluations of investment property of \$22,251
- Higher than budgeted gains on externally managed funds of \$6,916
- Unbudgeted subsidies for flood infrastructure capital works of \$2,493
- Unbudgeted subsidies for a wilding conifer removal project of \$2,221
- Higher than budgeted dividend income of \$2,048
- Unbudgeted revaluations of council occupied buildings of \$1,052
- Unbudgeted revaluations of forestry assets of \$546
- Unbudgeted cost recoveries from the Northland Transport Alliance of \$395
- Unbudgeted subsidies for a drought animal welfare program of \$250

### Expenditure

Expenditure is \$2,530 more than annual plan, mainly due to:

- Unbudgeted wilding conifer project costs of \$2,387

- Unbudgeted drought animal welfare program costs of \$250
- Higher than budgeted costs for work on the enterprise system of \$140
- High than budgeted legal costs relating to regional plan appeals of \$379
- An unbudgeted contribution by council to the clean up of the sustainable solvents site of \$100
- Impairment of council's RSHL investment of \$153
- Higher than budgeted costs on council's IT services of \$270
- Higher than budgeted costs relating to council's consenting activities of \$246
- Unbudgeted expenditure on the Kauri Boardwalk project \$740

Partially offset by:

- Lower than budgeted stop bank and river scheme works of \$361
- Lower than budgeted depreciation of \$204 mostly related council's IT computer equipment which were disposed of during the year in favour of a computer lease service.
- Lower than budgeted interest costs of \$417 relates to the sale of Marsden Point rail corridor assets and as a result no longer needing to borrow for them. This sale happened very late in the 2019/20 financial year and so wasn't included in the annual plan budgets.
- Lower than budgeted costs on the predator free programme of \$1,358

# Statement of changes in equity

For the year ended 30 June 2021	Note	Accumulated funds \$000	Reserves \$000	Total Council \$000	Annual Plan \$000
Council					
Balance as at 30 June 2019		119,944	32,224	152,168	151,986
Restated Investment in Council-Controlled Organisation due to change in Accounting Policy		8		8	-
Restated Balance at 1 July 2019		119,952	32,224	152,176	151,986
Total comprehensive revenue and expense for the year		5,318	-	5,318	(369)
Net transfers in special reserves	19	(9,008)	9,008	-	-
Net transfers in other reserves	19	(612)	612	-	-
Balance at 30 June 2020		115,650	41,844	157,494	151,617
Total comprehensive revenue and expense for the year		33,465	-	33,465	(2,475)
Net transfers in special reserves	19	9,244	(9,244)	-	-
Net transfers in other reserves	19	(459)	459	-	-
Balance at 30 June 2021		157,900	33,059	190,959	149,142

For the year ended 30 June 2021	Note	Accumulated funds \$000	Reserves \$000	Subtotal Group \$000	Non-controlling interest \$000	Total Group \$000
Group						
Balance at 30 June 2019		152,771	65,502	218,273	65,004	283,277
Total comprehensive revenue and expense for the year		4,709	-	4,709	2,524	7,233
Net transfers in special reserves	19	(9,008)	9,008	-	-	-
Net transfers in other reserves	19	90	(90)	-	-	-
Dividends paid		-	-	-	(3,066)	(3,066)
Balance at 30 June 2020		148,562	74,420	222,982	64,462	287,444
Total comprehensive revenue and expense for the year		40,423	-	40,423	9,079	49,502
Net transfers in special reserves	19	9,244	(9,244)	-	-	-
Net transfers in other reserves	19	(3,246)	3,246	-	-	-
Dividends paid		-	-	-	(3,066)	(3,066)
Balance at 30 June 2021		194,983	68,422	263,405	70,475	333,880

The financial statements should be read in conjunction with the 'Statement of accounting policies' and 'Notes to the financial statements'.

# Statement of financial position

As at 30 June 2021	Note	Council 30-Jun-21 \$000	Annual Plan 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
<b>EQUITY</b>						
Accumulated funds	19	157,900	141,836	115,650	194,983	148,562
Reserves	19	33,059	7,306	41,844	68,422	74,420
Total equity attributable to Northland Regional Council		190,959	149,142	157,494	263,405	222,982
Non-controlling interest	19				70,475	64,462
<b>TOTAL EQUITY</b>		<b>190,959</b>	<b>149,142</b>	<b>157,494</b>	<b>333,880</b>	<b>287,444</b>
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	6	7,985	366	3,907	10,853	4,828
Receivables	7	6,597	4,395	7,090	7,607	7,462
Inventory	8	271	3,181	483	365	556
Investment property assets held for sale	9	29,335	2,079	715	29,335	715
Other financial assets	10	18,023	936	20,298	18,023	20,298
<b>TOTAL CURRENT ASSETS</b>		<b>62,211</b>	<b>10,957</b>	<b>32,493</b>	<b>66,183</b>	<b>33,859</b>
<b>Non-current assets</b>						
Receivables		-	6,102	-	-	-
Investment property	11	62,516	71,233	60,361	155,618	138,357
Other financial assets	10	39,996	34,402	47,514	40,447	47,963
Investment in subsidiaries (excluding council control organisations) and joint venture company	12(i)	7,828	7,828	7,828	51,494	46,269
Investment in Council Controlled Organisations	12(ii)	486	863	810	486	810
Property, plant and equipment	13	40,294	42,426	35,914	72,214	66,375
Capital projects in progress	13	392	-	4	1,278	606
Intangible assets	14	828	582	790	828	790
Forestry assets	15	3,703	3,264	3,157	3,703	3,157
<b>TOTAL NON-CURRENT ASSETS</b>		<b>156,043</b>	<b>166,700</b>	<b>156,379</b>	<b>326,068</b>	<b>304,327</b>
<b>TOTAL ASSETS</b>		<b>218,254</b>	<b>177,657</b>	<b>188,872</b>	<b>392,251</b>	<b>338,186</b>

As at 30 June 2021	Note	Council 30-Jun-21 \$000	Annual Plan 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
LIABILITIES						
Current liabilities						
Payables and deferred revenue	16	10,277	6,015	8,884	15,527	10,729
Employee entitlements	17	2,537	1,910	2,312	2,666	2,413
Borrowings and other financial liabilities	18	-	-	10,000	10,000	10,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>12,814</b>	<b>7,925</b>	<b>21,196</b>	<b>28,193</b>	<b>23,142</b>
Non-current liabilities						
Payables and deferred revenue	16	506	668	608	2,253	1,476
Employee entitlements	17	17	20	16	17	16
Borrowings and other financial liabilities	18	13,958	19,902	9,558	27,908	26,108
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>14,481</b>	<b>20,590</b>	<b>10,182</b>	<b>30,178</b>	<b>27,600</b>
<b>TOTAL LIABILITIES</b>		<b>27,295</b>	<b>28,515</b>	<b>31,378</b>	<b>58,371</b>	<b>50,742</b>
<b>NET ASSETS</b>		<b>190,959</b>	<b>149,142</b>	<b>157,494</b>	<b>333,880</b>	<b>287,444</b>

The financial statements should be read in conjunction with the 'Statement of accounting policies' and 'Notes to the financial statements'.

## Major variances compared to the Annual Plan 2020/21 (in thousands)

### Asset variances

#### Current

Cash and cash equivalents are \$7,619 greater than the annual plan predominantly due to:

- Higher term deposits at year end than planned
- The timing of a large cash receipt relating to the flood infrastructure works grants

Investment property assets held for sale are \$27,256 more than the annual plan due to:

- Properties not sold during the 2020/21 financial year as planned
- Transfers from investment properties to investment properties held for sale
- Revaluations of properties held for sale

Other financial assets are \$17,087 more than the annual plan due to:

- Higher than budgeted gains on the short term fund
- Proceeds from the Marsden Point rail corridor asset disposal at the end of the 2019/20 financial year

were deposited into the short term fund which was not in the annual plan

#### Non-current

Non-Current Receivables are \$6,102 less than the annual plan predominantly due to:

- The disposal of the MPRL asset at the end of the 2019/20 financial year meant that council received the balance owing on its non-current receivable.

Investment Property is \$8,717 less than the annual plan due to:

- The transfer of investment properties into properties held for sale

Offset by:

- Revaluations on investment property

Other financial assets are \$5,594 more than the annual plan due to:

- More than budgeted gains on the long term fund

Property, plant, and equipment are \$2,132 less than the annual plan due to:



- The disposal of computer equipment during the year as council moved to a leased computer service
- Losses in revaluation on infrastructure assets and council occupied buildings in the 2019/20 financial year that was too late to be included in the annual plan budget.

#### Liability variances

##### *Current*

Payables and deferred revenue is \$4,262 more than the annual plan due to:

- Higher than planned levels of funding received in advance for works not yet undertaken

##### *Non-current*

Borrowings and other financial liabilities are \$5,944 less than the annual plan due to:

- Not requiring as much borrowing for river works as planned due to unbudgeted grants from the PGF subsidising flood infrastructure works
- Not requiring borrowing for the Marsden Point rail corridor assets as they were disposed of at the end of the 2019/20 financial year

# Statement of cash flows

For the year ended 30 June 2021	Council 30-Jun-21 \$000	Annual Plan 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
<b>Cash flows from operating activities</b>					
Receipts from rates revenue	30,664	27,353	29,473	30,664	29,473
Receipts from customers	10,838	8,894	3,766	23,453	11,703
Interest received	228	661	451	229	461
Dividends received	3,543	1,495	3,543	8,307	8,745
Subsidies and grants received	13,637	8,371	14,890	14,197	14,995
Payments to suppliers and employees/members	(54,442)	(54,065)	(46,419)	(62,721)	(52,098)
Interest paid	(580)	(1,060)	(831)	(1,115)	(1,330)
Income tax paid	-	-	-	(24)	(22)
Net goods and services tax received/(paid)	(248)	3,076	(235)	(109)	(243)
<b>Net cash from operating activities</b>	<b>3,640</b>	<b>(5,275)</b>	<b>4,638</b>	<b>12,881</b>	<b>11,684</b>
<b>Cash flows from investing activities</b>					
Receipts from sale of property, plant and equipment	247	-	135	252	135
Receipts from sale of investment property and assets held for sale	-	-	13,234	-	13,234
Receipt from the sale of investments	69,536	22,712	54,927	69,536	54,927
Loan repayments received	250	-	5	250	(0)
Purchase of property, plant and equipment and intangible assets	(4,860)	(17,864)	(5,206)	(6,099)	(7,976)
Purchase of investment property	(7,834)	-	(7,793)	(18,229)	(13,630)
Purchase of financial investments	(51,191)	-	(56,639)	(51,191)	(56,639)
<b>Net cash from investing activities</b>	<b>6,148</b>	<b>4,848</b>	<b>(1,337)</b>	<b>(5,481)</b>	<b>(9,949)</b>
<b>Cash flows from financing activities</b>					
Proceeds received from ASB facility	-	-	-	7,400	4,400
Dividends paid	-	-	-	(3,065)	(3,065)
Proceeds from borrowings	4,290	10,344	-	4,290	-
Repayment of borrowings	(10,000)	(10,000)	-	(10,000)	-
<b>Net cash from financing activities</b>	<b>(5,710)</b>	<b>344</b>	<b>-</b>	<b>(1,375)</b>	<b>1,335</b>
<b>Net increase (decrease) in cash, cash equivalents and bank overdrafts</b>	<b>4,078</b>	<b>(83)</b>	<b>3,301</b>	<b>6,025</b>	<b>3,070</b>
Cash, cash equivalents and bank overdrafts at the beginning of the year	3,907	449	606	4,828	1,758
<b>CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR</b>	<b>7,985</b>	<b>366</b>	<b>3,907</b>	<b>10,853</b>	<b>4,828</b>

# Reconciliation of net surplus after tax to the cash flows from operations

For the year ended 30 June 2021	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Surplus/(deficit) after tax	33,006	4,706	43,824	7,930
Add/(less) non cash items				
Depreciation & amortisation expense	1,635	1,740	2,222	2,231
Vested asset revenue	-	(1,715)	-	(1,715)
Divested asset expense	-	182	-	182
Share of associate companies' (surplus)/loss	171	61	(1,058)	(3)
Fair value adjustments	(23,857)	523	(27,716)	3,377
Non cash gains on externally managed funds and loans	(8,645)	(2,575)	(8,645)	(2,575)
Other non-cash items	115	(147)	115	(148)
<b>Total non cash items</b>	<b>(30,581)</b>	<b>(1,931)</b>	<b>(35,082)</b>	<b>1,349</b>
Add/(less) items classified as investing or financing activities				
(Gains)/loss on sale of property plant and equipment	(143)	(63)	(143)	(43)
(Gains)/loss on sale of investment properties and assets held for sale	-	820	-	820
<b>Total items classified as investing or financing activities</b>	<b>(143)</b>	<b>757</b>	<b>(143)</b>	<b>777</b>
Add/(Less) movements in working capital				
Decrease (increase) in trade and other receivables	462	(3,071)	(79)	(2,729)
Decrease (increase) in prepayments	31	36	(65)	58
Decrease (increase) in inventory	212	2,698	191	2,721
(Decrease) increase in trade and other payables	(1,366)	3,717	191	2,776
(Decrease) increase in revenue received in advance	2,657	265	5,384	490
(Decrease) Increase in employee entitlements accrual	226	446	254	486
Investing capital items included in working capital movements	(864)	(2,985)	(1,594)	(2,174)
	1,358	1,106	4,282	1,628
<b>Net cashflows from operating activities</b>	<b>3,640</b>	<b>4,638</b>	<b>12,881</b>	<b>11,684</b>

# Statement of accounting policies

## Reporting entity

Northland Regional Council is a local authority established under, and governed by, the Local Government Act 2002 and the Local Government (Rating) Act 2002. The council's group comprises the council and its subsidiaries, namely:

- Marsden Maritime Holdings Limited (NZ) Ltd (53.61% owned);
- Northland Inc. Limited (100% owned).

Northland Regional Council and its subsidiaries and associates are incorporated, domiciled and operate in New Zealand.

The primary objective of Northland Regional Council is to provide goods or services and perform regulatory functions for the community benefit rather than making a financial return. Accordingly, Northland Regional Council has designated itself and the group as Public Benefit Entities for financial reporting purposes.

## Reporting period

The financial statements of the council and group are for the year ended 30 June 2021. The financial statements were authorised for issue by council on 19 October 2021.

## Basis of preparation

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

## Statement of Compliance

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

The financial statements comply with PBE accounting standards.

## Functional and presentation currency

The financial statements are presented in New Zealand dollars, which is the functional currency of Northland Regional Council and all values are rounded to the nearest thousand dollars (\$000).

## Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective and which are relevant to the council :

## Financial instruments

PBE IPSAS 41 Financial Instruments was issued in March 2019. This standard replaces PBE IPSAS 29, and supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022.

The council plans to apply this standard in preparing its 30 June 2023 financial statements. Although the council has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9.

## PBE FRS 48 Service Performance Reporting

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

## Amendment to PBE IPSAS 2 Statement of Cash Flows

An amendment to PBE IPSAS 2 Statement of Cash Flows 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. This amendment is effective for annual periods beginning on or after 1 January 2021 with early application permitted. The council plans to apply this standard in preparing its 30 June 2022 financial statements. The council believe the amendment to PBE IPSAS 2 will not have any significant impact on the preparation of its financial statements and supporting notes as the council has relatively simple financing activities affecting any changes in its liabilities.

## Other changes in accounting policies

During 2021, council changed its accounting policy for the treatment of its investment in council-controlled organisations. In previous periods, council accounted for its investment in its associate, in the financial statements of the parent entity, at cost. The council has now decided to apply the equity method. Under the equity method, the investment in an associate is initially recognised at cost and the carrying amount is subsequently increased or decreased to recognise council's share of the surplus or deficit of the associate.

Management judges that the new policy is preferable because it better reflects any accelerated depreciation, write off or impairment in relation to the remaining service potential of the underlying assets of the investment in associate.

There have been no other changes in accounting policies.

## Summary of significant accounting policies

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

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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

## Basis of consolidation

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

## Foreign currency transactions

Foreign currency transactions (including those for which forward exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus/deficit, except when deferred in equity as qualifying cash flow hedges.

## Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables, and creditors and other payables, which are stated on a GST inclusive basis. GST not recoverable as input tax 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 the 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 the council in its 2020-2021 Annual Plan (AP). The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

## Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Council and group investment property and owner occupied property (land and buildings) are revalued annually by independent valuers. The fair value of the investment properties is based on the market values, being the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction. Due to the relatively low level of recent transactions in some areas, these valuations are inherently subjective. The estimates and assumptions that have a significant risk of causing a material adjustment to the fair value of investment property and owner occupied property are provided in Notes 11 and 13 respectively.

