

# Pūrongo ā tau whakarāpopototanga **2020**

*Annual Report Summary 2020*



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## Kia ora and welcome

### *He Kupu Whakataki nā te Heamana rāua ko te Tumuaki*

*We've all had to dig deep and draw on reserves we didn't know we had to withstand challenge and upheaval in the last year (July 2019 to June 2020). Welcome to our Annual Report, which provides a snapshot of some of our activities during this time.*

We've risen to the challenges of drought, pandemic, economic uncertainty and political change and have remained true to our mission to create a healthy environment, a strong economy and resilient communities.

The October local government elections brought four new councillors to our nine-member council. We acknowledge the leadership and achievements of our outgoing and incoming elected representatives.

Our region endured one of the most severe droughts on record. Northland's Civil Defence Emergency Management Group worked alongside many other agencies in a collaborative response to the drought and pandemic crises.

The COVID-19 pandemic required a rapid response from the council and we continued to provide the business-as-usual services that keep our environment, people and communities healthy and safe.

Among the milestones achieved, the three-year Otuihau-Whāngarei Falls project to improve water quality in the upper Hātea river reached its final stages.

We're in the second year of the eight-year \$15 million Awanui flood risk reduction programme and are on target with our work to reduce flood risk to Kaitāia township and its surrounding communities.

The council completed pre-feasibility work for the region's water storage and use project, now managed by a Trust. The intent is to capture more of Northland's rain and make it available when it's needed, providing greater resilience to climate change and generating new economic opportunities.

Protection of the region's dune lakes is continuing with the most recently-completed work at Lakes Wahakarī and Waiparera in the Far North and several lakes in the Kai Iwi and Poutō lakes area.

Outstanding success is being noted in animal and weed pest control programmes run by thousands of volunteers throughout the region. They are vital to achieving the environmental outcomes you've told us are important. Without them, it would be much harder to achieve positive change in the communities we serve.

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

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



**Malcolm Nicolson**  
Chief Executive Officer



**Penny Smart**  
Chair

# Ngā hua o 2019/20

## Highlights of 2019/20

### Together we thrive

*Our strength lies in collaboration with community groups, iwi and hapū and we have consolidated existing partnerships and forged new ones throughout the year. Thousands of volunteers work with us on wide-ranging initiatives such as pest animal control, weed busting, riparian and coastal planting, raising plants in shade houses and fencing to keep stock out of waterways.*

They are a formidable force and we were able to acknowledge their passion and dedication through our annual Environmental Awards, now in their second year. We've welcomed a new generation of environmental action

with the addition of 15 Early Childhood Education Centres to our Enviroschools programme and we now have 126 Enviroschools in our region. Our \$20,000 Environmental Leaders Fund assists schools with some of this work while a \$10,000 allocation from our biosecurity environment fund supports practical hands-on environmental projects that have a positive impact on our environment.



### Improving freshwater quality

*We know that improving freshwater quality is a high priority for our communities - that's why we're spending millions of dollars on looking after our streams, rivers, lakes and wetlands. Much of this work is collaborative, involving landowners, tāngata whenua, community organisations and government agencies committed to a common goal. An example is Waimā Waitai Waiora - a unique partnership that brings together these groups with a shared vision to improve the mauri (spiritual life force) of the Kaipara Harbour.*

The regional council's part in this project includes: promoting good farming and forestry principles and restoration practices, supporting landowners with sustainable land

management, subsidising fencing, planting on highly erodible land, stock water reticulation and wetland enhancement. This work combines to reduce the amount of sediment going into the Northern Wairoa River and flowing out into the harbour. Protecting our dune lakes in the Aupōuri (Far North) and Poutō/Kai Iwi Lakes (Kaipara) areas is an ongoing project of considerable importance, again involving the regional council and communities determined to improve the water quality in their fragile taonga. Among other freshwater projects, the three-year Otuihau-Whāngarei Falls project to improve water quality in the upper Hātea River has reached its final stages.

