

# Pūrongo ā tau whakarāpopototanga **2019**

*Annual Report Summary 2019*





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# Kia ora and welcome

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

*Many milestones have been reached in the last year (July 2018 to June 2019) and it's with pride that we reflect on these achievements in this year's Annual Report, the first to report our progress against the activities set out in our Long Term Plan 2018-2028.*

Within the following pages, you'll see the progress we've made toward meeting the performance targets we set last year while keeping to our budgeted rates revenue.

Whether it's planting programmes, flood protection works, pest control initiatives, or fencing off our waterways, you'll see that it's by listening to and working together with our communities that we have achieved our best results.

In the last year, we've made steady progress toward achieving our three major priorities of improving water quality, protecting our native species and increasing resilience of our vulnerable communities. These are big goals requiring bold actions and around half of our annual budget is spent on these works.

All over our region, thousands of people are working voluntarily for the betterment of our environment. It was our privilege to recognise the work of some of these individuals and groups at our inaugural Environmental Awards in June.

As we head into a new three-yearly election cycle, it's timely to acknowledge the work of these volunteers, the dedication of our staff, and the leadership of our councillors who have fully supported our work to build a thriving Northland.

Thank you all for joining us in our mission to create a healthy environment, a strong economy and resilient communities - it's only by working together to achieve common goals that we can be confident of success.

**Our Northland - together we thrive**



A stylized white signature of Malcolm Nicolson on a dark background.

**Malcolm Nicolson**  
Chief Executive Officer



A stylized white signature of Bill Shepherd on a dark background.

**Bill Shepherd**  
Chairman

# Highlights of 2018/19

## Ngā hua o 2018/19

### Together we thrive

*Getting young people involved in environmental protection has brought rich rewards. Our Enviroschools programme now involves more than 100 schools and kindergartens, and provides valuable learning opportunities to hordes of schoolchildren across the region. These efforts are recognised in many ways with Comrie Park Kindergarten's 'environmental action in education' initiatives earning the Supreme Award in our inaugural Environmental Awards this year.*

Collaborations with community groups like the Whitebait Connection, which is working to provide whitebait spawning habitats in Northland rivers, have proved to be hugely

successful. Young people all over the region are learning about pest control using equipment funded through our Environmental Leaders Fund, which has funded \$2800 for biosecurity trapping equipment and \$20,000 for environmental projects in Northland schools. NZQA credits in pest control were gained by 76 students through the Enviroschools programme in the last year.

In addition, thousands of volunteers of all ages have worked with us to deliver positive environmental outcomes for our region, and we look forward to continuing this in the next year and beyond.







## Protecting our people

*Over a million dollars has been spent on flood mitigation works in the last year, improving the resilience of our most vulnerable communities. Among these, flood modelling at Panguru is being developed to mitigate regular flooding of West Coast Road and flood mitigation scoping options for flood control at Matangirau are being investigated.*

Progress on the \$15 million Awanui flood scheme - a key project at the heart of our Long Term Plan 2018-2028 - includes an emergency spillway to carry the Awanui River's flow if the Bell's Hill slip collapses and blocks the river.

A new Flood Infrastructure Rate splits the cost of flood works between targeted local rates (30%) and a regional subsidy of 70%.

Flood mapping to identify river flooding hazards has been completed in 28 river catchments with the latest maps being issued to landowners in Waipū and Paparoa. Mainland LiDAR (aerial mapping) is 100% complete, with only offshore islands outstanding.

# Highlights of 2018/19

## Ngā hua o 2018/19



### Resilient communities

*The region's four councils have continued to work together to build resilience in our communities. The councils work together on a shared services basis, along with emergency services, welfare groups, other agencies and trained volunteers. Storms, flooding and tsunami are among the highest risks to Northland and are a focus for Northland's civil defence emergency management network.*

This year has seen the distribution of additional tsunami sirens, signs and regular testing; smartphone alerting platforms; additional community response plans, taking the total number to 46; the development of new technology-based tools; and combined agency training and exercises.

Ten young Northlanders graduated from the Youth in Emergency Services programme for vulnerable groups.

A regional oil response plan, including a minimum of 30 up-to-date trained responders, is maintained year-round.



## Improving freshwater quality

*Looking after our streams, rivers, lakes and wetlands is crucial work - that's why we've allocated an additional \$5.7 million funding over three years to look after the region's freshwater resources, invest in and expand erosion-control initiatives, and extend our water monitoring and science programmes.*

Among our achievements, the amount of land actively managed under a sustainable farm plan has increased by 25,000 ha annually, our Flyger Rd nursery has provided 5000 subsidised poplar poles to stabilise erosion-prone land, and we are constantly extending fencing and riparian planting along waterway margins. The Northern Wairoa partnership

project (Waimā Waitai Waiora) to improve water quality in the Northern Wairoa River and its tributaries has started, and the four-year, MPI-funded Kaipara Hill Country Erosion Project is complete with further afforestation works underway.