Council's infrastructure assets are revalued by an independent valuer at regular intervals, with the most recent infrastructure valuation, undertaken in 2020. There are a number of estimates and assumptions exercised when valuing the individual elements (stop banks, floodgates, spillways) of infrastructure assets,

such as estimating the age, condition, optimisation and remaining life of each element. Further detail is provided in Note 13.

Council's forestry assets are revalued annually by an independent valuer. There are a number of estimates and assumptions exercised when valuing forestry assets such as estimating the discount rates to determine future tree crop cash flows. Further detail is provided in Note 15.

The estimation of the useful lives of assets has been predominantly based on historical experience. Useful lives are reviewed on an annual basis and adjustments are made when considered necessary.

Marsden Maritime Holdings Limited has determined that it is appropriate to only recognise tax losses in the financial statements to a level that directly offsets the deferred tax liability. Further detail is provided in Note 5.

#### **Critical judgements in applying accounting policies**

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2021.

Council has two freehold property holdings in the process of selling and one leasehold property which will be offered to the leaseholder or open market.

These properties have therefore been classified as current assets investment property (assets held for sale) as it is assumed these sales will occur within the next 12 months.

Council's investment in Regional Software Holdings Limited has been treated as an associate as it is considered that council holds significant influence over the financial and operating policies of Regional Software Holdings Limited due to the fact that council's CEO is on the board of directors of Regional Software Holdings Limited.

#### **Restatement of Investment in Council-Controlled Organisations**

The financial statements of the parent entity for 2020 which are presented as comparative information in the 30 June 2021 financial statements have been restated to reflect a change in accounting policy in regards to the treatment of council's investment in council-controlled organisations. The parent entity investment in Council-Controlled Organisations has been restated to \$810,421 (from \$862,683), the share of associate and joint venture surplus/(deficit) has been restated to a deficit of \$60,559 (from \$0), Accumulated Funds at 30 June 2019 has been restated to \$119,951,731 (from \$119,943,434), and Accumulated Funds as at 30 June 2020 has been restated to \$115,650,045 (from \$115,702,307).



# Notes to the financial statements

## 1: Summary revenue and expenditure for groups of activities

### Accounting policy

Northland Regional Council has derived the cost of service for each significant activity of the council using the cost allocation system outlined below. Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity. Direct costs are charged directly to significant activities. Indirect costs are charged to significant operating activities using appropriate cost drivers such as staff numbers. There have been no changes to the cost allocation methodology during the year.

Breakdown of summary revenue and expenditure for group of activities:

	Council 30-Jun-21 \$000	Annual Plan 30-Jun-21 \$000	Council 30-Jun-20 \$000
<b>Revenue</b>			
Governance and Engagement	7,066	6,317	7,173
Environmental Services	14,650	11,905	11,604
River Management	7,762	5,200	5,001
Regulatory Services	10,193	9,295	9,224
Customer Services - Community Resilience	10,341	9,901	11,704
Corporate Excellence	26,817	20,444	23,443
<b>Total activity revenue and rates as per activity funding impact statements</b>	<b>76,829</b>	<b>63,062</b>	<b>68,149</b>
Internal charges and overheads recovered	(12,294)	(12,710)	(10,115)
Other gains not attributable to an activity	23,999	-	980
<b>Total revenue as per statement of comprehensive revenue and expense</b>	<b>88,534</b>	<b>50,352</b>	<b>59,014</b>
<b>Expenses</b>			
Governance and Engagement	7,039	8,593	10,042
Environmental Services	18,997	15,681	14,067
River Management	4,293	4,649	3,319
Regulatory Services	12,049	10,825	10,631
Customer Services - Community Resilience	11,442	11,525	12,611
Corporate Excellence	12,043	12,425	9,692
<b>Total activity expenses as per activity funding impact statements</b>	<b>65,863</b>	<b>63,698</b>	<b>60,362</b>
Internal charges and overheads recovered	(12,294)	(12,710)	(10,115)
Other expenses not attributable to an activity	153	-	2,260
Depreciation and amortisation	1,635	1,839	1,740
<b>Total expenses as per statement of comprehensive revenue and expense</b>	<b>55,357</b>	<b>52,827</b>	<b>54,247</b>

BREAKDOWN OF DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY	Note	Council 30-Jun-21 \$000	Annual Plan 30-Jun-21 \$000	Council 30-Jun-20 \$000
Governance and Engagement				
Regulatory Services		444	442	404
Environmental Services		-	-	-
River Management		227	208	192
Customer Services - Community Resilience		143	167	211
Corporate Excellence		821	1,022	933
TOTAL DEPRECIATION AND AMORTISATION EXPENSE	13	1,635	1,839	1,740

## Note 2: Revenue

### Accounting policy

Revenue is measured at fair value.

*Rates revenue:* Rates are set annually by a resolution of council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised and brought to account when the rates are payable based on the council's best estimate of what is expected to be collected. Rate penalties arising from late payment are recognised as revenue when rates become overdue. Rates remissions are recognised as a reduction of rates revenue when the council has received an application that satisfies its rates remission policy. These transactions are classified as non-exchange transactions.

*Fees and charges:* Fees and charges are recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services provided. The majority of this type of revenue is exchange transactions.

*Grants and subsidies:* Grants and subsidies are recognised as revenue when the primary conditions of entitlement have been met. These are non-exchange revenue transactions. Where a transfer is subject to conditions that, if unfulfilled, require the return of transferred resources, council recognises a liability until the condition is fulfilled.

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

*Interest:* Interest income is recognised using the effective interest method.

*Other revenue – Dividends:* Dividends are recognised when the right to receive payment has been established. Dividend income is recorded at the cash amount received, being net of taxation imputation credits.

*Rental revenue:* Rental revenue from investment property is recognised in the surplus or deficit on a straight-line basis over the term of the lease. Any short term rent relief provided is fully recognised in the period in which it occurs.

*Funds collected for other organisations:* Funds are collected for other organisations, including central government. Any funds held at balance date are included in term and current liabilities. Amounts collected on behalf of third parties are not recognised as revenue, except for the commissions or fees earned.

*Vested assets:* Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the council are recognised as revenue when the control over the asset is obtained.

*Infringement fees and fines:* Infringement fees and fines are recognised when the infringement notice is issued.

*Externally managed investment fund gains:* Externally managed investment funds are measured at fair value, and any gains or losses on re-measurement are recognised in the surplus or deficit.

## 2(i) Rates remission, penalties, early payment discounts

Rates revenue is shown net of rates remissions and postponements, and early payment discounts. The Northland Regional Council's rates remission policies allow it to remit approved rates as per the Rates Remission Policies of the Territorial Authorities that collect Northland Regional Council's rates on its behalf. In 2020/21 the Whangarei District Council offered a 2% early payment discount if rates are paid in full at the first instalment of 20th September 2020.

## 2(ii) Breakdown of other revenue

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Rental revenue from investment properties	3,132	3,048	8,800	8,123
Vested Asset	-	1,715	-	1,715
Dividend revenue - Marsden Maritime Holdings Limited	3,543	3,543	-	-
<b>Total other revenue</b>	<b>6,675</b>	<b>8,306</b>	<b>8,800</b>	<b>9,838</b>

## Operating leases as lessor

The future aggregate minimum lease payments to be collected under non-cancellable operating leases at year end are as follows:

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Not later than one year	3,211	2,521	6,071	5,242
Later than one year and not later than five years	9,353	7,361	16,848	14,778
Later than five years	6,300	5,360	9,980	10,620
<b>Total non-cancellable operating leases</b>	<b>18,864</b>	<b>15,242</b>	<b>32,899</b>	<b>30,640</b>

## Council

Operating leases relate to investment properties owned by Northland Regional Council. The majority (in terms of numbers) of council's investment property portfolio is made up of leasehold properties. These leasehold properties have perpetual lease terms ranging from 5 to 21 years. The lessee has the option to renew the lease at the completion of each term. All leases contain market review clauses at varying cycles or upon renewal. The lessee does not have a right to purchase the property at the expiry of the lease. Council has four residential properties with fixed or periodic tenancy terms and owns 35 freehold commercial properties, of which four are vacant, two are being redeveloped, and the remaining 29 have lease terms of between one month and 11 years.

## Marsden Maritime Holdings Limited

Marsden Maritime Holdings Limited leases land and buildings to a variety of customers within close proximity to the port. These non cancellable leases have remaining terms of between one month and 26 years. All leases include a clause to enable upward revision of the rental charge on contractual rent review dates according to prevailing market conditions.

No contingent rents have been recognised during the year.

### 2(iii) Breakdown of other gains:

	Note	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Gain on revaluation of investment property	11	11,905	916	15,560	-
Gain on revaluation of investment property assets held for sale	9	10,346	-	10,346	-
Gain on revaluation of forestry assets	15	546	-	546	-
Gain on revaluation of buildings and amenities		1,052		1,255	
Gain on disposal of property, plant and equipment		143	63	143	43
<b>Total non-financial instruments gains</b>		<b>23,992</b>	<b>979</b>	<b>27,850</b>	<b>43</b>
Externally Managed Investment Funds		8,646	2,758	8,646	2,758
Gain on fair value adjustment of financial investments		7	-	9	-
<b>Total financial instruments gains</b>		<b>8,653</b>	<b>2,758</b>	<b>8,655</b>	<b>2,758</b>
<b>Total other gains</b>		<b>32,645</b>	<b>3,737</b>	<b>36,505</b>	<b>2,801</b>

The fair value gains on investment property arise from the annual revaluation of these investments.

## Note 3: Personnel costs

### Accounting policy

Personnel costs includes salaries, wages, leave and other employee-earned compensation. Employer contributions to KiwiSaver and the National Provident Fund; Pension National Scheme, and Lump Sum National scheme are accounted for as defined contribution plans and are recognised in the surplus or deficit as incurred.

### Breakdown of personnel costs and further information:

	Note	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Salaries and wages		18,507	16,974	21,923	19,721
Employer contributions to defined contribution plans		508	472	568	517
Increase/(decrease) in employee benefit liabilities	17	226	446	197	487
<b>Total personnel costs</b>		<b>19,241</b>	<b>17,892</b>	<b>22,688</b>	<b>20,725</b>

### Chief Executive remuneration

The Chief Executive of the council was appointed in accordance with section 42 of the Local Government Act.

The total remuneration (including any non financial benefits) paid or payable for the year ended 30 June 2021 to the Chief Executive was \$325,489 (2020: \$319,010).

### Elected representatives

Elected representatives received the following remuneration:

	Note	Salary 30-Jun-21 \$000	Non-salary 30-Jun-21 \$000	Total Council Remuneration 30-Jun-21 \$000	Total Council Remuneration 30-Jun-20 \$000
Penny Smart, Chair		123	1	124	113
Justin Blaikie, Deputy Chair		79	10	89	82
Terry Archer		25	0	25	-
John Bain		24	1	25	73
Jack Craw		72	2	74	49
Colin Kitchen		72	18	90	57
Amy Macdonald		72	13	85	56
Marty Robinson		72	9	81	53
Rick Stolworthy		72	13	85	79
Joce Yeoman		72	4	76	74
Bill Shepherd		-	-	-	36
David Sinclair		-	-	-	25
Paul Dimery		-	-	-	26
Mike Finlayson		-	-	-	29
Total elected representatives' remuneration	4	683	71	754	752

With the enactment of the Local Government Act 2002, the Remuneration Authority is responsible for setting the remuneration levels for elected members. The council monetary remuneration (salary) detail above was determined by the Remuneration Authority. Councillors are able to claim an allowance for mileage, travel time and communications. These allowances are set by the Remuneration Authority and paid to Councillors based on claims approved by the council chairman and chief executive.

### Council employee remuneration by band

The annual remuneration by band for council employees as at 30 June 2021 is detailed below. For employees receiving remuneration of \$60,000 or more, they are grouped into \$20,000 bands as presented below. For any \$20,000 bands with five or fewer employees in the band, they are combined upwards with the next banding as stipulated in the Local Government Act 2002.

	Council 30-Jun-21	Council 30-Jun-20
< \$60,000	56	69
\$60,000 - \$79,999	123	106
\$80,000 - \$99,999	55	31
\$100,000 - \$119,999	16	18
\$120,000 - \$139,999	6	-
\$120,000 - \$179,999	-	10
\$140,000 - \$199,999	9	-
\$300,000 - \$319,999	-	1
\$320,000 - \$339,999	1	-
<b>Total employees</b>	<b>266</b>	<b>235</b>

Total remuneration includes any non financial benefits provided to employees.

At 30 June 2021, the council employed 212 (2020: 194) full time employees with the balance of staff representing 15.18 (2020: 24.75) full time equivalent employees. A full time employee is determined on the basis of a 37.5 hour working week.

#### *Severance payments*

For the year ending 30 June 2021, the council made two (2020: 2) severance payments to employees totalling \$22,000 (2020: \$18,000). The value of each of the severance payments was \$10,000 and \$12,000.

## **Note 4: Other expenses**

### **Accounting Policy**

Expenditure is recognised when goods and services have been received.

*Grant expenditure:* Non-discretionary grants are those grants that are awarded when 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 the grant on receipt of the grant application and are recognised as expenditure when the grant conditions have been satisfied.

*Operating leases:* An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. All the leases of the council and group are operating leases.



## Breakdown of other expenses and further information:

	Note	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Fees to external auditors:					
Fees to Deloitte for audit of financial statements		122	120	164	151
Fees to Deloitte for other services*		127	18	127	18
Fees to OAG for audit of financial statements		11	11	11	11
Fees to EY for the audit of the Marsden Maritime Holdings Group		-	-	90	87
Fees for other services provided by the auditor of Marsden Maritime Holdings Limited**		-		5	6
Directors'/Councillors' fees and trustee remuneration	3	754	752	1,153	1,150
Donations		1,802	1,460	1,804	1,461
Operating lease payments		155	79	285	238
Impairment on Investment in Associate	12(ii)	153	-	153	-
Current year rates written off		457	86	457	86
Impairment of receivables	7	79	476	96	477
Impairment of loan		-	-	-	-
Operating grants to Northland Inc. Limited		1,365	1,336	-	-
Other payments to Northland Inc. Limited		455	467	-	-
Divested Assets		-	182	-	182
Loss on disposal of investment property assets held for sale		-	50	-	50
Loss on disposal of MPRL Joint Venture		-	770	-	770
Loss on disposal of property, plant and equipment		-	-	1	-
Loss on revaluation of investment property assets held for sale	9	-	18	-	18
Loss on revaluation of forestry assets	15	-	107	-	107
Loss on revaluation of infrastructure assets		-	1,187	-	1,187
Loss on revaluation of buildings and amenities	13	-	127	-	-
Loss on fair value adjustment of financial investments		-	-	-	13
Loss on revaluation of investment property assets		-	-	-	2,052
Other operating expenses		28,420	26,439	34,141	31,006
<b>Total other expenses</b>		<b>33,900</b>	<b>33,685</b>	<b>38,487</b>	<b>39,070</b>

\* The fees paid to Deloitte for other services for the year ending 30 June 2021 were for the audit of council's 2021-31 Long Term Plan, fraud awareness training and a review of council's counter fraud controls, a review of rating processes and controls, a review of the Waima Waitai Wairoa project, and for the audit compliance report prepared in respect of council's debenture trust deed.

\*\* The fees for other services provided by the auditor of Marsden Maritime Holdings Limited were for tax compliance.

## Operating leases as lessee

The future aggregate minimum lease payments payable under non-cancellation operating leases existing at year end are as follows:

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Not later than one year	179	105	329	162
Later than one year and not later than five years	248	143	562	171
Later than five years	-	-	-	-
Total non-cancellable operating leases	427	248	891	333

## Note 5: Taxation

### Accounting policy

The income tax expense includes 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.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.

Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

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

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

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

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

## Breakdown of taxation and further information:

	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Components of tax expense		
Current tax expense/(credit)	24	22
<b>Tax expense</b>	<b>24</b>	<b>22</b>
Relationship between tax expense and accounting surplus		
Surplus/(deficit) before tax	43,848	7,952
Taxation at 28%	12,277	2,227
Plus (less) tax effect of:		
Non-deductible expenditure	1,344	1,829
Recognition of temporary differences	-	17
Imputation dividend receipts	(3,700)	(3,826)
Non-taxable income	(9,789)	(398)
Tax paid on joint venture company earnings	(341)	(14)
Carried forward losses derecognised/(recognised)	233	187
<b>Tax expense/(benefit)</b>	<b>24</b>	<b>22</b>

Council's net income subject to income tax consists of its assessable income net of related expenses derived from the Marsden Maritime Holdings Group, and any other council controlled organisations. All other income currently derived by Northland Regional Council is exempt from income tax.