# Ngā hua o 2019/20

## Highlights of 2019/20



### Pest control in action

*All over our region, people from all walks of life are giving of their time to tackle pest plants and animals in Northland, often in harsh country and inhospitable conditions. Their dedicated effort to restore and protect our environment so that our native plants and animals can flourish is truly astounding.*

Much of this work is the result of community partnerships and collaborations and we are proud to be part of these efforts to help our environment recover and thrive. Kiwi numbers have risen from 80 to 900 in Whangārei Heads since 2002 and there are now 76 Community Pest Control Areas (CPCAs) covering 130,393 hectares in Northland.

The 155 community groups comprising “Kiwi Coast” have killed 396,634 pests in the last seven years. We supplied 9,000 predator traps to help with this work and contributed \$196,070 from the Environment Fund for pest control in the last year. Close to 2,050 boat hulls were inspected during our annual marine biosecurity hull surveillance programme to prevent the spread of marine pests, and we’re working with 117 landowners to protect kauri in the region.

### A strong economy

*Regional economic growth is an important part of our wellbeing. The COVID-19 pandemic has had, and is likely to continue to place a significant constraint on the Northland economy. Job opportunities for young people in tourism related and construction industries will be severely limited without government initiatives.*

To that end we’re working closely with our regional economic development agency, Northland Inc. Limited, the three district councils and central government agencies to deliver co-ordinated recovery initiatives in Northland. In the last year, we’ve supported, through our Investment and Growth

Reserve, the development of a project to build pasture resilience to pest and disease in Northland, a pā-based amphitheatre visitor experience project at Mōkau, and the Northland water storage and use project. Through the same fund, we made an enabling investment funding allocation to the Manea Footprints of Kupe cultural and education centre at Opononi.



# Ngā hua o 2019/20

## Highlights of 2019/20

### Protecting our people

*Flooding ranks as one of the highest risks for Northland, so the development of flood protection infrastructure and various river works are a priority for the council. A comprehensive programme of flood protection work is in progress in the Awanui catchment where we're in the second year of an eight-year \$15 million flood risk reduction programme to provide a higher level of flood protection for Kaitiāia township and its surrounding communities.*

The work includes a new spillway to direct water away from the Bell's Hill slip site, work on the lower Awanui River catchment, and stopbank stabilisation behind the Te Ahu centre. Updated river flood maps for Awanui and Kerikeri

catchments are now complete. They're based on the latest survey data available and the new modelling is showing reduced flood risk in these areas. A new 113-metre long flood wall in Woods Road, Whangārei is increasing the level of flood protection in flood-prone Commerce Street. The \$360,000 project is a small part of a \$1 million programme of flood mitigation works spanning three years.



### Resilient communities

*The region's four councils work together on civil defence emergency management, along with emergency services, welfare groups, other agencies and trained volunteers, to build resilience in our communities.*

Storms, flooding and tsunamis are among the highest risks to Northland and are a focus for Northland's civil defence emergency management network. However, it was the arrival of COVID-19 pandemic overlapping with drought that this

year required the longest continuous response in the history of the Northland Civil Defence Emergency Management (CDEM) Group. Both responses brought their own challenges and led to new ways of working together with other organisations, and more formal collaboration with Northland iwi has been a hugely positive outcome of this time.

### Disclosure statement

Both the Northland drought and the COVID-19 pandemic have brought significant challenges this financial year, meaning a number of our performance measures and targets have not been met. While council has undertaken measures to reduce the impact of COVID-19 on its financial operations such as reduced, postponed or cancelled work streams and cost-savings across all activities, none of this has resulted in a reduction in the levels of service provided or put at risk the obligations and duties of the council in the 2019/20 year.

# Tā mātou mahi whakarāpopoto

## Summary of our performance

Some of our measures have not been met as a result of the Northland drought response and the COVID-19 pandemic. For more information, please refer to the full Annual Report 2020.

### Governance and engagement

4 out of 10 targets met



14%

subscriber increase in online and social media channels.