Good progress has been made with the Hātea catchment project to improve water quality above the Hātea Falls, and our dune lakes Freshwater Improvement Fund programme has incorporated community action days with riparian planting, pest and indigenous fish and dune lakes plant investigations, and water quality testing.





# Highlights of 2018/19

## Ngā hua o 2018/19

### Pest control in action

*Community initiatives such as Community Pest Control Areas (CPCAs) and the 'Kiwi Coast' partnership have increased in momentum, painting a heartening picture for Northland's predator-free future. Whether it be animal, plant or marine pest control, our communities' involvement is vital to Northland's successes and the results speak for themselves.*

There are now 68 CPCAs with over 38,000 ha of coverage added in the last year, while the 122 community groups comprising "Kiwi Coast" have killed close to 300,000 pests in the last five years, with more than 1000 pests removed from the Kiwi Coast each week. Kiwi numbers have risen from 80 to 800 in the Whangārei Heads area since 2001.

The council has supplied 11,500 predator traps to help with this work.

Throughout the region, our data for the year shows that birdsong is returning, kiwi call counts are rising, and native bush is recovering – mainly because of the work of volunteers who trap, lay baits, plant, restore wetlands, fence, clear weeds, and release native fauna to restored habitats.

They are achieving truly remarkable results and we are very grateful for their dedication to this important work. More than 2000 boat hulls were checked during our annual marine biosecurity hull surveillance programme to prevent the spread of marine pests.





## A strong economy

*Regional economic growth is an important part of our wellbeing and we've been working closely with the regional economic development agency, Northland Inc. We've helped with the implementation of the Tai Tokerau Northland Economic Action Plan which sets out more than 50 projects intended to boost the region's prosperity through economic growth opportunities aligned with central government decision making.*

In the last year, we've supported major projects including the Hundertwasser Art Centre with Wairau Māori Art Gallery in Whangārei, the Te Hononga Community Hub in Kawakawa, and the Hokianga cultural centre at Opononi. We've also supported regional sporting initiatives at Dargaville, Kaikohe, Mangawhai, Kaitiāia and Whangārei.



## We're with you

*We're your council and we need your participation to be an effective voice for Northland and Northlanders. We're really appreciative of the high level of participation we've seen over the past year.*

Our "Where's your Wai" campaign resulted in more than 350 people telling us about their favourite swimming spots; our dune lakes education days attracted about 250 people; we have strong community partnerships in areas like pest plant and animal control, kiwi recovery, and coastal, riparian

and wetlands planting days; our community events are well attended, and our surveys draw strong responses. Our challenge is to build on this momentum.

*"Coming together is a beginning.  
Keeping together is progress.  
Working together is success."*

Edward Everett Hale



# Summary of our performance

## *Tā mātou mahi whakarāpopoto*

### Governance and engagement

7 out of 12 targets met



50%

subscriber increase  
in online & social  
media channels.

62%

of Northland schools &  
kindergartens participated  
in the EnviroSchools programme.

33%

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

### Regulatory services

10 out of 15 targets met



60 and 15

popular  
swimming  
sites.

popular shellfish collection  
sites were monitored  
monthly during summer.

99.1%

resource consents were  
processed within statutory  
timeframes.

100%

of monitored air sheds met  
national environmental  
standards.

### River Management

1 out of 1 targets met



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



## Environmental services

10 out of 12 targets met



38,751 ha

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

17,500

plants were provided through the Coast Care programme.

In the last year, land actively managed under a sustainable farm environment plan increased by

35,301 ha

## Customer services and community resilience

10 out of 11 targets met



326,289

people used the Whangārei urban bus service, with 92% of passengers satisfied with the service.

52%

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

73

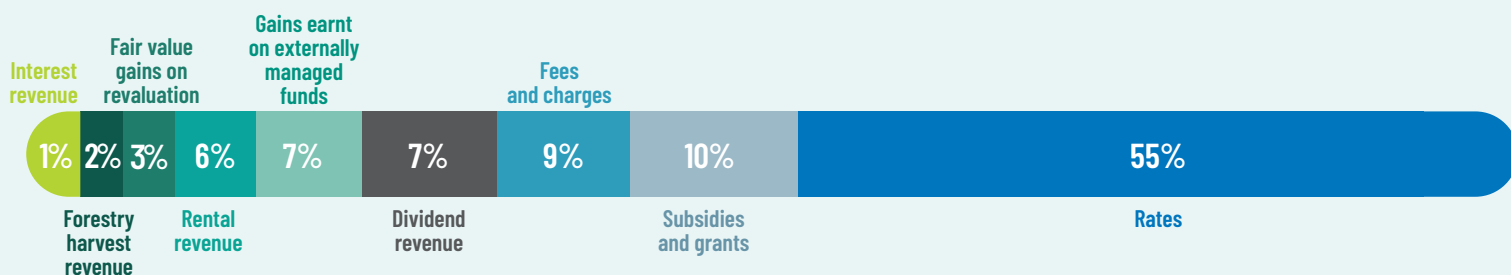
cruise ships were piloted in and out of the Bay of Islands in accordance with safety management systems.