A deferred tax asset has not been recognised in relation to tax losses in Northland Regional Council of \$13,426,805 (2020: \$11,620,843) as council considers it unlikely that the benefit of these losses will be utilised against future taxable income.

As at 30 June 2021 Marsden Maritime Holdings Limited group has taxation losses amounting to \$6,654,868 of which the tax effect is \$1,863,363 (2020: losses \$7,055,992 tax effect \$1,975,569) subject to Inland Revenue Department confirmation. Due to the timeframe in which assessable income is anticipated to be available to offset such losses, MMH has determined that it is appropriate to only recognise losses in the financial statements to a level that directly offsets the deferred tax liability.

## Note 6: Cash and Cash Equivalents

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Cash on hand and at trading banks *	3,612	1,140	6,480	2,061
Term deposits, held as part of the Short Term Fund - with maturities of less than 3 months acquisition	1,405	2,000	1,405	2,000
Term deposits, held as part of the Long Term Fund - with maturities of less than 3 months acquisition	2,278	-	2,278	-
Other Term deposits - with maturities of less than 3 months at acquisition	690	767	690	767

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Total cash and cash equivalents	7,985	3,907	10,853	4,828

\* The council holds unspent funds included in cash at bank of \$2,167,252 (2020: \$225,831) that are subject to restrictions. \$23,756 relates to marine farm and commercial bonds. \$2,143,496 relates to deposits and a bond held in respect to tenancy and sale agreements. Council also holds \$93,346 of term deposits with maturities of less than 3 months at acquisition relating to retention monies withheld under commercial construction contracts.

## Note 7: Current receivables

### Accounting policy

Short-term receivables and other receivables are recorded at their face value, less any provision for impairment.

A receivable is considered to be uncollectible when there is evidence that the amount due will not be fully collected. The amount that is uncollectible is the difference between the amount due and the present value of the amount expected to be collected.

Prepayments comprise significant items of expenditure having a benefit to more than one accounting period and are written off over the period to which they relate.

### Breakdown of receivables and further information

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Rates receivables	4,585	3,445	4,585	3,445
Other receivables	4,001	5,248	4,716	5,553
GST receivable	1,146	643	1,211	686
Receivables from subsidiaries and associates	14	71	-	-
Prepayments	240	271	502	437
Gross debtors and other receivables	9,986	9,678	11,014	10,121
Less provision for uncollectibility of receivables	(3,389)	(2,588)	(3,407)	(2,659)
<b>Total current receivables</b>	<b>6,597</b>	<b>7,090</b>	<b>7,607</b>	<b>7,462</b>
<b>Total current receivables comprise:</b>				
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements and fees and charges that are partly subsidised by rates	6,057	5,788	7,004	6,039
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	540	1,302	603	1,423
	<b>6,597</b>	<b>7,090</b>	<b>7,607</b>	<b>7,462</b>

### Assessment for uncollectibility

There is no concentration of credit risk outside the group, as the group has a large number of customers which spreads the risk.

Outstanding rates are usually recognised in full when the rates become payable due to the fact that the value can be measured reliably, it is probable that council is going to receive payment, and there is not expected to be a significant delay in receipt. Rates revenue is recognised immediately because there are no conditions arising from the transaction.

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

	2021			2020		
	Gross \$000	Provision for uncollectibility \$000	Net \$000	Gross \$000	Provision for uncollectibility \$000	Net \$000
Council						
Not past due	4,747	(6)	4,741	5,277	(6)	5,271
Past due 1-60 days	43	(22)	21	555	(22)	533
Past due 61-120 days	692	(22)	670	82	(39)	43
Past due > 120 days	4,504	(3,339)	1,165	3,764	(2,521)	1,243
Total	9,986	(3,389)	6,597	9,678	(2,588)	7,090

	2021			2020		
	Gross \$000	Provision for uncollectibility \$000	Net \$000	Gross \$000	Provision for uncollectibility \$000	Net \$000
Group						
Not past due	5,536	(6)	5,530	5,552	(6)	5,546
Past due 1-60 days	257	(22)	235	586	(22)	564
Past due 61-120 days	717	(22)	695	147	(39)	108
Past due > 120 days	4,504	(3,357)	1,147	3,836	(2,592)	1,244
Total	11,014	(3,407)	7,607	10,121	(2,659)	7,462

### Provision for Uncollectibility

The provision for uncollectibility of general receivables has been based on a review of specific overdue receivables and a collective assessment. The collective assessment is based on an analysis of past collection history and debt write offs. Rates receivables have been assessed of uncollectibility based on an analysis of council's historical non collection rate for each district.

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Movements in the provision for uncollectibility of receivables are as follows:				

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Balance at 1 July	2,588	2,392	2,659	2,462
Increase in provision due to reversal of accumulated rates receivable impairments	2,777	-	2,777	-
Rate arrear receivables written off during the year	(2,032)	(277)	(2,032)	(277)
Other receivables written off during the year	(23)	(3)	(93)	(3)
Additional provisions made during the year	79	476	96	477
Balance at 30 June	3,389	2,588	3,407	2,659

On 12 April 2021, the Local Government (Rating of Whenua Maori) Amendment Act was enacted. This Act effectively removes from the rating system those properties that could never reasonably be used for economic purpose – either business or residential. From 1 July 2021 any rates owing on this type of land is written off and the land becomes non-rateable.

In the Far North, \$1,902,869 of unpaid rate and penalty arrears were written off against the provision for uncollectibility of receivables in 2020/21 as a result of the Local Government (Rating of Whenua Maori) Amendment Act. Essentially these write-offs have officially achieved what council has been doing via its Far North Maori Freehold Land (MFL) impairment adjustments. Council previously took a prudent and conservative stance by booking Far North MFL annual impairments over the past six years totalling \$2,777,052. These impairments have been reversed in the current year to offset the actual write offs processed by the Far North District Council.

The council and group holds no collateral as security or any other credit enhancements over receivables that are either past due or impaired.

## Note 8: Inventory

### Accounting policy

Inventories such (as stores, chemicals and materials) held for distribution or for use in the provision of goods and services that are not supplied on a commercial basis are measured at the lower of cost, or cost adjusted when applicable, for any loss of service potential.

Inventories held for use in the provision of goods and services on a commercial basis are measured at the lower of cost and net realisable value.

### Breakdown of inventory and further information:

	Note	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Stores and materials		271	483	365	556
		271	483	365	556

There has been no write-down of inventory. No inventory is pledged as security for liabilities.



## Note 9: Assets held for sale

### Accounting policy

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses 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.

Assets held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Investment property classified as assets held for sale are recognised at fair value. Any gains/losses on investment property held for sale are recognised in surplus/deficit.

### Breakdown of assets held for sale and further information:

	Note	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Balance at 1 July		715	2,361	715	2,361
Transfers from/(to) investment properties	11	13,780	(747)	13,780	(747)
Additions		4,494	-	4,494	-
Disposals		-	(881)	-	(881)
Fair value gains/(loss) on valuation	4/2(iii)	10,346	(18)	10,346	(18)
<b>Total assets held for sale</b>		<b>29,335</b>	<b>715</b>	<b>29,335</b>	<b>715</b>

During the year, council reclassified 2 Investment properties as Investment properties held for sale, resulting in a total of 3 investment property assets being held for sale at 30 June 2021 (2020: 1). Council investment properties held for sale are valued at Fair Value under PBE IPSAS 16. The valuation was undertaken by Telfer Young Northland Ltd as at 30 June 2021.

## Note 10: Other financial assets

### Accounting policy

Financial assets (other than shares in subsidiaries) are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

#### *Financial assets at fair value through surplus or deficit*

Financial assets are initially recognised 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 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 unless they are designated in a hedge accounting relationship for which hedge accounting is applied.

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 unless council intends to hold the funds beyond 12 months.

After initial recognition, financial assets in this category are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

Council's external managed funds are classified in this category as they are evaluated and reported on a quarterly basis against the corresponding statement of investment policy and objectives. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

#### *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.

After initial recognition, they are measured at amortised cost using the effective interest method, less impairment. Gains or losses when the asset is impaired or de-recognised are recognised in the surplus or deficit.

At year end the assets are assessed for indicators of impairment. Impairment is established when there is evidence that the council and group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

If assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

#### *Financial assets at fair value through other comprehensive revenue and expense*

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at 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 the investment within 12 months of the balance date.

This category includes:

- Investments that are intended to be held long term but which may be realised before maturity; and
- Shareholdings that are held for strategic purposes.

After initial recognition, these investments are measured at their fair value, with gains and losses recognised directly in other comprehensive revenue and expense except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

#### Breakdown of other financial assets and further information:

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
CURRENT PORTION				
Term deposits, and other securities *	1,674	1,480	1,674	1,480
Term deposits held as part of the Short Term Fund	1,554	-	1,554	-
Term deposits held as part of the Long Term Fund	1,462	-	1,462	-
Short term investment fund	13,333	18,818	13,333	18,818
Total current portion	18,023	20,298	18,023	20,298
NON-CURRENT PORTION				
Other loans	2,846	3,050	2,846	3,050
Term deposits and other securities**	307	153	758	602
Long Term Fund	36,843	44,311	36,843	44,311
Total non-current portion	39,996	47,514	40,447	47,963
TOTAL OTHER FINANCIAL ASSETS	58,019	67,812	58,470	68,261

\* includes \$43,588 of term deposits held as retentions under commercial construction contracts and subject to restrictions

\*\* includes \$43,666 of term deposits held as retentions under commercial construction contracts and subject to restrictions

#### Fair value

The carrying amount of term deposits approximates their fair value.

Funds of \$3,750,000 were advanced to Northland Emergency Services Trust (NEST) on 8 May 2018 to assist with the purchase of a helicopter. The NEST Loan is secured over the newly purchased helicopter byway of a General Security Deed and has an applicable fixed interest rate of 4.77% pa. A lump sum repayment of \$548,786 was received from NEST during the 2018-19 year. A further repayment of \$250,000 was received from NEST this year following the sale of an engine that was surplus to requirements. The carrying amount of the NEST loan is \$2,845,798 (2020: \$3,050,245) reflecting a non-cash fair value adjustment of \$105,416 (2020 \$150,969) to account for the fact the interest rate is below an assessed market interest rate of 6.5%. The fair value adjustment of \$105,416 will be unwound through profit and loss over the term of the loan.

## Fonterra Cooperative Group Limited Shares

As at 30 June 2021, Marsden Maritime Holdings Limited and its Group held 119,935 co-operative shares in Fonterra Co-operative Group Ltd having a disclosed fair value of \$3.76 per share (2020: total holding of 119,935 shares at an average of \$3.74 per share) recognising a total fair value increase for the year of \$2,399 (2020: fair value decrease \$13,193).

### Externally managed investment funds

Eriksen and Associates Limited are appointed as council's investment advisors for 2 externally managed investment funds (2020: 2) providing independent overarching investment guidance for these funds. Council's externally managed funds are classified as financial assets at fair value through surplus or deficit as Eriksen and Associates Limited evaluate and report the performance of each fund on a fair value basis (monthly) in accordance with council's Statement of Investment Policy and Objectives (SIPO). This designation is consistent with the investment strategy in council's finance strategy, as the managed funds are managed prudently against the SIPO with a view to prudently maximising and managing returns over the long term within a diverse portfolio that preserves and maintains the capital value of each fund. The Long Term Fund is presented as non current as council does not expect to dispose of it within 12 months of the balance date.

The fair value and carrying value of each fund is calculated using the net market values based upon the listed market values at Balance Date adjusted for any realisation expenses.

At year end, council had uncalled committed capital relating to its investment in private equity fund managers of \$9,451,499 (2020: \$4,407,394).

Externally managed investment fund performance (12 month return to 30 June 2021, net of fees)	Council and Consolidated 30-Jun-21	Council and Consolidated 30-Jun-20
Long Term fund	18.70%	5.10%
Short Term fund	10.20%	4.50%
Community investment fund (disestablished October 2019)	-	10.7%
Property reinvestment fund (disestablished October 2019)	-	11.10%
Infrastructure investment fund (disestablished October 2019)	-	9.50%
Short term investment fund -formerly working capital fund (disestablished October 2019)	-	5.40%
Weighted average effective interest rates	Council and Consolidated 30-Jun-21	Council and Consolidated 30-Jun-20
Term deposits	0.60%	0.92%
Other securities	3.16%	4.29%

## Note 11: Investment property

### 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.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value at balance date. Fair Value is the price at which a property could be exchanged by knowledgeable and willing parties in an arm's length transaction. Fair Value is determined annually by the valuation undertaken by independent valuers that hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued. Values for investment properties valued under PBE IPSAS 16 have been assessed primarily on a market related basis where sufficient data is available. For commercial properties, rentals, investment return rates and land improvement levels have been related directly to a wide range of Northland sales evidence, while for rural blocks direct sales analysis has been used.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

## Breakdown of investment property and further information:

	Note	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Balance at 1 July		60,361	53,261	138,357	129,130
Additions		4,030	7,891	15,302	12,997
Vested Assets	2(ii)	-	1,715	-	1,715
Disposals and Divested assets		-	(4,044)	-	(4,044)
Transfers from/(to) assets held for sale	9	(13,780)	747	(13,780)	747
Transfers from/(to) property plant and equipment - freehold land	13	-	(75)	144	(75)
Transfers from/(to) property plant and equipment - buildings	13	-	(50)	-	(50)
Movement in lease incentives		-	-	35	(11)
Fair value gains/(losses) on valuation	2(iii),4	11,905	916	15,560	(2,052)
Balance at 30 June		62,516	60,361	155,618	138,357

### Investment properties valuation - Council

The annual valuation of council's investment properties was performed by Telfer Young (Northland) Limited. The valuation is effective as at 30 June 2021.

Council's investment properties are valued at fair value comprising of ground leases of \$31,371,000 (2020: \$20,198,000), freehold investment properties (land and buildings) of \$31,145,000 (2020: \$40,163,000).

The fair value of council's investment property has been determined in accordance with PBE IPSAS 16 using the income capitalisation method for freehold properties, the discounted cashflow method for leasehold properties, the market based comparison approach for two properties in the vicinity of the Kotuku Street Retention Dam and the discounted cashflow approach and residual development approach for a commercial development currently in progress. These methods are based upon assumptions including capitalisation rates, future ground lease rental rates, future land value, and an appropriate discount rate.

Capitalisation rate range 4.50% to 10.02% (2020: 4.86% to 10.33%)

Future market rents

+5.10% for five-yearly ground lease rent reviews (2020: 5.10%)

+5.35% for seven-yearly ground lease rent reviews (2020: 5.35%)

+6.65% for 21-yearly ground lease rent reviews (2020: 6.65%)

Annual inflation on land values: 1.5% (2020: 1.5%)

Discount rate: 6.5% (2020: 8.00%)

### Investment properties valuation - Marsden Maritime Holdings Limited

Fair value has been determined based on valuations performed as at 30 June 2021, by Seager & Partners, industry specialists in valuing these types of assets.

Fair Value has been determined by using the discounted cash-flows method, Income capitalisation method, and market-based comparison approach for freehold properties, and the discounted cash-flows method for the Marsden Cove Marina and commercial complex.



These methods are based upon assumptions including lease values, years to full tenancy, appropriate discount rate, capitalisation rates, exit yields, and annual rental cash-flows.

Land available for lease range\*: \$75-\$110 per square metre (2020: \$75-\$110 per square metre)

Discount rate range: 7.5% - 9.75% (2020: 8.5% - 9.75%)

Capitalisation rate: 6.875% (2020: 7.50%)

Exit yield range: 7.25% - 7.50% (2020: 7.25% - 7.50%)

Annual Rental cash flow: \$569,000 - \$837,000 (2020: \$299,000 - \$354,000)

\* Excludes undeveloped land and land designated for a transport corridor which has a value of \$30 to \$100 per m<sup>2</sup> (2020: \$30 to \$100 per m<sup>2</sup>).

With the exception of a portion of land designated for a transport corridor, the group has no restrictions on the realisability of its investment property.

Marsden Maritime Holding Limited has recently been made aware of potential issues with the structural integrity of some of the concrete piles at the Marsden Cove Marina. They have commissioned an independent inspection of all the marina piles to understand the extent of this issue. The findings of this inspection will be reported to the Marsden Maritime Holding Limited directors by November 2021. Depending on the outcome of this work, there may be an impact on the fair value of the marina.

#### Capital Commitments

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Investment Property	6,188	3,130	13,327	3,819
Total capital commitments	6,188	3,130	13,327	3,819

## Note 12(i): Investments in subsidiary (excluding CCOs) and joint venture company

### Accounting policy

Northland Regional Council consolidates as subsidiaries in the group financial statements all entities over which the council may direct the governance policies so as to obtain benefits from the activities of the entity. This power generally exists where Northland Regional Council has an interest of 50% or more of council-controlled organisations or more than one-half of the voting rights on the governing body.