66%

of Northland schools and kindergartens participated in the EnviroSchools programme.

25%

of residents surveyed were satisfied with how council involves the public in decisions.

### Customer services and community resilience

9 out of 11 targets met



308,789

people used the Whangārei urban bus service, with 91.8% satisfied with the service.

58%

of customers surveyed said they were satisfied with the quality of service they received from the council.

100%

of reported faults in aids to navigation were responded to within five working days.

### River management

1 out of 1 target met



No failures in flood protection systems for the Awanui, Whangārei and Kāeo schemes.

### Environmental services

5 out of 12 targets met



10,953 ha

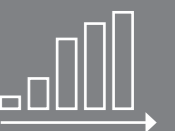
of additional land was added to the land already under Community Pest Control Areas.

32,730 ha

increase in land actively managed under a sustainable farm environment plan.

### Economic development

1 out of 2 targets met



100%

Northland Inc's compliance with Local Govt Act requirements relating to its Statement of Intent (SOI).

63%

of Northland Inc's SOI key performance indicators achieved.

### Regulatory services

7 out of 15 targets met



60 and 15

popular swimming sites

popular shellfish collection sites were monitored monthly during summer.

100%

of resource consents were processed within statutory timeframes.

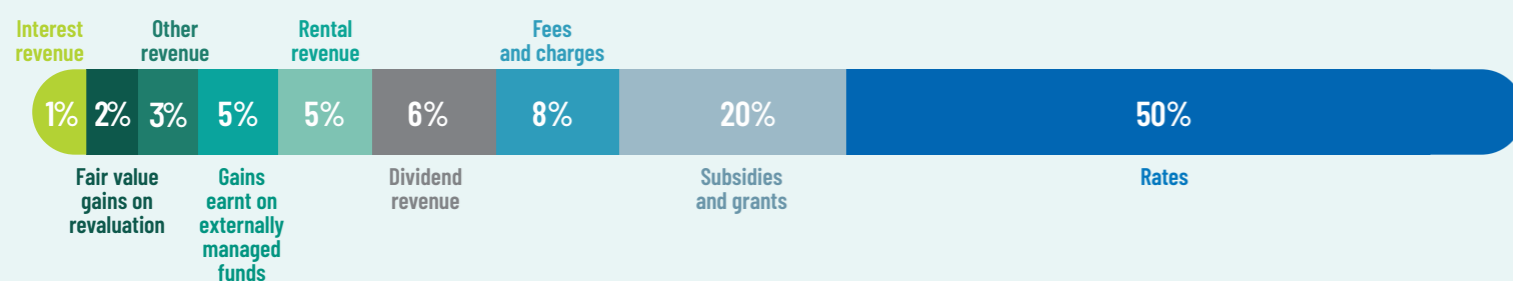
100%

of monitored air sheds met national environmental standards.

# Te whakarāpopoto o te pūrongo pūtea

## Financial summary

### \$59M Actual revenue



### \$54M Actual operational spending



**Council's revenue for the 2019-20 financial year was \$9.9M more than its 2019-20 Annual Plan, mainly due to:**

- » Increases in subsidy revenues, off-setting the increased costs incurred over a number of council projects and work programmes.
- » Unbudgeted COVID-19 wage subsidies.
- » Vested assets and increases in the fair value (non-cash) of council's investment properties.

**Council's total expenses for the 2019-20 financial year was \$4.8M more than its 2019-20 Annual Plan, mostly due to:**

- » Project costs not in the Annual Plan that arose during the year that were funded by unbudgeted subsidies received.
- » Welfare support and drought support payments made during the year and funded from Central Government subsidies.
- » Losses arising from asset revaluations, and the disposal of the Marsden Point Rail Link Joint Venture.
- » Lower than budget expenditure due to savings, delays and work programmes not coming on line as anticipated by year end.