# Financial summary

## Te whakarāpopoto o te pūrongo pūtea

### \$49.9m Actual revenue



### \$44.9m Actual operational spending



**Council's revenue for the 2018-19 financial year was \$4.7M more than its 2018-19 Long Term Plan, mainly due to:**

- » increases in the fair value (non-cash) of council's investment properties and forestry assets
- » forestry harvest revenue that was not included in the 2018-19 Long Term Plan
- » increases in subsidy revenues, offsetting more costs incurred over a number of council projects and work programmes
- » increased gains earned on council's externally managed fund portfolio and greater rental revenue earned from our commercial property portfolio.

**Council's total expenses for the 2018-19 financial year were \$608k more than its 2018-19 Long Term Plan, due to:**

- » Impairment of a loan issued by council that has been assessed as unlikely to be recovered. Council is taking steps to protect this investment through a variety of channels including the possibility of pursuing two guarantors of the loan. Recognising this impairment does not discharge the debtors liability to fully repay the loan.

#### **Other budget variations**

- » Council's current assets are lower than its 2018-19 Long Term Plan due to several properties anticipated as being held for sale. These properties were re-classified as investment properties as council does not intend to sell these properties in the coming year
- » Council's non current assets are higher than its 2018-19 Long Term Plan due to investment property purchases occurring throughout the year, reclassification of properties held for sale, and revaluation gains increasing property values.

## Statement of Comprehensive Revenue and Expense

For the Year Ended 30 June 2019	Council 30 Jun 19 \$000	Long Term Plan 30 Jun 19 \$000	Council 30 Jun 18 \$000	Consolidated 30 Jun 19 \$000	Consolidated 30 Jun 18 \$000
<b>REVENUE</b>					
Operating revenue (excluding share of associate and joint venture company surplus and rates)	22,653	17,952	21,721	27,066	24,329
Rates	27,203	27,169	20,832	27,203	20,832
<b>Total revenue</b>	<b>49,856</b>	<b>45,121</b>	<b>42,553</b>	<b>54,269</b>	<b>45,161</b>
<b>EXPENDITURE</b>					
Operating expenses (excluding finance costs)	43,978	43,337	37,844	50,744	43,152
Finance costs	903	936	703	1,241	1,025
<b>Total expenditure</b>	<b>44,881</b>	<b>44,273</b>	<b>38,547</b>	<b>51,985</b>	<b>44,177</b>
Share of associate and joint venture company surplus				9,007	9,215
Surplus/(Deficit) before tax	4,975	848	4,006	11,291	10,199
Income tax	-	-	-	( 19)	( 19)
<b>SURPLUS/(DEFICIT) AFTER TAX</b>	<b>4,975</b>	<b>848</b>	<b>4,006</b>	<b>11,272</b>	<b>10,180</b>
Attributable to:					
Northland Regional Council	4,975	848	4,006	6,640	5,622
Non-controlling interest				4,632	4,558
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>					
Gains/(loss) on property revaluations (other than Investment properties)	10	-	( 5)	540	1,631
Net hedging movement (joint venture company)	-	-	-	( 308)	( 71)
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>	<b>4,985</b>	<b>848</b>	<b>4,001</b>	<b>11,504</b>	<b>11,740</b>
Attributable to:					
Northland Regional Council				6,769	6,456
Non-controlling interest				4,735	5,284
				<b>11,504</b>	<b>11,740</b>



# Financial summary

## Te whakarāpopoto o te pūrongo pūtea

### Statement of Financial Position

As at 30 June	Council 30 Jun 19 \$000	Long Term Plan 30 Jun 19 \$000	Council 30 Jun 18 \$000	Consolidated 30 Jun 19 \$000	Consolidated 30 Jun 18 \$000
Current assets	19,014	27,074	25,249	20,992	27,402
Non current assets	163,010	149,050	150,254	307,780	284,283
<b>TOTAL ASSETS</b>	<b>182,024</b>	<b>176,124</b>	<b>175,503</b>	<b>328,772</b>	<b>311,685</b>
Current liabilities	( 6,866)	( 7,088)	( 6,204)	( 9,552)	( 7,919)
Non current Liabilities	( 20,084)	( 20,911)	( 19,210)	( 33,036)	( 26,069)
<b>TOTAL LIABILITIES</b>	<b>( 26,950)</b>	<b>( 28,000)</b>	<b>( 25,414)</b>	<b>( 42,588)</b>	<b>( 33,988)</b>
<b>NET ASSETS/EQUITY</b>	<b>155,074</b>	<b>148,124</b>	<b>150,089</b>	<b>286,184</b>	<b>277,697</b>