The investment in subsidiaries is carried at cost in the council's parent entity financial statements.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The group recognises its investment in its jointly controlled entity (NorthPort Limited) using the equity method. Under the equity method, the investment in a jointly controlled entity is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the surplus or deficit of the jointly controlled entity after the date of acquisition. The group's share of the surplus or deficit of the jointly controlled entity is recognised in the surplus or deficit. Investments in jointly controlled entities are carried at cost in council's parent entity financial statements.

For jointly controlled assets the council recognises in its financial statements its share of jointly controlled assets, the liabilities and expenses it incurs, its shares of liabilities and expenses incurred jointly, and revenue from the sale or use of its share of the output of the joint venture.

### Breakdown of investments in subsidiary (excluding CCOs) and joint venture company:

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Investment in joint venture company	-	-	51,494	46,269
Shares in Marsden Maritime Holdings Limited (22.14 million shares)	7,828	7,828	-	-
<b>Total investments in subsidiaries (excluding CCOs) and joint venture company</b>	<b>7,828</b>	<b>7,828</b>	<b>51,494</b>	<b>46,269</b>

### Council - Investment in Marsden Maritime Holdings Limited

Marsden Maritime Holdings Limited is a listed company. The fair value of these shares, as per the market price at 30 June 2021 is \$6.12 per share (2020: \$6.50 per share). The shares are held at historical cost of \$0.35 cents per share. Council shareholding in Marsden Maritime Holdings Limited is 53.61%.

### Summarised financial information of the joint venture company, Northport Limited, is presented below:

	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Current assets	5,934	5,366
Non-current assets	145,684	141,676
Current liabilities	5,974	6,696
Non-current liabilities	40,016	45,144
<b>Net assets</b>	<b>105,628</b>	<b>95,202</b>
Group share of net assets (50%)	52,814	47,601

	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Other consolidation adjustments	(1,320)	(1,332)
Total Investment in joint venture company	51,494	46,269
Opening carrying value	46,269	46,719
Share of after tax surplus	9,525	8,808
Dividends paid	(8,295)	(8,745)
Share of land revaluation movement	3,499	(327)
Share of hedge reserve movement	496	(186)
Closing carrying value	51,494	46,269
Revenue	44,605	39,840
Net surplus	19,025	17,590
Current period write back in respect of previous inter-entity asset sales	12	13
Total share of joint venture company net surplus (50%)	9,525	8,808

### Joint venture commitments and contingencies

Details of any commitments and contingent liabilities arising from the group's involvement in associated companies are disclosed separately in Notes 13 and 20.

## Note 12(ii): Investments in council-controlled organisations

### Accounting policy

The council's associate investment is accounted for in the group financial statements using the equity method. An associate is an entity over which the council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount in the group financial statements is increased or decreased to recognise the group'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.

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of the surpluses only after its share of the surpluses equals the share of deficits not recognised.

When the group transacts with 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.

The investment in the associate is accounted for using the equity method in the council's parent entity financial statements.

### Breakdown of investments in council-controlled organisations and further information:

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Investment in Regional Software Holdings Limited (associate)	486	810	486	810
Total investments in council controlled organisations	486	810	486	810

### Northland Inc. Limited

Northland Inc. Limited is a Limited Company incorporated and registered under the Companies Act 1993 and is a council controlled organisation as defined in section 6 of the Local Government Act. Northland Inc. Limited is a subsidiary of council with a primary objective to develop the economy of Northland and review funding opportunities for the Investment and Growth Reserve. Council's investment in Northland Inc. Limited is carried at cost of \$240 (2020: \$200) in the council's parent entity financial statements.

### Regional Software Holdings Limited

Regional Software Holdings Limited ("RSHL") is a Limited Company incorporated and registered under the Companies Act 1993 and is a council controlled organisation as defined in section 6 of the Local Government Act. RSHL was established on 1 January 2013 with a primary objective to provide a framework for collaboration between the shareholders and support the procurement or development of shared software resource products and services in a manner that provides a more cost effective alternative than individual councils can achieve on their own. Council has a 16.75% shareholding.

*Summarised financial information of Regional Software Holdings Ltd presented on a gross basis:*

	Note	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000
Assets		6,494	5,259
Liabilities		2,679	422
Revenue		3,606	1,662
Share capital		5,149	5,149
Accumulated funds		(1,335)	(312)
Total equity		3,814	4,837
Council's interest		16.75%	16.75%
Council investment in Associate (before impairment)		639	810
Council impairment in investment in Associate	4	(153)	-
Council's investment in Regional Software Holdings Limited in Council parent financial statements		486	810

Regional Software Holdings Limited (RSHL) is an associate of council as the council's CEO is on the Board of Directors of Regional Software Holdings Limited and as such it is considered that council has significant influence over the operating and financial policies of Regional Software Holdings Limited. For the year ended 30 June 2021 Regional Software Holdings Limited had a deficit of \$1,022,808 (2020: \$361,545 deficit), and council recognised its 16.75% share of Associate being a deficit being \$171,320 in the council's parent entity financial statements (2020: 16.75% being \$60,559 deficit recognised on consolidation).

Investment in Associate has been impaired by \$152,994 (2020: nil) during the year, due to council's intention to withdraw from the underlying asset of its investment earlier than the planned retirement of the asset by RSHL.

The total share of associates and Joint Venture company surplus in comprehensive revenue and expense is \$9,353,535 (2020: \$8,747,640) being council's share of the Regional Software Holdings Limited deficit \$171,320 (2020: \$60,559) Note 12(ii), and Marsden Maritime Holdings Limited share of surplus in their joint venture company, Northport Limited, \$9,524,855 (2020: \$8,808,199) Note 12(i).

## Note 13: Property, plant and equipment

### Accounting policy

Property, plant and equipment consists of:

Operational assets – these include land, buildings, plant and equipment, vehicles and vessels.

Infrastructure assets – infrastructure assets are the assets that comprise the Awanui River flood management system and other river management schemes as they are developed, including stopbanks and floodgates.

Buildings and infrastructure assets are measured at fair value less accumulated depreciation. Forest land subject to the Emissions Trading Scheme is the land under the forestry asset and is valued at historical cost. All other land is measured at fair value.

All other asset classes are measured at cost less accumulated depreciation and impairment losses.

*Revaluation:* Owner occupied freehold land and buildings and infrastructure assets are re-valued with sufficient regularity to ensure that their carrying value does not differ materially from fair value and at least every three years.

*Net revaluation results:* 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 expense 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 first recognised in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

*Additions:* The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the council and exceeds \$2000 (GST exc), and the cost of the item can be measured reliably. Capital projects in progress are recognised at cost less impairment and are not depreciated.

In most instances an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for nominal cost, it is recognised at fair value as at the date of acquisition.

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 group 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.

*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 in the surplus or deficit. When re-valued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

*Depreciation:* Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, 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 and amortisation rates of major classes of assets have been estimated as follows:

- Buildings	5-50 years 1-20%
- Plant, equipment, vehicles and vessels	2-100 years 1-50%
- Infrastructure assets	20-190 years 0.5-5%

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

Infrastructural assets components include gates, pipes, outlets and stopbanks. Depreciation is not provided for on stopbank components of the infrastructure assets. An asset management plan has been prepared for these schemes.

*Impairment of property, plant and equipment:* Property, plant and equipment that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment, the asset's recoverable amount is estimated and an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount the total impairment is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

*Value in use for non cash generating assets:* Non cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non cash generating assets, value in use is determined 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.

Movements in the carrying value for each class of property, plant and equipment are as follows:

COUNCIL	Freehold Land \$000	Forestry Land \$000	Buildings \$000	Infrastructure \$000	Plant, equipment, vehicles and vessels \$000	TOTAL \$000	Capital work in progress \$000
Year ended 30 June 2020							
Opening net book value	2,090	707	5,150	20,399	4,968	33,314	308
Additions	873	-	380	2,265	1,426	4,944	4
Disposals* and divested assets	-	-	-		(72)	(72)	
Transfer between asset classes	50	-	75		-	125	(308)
Revaluation movement	522	-	(127)	(1,254)	-	(859)	-
Depreciation expense	-	-	(108)	(165)	(1,265)	(1,538)	-
Closing net book value	3,535	707	5,370	21,245	5,057	35,914	4
At 30 June 2020							
Assets at cost/valuation	3,535	707	5,370	21,245	14,074	44,931	4
Accumulated depreciation	-	-	-		(9,017)	(9,017)	-



COUNCIL	Freehold Land \$000	Forestry Land \$000	Buildings \$000	Infrastructure \$000	Plant, equipment, vehicles and vessels \$000	TOTAL \$000	Capital work in progress \$000
Net book value	3,535	707	5,370	21,245	5,057	35,914	4
Year ended 30 June 2021							
Opening net book value	3,535	707	5,370	21,245	5,057	35,914	4
Additions	-	-	236	3,409	1,002	4,647	388
Disposals* and divested assets	-	-	-	-	(105)	(105)	-
Revaluation movement	260	-	1,052	-	-	1,312	-
Depreciation expense	-	-	(108)	(205)	(1,161)	(1,474)	-
Closing net book value	3,795	707	6,550	24,449	4,793	40,294	392
At 30 June 2021							
Assets at cost/valuation	3,795	707	6,550	24,654	13,926	49,632	392
Accumulated depreciation	-	-	-	(205)	(9,133)	(9,338)	-
Net book value	3,795	707	6,550	24,449	4,793	40,294	392

Depreciation and amortisation expense		Council 30-Jun-21	Council 30-Jun-20
Property, plant and equipment		1,474	1,538
Intangibles	Note 14	161	202
Total		1,635	1,740

\* disposals are reported net after accumulated depreciation

CONSOLIDATED	Freehold Land \$000	Forestry Land \$000	Freehold Land - Port \$000	Buildings and amenities \$000	Infrastructure \$000	Plant, equipment, vehicles and vessels \$000	TOTAL \$000	Work in progress \$000
Year ended 30 June 2020								
Opening net book value	2,090	707	20,223	12,368	20,399	6,837	62,624	538
Additions	873	-	291	2,117	2,265	1,705	7,251	400
Disposals* and divested assets	-	-	-	-	-	(91)	(91)	-
Transfer between asset classes	50	-	23	75	-	-	148	(332)
Revaluation movement	522	-	(814)	18	(1,254)	-	(1,528)	-
Depreciation expense	-	-	-	(387)	(165)	(1,477)	(2,029)	-
Closing net book value	3,535	707	19,723	14,191	21,245	6,974	66,375	606
At 30 June 2020								
Assets at cost/valuation	3,535	707	19,723	14,798	21,245	17,054	77,062	606
Accumulated depreciation	-	-	-	(607)	-	(10,080)	(10,687)	-
Net book value	3,535	707	19,723	14,191	21,245	6,974	66,375	606
Year ended 30 June 2021								
Opening net book value	3,535	707	19,723	14,191	21,245	6,974	66,375	606
Additions	-	-	27	443	3,409	1,486	5,365	1,181
Disposals* and divested assets	-	-	-	-	-	(112)	(112)	(335)
Transfer between asset classes	-	-	(93)	-	-	-	(93)	(174)
Revaluation movement	260	-	1,225	1,255	-	-	2,740	-
Depreciation expense	-	-	-	(438)	(205)	(1,418)	(2,061)	-
Closing net book value	3,795	707	20,882	15,451	24,449	6,930	72,214	1,278
At 30 June 2021								
Assets at cost/valuation	3,795	707	20,882	16,387	24,654	17,361	83,786	1,278
Accumulated depreciation	-	-	-	(936)	(205)	(10,431)	(11,572)	-
Net book value	3,795	707	20,882	15,451	24,449	6,930	72,214	1,278

Depreciation and amortisation expense		Consolidated 30-Jun-21	Consolidated 30-Jun-20
Property, plant and equipment		2,061	2,029
Intangibles	Note 14	161	202
Total		2,222	2,231

*\* disposals are reported net after accumulated depreciation*

## Valuation of freehold land and buildings

The most recent valuation of council's freehold land and buildings was performed by Telfer Young (Northland) Limited, and is effective as at 30 June 2021.

Council's land and buildings are valued at fair value of \$10,345,000 (2020: \$8,905,000) using a market-based approach based on a highest and best use approach, whereby the potential market rentals are capitalised to derive a market value of the property. Significant assumptions in the 30 June 2021 valuations include market rentals and capitalisation rates.

- Market rents range from: \$134 to \$201 per square metre.
- Capitalisation rates are market based rates of returns, ranging from 6.69% to 10.14%.

If council's freehold land and buildings were measured at depreciated replacement cost, the carrying amount would be \$9,240,000 (2020: \$7,790,000). Council has no restrictions on the realisability of its freehold land and buildings.

## Valuation of Freehold Land – Marsden Maritime Holdings Limited

The most recent valuation of Marsden Maritime Holding Limited's freehold land was performed by independent registered valuers, Seagar & Partners, and is effective as at 30 June 2021.

Marsden Maritime Holdings Limited freehold land is valued at fair value of \$20,881,830 (2020: \$19,722,933) using a market comparison method based on a highest and best use approach considering various market outcomes for land in the Marsden Point area, together with limited, recent sales evidence for the area.

Significant assumptions in the 30 June 2021 valuations include estimated prices per hectare of freehold land in the Marsden Point area.

Price per hectare: \$118,000 to \$220,000

If Marsden Maritime Holdings Limited's freehold land and buildings were measured at depreciated replacement cost the carrying amount would be \$7,359,929 (2020: \$7,425,553).

With exception of a portion of land designated for a transport corridor, Marsden Maritime Holdings Limited has no restrictions on the realisability of its freehold land.

## Valuation of Buildings – Marsden Maritime Holdings Limited

The most recent valuation of Marsden Maritime Holdings Limited's buildings was performed by independent registered valuers Telfer Young (Northland) Ltd and is effective as at 30 June 2021.

Marsden Maritime Holdings Limited buildings are valued at fair value of \$2,240,000 (2020: \$2,100,000). As there is no general market to assist in determining the market value of the buildings, the optimised depreciated replacement cost approach methodology was used to establish the cost to replace the buildings having regard to current costings, and then an allowance for depreciation was deducted.

## Valuation of Infrastructural assets – council

The most recent valuation of council's infrastructural assets was performed by independent registered valuers Aon Valuation Services. The valuation is effective as at 30 June 2020.

Flood protection assets are valued using the depreciated replacement cost (DRC) method. In using the DRC methodology, age, condition, remaining life, optimisation and modern equivalent replacement cost information were collated on individual elements of the flood protection assets (i.e. stop banks, floodgate, spillway, retaining wall, culverts and bridge). Replacement costs were derived from recent contract prices or in-house databases before assigning modern equivalent replacement costs and assessing values.

In determining the fair value of associated infrastructure land, land has been valued as vacant with assessments to comparable market evidence taking into consideration adjustments for size, contour, location, zoning and designation, current and potential uses. Where it is identified that the land is designated reserve, an appropriate adjustment has been made to reflect the retrieved nature of any future development potential. The basis when valuing designated land is that the land may not be used for any other purpose than is designated with an adjustment made to reflect the value of the chance of any permission being obtained for some other use at some future time.

The remaining life of elements is based on a standard expected economic life for each element type with adjustments dependent on age and condition for each individual element, which may vary from one asset to another.

For the purpose of this valuation, the assets have been classed as being fully optimised and no discount has been applied to account for any spare capacity.

## Core infrastructure disclosure

Included within the Council infrastructure assets are the following core council assets:

	Whangarei		Awanui		Kaeo-Whangaroa		Punguru		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Closing book value	7,637	7,712	15,025	12,142	903	885	884	506	24,449	21,245
Acquisitions made by way of:										
Constructed by Council	-	440	3,010	853	21	60	378	506	3,409	1,859
Transferred to Council	-	-	-	407	-	-	-	-	-	407
Total Acquisitions	-	440	3,010	1,260	21	60	378	506	3,409	2,266
Most recent cost estimate for revalued assets	7,397	7,397	15,419	15,419	949	949	506	506	24,271	24,271

## Capital Commitments

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Buildings	180	-	180	-
Property plant and equipment	27	61	27	76
Total capital commitments	207	61	207	76

Capital Commitments represent capital expenditure contracted for at year end but not yet incurred.

## Note 14: Intangible assets

### Accounting policy

#### *Software acquisition and development*

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

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

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the council's website are recognised as an expense when incurred.

#### *Carbon Credits*

Compensation units received at no cost from the Crown are recognised at fair value at the date of receipt. The credits are recognised when they have been received and are recognised in the surplus.