### Other budget variations

- » Council's current assets are higher than its 2019-20 Annual Plan mainly due to the funding requirement for council's two development projects being held in the short term investment fund.
- » Council's non current assets are lower than its 2019-20 Annual Plan mainly due to lower capital expenditure occurring during the year than planned, and a reduction in the value of infrastructure assets.
- » Council's current liabilities and non-current liabilities vary from the 2019-20 Annual Plan as a \$10M loan due for repayment in August 2020 has been transferred from non-current, and classified as a current liability in the Annual Report.

## Statement of Comprehensive Revenue and Expense

| For the year ended 30 June 2020   | Council<br>30 Jun 20<br>\$000 | Annual Plan<br>30 Jun 20<br>\$000 | Council<br>30 Jun 19<br>\$000 | Consolidated<br>30 Jun 20<br>\$000 | Consolidated<br>30 Jun 19<br>\$000 |
|---|-------------------------------|-----------------------------------|-------------------------------|------------------------------------|------------------------------------|
| <b>REVENUE</b>  |                               |                                   |                               |                                    |                                    |
| Operating revenue (excluding share of associate and joint venture company surplus and rates)                                    | 29,517                        | 19,225                            | 22,817                        | 33,163                             | 27,030                             |
| Rates   | 29,497                        | 29,860                            | 27,203                        | 29,497                             | 27,203                             |
| <b>Total revenue</b>  | <b>59,014</b>                 | <b>49,085</b>                     | <b>49,820</b>                 | <b>62,660</b>                      | <b>54,233</b>                      |
| <b>EXPENDITURE</b>  |                               |                                   |                               |                                    |                                    |
| Operating expenses (excluding finance expense)  | 53,317                        | 48,114                            | 43,978                        | 62,026                             | 50,744                             |
| Finance costs   | 930                           | 1,340                             | 903                           | 1,430                              | 1,241                              |
| <b>Total expenditure</b>  | <b>54,247</b>                 | <b>49,454</b>                     | <b>44,881</b>                 | <b>63,456</b>                      | <b>51,985</b>                      |
| Share of associate and joint venture company surplus  | -                             | -                                 | -                             | 8,748                              | 9,007                              |
| Income tax  | -                             | -                                 | -                             | (22)                               | (19)                               |
| <b>SURPLUS/(DEFICIT) AFTER TAX</b>  | <b>4,767</b>                  | <b>(369)</b>                      | <b>4,939</b>                  | <b>7,930</b>                       | <b>11,236</b>                      |
| Attributable to:  | -                             | -                                 | -                             | -                                  | -                                  |
| Northland Regional Council  | 4,767                         | (369)                             | 4,939                         | 4,799                              | 6,604                              |
| Non-controlling interest  | -                             | -                                 | -                             | 3,131                              | 4,632                              |
| <b>OTHER COMPREHENSIVE REVENUE AND EXPENSE - Financial assets at fair value through other comprehensive revenue and expense</b> |                               |                                   |                               |                                    |                                    |
| Gains/(loss) on property revaluations (other than investment properties)  | 522                           | -                                 | 10                            | (601)                              | 540                                |
| Gains/(loss) on carbon credit revaluation   | 156                           | -                                 | 36                            | 156                                | 36                                 |
| Gains/(loss) on infrastructure asset revaluation  | (66)                          | -                                 | -                             | (66)                               | -                                  |
| Net hedging movement (joint venture company)  | -                             | -                                 | -                             | (186)                              | (308)                              |
| <b>Total other comprehensive revenue and expense</b>  | <b>612</b>                    | <b>-</b>                          | <b>46</b>                     | <b>(697)</b>                       | <b>268</b>                         |
| <b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>  | <b>5,379</b>                  | <b>(369)</b>                      | <b>4,985</b>                  | <b>7,233</b>                       | <b>11,504</b>                      |
| Attributable to:  | -                             | -                                 | -                             | -                                  | -                                  |
| Northland Regional Council  | -                             | -                                 | -                             | 4,709                              | 6,769                              |
| Non-controlling interest  | -                             | -                                 | -                             | 2,524                              | 4,735                              |
|   | -                             | -                                 | -                             | <b>7,233</b>                       | <b>11,504</b>                      |