### Statement of Changes in Equity

For the Year Ended 30 June 2019	Council 30 Jun 19 \$000	Long Term Plan 30 Jun 19 \$000	Council 30 Jun 18 \$000	Consolidated 30 Jun 19 \$000	Consolidated 30 Jun 18 \$000
<b>OPENING EQUITY</b>	<b>150,089</b>	<b>147,276</b>	<b>146,088</b>	<b>277,697</b>	<b>268,927</b>
Total comprehensive revenue and expense for the year	4,985	848	4,001	11,504	11,740
Dividends paid	-	-	-	( 3,017)	( 2,970)
<b>CLOSING EQUITY</b>	<b>155,074</b>	<b>148,124</b>	<b>150,089</b>	<b>286,184</b>	<b>277,697</b>
Attributable to:					
Northland Regional Council	155,074	148,124	150,089	221,180	214,411
Non controlling Interest	-	-	-	65,004	63,286
	<b>155,074</b>	<b>148,124</b>	<b>150,089</b>	<b>286,184</b>	<b>277,697</b>
<b>COMPONENTS OF EQUITY</b>					
Accumulated Funds	120,214	126,042	123,540	153,042	154,703
Asset revaluation reserve	3,973	2,825	3,963	37,741	37,447
Fair value through other comprehensive revenue and expense reserve	-	( 17)	-	-	-
Hedging Reserve	-	-	-	( 490)	( 325)
Special reserves	30,887	19,274	22,586	30,887	22,586
Minority Interest	-	-	-	65,004	63,286
	<b>155,074</b>	<b>148,124</b>	<b>150,089</b>	<b>286,184</b>	<b>277,697</b>

## Consolidated Statement of Cash Flows

For the Year Ended 30 June 2019	Council 30 Jun 19 \$000	Long Term Plan 30 Jun 19 \$000	Council 30 Jun 18 \$000	Consolidated 30 Jun 19 \$000	Consolidated 30 Jun 18 \$000
Net cash from operating activities	4,986	1,820	837	11,668	7,709
Net cash from investing activities	( 6,378)	( 4,780)	( 6,466)	( 15,804)	( 6,239)
Net cash from financing activities	1,000	2,667	5,405	4,083	( 1,365)
<b>Net increase/(decrease) in cash, cash equivalents and bank overdrafts</b>	<b>( 392)</b>	<b>( 293)</b>	<b>( 224)</b>	<b>( 53)</b>	<b>105</b>
Cash, cash equivalents and bank overdrafts at the beginning of the year	998	379	1,222	1,811	1,706
<b>Closing cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>606</b>	<b>86</b>	<b>998</b>	<b>1,758</b>	<b>1,811</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 2019 year 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 and was adopted by council on 24 September 2019.

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.



# Financial summary

## *Te whakarāpopoto o te pūrongo pūtea*

There were no significant breaches of legislation during the year.

### **Contingent assets and liabilities**

The council disclosed, in its full Annual Report 2019, the potential contingent liability that may exist if KiwiRail is approached by a landowner whose property is affected by the rail corridor designation. There is provision within the rail corridor designation agreement between council

and KiwiRail for council to provide assistance to KiwiRail if KiwiRail is approached by a landowner wanting to sell their property.

### **Events after balance date**

Subsequent to balance date, Marsden Maritime Holdings Limited declared a fully inputted dividend of 9.25 cents per share to be paid on 13 September 2019. 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 2019

The summary annual report was derived from the annual report of the Northland Regional Council (the Regional Council) for the year ended 30 June 2019. 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 16:

- the summary Council and Consolidated Statements of Financial Position as at 30 June 2019;
- 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 2019;
- 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 24 September 2019.

#### 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*.

#### 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 and our report on the disclosure requirements, we have carried out engagements in the areas of a limited assurance report pursuant to the Regional Council's Trust Deed and the audit of the Regional Council's maintenance of the register of security stock. We have also provided fraud awareness training and a cyber governance maturity assessment which 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  
1 October 2019



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**Northland**   
REGIONAL COUNCIL

Te Kaunihera ā rohe o Te Taitokerau