New Zealand Units are revalued annually with reference to market prices. The net revaluation result is credited or debited to other comprehensive revenue and expense and accumulated to an asset revaluation reserve in equity. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus of deficit.

Gains and losses on disposal are determined by comparing the disposal proceeds with the carrying amount of the NZU. Gains and losses on disposals are reported in the surplus or deficit.

If at the end of any financial year there has been some deforestation (such as harvesting) that is yet to be replanted, a contingent liability will be disclosed until such time as replanting has occurred. Council's Forest Management Plan prescribes that replanting will always take place subsequent to any harvest

#### *Easements*

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually. The cost of an easement is capitalised as part of the asset to which they relate.

#### *Amortisation*

Intangible assets that have an indefinite useful life, or are not yet available for use are not subject to amortisation and are tested annually for impairment

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit

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

Computer software   3-5 years   20-33%

## Breakdown of intangible assets and further information:

	Note	Council and Consolidated 30-Jun-21 \$000	Council and Consolidated 30-Jun-20 \$000
Computer software			
Cost - opening balance		3,952	3,758
Accumulated amortisation		(3,722)	(3,520)
Computer software opening carrying amount		230	238
Additions		-	194
Amortisation charge		(161)	(202)
Total computer software closing balance		69	230
Cost		3,952	3,952
Accumulated amortisation		(3,883)	(3,722)
Total computer software closing balance		69	230
Intellectual Property			
Opening balance			
Additions		-	182
Net disposals* and divested assets		-	(182)
Total intellectual property closing balance		-	-
Emission Trading Scheme - New Zealand Units (NZU's)			
Opening balance		560	404
Gain/(loss) on revaluation of Emission Trading Scheme - NZU's	19	199	156
Total Emission Trading Scheme - NZU's - Closing Balance		759	560
Total Intangible Assets		828	790

There are no restrictions over the title of intangible assets and no intangible assets are pledged as security for liabilities.

### *Emission Trading Scheme - New Zealand Units (NZU's)*

The council has 291 hectares of pre 1990 forest land. This land is subject to the provisions of the New Zealand emissions trading scheme (ETS). Council will recognise credits received at fair value at balance date. At the end of the financial year council held 17,460 NZ units (2020: 17,460) at \$43.47 per unit (2020: \$32.10 per unit) with a total market value of \$758,986 (2020: \$560,466).

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



## Note 15: Forestry assets

### Accounting policy

Forestry assets are independently revalued, annually, at fair value less estimated point of sale costs.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated point of sale costs, and from a change in fair value less estimated point of sale costs, are recognised in the surplus or deficit.

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

### Breakdown of forestry assets and further information:

	Note	Council and Consolidated 30-Jun-21 \$000	Council and Consolidated 30-Jun-20 \$000
Balance at 1 July		3,157	3,264
Decrease due to harvest	2(ii)	-	-
Gain/(Loss) arising from changes in fair values less estimated point-of-sale costs	4, 2(iii)	546	(107)
Balance at 30 June		3,703	3,157

Northland Regional Council owns 311 hectares (2020: 295 hectares, 16 hectares replanted in the 2020-21 year) of radiata pine forest which are at varying stages of maturity, ranging from 1 to 26 years.

### Valuation assumptions

Independent registered forestry industry consultants, Jenksmax Consulting Ltd, have valued forestry assets at fair value less estimated selling costs as at 30 June 2021.

In 2021 (and 2020) Jenksmax Consulting Limited derived the fair value of the forest using an expectation value method. Under the expectation value approach, the net present value of the forest is calculated by discounting the projected future net cash flow of the tree crop to the valuation date (30 June 2021). The calculated net present value is linked to sales evidence through the application of a discount rate of 8.0% (2020: 8.0%) derived with consideration to discount rate surveys, reporting rates from NZ forest growers and any recent transactions. In applying this approach PBE IPSAS 27 requires exclusion of financing, funding and costs related to subsequent crops. Costs and prices are held constant in 2021 NZ dollars, i.e. the net impact of inflation is assumed to be zero.

## Note 16: Payables and deferred revenue

### Breakdown of payables and deferred revenue and further information:

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
CURRENT PORTION				
Payables and deferred revenue under exchange transactions				
Payables and accruals	3,937	5,160	6,159	6,238
Revenue received in advance	2,792	808	2,792	808

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Amounts due to subsidiaries and associates	10	280	5	-
	6,739	6,248	8,956	7,046
Payables and deferred revenue under non-exchange transactions				
Grants payable	63	192	63	192
Other grants and deferred revenue received subject to conditions not yet met	3,202	2,427	6,112	3,490
Other taxes	273	17	396	1
	3,538	2,636	6,571	3,683
Current total payables and deferred revenue	10,277	8,884	15,527	10,729
NON-CURRENT PORTION				
Payables and deferred revenue under non-exchange transactions				
Other grants received and deferred revenue subject to conditions not yet met	506	608	2,253	1,476
Non-current total payables and deferred revenue	506	608	2,253	1,476

Trade and other payables are non-interest bearing and are normally settled on terms varying between 7 days and 20th of the month following the invoice date. Therefore, the carrying value of trade and other payables approximates their fair value.

## Note 17: Employee entitlements

### Accounting policy

#### *Short-term employee entitlements*

Employee benefits that are expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Council recognises a liability for sick leave to the extent that absences in the coming year are anticipated to be taken. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that council anticipates it will be used by staff to cover those future absences.

Council recognises a liability and an expense for bonuses where contractually obliged, or where there is a past practise that has created a constructive obligation and a reliable estimate of the obligation can be made.

#### *Long-term employee entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as retirement have been calculated on an actuarial basis. The calculations are based on the present value of the estimated future cash flows.

#### *Presentation of employee entitlements*

Retirement gratuities for employees up to the age of 60 are classified as a non-current liability. All other employee entitlements are classified as a current liability.

## Breakdown of employee entitlements and further information:

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Annual leave	1,651	1,538	1,780	1,592
Accrued salaries and wages	581	450	581	497
Other leave	322	340	322	340
	2,554	2,328	2,683	2,429
Represented by:				
Current benefit liabilities	2,537	2,312	2,666	2,413
Non-current benefit liabilities	17	16	17	16
	2,554	2,328	2,683	2,429

## Note 18: Borrowings

### Accounting policy

Borrowings on normal commercial terms are initially recognised at their fair value plus any transaction costs.

Borrowing costs are recognised as an expense in the period in which they are incurred.

After initial recognition, borrowings are measured at amortised cost using the effective interest method.

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

## Breakdown of borrowings and further information:

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Current				
Debentures	-	10,000	-	10,000
Secured loans	-	-	10,000	-
Total current borrowings	-	10,000	10,000	10,000
Non-current				
Debentures	-	-	-	-
Local Government Funding Agency - Bond Issuance	13,958	9,558	13,958	9,558
Secured Loans	-	-	13,950	16,550
Total non-current borrowings	13,958	9,558	27,908	26,108

## Council

As at 30 June 2021 council has five bond issuances (2020: 4) with the Local Government Funding Agency. The first being a \$2,800,000 fixed coupon bond issued at a fixed annual interest rate of 4.86%, maturing on 13 August 2032. The second a \$3,811,000 fixed coupon bond issued at a fixed annual interest rate of 4.77%, maturing on 14 February 2033. The third a \$1,931,000 fixed coupon bond issued at a fixed annual interest rate of 4.72%, maturing on 14 February 2033. The fourth a \$1,016,000 fixed coupon bond issued during the year at a fixed annual interest rate of 4.0%, maturing on 14 February 2033 and the fifth a \$4,400,000 fixed coupon bond issued at a fixed annual interest rate of 1.98%, maturing on 14 April 2033. During the year council repaid a \$10,000,000 debenture when it matured on 13 August 2020. Council secures its fixed coupon bonds by granting a security interest in its rates revenue set and assessed under the Local Government Rating Act 2002.

The total fair value of council's debentures and bond issuances at 30 June 2021 is \$15,988,103 (2020: \$23,393,595).

There are a number of covenants included within the loan agreement with LGFA. No breach of these loan covenants has occurred during the year.

## Marsden Maritime Holdings Limited

As at 30 June 2021 Marsden Maritime Holdings Limited has access to funding facilities with the BNZ totalling \$31,500,000 (2020: \$20,000,000) of which \$23,950,000 (2020: \$16,550,000) was drawn down at this date. The remainder of the loan facility is able to be drawn down on request subject to the company being in compliance with undertakings in respect of the facility. A \$10,000,000 tranche of the funding facility is due to mature on 31 March 2022.

Interest rates are determined by reference to prevailing money market rates at the time of draw-down plus a margin. Interest rates (excluding establishment and line fees) paid during the year ranged from 1.26% to 1.51% (2020: 1.27% to 2.86%).

The loan facility is secured by a first ranking mortgage over all of Marsden Maritime Holdings Ltd's property interests.

## Note 19: Equity

### Accounting policy

Equity is the community's interest in the council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

- Accumulated funds
- Reserves
  - Asset revaluation reserve;
  - Fair value through other comprehensive revenue and expense reserve;
  - Hedging reserve;
  - Special reserves.

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the council.

The Asset revaluation reserve relates to the revaluation of property, plant and equipment and intangible assets to fair value.

The fair value through other comprehensive revenue and expense reserve comprises the cumulative net change in fair value of assets classified as fair value through other comprehensive revenue and expense.

Hedging reserve comprises the effective portion of the cumulative net change in fair value of derivatives designated as cash flows hedges.

Special reserves include reserves established by the council (and may be altered at the discretion of council) to isolate funds put aside for a specific purpose, and other reserves restricted by law and reflect targeted rates that must be applied to the specific activities for which the rates were collected.

## Breakdown of equity and further information:

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Accumulated funds				
As at 1 July	115,650	119,952	148,562	152,771
Surplus/(deficit) for year	33,006	4,706	37,167	4,799
Net transfers from/(to) special reserves	9,244	(9,008)	9,244	(9,008)
Net transfers from/(to) other reserves	-	-	10	-
As at 30 June	157,900	115,650	194,983	148,562

Reserves	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Asset revaluation reserve				
As at 1 July	1,949	1,337	35,115	35,105
Revaluation gains/(losses) - buildings and amenities	-	-	(10)	10
Revaluation gains/(losses) - land	260	522	2,792	(90)
Revaluation gains/(losses) - infrastructure assets	-	(66)	-	(66)
Revaluation gains/(losses) - carbon credits	199	156	199	156
As at 30 June	2,408	1,949	38,096	35,115
Asset revaluation reserve attributable to:				
Land	1,782	1,522	37,470	34,678
Buildings and amenities	-	-	-	10
Carbon credits	626	427	626	427
Total Asset revaluation reserve	2,408	1,949	38,096	35,115
Special reserves				
As at 1 July	39,895	30,887	39,895	30,887
Transfers from/(to) accumulated funds	(9,244)	9,008	(9,244)	9,008
As at 30 June	30,651	39,895	30,651	39,895
Cashflow hedge reserve				
As at 1 July	-	-	(590)	(490)
Fair value gains/(losses) recognised	-	-	265	(100)
As at 30 June	-	-	(325)	(590)
Total Reserves	33,059	41,844	68,422	74,420
Non-controlling interest	-	-	70,475	64,462
Total Equity	190,959	157,494	333,880	287,444
Non-controlling interest				

Reserves	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Balance at 1 July			64,462	65,004
Share of total comprehensive revenue and expense attributable to the non controlling interest in Marsden Maritime Holdings Limited			9,079	2,524
Dividends paid			(3,066)	(3,066)
Balance at 30 June			70,475	64,462

Information about reserve funds held for a specific purpose is provided below:

Note 20 continued	Activities to which the reserve relates	Balance at 30 June 2021 \$000	Balance at 1 July 2020 \$000
Land management reserve	Land and Biodiversity	265	516
Awanui river reserve	River management	(273)	(660)
Kaihū river reserve	River management	48	40
Kaeo-Whangaroa rivers reserve	River management	217	233
Whangārei urban rivers reserve	River management	(8,131)	(8,618)
Kerikeri-Waipapa rivers reserve	River management	364	430
Infrastructure facilities reserve	Economic development	(0)	(166)
Property reinvestment fund reserve	Economic development	14,805	21,434
Equalisation reserve	All	2,095	1,463
Hātea river maintenance reserve	Harbour safety and navigation	100	165
Investment and growth reserve	Economic development	1,122	601
Infrastructure investment fund reserve	All	16,691	21,083
Whangārei transport reserve	Transport	(126)	(40)
Emergency services reserve	Community representation and engagement	70	82
Approved carry forwards reserve	All	181	256
Lidar project reserve	Natural hazard management	11	11
Flood infrastructure reserve	River management	(2,032)	(1,770)
Kaeo River flood infrastructure reserve	River management	38	23
Awanui River flood infrastructure reserve	River management	(230)	(188)
Whangārei River flood infrastructure reserve	River management	48	(13)
Far North transport reserve	Transport	338	221
Regional Sporting Facilities reserve	Economic development	1,255	1,407



Note 20 continued	Activities to which the reserve relates	Balance at 30 June 2021 \$000	Balance at 1 July 2020 \$000
Opex reserve	All	2,233	1,620
Capital Subsidy reserve	Transport	8	65
COVID-19 Reinstatement Reserve	All	-	1,700
Enterprise System Reserve	Enterprise System	1,554	-
<b>Total Special Reserves</b>		<b>30,651</b>	<b>39,895</b>

#### Purpose of each reserve fund:

##### Land Management reserve

This reserve was created to set aside Land Management rates collected but not fully used in any given year. While the land management reserve maintains a positive balance, it can be used to fund emergency events such as remedial storm expenditure on a case-by-case basis.

##### River and Flood Infrastructure reserves

The Awanui, Kaihū, Kaeo-Whangaroa, Kerikeri-Waipapa and Whangārei urban river reserves and flood infrastructure reserves hold targeted river management rates and targeted flood infrastructure rates collected and unspent in any given year to cover:

- any future funding shortfalls in respect to the maintenance and operation of existing river flood management schemes (River Reserves)
- any future funding shortfalls in respect to the development, maintenance and operation of new flood infrastructure schemes (Flood Infrastructure Reserves)

This keeps the surpluses/deficits in the appropriate activity separate from other activities. Any deficit balance in these reserves will be repaid from future targeted river management and flood infrastructure rates collected from the rate payers within the area of benefit identified in the respective flood management plans.

##### Infrastructure Facilities reserve

This reserve was created to set aside any targeted Infrastructure rates collected and not fully used in any given year for the purpose of funding the holding costs associated with the Marsden Point Rail link project, the capital costs of securing the rail corridor designation, and other activities relating to the development and/or completion of future regional infrastructure projects. This reserve will cease as at 30 June 2021 and the balance will be transferred to a newly established Economic Development Reserve on 1 July 2021.

##### Property Reinvestment Fund reserve

This reserve was established to represent the proceeds of commercial property sales and acquisitions and includes the proceeds of a special dividend (capital) payment made by the Marsden Maritime Holdings Limited. This reserve represents general funds invested in council's long term and short term investment funds that are set aside to be reinvested in income-producing assets, pending the identification of approved property investments.

##### Equalisation Fund reserve

This reserve was created to represent accumulated surplus forestry income (after accounting for the cost of any forestry maintenance) arising in any year. These reserved funds are intended to provide future funding of councils general operating activities with a view to smoothing future rating increases. It is further intended that these reserved funds be used to fund the self insurance of forestry infrastructure and the cost of forestry operations in non-harvesting years.

#### Hātea River Maintenance reserve

This reserve was created to represent a component of the council services rate specifically levied across the Whangārei constituency which is set aside to ensure funding is in reserve and immediately available if dredging of the Hātea river is required. The funds may be applied to the following:

1. Ongoing maintenance and dredging;
2. Disposal of dredged spoil material;
3. The provision of an annual hydrographic survey of the river.

The reserve is to be maintained at a targeted fund of up to \$400,000.

#### Investment and Growth reserve

This reserve was created to represent the investment income set aside and held in reserve to fund activities and projects that contribute towards economic well-being in accordance with set criteria.

#### Infrastructure Investment Fund reserve

This reserve was established to represent funds invested in council's long-term investment fund, and earmarked for approved infrastructure and economic development investments, with a view to stabilising the impact of large irregular infrastructure projects on council's income and capital requirements. This reserve helps manage and spread the costs of approved infrastructure and economic development investment projects and is also intended to provide more flexibility around when such large capital intensive projects can commence. The income from this reserve represents funds available for operational spend for other activities where needed. At 1 July 2021 this reserve will be renamed to Regional project reserve.

#### Transport reserves

This Whangārei transport reserve and the Far North transport reserve represent accumulated targeted Whangārei transport and Far North transport rates collected and unspent in any given year to cover any future funding shortfalls of their respective transport services. Any deficit balance in these reserves will be restored from future targeted rates collected from ratepayers in the Whangārei district (Whangārei transport rates) and Far North district (Far North transport rates).