# Te whakarāpopoto o te pūrongo pūtea

## Financial summary

### Statement of Financial Position

| As at 30 June            | Council<br>30 Jun 20<br>\$000 | Annual Plan<br>30 Jun 20<br>\$000 | Council<br>30 Jun 19<br>\$000 | Consolidated<br>30 Jun 20<br>\$000 | Consolidated<br>30 Jun 19<br>\$000 |
|--------------------------|-------------------------------|-----------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Current assets           | 32,493                        | 12,463                            | 19,014                        | 33,859                             | 20,992                             |
| Non-current assets       | 156,431                       | 172,724                           | 160,103                       | 304,327                            | 304,873                            |
| <b>TOTAL ASSETS</b>      | <b>188,924</b>                | <b>185,187</b>                    | <b>179,117</b>                | <b>338,186</b>                     | <b>325,865</b>                     |
| Current liabilities      | (21,196)                      | (6,394)                           | (6,866)                       | (23,142)                           | (9,552)                            |
| Non-current liabilities  | (10,182)                      | (27,901)                          | (20,084)                      | (27,600)                           | (33,036)                           |
| <b>TOTAL LIABILITIES</b> | <b>(31,378)</b>               | <b>(34,296)</b>                   | <b>(26,950)</b>               | <b>(50,742)</b>                    | <b>(42,588)</b>                    |
| <b>NET ASSETS/EQUITY</b> | <b>157,546</b>                | <b>150,892</b>                    | <b>152,167</b>                | <b>287,444</b>                     | <b>283,277</b>                     |

### Statement of Changes in Equity

| For the year ended 30 June 2020                      | Council<br>30 Jun 20<br>\$000 | Annual Plan<br>30 Jun 20<br>\$000 | Council<br>30 Jun 19<br>\$000 | Consolidated<br>30 Jun 20<br>\$000 | Consolidated<br>30 Jun 19<br>\$000 |
|--|-------------------------------|-----------------------------------|-------------------------------|------------------------------------|------------------------------------|
| <b>OPENING BALANCE</b>                               | 152,167                       | 151,261                           | 150,089                       | 283,277                            | 277,697                            |
| Adjustment to infrastructure asset value*            | -                             | -                                 | (2,907)                       | -                                  | (2,907)                            |
| <b>OPENING EQUITY (2019 restated)</b>                | <b>152,167</b>                | <b>151,261</b>                    | <b>147,182</b>                | <b>283,277</b>                     | <b>274,790</b>                     |
| Total comprehensive revenue and expense for the year | 5,379                         | (369)                             | 4,985                         | 7,233                              | 11,503                             |
| Dividends paid                                       | -                             | -                                 | -                             | (3,066)                            | (3,017)                            |
| <b>CLOSING EQUITY</b>                                | <b>157,546</b>                | <b>150,892</b>                    | <b>152,167</b>                | <b>287,444</b>                     | <b>283,277</b>                     |
| Attributable to:                                     |                               |                                   |                               |                                    |                                    |
| Northland Regional Council                           | 157,546                       | 150,892                           | 152,167                       | 222,982                            | 218,273                            |
| Non-controlling Interest                             | -                             | -                                 | -                             | 64,462                             | 65,004                             |
|  | <b>157,546</b>                | <b>150,892</b>                    | <b>152,167</b>                | <b>287,444</b>                     | <b>283,277</b>                     |
| <b>COMPONENTS OF EQUITY</b>                          |                               |                                   |                               |                                    |                                    |
| Accumulated funds                                    | 115,702                       | 137,567                           | 119,943                       | 148,562                            | 152,771                            |
| Asset revaluation reserve                            | 1,949                         | 3,963                             | 1,337                         | 35,115                             | 35,105                             |
| Hedging reserve                                      | -                             | -                                 | -                             | (590)                              | (490)                              |
| Special reserves                                     | 39,895                        | 9,362                             | 30,887                        | 39,895                             | 30,887                             |
| Minority interest                                    | -                             | -                                 | -                             | 64,462                             | 65,004                             |
|  | <b>157,546</b>                | <b>150,892</b>                    | <b>152,167</b>                | <b>287,444</b>                     | <b>283,277</b>                     |