#### Emergency Services reserve

This reserve represents any accumulated targeted Emergency Services rates collected and unspent in any given year, and held in reserve to cover any future funding shortfalls of Emergency Services funding.

#### Approved carry forwards reserve

This reserve represents amounts approved to be carried forward from one financial year to the next to enable specific work programmes to be completed. All carry forwards are approved by way of council resolution.

#### LiDAR Project reserve

This reserve currently holds unspent funding collected from the parties in a project to undertake a multiyear topographic survey utilising Airborne Laser Scanning (LiDAR) over the entire Northland region.

#### Flood Infrastructure reserve

This reserve was created to hold any targeted flood infrastructure rates relating to new flood protection capital programmes, identified in the infrastructure strategy, that were collected and unspent in any given year. These unspent rates will cover any future funding shortfalls in the new flood protection capital programmes.

### Regional Sporting Facilities reserve

This reserve represents accumulated targeted regional sporting facilities rates collected and unspent in any given year, and held in reserve to contribute to any future funding shortfalls of regional sporting facilities funding.

### Operational Reserve

This reserve was established to represent the term deposits held to ensure the stability of work-programmes, employment, and councils ongoing day to day operations, by ensuring that the portion of annual operating costs that is intended to be funded from gains from council's managed funds is in reserve. This will cover any unanticipated loss in councils funding arising from adverse economic conditions or volatility in financial markets.

### Opex reserve

This reserve was established to ensure the stability of work programs, employment and ongoing day to day operations of the council by ensuring that the portion of annual operating costs that is intended to be funded from gains derived from council's managed funds is in reserve to cover any unanticipated loss in council funding arising from adverse economic condition's or volatility in financial markets.

### Capital Subsidy reserve

This reserve represents capital subsidies received from the Waka Kotahi NZ Transport Agency that will be used to offset the future costs associated with the Regional Integrated Ticketing Information System (RITIS).

### COVID-19 Reinstatement reserve

This reserve was established to set aside funding that can be used to fund the reintroduction of prioritised work programmes, salaries and projects that were originally deferred or abandoned from council's 2020/21 Annual Plan as a result of a deficit arising from the impact of COVID-19. Funding of new projects from this reserve is permitted subject to a council resolution.

### Kaipara Moana Remediation Reserve

This reserve represents the shortfall in funding relating to the required contribution to the Kaipara Moana Remediation program. Any deficit balance in this reserve will be restored to a positive balance from future rates collected. From then on any rates collected over the life of the program will accumulate and be held to repay the borrowing at the end of the loan term.

### Enterprise System Reserve

This reserve represents the shortfall in funding relating to the enterprise system. Any deficit balance in this reserve will be restored to a positive balance from future rates collected. From then on any rates collected over the life of the program will accumulate and be held to repay the borrowing at the end of the loan term.

## Note 20: Contingencies

### 20(i): Contingent liabilities

	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Bonds	-	-	75	75
	-	-	75	75

## Council

Northland Regional Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. NZLGFA has a local currency rating from Standard and Poor's of AAA and a foreign currency rating of AA. NZLGFA has a local currency rating from Fitch of AA+ and a foreign currency rating of AA.

As at 30 June 2021, Northland Regional Council is one of 30 local authority shareholders and 34 local authority guarantors of the NZLGFA. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Northland Regional Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2021, NZLGFA had borrowings totalling \$13,605m (2020: \$11,908m).

Financial reporting standards require council to recognise the guarantee liability at fair value. However, council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Council considers the risk of NZLGFA 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 sufficient funds to meet any debt obligations if further funds were required.

At year end, council was involved in a shared cost arrangement to fund 50% of the costs arising from a subdivision that is subject to the construction of a rail spur connecting the main trunk line to Marsden Point. Council was also subject to an incentive payment that is dependent on the sale price of an Investment Property

### *Other Legal Claims*

At year end council was defendant in a number of other legal claims that had not been heard before the court or ruled upon which may result in a liability should council not successfully defend the claims. The amount claimed or the maximum potential exposure for the council is not considered material and excludes any interest or costs that may be claimed if these cases were decided against council.

## Marsden Maritime Holdings Limited

At Balance Date, Marsden Maritime Holdings Limited was aware of the following Contingent Liabilities:

1. To the Bank of New Zealand for a \$75,000 (2020: \$75,000) Bond given by them to the New Zealand Stock Exchange.

Northland Inc. Limited and Regional Software Holdings Limited do not have any contingent liabilities at year end.

### 20(ii): Contingent assets

At year end, council was involved in a clean-up contract to remove hazardous waste from a contaminated site which is due to be completed by the end of October 2021. The contract manager (Whangarei District Council) plans to seek an enforcement order from the Environment Court to recover costs of the project from the respondents. The council will support the application for the enforcement order should it be sought but, at this stage, the liability and apportionment of liability between the individual respondents remains uncertain and, therefore, whether or not council will be able to recover any costs from the respondents also remains uncertain.

At 30 June 2021 the group has no contingent assets (2020: Nil).

## Note 21: Related party transactions

Related party disclosures have not been made for transactions with entities with the council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between entities and are on normal terms and conditions for such group transactions.

There are no related party transactions with any associate, subsidiary or key management personnel requiring disclosure.

## Key Management Personnel Compensation

Key management personnel includes all the elected and independent (non-elected) representatives of council, the chief executive and senior management leadership team. Due to the difficulty in determining the full time equivalent for councillors and the independent member of council, the full time equivalent figures are taken as the number of councillors and independent members.

	Note	Council 30-Jun-21	Council 30-Jun-20
Councillors			
Remuneration \$000	4	754	752
Full time equivalent members		9	9
Independent (non elected) members of Council			
Remuneration \$000		43	25
Full time equivalent members		2	2
Senior management team including the Chief Executive			
Remuneration \$000		1,268	1,156
Full time equivalent members		6.04	5.43
Total key management personnel remuneration \$000		2,065	1,933
Total full time equivalent personnel		17.04	16.4

## Note 22: Events after balance sheet date

Subsequent to balance date, Marsden Maritime Holdings Limited declared a fully imputed dividend of 11.25 cents per share to be paid on 24 September 2021.

In July 2021, the sale of one of council's investment properties became unconditional. Also in July 2021 council sold 80 of its 120 shares in Northland Inc. Limited, selling 40 shares to each of Kaipara District Council and Far North District Council at a price of \$2 per share. The purpose of this transaction was to transition ownership of Northland Inc. from a 100% owned council-controlled organisation (CCO) of council to a jointly (and evenly) owned CCO of the three councils.

There were no other significant events after balance date.

## Note 23: Financial instruments

### Note 23A: Financial instrument categories

	Note	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
FINANCIAL ASSETS					
Loans and receivables:					
Cash on hand and at trading banks	6	3,612	1,140	6,480	2,061
Term deposits	6,10	9,106	4,247	9,106	4,247
Local government funding agency borrower notes	10	264	153	263	153
Debtors and other receivables	7	6,597	7,090	7,607	7,462
Other loans	10	2,846	3,050	2,846	3,050

	Note	Council 30-Jun-21 \$000	Council 30-Jun-20 \$000	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Total loans and receivables		22,425	15,680	26,302	16,973
Financial assets at fair value through surplus or deficit					
Other financial assets:					
Income funds	10	22,312	31,140	22,312	31,140
Equity Funds	10	27,864	31,989	27,864	31,989
Listed shares	10	-	-	451	449
Total financial assets at fair value through surplus or deficit		50,176	63,129	50,627	63,578
FINANCIAL LIABILITIES					
Financial liabilities measured at amortised cost					
Creditors and other payables	16	10,783	9,492	17,780	12,204
Borrowings:					
Debentures	18	-	10,000	-	10,000
Local government funding agency - bond issuance	18	13,958	9,558	13,958	9,558
Bank loan	18	-	-	23,950	16,550
Total financial liabilities measured at cost		24,741	29,050	55,688	48,312

### Note 23B: Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

Financial assets at fair value through surplus or deficit and financial assets at fair value through other comprehensive revenue and expense are classified as level 1.

### Note 23C: Financial instrument

The council's and group's activities expose it to a variety of financial instrument risks including market risk, credit risk and liquidity risk. The council and group has a series of policies to manage the risks associated with financial instruments and its treasury activities.

The council has an approved liability management policy and an investment policy for its investments. These policies do not allow any transactions that are speculative in nature to be entered into and manages council's exposure in respect to liquidity risk, credit risk, price risk and interest rate risk.

The council also has investments in externally managed funds and administers these funds with overarching independent investment advice from Eriksens Global Limited. These two funds are administered in accordance with council's Statement of Investment Policies and Objectives (SIPO). The SIPO and any changes to it are approved by council. Monthly performance reporting on the two funds is prepared by Eriksens Global Limited, and any breach of compliance with the SIPO is also reported monthly to council's investment subcommittee.

#### Price risk

Price risk is the risk 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. For council this only includes security investments in its externally managed funds. Price risk can be minimised through diversification. At 30 June 2021 council's externally managed investment funds were diversified over 16 fund managers. The use of a wide range of fund managers with different mandates and different asset allocations asset allocations, and that no single fund manager is permitted to hold more than 20% of the aggregated sum of the Long-Term Investment fund mitigates council's price risk.

#### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council's exposure to currency risk is provided below:

	Consolidated 30-Jun-21 \$000	Consolidated 30-Jun-20 \$000
Long Term Fund: Investments in		
Blackrock Fixed Income Global Opportunities Fund	631	1,183
Continuity Capital Fund (No.5)	885	2,229
MLC Private Equity Fund (II) & (III)	1,114	989
Schroders Real Return +5% Fund	1,171	3,071
Federation Alternative Fund	923	-
Fermat ILS Fund	642	-
Nanuk New World Fund	1,033	-
Total exposure to currency risk	6,399	7,472

Currency risk is mitigated by limiting investments in non-NZD denominated funds to a maximum of 20% of the aggregated sum of the Long-Term Investment fund. Council (via its CEO) manages currency risk associated with non-NZD denominated investments (currently AUD) with consideration to the views of council's independent financial advisor, independent treasury advisor, and independent investment advisor.

Marsden Maritime Holdings Limited foreign exchange risk is considered minimal.

#### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Northland Regional Council's exposure to fair value interest rate risk is limited to its interest-bearing investments within the portfolio and its \$14.0 million borrowings in the form of Local Government Funding Agency fixed coupon bonds.

#### 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 issued at variable interest rates expose the council and group to cash flow interest rate risk.



Council's long term borrowing and long term deposit investments are at a fixed rate. Marsden Maritime Holdings Limited's exposure to cash flow interest rate risk is limited to its \$20,000,000 loan facility of which \$16,550,000 was drawn down at year end with BNZ. Interest rates on this loan facility are determined by reference to the prevailing market rates at the time of draw down plus a margin. During the year interest rates ranged from 1.27% to 2.86%.

Marsden Maritime Holdings Limited has an indirect exposure to variable interest rate risk via its holding in joint venture company Northport Limited. This entity periodically enters into cashflow hedges to hedge the risk associated with fluctuations in interest rates.

#### *Credit risk*

Credit risk is the risk that a third party will default on its obligation to the council and group, causing it to incur a loss. Due to the timing of council's cashflows and outflows, surplus cash is invested into term deposits and externally managed funds.

The council's investments in term deposits, are invested in accordance with its Treasury Management Policy as determined by the Standard and Poor's credit ratings. Where relevant, the minimum long term credit rating can be no lower than BBB and the maximum exposure of council's portfolio rated less than A- can not exceed 20%.

The council is exposed to credit risk as a guarantor of all of NZLGFA's borrowings. Information about this exposure is explained in note 20.

The credit risk associated with council's externally managed funds is minimised by setting maximum portfolio limits on each class of investment and specific limits on each Fund Manager. Council's SIPO ensures credit risk of each fund manager and the overall fund is managed within acceptable parameters.

Marsden Maritime Holdings Limited manages its credit exposure by only trading with recognised, credit-worthy parties and by limiting the amount of funds placed with any one financial institute at any one time. Accordingly, the group has no significant concentrations of credit risk.

#### *Maximum exposure to credit risk*

The council and group's maximum credit risk exposure for each class of financial asset is the carrying value set out in the table in Note 23A.

Debtors and other receivables arise mainly from the council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

#### **Liquidity risk**

##### *Management of liquidity risk*

Liquidity risk is the risk that the council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through the investment portfolio. The council's treasury management policy ensures the sum of external debt, liquid funds and available committed bank facilities are at least 110% of external debt.

The council is exposed to liquidity risk as a guarantor of all of NZLGFA's borrowings. This guarantee becomes callable in the event of the NZLGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 20.

Marsden Maritime Holdings manages its exposure to liquidity risk by maintaining a balance continuity of funding and flexibility through the use of bank loans, overdrafts and committed available credit lines. As at 30 June 2021 Marsden Maritime Holdings Limited had access to BNZ funding totalling \$31.5 million of which \$23.95 million was drawn down at year end (2020: \$16.55 million).

## Contractual maturity of financial liabilities

The table below analyses 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. The council's treasury management policy limits the level of borrowing that matures within the next 3 years to 60% of the total borrowing, unless any borrowings are funded by a specific targeted rate in which case the corresponding maximum maturity profile in any one year is 100%.

	Carrying Amount \$000	Contractual Cash Flows \$000	Less than 1 Year \$000	1 - 2 Years \$000	2 - 5 Years \$000	More than 5 Years \$000
<b>Council 2021</b>						
Creditors and other payables	10,783	10,783	10,277	506	-	-
Local Government Funding Agency - Bond Issuance	13,958	20,148	537	1,074	1,610	16,927
<b>Total</b>	<b>24,741</b>	<b>30,931</b>	<b>10,814</b>	<b>1,580</b>	<b>1,610</b>	<b>16,927</b>
<b>Group 2021</b>						
Creditors and other payables	17,780	17,780	15,527	2,253	-	-
Secured bank facility	23,950	24,920	10,450	14,470	-	-
Local Government Funding Agency - Bond Issuance	13,958	20,148	537	1,074	1,610	16,927
<b>Total</b>	<b>55,688</b>	<b>62,848</b>	<b>26,514</b>	<b>17,797</b>	<b>1,610</b>	<b>16,927</b>
<b>Council 2020</b>						
Creditors and other payables	9,492	9,492	8,884	608	-	-
Debentures	10,000	10,046	10,046	-	-	-
Local Government Funding Agency - Bond Issuance	9,558	15,169	450	899	1,349	12,471
<b>Total</b>	<b>29,050</b>	<b>34,707</b>	<b>19,380</b>	<b>1,507</b>	<b>1,349</b>	<b>12,471</b>
<b>Group 2020</b>						
Creditors and other payables	12,204	12,204	10,729	1,476	-	-
Secured bank facility	16,550	17,090	380	16,710	-	-
Debentures	10,000	10,046	10,046	-	-	-
Local Government Funding Agency - Bond Issuance	9,558	15,169	450	899	1,349	12,471
<b>Total</b>	<b>48,312</b>	<b>54,509</b>	<b>21,605</b>	<b>19,085</b>	<b>1,349</b>	<b>12,471</b>

## Sensitivity analysis

The table below illustrates the potential effect on the surplus/deficit and equity (excluding accumulated funds) for reasonably possible market movements with all other variables held constant based on the council's and group's financial instrument exposures at balance date.

Sensitivity analysis	2021				2020			
	+100bps		-100bps		+100bps		-100bps	
	Surplus \$000	Other Equity \$000	Surplus \$000	Other Equity \$000	Surplus \$000	Other Equity \$000	Surplus \$000	Other Equity \$000
COUNCIL								
Total sensitivity to interest rate risk	632	-	(632)	-	687	-	(687)	-

	2021				2020			
	+100bps		-100bps		+100bps		-100bps	
	Surplus \$000	Other Equity \$000	Surplus \$000	Other Equity \$000	Surplus \$000	Other Equity \$000	Surplus \$000	Other Equity \$000
GROUP								
Total sensitivity to interest rate risk	421	-	(421)	-	530	-	(530)	-

## Borrowings

Council has \$14 million of external borrowings in the form of Local Government Funding Agency fixed coupon bonds. The rate of interest payable is fixed for the life of the borrowings and is not affected by rising or falling interest rates.

## Note 23D: Capital management

The council's capital is its equity (or ratepayers' funds), which comprises accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the 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 the council. Intergenerational equity requires today's ratepayers to meet the costs of using the council's assets and not expecting them to meet the full costs of long term assets that will benefit

ratepayers in future generations. Additionally, the 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 costs of deferred renewals and maintenance.

The Act requires the council to make adequate and effective provision in its Long Term Plan (LTP) and its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the 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 under funding and financial policies in council's Long Term Plan.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves. Refer to Note 19 for a list of council's reserves. Self-insurance reserves are built up annually from regional-wide or sometimes targeted rates and are made available for specific unforeseen events. The release of these funds is approved by council.

# Section four: Legislative disclosures

## Wāhanga tuawha: Ngā Whakāturanga a Ture



## Rating base information

The following rating base information for Northland Regional Council is disclosed based on the rating base information at the end of the preceding financial year:

	30-Jun-21	30-Jun-20
The number of rating units within council's region at 30 June:	98,970	98,479
The total capital value of rating units within council's region at 30 June:	\$61,026,917,690	\$60,574,314,690
The total land value of rating units within council's region at 30 June:	\$31,552,637,200	\$31,446,236,200

## Insurance of assets

At 30 June 2021 council had assets covered by full replacement insurance of \$86,584,552 (2020: \$86,967,089) and indemnity insurance of \$70,000 (2020: \$70,000). At 30 June 2021 there are no assets self insured.

## Internal borrowings

S112(b)(iii) of the Local Government Act defines borrowing as the use for any purpose, of funds received or invested by the local authority for any other purpose. Schedule 10 (27) requires council to disclose internal borrowing, including the amount of the borrowings, funds borrowed and repaid during the year and the amount of any interest paid (if any) in relation to the internal borrowing by each group of activity.

A summary of internal borrowing by each group of activity is provided in the following table:

	Opening balance 1-Jul-20 \$000	Funds borrowed 2020/21 \$000	Funds repaid 2020/21 \$000	Change to external borrowing 2020/21 \$000	Closing balance 30-Jun-21 \$000	Interest charged 2020/21 \$000
River management	-	643	-	-	643	25
Transport	40	87	-	-	127	3
TOTAL	40	730	-	-	770	28

# Council funding impact statement

Period ending 30 June 2021

	Long Term Plan 2019/20 \$000	Annual Report 2019/20 \$000	Annual Plan 2020/21 \$000	Actual 2020/21 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, and rates penalties	-	456	-	405
Targeted rates	27,169	29,041	31,128	31,138
Subsidies and grants for operating purposes	3,046	11,980	8,149	10,330
Fees and charges	4,310	4,842	3,989	4,505
Interest and dividends from investments	8,021	6,925	3,776	12,533
Local authorities fuel tax, fines, infringement fees and other receipts	2,575	4,763	3,309	3,132
<b>TOTAL OPERATING FUNDING</b>	<b>45,121</b>	<b>58,007</b>	<b>50,352</b>	<b>62,042</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	41,711	49,317	49,928	52,988
Finance costs	936	931	1,060	580
Other operating funding applications	-	-	-	-
<b>TOTAL APPLICATIONS OF OPERATING FUNDING</b>	<b>42,647</b>	<b>50,248</b>	<b>50,988</b>	<b>53,568</b>
<b>Surplus/(deficit) of operating funding</b>	<b>2,474</b>	<b>7,760</b>	<b>(636)</b>	<b>8,473</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital purposes	-	27	-	2,493
Increase/(decrease) in debt	2,667	-	3,116	(5,600)
Gross proceeds from sale of assets	-	7,311	-	248
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING</b>	<b>2,667</b>	<b>7,338</b>	<b>3,116</b>	<b>(2,859)</b>
<b>Applications of capital funding</b>				
Capital expenditure:				
to meet additional demand	-	-	-	-
to improve levels of service	3,666	7,849	11,750	12,581
to replace existing assets	1,525	4,922	6,113	977
Increase/(decrease) in reserves	(83)	9,008	(579)	(9,244)
Increase/(decrease) of investments	33	(6,681)	(14,805)	1,299
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING</b>	<b>5,141</b>	<b>15,098</b>	<b>2,480</b>	<b>5,614</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(2,474)</b>	<b>(7,760)</b>	<b>636</b>	<b>(8,473)</b>
<b>FUNDING BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Reconciliation to the statement of comprehensive revenue and expense

Period ending 30 June 2021

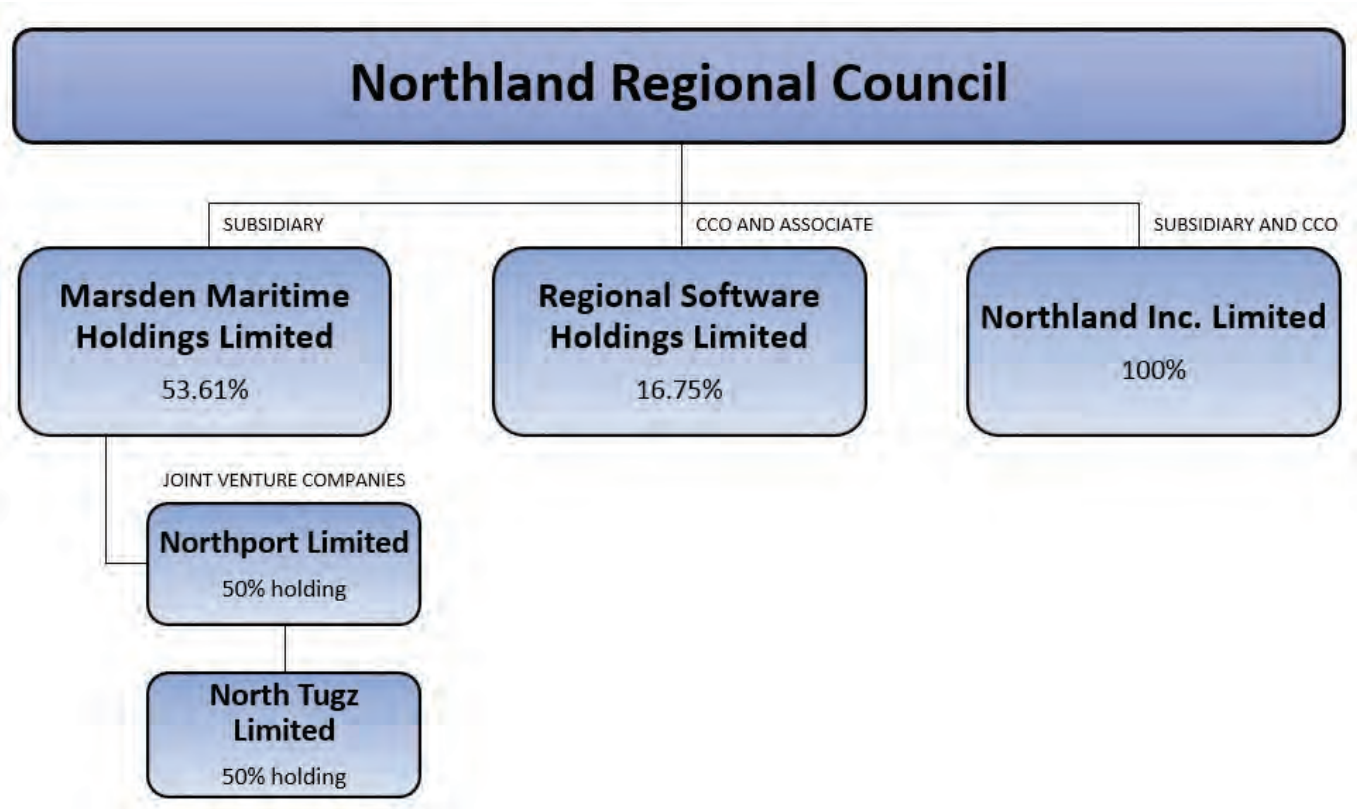
	Long Term Plan 2019/20 \$000	Annual Report 2019/20 \$000	Annual Plan 2020/21 \$000	Actual 2020/21 \$000
Capital expenditure included above, not in comprehensive revenue and expense	5,190	12,771	17,864	13,558
Investment movements included above not in comprehensive revenue and expense	33	(6,681)	(14,805)	1,299
Other gains included in comprehensive income not above	-	-	-	-
Gross proceeds included above, but not in comprehensive revenue and expense	-	(7,311)	-	(248)
Gains on asset disposals included in comprehensive revenue and expense	-	(757)	-	143
Revaluation adjustments not included above, but in comprehensive revenue and expense	-	90	-	24,315
RSHL deficit and impairment included in comprehensive income but not above	-	-	-	(324)
Transfers to/from special reserves included above, but not in comprehensive revenue and expense	(83)	9,008	(579)	(9,244)
Increase/(decrease) in debt included above but not in comprehensive income	(2,667)	-	(3,116)	5,600
Depreciation and amortisation expense not included above, but in comprehensive revenue and expense	(1,626)	(1,740)	(1,839)	(1,635)
<b>Total comprehensive revenue and expense per the statement of comprehensive revenue and expense</b>	<b>848</b>	<b>5,379</b>	<b>(2,475)</b>	<b>33,464</b>

# Section five: CCO's and Subsidiaries

## Wāhanga tuarima: CCOs me nga Kamupene



# Group structure



A council-controlled organisation (CCO) is a company or organisation in which a council or councils hold 50% or more of the voting rights or can appoint 50% or more of the trustees, directors or managers. A council-controlled trading organisation (CCTO) is a company or organisation that operates a trading operation for the purpose of making a profit.

CCOs and CCTOs are required to complete a Statement of Intent and report against their policies, objectives and performance in their annual reports unless an exemption has been granted.

This section provides the information required under the Local Government Act 2002 for Northland Inc. Limited and Regional Software Holdings Limited. Marsden Maritime Holdings Limited is also a subsidiary organisation but is exempt from the CCO provisions of the Local Government Act 2002 and is not required to publish a Statement of Intent.

# Marsden Maritime Holdings Limited

## Company operations and ownership

Marsden Maritime Holdings Ltd (known as Northland Port Corporation (NZ) Ltd until August 2014) is a designated port company formed under the Port Companies Act 1988, which required harbour boards to form companies to take over commercial, port-related assets of the Boards. In Northland's case, the company's assets include substantial land-holdings at Marsden Point.

The company is registered under the Companies Act 1993 and is domiciled and incorporated in New Zealand. In 1992 the company's shares were listed on the New Zealand Stock Exchange. Northland Regional Council currently holds 53.61% of the share capital, whilst Ports of Auckland Ltd holds 19.9%. The balance of shares is held by members of the public. The council may review its shareholding in the company as part of its triennial long-term planning process.

In 2002, in a 50/50 joint venture with Port of Tauranga, associate company Northport Ltd was formed and a new cargo terminal at Marsden Point was developed. Northport Ltd operates the deep water commercial port facility situated at the entrance to Whangārei Harbour, making it the northern-most multi-purpose port in New Zealand, and the closest port to the majority of New Zealand's international markets. More information about Northport Ltd is available at [www.northport.co.nz](http://www.northport.co.nz)

In 2014, the company purchased the Marsden Cove Marina, comprising 223 berths, adjoining commercial buildings, and land. Marsden Maritime Holdings Ltd (MMHL) is a stakeholder of Marsden Cove Canals Management Ltd (MCCML), which administers the waterways within the Marsden Cove marina development. MCCML is an IRD approved charitable entity with budgeted expenditure met by dividing costs across all canal users. Due to the nature of this entity it has not been consolidated with MMHL in its financial statements.

The Board of Directors of MMHL is elected by the shareholders to supervise the management of the company and its associates in the best interests of shareholders. The Board has several key functions which are:

- The establishment of business objectives, strategies and policies.
- The approval of annual capital and operating budgets.
- The appointment of a Chief Executive to manage the day to day operations of the company within the established framework.
- The ongoing monitoring of management performance in relation to the goals established for that purpose.

The Board currently has seven members. Under the company's constitution, one-third (or the number nearest to one third) of the directors retire by rotation each year. Northland Regional Council participates in the process of appointing directors by:

- Identifying potential candidates;
- Nominating candidates for election; and
- Voting for preferred candidates at the company's annual general meeting.

Current information about the company's Board of Directors, governance structure and its organisation framework is available at [www.marsdenmaritime.co.nz/about-us/](http://www.marsdenmaritime.co.nz/about-us/)

## Company financial data

MMHL is deemed a "strategic asset" of the council, as provided for in section 5 of the Local Government Act 2002, but the Act also specifically provides that designated port companies and their subsidiaries are not council-controlled organisations. MMHL is therefore not required to provide to the council a statement of corporate intent nor submit budget estimates.

Company	Holding at 30 June 2020	Main activity
Northland Port	50.0%	Port operating company

### Marsden Maritime Holdings Ltd

53.61% Northland Regional Council

19.90% Ports of Auckland Ltd

26.49% other Shareholders

### Northport Ltd

50% Marsden Maritime Holdings Ltd

50% Port of Tauranga Ltd

### North Tugz Ltd

50% Northport Ltd

50% Ports of Auckland Ltd

### FLOWCHART NOTES

—————> Ownership (in whole or part)

- - - - -> Customer relationship

### Abbreviations

BOPRC = Bay of Plenty Regional Council

QHL = Quayside Holdings Ltd

QSL = Quayside Securities Ltd

ACIL = Auckland Council Investments Ltd

POTL = Port of Tauranga Ltd

MMHL = Marsden Maritime Holdings Ltd

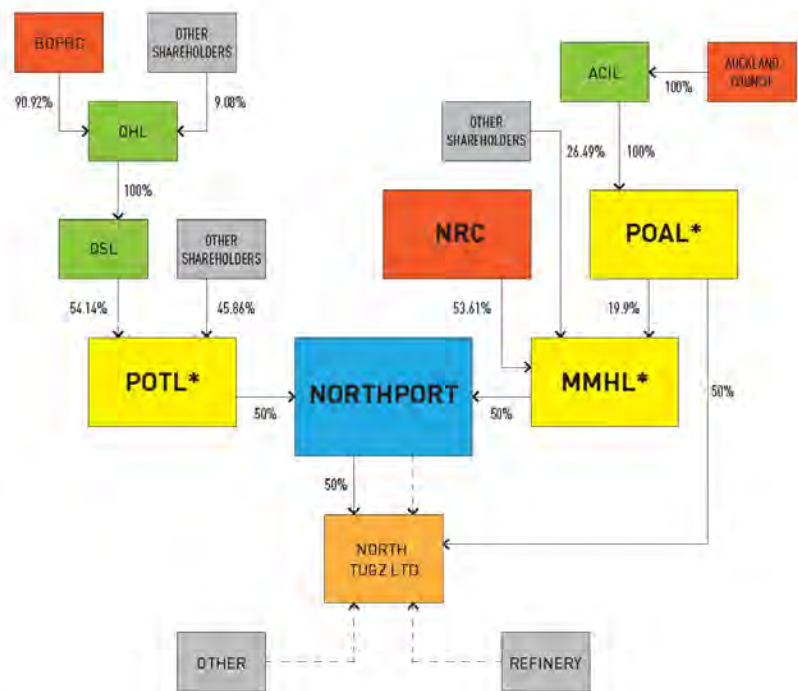
POAL = Ports of Auckland Ltd

NRC = Northland Regional Council

Percentages shown indicate how much the parent entity owns of the connected entity.

Not all minor shareholders are shown.

\* Designated port companies



# Northland Inc. Limited

## About this council-controlled organisation (CCO)

Northland Inc Limited, established in July 2012, is the region's economic development agency and regional tourism organisation. Prior to 1 July 2021, it was 100% owned by Northland Regional Council. From 1 July 2021, it is equally and jointly owned by NRC, Kaipara District Council and Far North District Council.

Northland Inc Limited is primarily funded by an operational contribution from council's Investment and Growth Reserve (IGR) and is project funded through other public and private agencies, with central government being the next largest contributor. The organisation has a governance board of professional directors, each appointed by the shareholder councils. Operational activity is led by a chief executive officer.

## Policies and objectives

The mission of Northland Inc Limited is to strengthen, diversify and grow the Northland economy. This is delivered through four work programmes: investment and PGF; engagement, collaboration and visibility; COVID-19 economic development recovery; and destination management and marketing.

The following objectives for the economic development organisation were established in its 2020-23 Statement of Intent.

- Advocate and promote the establishment and development of infrastructure that underpins regional economic growth.
- Attract, facilitate and support investment opportunities in regionally strategic sectors.
- Promote Northland as a progressive and positive place to visit, do business and live.
- Provide and facilitate business support services that enable Northland businesses to grow.
- Increase innovation and entrepreneurship in Northland.

## Key performance measures and targets

The following section provides a summary of the activities carried out in each of the four work programmes during 2020/21, including reporting against the 14 key performance indicators.

### *Investment and PGF*

The intent of this work programme is to leverage economic growth in the region through the strategic co-ordination, management and allocation of available public and private sector funding, including council's IGR and promoting the region for investment.