\*During 2019/20, the council discovered that a number of land parcels associated with the Whangarei detention dam were incorrectly accounted for, in the valuation of the dam supplied to council by its independent valuer in 2017, when the assets were last valued.

### Consolidated Statement of Cash Flows

| For the year ended 30 June 2020  | Council<br>30 Jun 20<br>\$000 | Annual Plan<br>30 Jun 20<br>\$000 | Council<br>30 Jun 19<br>\$000 | Consolidated<br>30 Jun 20<br>\$000 | Consolidated<br>30 Jun 19<br>\$000 |
|--|-------------------------------|-----------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Net cash from operating activities   | 4,638                         | 3,355                             | 4,986                         | 11,684                             | 11,668                             |
| Net cash from investing activities   | (1,337)                       | (9,904)                           | (6,378)                       | (9,949)                            | (15,804)                           |
| Net cash from financing activities   | -                             | 6,545                             | 1,000                         | 1,335                              | 4,083                              |
| <b>Net increase/(decrease) in cash, cash equivalents and bank overdrafts</b>     | <b>3,301</b>                  | <b>(5)</b>                        | <b>(392)</b>                  | <b>3,070</b>                       | <b>(53)</b>                        |
| Cash, cash equivalents and bank overdrafts at the beginning of the year          | 606                           | 86                                | 998                           | 1,758                              | 1,811                              |
| <b>Closing cash, cash equivalents and bank overdrafts at the end of the year</b> | <b>3,907</b>                  | <b>81</b>                         | <b>606</b>                    | <b>4,828</b>                       | <b>1,758</b>                       |

### Accounting policies

*Northland Regional Council is a local authority governed by the Local Government Act 2002 and the Local Government (Rating) Act 2002 and is domiciled and operates in New Zealand.*

The primary objective of the council is to provide goods or services and perform regulatory functions for the community benefit. The council does not operate to make a profit.

The audited statements of the council and group for the 12 months to 30 June 2020 have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014 which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The council has designated itself and the group as Tier 1 Public Benefit Entities (based on size). The summary financial statements have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards as they relate to summary financial statements and comply with Public Benefit Entity Financial Reporting Standard 43 (FRS43) Summary Financial Statements. The full financial statements of the council comply with PBE accounting standards.

The summary financial statements are presented in New Zealand dollars rounded to the nearest thousand dollars, unless otherwise stated.

The summary financial statements have been extracted from the full financial statements so do not include all the disclosures provided in the audited full financial statements and cannot be expected to provide as complete an understanding as provided by the audited full financial statements.

The Annual Report Summary has been audited for consistency with the full Annual Report and the audit opinion issued by Deloitte, on behalf of the Auditor-General is included as part of this document. The full Annual Report received an unmodified Audit Report, which included an emphasis of matter relating to the COVID-19 pandemic, and was adopted by council on 20 October 2020.

In this summary, "council" refers to Northland Regional Council only. The terms "consolidated" and "group" refer to Northland Regional Council and Northland Inc. Limited (100% owned), Marsden Maritime Holdings Limited (53.61% owned) and Regional Software Holdings Limited (16.75% owned). All entities are incorporated and domiciled in New Zealand.



# Te whakarāpopoto o te pūrongo pūtea

## Financial summary

### The impact of the COVID-19 global pandemic

**Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe.**

Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

In response to the global pandemic, New Zealand entered a Government-directed alert level system dictating the level of business activity and social interaction that can take place. When NZ went into Alert Levels 3 and 4, council's Pandemic Plan was enacted to enable the vast majority of council staff to work from home, helping to keep them safe and ensuring business continuity.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It's not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the council for future periods.