- Partner with Māori to develop and implement economic development projects for the benefit of Northland.
- Support tourism product development and infrastructure as enablers of Northland's tourism sector.

### *Investment and Growth Reserve*

Northland Inc Limited's activities include a focus on finding economic development projects that qualify for funding through the IGR. The objective of the reserve is to provide a fund that enables council to make strategic investments that lift the long-term growth of the Northland economy. In August 2018 council adopted new criteria and procedures for allocating funding from the reserve. The main points are as follows:

- The reserve provides operational expenditure for Northland Inc Limited.
- Up to \$300,000 per annum can be used for project development funding.
- Responsibility for allocating project development funding of up to \$100,000 is delegated to the Board of Northland Inc Ltd.
- The reserve can be used to provide enabling investment funding for projects that lift the economic performance of Northland through the construction of public or community held infrastructure or the development of regionally strategic sectors. Council has determined these sectors to be agriculture and horticulture, marine, tourism and digital.
- Any project that is determined to potentially have significant adverse impacts on social, environmental, economic, or cultural well-being will not be eligible for funding, regardless of the positive impacts.
- Decisions on enabling investment funding are made by council and must have been considered and evaluated for funding by the Board of Northland Inc Ltd.
- Applications for enabling investment funding must be accompanied by a robust business case.

The 2020/21 key performance targets and results for this work programme are:

Measure	2020/21 performance target	Result
Percentage of IGR business case decisions (by the Board) made within 90 days of receiving application	100%	Achieved, 100%
Number of inward delegations hosted	24	Not Achieved, 1
Investment recommendations are accompanied by a robust business case	100%	Achieved, 100%
Number and value of high impact projects that are implemented	3	Not Achieved, 2

There were no enabling investment project recommendations received from the board of Northland Inc Limited during 2020/21. Three projects received project development funding totalling \$130,000. The spread of COVID-19 during 2020 and the resulting travel restrictions put in place limited the ability of Northland Inc. to host inward investment delegations.

#### *Engagement, collaboration and visibility*

The purpose of this work programme is to assist in growing the performance, productivity and profitability of Northland businesses. Business capability funding (New Zealand Trade & Enterprise) and research and development funding (Callaghan Innovation) is delivered in Northland through the Regional Business Partnership (RBP) at Northland Inc. Ltd. The Northland Chamber of Commerce partners with Northland Inc. Ltd to deliver the NZTE contract for small businesses.

The 2020/21 key performance targets and results for this work programme are:

Measure	2020/21 performance target	Result
Number of unique businesses assisted (by TA and industry)	230	Achieved, 1152
Value of NZTE and Callaghan Innovation grant funding facilitated	\$1.0m	Achieved, \$3.0m
Client satisfaction (as measured by Net Promoter Score)	50%	Achieved, 70%
Number of unique Māori businesses assisted	55	Achieved, 95
Value of NZTE and Callaghan Innovation grant funding facilitated for Māori businesses	\$110,000	Achieved, \$265,460
Orchard occupancy rate	85%	Achieved, 86%



The significant over achievement of the performance targets relating to business engagement and grant funding facilitated was due to the COVID-19 response service put in place to assist businesses. This included a dedicated 0800 phone line, additional staff resources (including secondments from the district councils) and new central government funding.

#### *COVID-19 economic development recovery*

The broad scope of activities within this work programme are to lead the post-COVID 19 economic recovery planning, provide economic intelligence, develop a long-term economic development strategy for the region, and supporting the implementation of the Tai Tokerau Northland Economic Action Plan (TTNEAP).

The 2020/21 key performance target and result for this work programme is:

Measure	2019/20 performance target	Result
Development of a long-term economic development strategy for the region	Strategy developed	Not Achieved

Northland Inc was unable to secure co-funding to complete a short-term economic recovery plan. Development of a long-term economic development strategy is a priority for the new joint CCO post July 2021.

#### *Destination management and marketing*

The intent of this work programme is to promote the region by hosting and performing the functions of a Regional Tourism Organisation in partnership with Tourism New Zealand and TIANZ, promoting investment and market development in Northland's strategic growth sectors, increasing the value added from visitors and promoting and marketing conferences and events in Northland.

The 2020/21 key performance targets and results for this work programme are:

Measure	2020/21 performance target	Result
Visitor spending from target markets	\$857m	Achieved, \$1066m
Value of industry investment in regional promotion activity	\$250,000	Achieved, \$328,759
Equivalent Advertising Value achieved from destination marketing	\$10m	Achieved, \$10.9m

The value of visitor spending in the region in the result column is the annual value for the year ended October 2020. That was the final month that the government produced the Monthly Regional Tourism Estimate (MRTE) from which the value was reported. An interim replacement- Tourism Electronic Card Transaction (TECT) - is not comparable to MRTE.



# Regional Software Holdings Limited

Council is also a shareholder of Regional Software Holdings Limited (RSHL), being a major shared services undertaking by the Northland, Waikato, Taranaki, Horizons, West Coast and Southland regional councils. All sixteen Regional Councils/Unitary Authorities in New Zealand are stakeholders and customers of RSHL.

RSHL is responsible for the long-term maintenance and enhancements of the IRIS (Integrated Regional Information System) product and developed for and by the shareholding councils. The software solution is designed for the regional council specific functions undertaken by those councils and has been a remarkable success.

As the IRIS system reaches the end of its useful life, RSHL has made the strategic decision to prioritise planning for the next generation of IRIS (IRIS Next Generation). Significant steps towards this goal were taken in 2020/21.

RSHL also operates the Sector Financial Management System (SFMS) on behalf of the regional sector. Under this agreement, RSHL manages funding collected from the sector to support shared sector activities.

The Sector Financial Management System is major step towards achieving our vision "To provide a high-quality shared service for the regional council sector (and associated agencies) that delivers value to customers, shareholders and the sector."

This was a year of continued growth and development for RSHL.

For the legacy IRIS product, the focus continues to be on consolidation. Two releases of new functionality were delivered over the year with a total of 3 major enhancements and 28 minor enhancements. The focus for the legacy IRIS product is ensuring it remains fit for purpose for the remainder of its useful life by improving the performance of the application and making changes to enhance usability.

Pleasingly, the IRIS user survey completed in September 2020 showed a marked improvement in all categories.

As noted in previous annual reports, there is a need to undertake a reinvestment in the IRIS solution to ensure the underlying technology remains current and fit for purpose.

The scope of IRIS Next Generation includes development of good practice processes for the regional sector, as well as selection of a vendor and

partner to deliver the software solution. This approach builds on a key lesson learnt from the IRIS programme, that having councils agree on consistent good practice processes significantly reduces the cost of developing and operating IRIS software.

IRIS Next Generation will be cloud based and be more efficient for staff and customers. Basing the solution on sector agreed best practice processes will enable sharing of resources and training, along with continuous improvement. RSHL has made good progress to identify the partner and solution for IRIS NextGen.

We previously reported that RSHL had worked with 10 councils to short-list potential partners to help us deliver IRIS NextGen. In 2020/21 RSHL completed a formal Request for Proposal process to identify a future partner and solution. Eleven councils participated in that process.

IRIS Next Generation will be a sector-wide initiative, which is why we have made every effort to involve experts from as many councils as possible, along with leaders from the Regional Sector Special Interest Group Network.

RSHL's strategic priorities for IRIS NextGen are:

- To complete the RFP process and confirm the new solution and partner.
- To obtain the necessary buy-in from sector leaders for the development of consistent good practice process.
- To attract new councils to the IRIS Programme and engage them in the development of good practice.
- To develop consistent good practice process for the sector, including a governance framework.

RSHL's philosophy is to develop only that software which is necessary to deliver a complete solution for the regional sector. With IRIS NextGen it is expected that commercial software will be a greater proportion of the solution than is the case with IRIS.

It will also be necessary to develop long-term financial projections for Regional Software Holdings Ltd and consider the appropriate future structure for the company. This work was progressed this year and is discussed below.

We have previously noted that RSHL is working with the regional sector to roll out the ReCoCo initiative. ReCoCo was superseded by the Sector Financial Management System, which incorporates ReCoCo.

The sector has responded to the challenges of the Covid-19 pandemic, and local government reform by placing a greater emphasis on collaboration, development of shared services and more use of Council Controlled Organisations. RSHL and its shareholding councils are aligned with this direction.

The purpose of the Sector Financial Management System (SFMS) is to remove barriers to shared initiatives within the sector. As part of the SFMS, RSHL is responsible for the management of the funding for regional sector collaborative programmes:

- . Regional Sector Office
- . Sector Business Plan
- . River Managers Programme
- . ReCoCo Technology Projects
- . EMaR Programme
- . Bio Managers Programme
- . Bio Control Programme

Along with funding management, RSHL also supports the collaborative programme through procurement and contract management. Where appropriate RSHL also provides IT systems for programmes to use.

In 2020/21 the Ministry for the Environment contributed \$400,000 via the SFMS to the Essential Freshwater Implementation project.

ReCoCo is one of the programmes within the SFMS. Under the ReCoCo banner RSHL delivers collaborative technology projects for groups of councils.

In 2021/22 the Sector Financial Management System will be expanded to include the sectors Science Programme.

To support accelerated growth and development RSHL has completed the establishment of independent business infrastructure.

. In 2019 the Board welcomed Mark Donnelly as the full-time General Manager. The benefits of having a full-time general manager can clearly be seen in the accelerated progress of the company.

. IT Systems have been transitioned from Waikato Regional Council to a cloud-based Microsoft 365 environment.

. Financial services have been transitioned to ONLA Ltd, based in Palmerston North.

. RSHL has completed a branding project to create a brand and supporting collateral for RSHL.

. RSHL now has a website [www.rshl.co.nz](http://www.rshl.co.nz) to further increase the visibility of the organisation.

Work has begun on the appropriate future structure of RSHL. This is required to ensure that new participants in the IRIS Next Generation Programme can be accommodated. At the same time, the Regional Chief Executives Group is considering the implementation of a Regional Sector Shared Services Organisation based on RSHL. A business case has been prepared and will be considered in August 2021. Should this business case be approved, then the intention is for restructuring to occur in 2021/22 with the new organisation in place by June 2022. This initiative would be a significant step forward in RSHL achieving its potential as a shared services vehicle for the regional sector.

Financially, the company continues to be in a sound position, as planned. RSHL's revenue comes from licence charges and fees from the shareholding councils. This funding is used for the maintenance and development of the IRIS product. Therefore, the company does not trade to make a profit. Rather, it charges to cover its planned level of expenditure.

The financial result is a deficit of \$1,022,808. This reflects the depreciating value of the investment in the IRIS product.

Expenditure on the IRIS solution is no longer being treated as a capital investment. As a result, the book value of the asset is depreciating rapidly. This is appropriate as the product nears the end of its life and the company looks to reinvest in IRIS NextGen. Cash balances remain healthy as the losses are resulting from depreciation rather than trading activities.

The success of IRIS and RSHL is due to the collaborative approach of the six regional councils and the wider sector. The success and richness of the IRIS product reflects the contribution, expertise, and commitment of a team of well over 100 people from all the shareholding councils, in a variety of roles.

The outlook for Regional Software Holdings Ltd and the IRIS product is bright and there are significant opportunities to support the activities and achievements of New Zealand regional councils and unitary authorities.

In November 2020 Neil Selman left Environment Southland, and accordingly resigned as a director of RSHL. Neil served as a director for four years. We would like to thank Neil for his contribution to RSHL.

Vale Les Gibbs

The board and staff at RSHL wish to acknowledge the passing of board member Les Gibbs. Les passed away suddenly in November 2020. Les was a well-liked, and respected member of the regional sector whanau and his loss was deeply felt. Les was part of RSHL since inception and participated on both the board and Advisory Group. Les was also extremely active in the SIG network. Our thoughts remain with his friends and family.

#### Shareholding

Environment Waikato	32.75%
Northland Regional Council	16.75%
Horizons Regional Council	15.50%
Taranaki Regional Council	15.50%
Southland Regional Council	15.50%
West Coast Regional Council	4.00%

#### Our council's experience

This council continues to maximise the benefits of the IRIS solution and the high level of integration achieved with other core applications such as Document Management, Geographic and Financial Information Systems. For Northland, the collaborative approach to the project continues to bring together the best ideas, practises and experiences into a solution that is fit for purpose, performs well and is well received by users.

## Statement of Intent and performance targets

The following performance measure were incorporated into the Statement of Intent for the 2020/21 financial year.

Performance measure	Level of achievement		Comment
	2020/21	2019/20	
Non-financial			
Undertake an annual survey of users and shareholder/customer councils in relation to product performance, Datacom support and RSHL support.	Complete	Complete	The first annual survey was undertaken in July 2019.  The second was conducted in September 2020 and showed improvements in user feedback in all categories.  Results were discussed with the RSHL Advisory Group and presented to the board.
Baseline to be developed following the completion of the first survey.			
Develop, approve, communicate and refine the annual roadmap for RSHL major enhancement projects.	Complete	Complete	The product roadmap for IRIS was presented, discussed and agreed at the board meeting in November 2020.
Draft annual roadmap presented to the Board by 31 December of each year for the following year.			The Programme Plan for IRIS NextGen was approved in August 2020.
Adoption by the Board by 30 June of each year.			
Prepare and adopt the annual IRIS major enhancement roadmap by 30 June for delivery in the subsequent year.	Complete	Complete	The IRIS Product Roadmap has a 3 year timeframe. It is regularly updated by the Advisory Group.  The roadmap was updated by the AG in January 2021 and again in April 2021.
Major Enhancement projects are completed within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year.	Complete	Complete	4 Major Projects that were carried over from 2019/20 were completed: <ul style="list-style-type: none"> <li>• IRIS BI Solution Discovery and Planning</li> <li>• IRIS Entity Framework Upgrade Investigation</li> <li>• MAJ052 Session Management Implementation</li> <li>• MAJ049 IRIS v4 deployment assistance</li> </ul> 2 new 2020/21 Major Projects were completed. <ul style="list-style-type: none"> <li>• MAJ053/MAJ055 IRIS UX/UI refresh</li> <li>• MAJ054 IRIS Search Enhancement</li> </ul> There is one 2020/21 Major Project that is being carried over to 2021/22 <ul style="list-style-type: none"> <li>• BI Implementation for IRIS Applications Module</li> </ul>

Budgets and processes for support and minor enhancements are approved by the Board by 30 June each year and delivery is within these budgets is effectively managed by the Advisory Group (AG).	Complete	Complete	Projects are being managed within scope and budget.
			Progress reports are regularly provided to the RSHL Advisory Group and Board.
RSHL will operate within approved budget, with any material variations approved by the Board.	Achieved	Achieved	Representatives from all IRIS councils have been actively involved in developing the enhancement roadmap. Support and Minor Enhancement Costs are under budget (See statement of financial performance).
			Expenditure and Income for RSHL Management & Overhead and IRIS continue to be within budgets.
Annual charges for shareholders and customers to be at level approved by the Board and Shareholder Councils based upon the approved operating budget and budgets for major and minor enhancements.	Complete	Complete	The Sector Financial Management System Agreement has driven significant variances in income and expenditure for ReCoCo. This does not impact on the RSHL balance sheet.
			Charges to RSHL Shareholders and IRIS Customers were as agreed in the SOI.
Monitor the Regional Council sector market and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL.	Complete	Complete	The Sector Financial Management System Agreement has driven significant variances in income and expenditure for ReCoCo.
Engage with councils in the sector to evaluate options for the eventual replacement of the current IRIS software package. The objective is to identify a solution that can be adopted by an increasing number of councils in the sector.	Complete	Complete	BOPRC has advised RSHL of their intention to become a shareholder of RSHL and participate fully in the IRIS Next Gen Programme.
			The Sector Financial Management System has markedly increased the footprint of RSHL within the sector.
Be a service delivery vehicle for wider regional council sector and related bodies information management projects (ReCoCo) and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the ReCoCo Advisory Group.	Complete	Complete	11 Councils participated in the RFP process to find the eventual replacement for IRIS. These were the 7 "IRIS" councils plus Bay of Plenty RC, Otago RC, Tasman DC and Nelson CC.
			The ReCoCo programme continues with 5 active high-profile projects.
			In June 2020 the RCEOs Group approves a proposal for RSHL to manage the financials for sector wide programmes:
			<ul style="list-style-type: none"> <li>• Regional Sector Office</li> <li>• Sector Business Plan</li> </ul>

- River Managers Programme
- ReCoCo Technology Projects
- EMaR Programme
- Bio Managers Programme
- Bio Control Programme

Under this agreement, RSHL is responsible for management of a budget of \$2.5M of funds collected from the 16 councils, and contract management of the suppliers providing services to the sector.

It should be noted that the achievement of some of the above performance targets are dependent on decisions to be made by parties over which the board of directors has limited influence.







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