**The pandemic has resulted in impacts to key estimates and judgments used in the 2019-20 financial statements including:**

- » Investment property valuations being impacted as at 30 June 2020 as detailed in note 12 of the full 2019-20 Annual Report.
- » Owner-occupied freehold land and building valuations being impacted as at 30 June 2020 as detailed in note 14 of the full 2019-20 Annual Report.

- » Infrastructure asset valuations assumptions being impacted as at 30 June 2020 as detailed in note 14 of the full 2019-20 Annual Report.
- » Provision for uncollectability of rates receivable and general debtors as at 30 June 2020 as detailed in note 7 of the full 2019-20 Annual Report.
- » Forestry asset valuation assumptions being impacted as at 30 June 2020 as detailed in note 16 of the full 2019-20 Annual Report.

**To date, council has undertaken the following steps to reduce the impact of COVID-19 on its operations:**

- » Received a \$1.5m wage subsidy from the Ministry of Social Development for 220 staff, on the basis that revenue for March 2020 was 68% less than revenue for March 2019.
- » Reduced, postponed or cancelled work streams and costs without risking the obligations and duties of the council in 2019/20, and originally culling close to \$2.4M of work streams and costs from its 2020/21 Annual Plan.
- » Maintained a larger allocation of cash assets as a driver to de-risk and safeguard the value of council's investment portfolio.
- » Set aside \$1.7M of cash in a COVID-19 reinstatement reserve dedicated to fund the reinstatement of prioritised work streams that were originally culled from the council's 2020/21 work programme.
- » Set aside \$1.6M of cash to be called upon and provide stability should the investment returns from council's externally managed investment portfolio not eventuate as anticipated in 2020/21.
- » Planned to use an additional \$2.3M of cash reserves to fund operations in the 2020/21.

### Events after balance date

Subsequent to balance date, Marsden Maritime Holdings Limited declared a fully imputed dividend of 9.25 cents per share to be paid on 25 September 2020.

In August 2020 the council reduced its debt by \$6.6M, by way of repaying a maturing \$10M debenture (with a fixed interest rate of 3.79%) and taking new a new loan of \$4.4M from the Local Government Funding Agency (with a fixed interest rate of 1.98%) that is set to mature in April 2033.

The council agreed a construction contract in August 2020 to construct a building in Dargaville to accommodate Northland Regional Council and Kaipara District Council staff, and other commercial tenants. The total budget for this project is \$9.2M.

There were no other significant events after balance date.



## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF NORTHLAND REGIONAL COUNCIL'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

The summary annual report was derived from the annual report of the Northland Regional Council (the Regional Council) for the year ended 30 June 2020. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 10 to 17:

- the summary Council and Consolidated Statements of Financial Position as at 30 June 2020;
- the summaries of the Council and Consolidated Statements of Comprehensive Revenue and Expense, Statements of Changes in Equity and Statements of Cash Flows for the year ended 30 June 2020;
- the Disclosures to the Summary Financial Statements; and
- the summary Statements of Service Performance of the Regional Council.

We expressed an unmodified audit opinion on the Regional Council's full audited statements in our report dated 20 October 2020.

#### Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

#### Emphasis of matter - Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Regional Council as set out on page 16 to the summary financial statements. We draw particular attention to the Council receiving the wage subsidy from the Ministry of Social Development as one of the steps to reduce the impact of Covid-19 on its operations.

#### Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the Regional Council.

#### Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

#### Independence

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

In addition to our audit we have carried out 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 performed a maturity assessment review of Cyber governance, an agreed procedures report in relation to the Waima Waitai Wairoa project and provided feedback pertaining to the Council's 2020-2021 Annual Plan. These engagements are compatible with those independence requirements. 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  
20 October 2020

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**Northland**   
REGIONAL COUNCIL  
Te Kaunihera ā rohe o Te Taitokerau