



Far North
District Council

Te Kaunihera o Tai Tokerau ki te Raki

**TE RĪPOATA
WHAKARAPOPOTO
A TAU**

**ANNUAL REPORT
SUMMARY**

2020/21

Te ripoata whakarapopoto a tau | Annual report summary 2020/21

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As noted in its report, Audit New Zealand has reviewed this summary for consistency with the full Annual Report and has confirmed that it fairly and consistently represents the major matters dealt with in the full report for the year ended 30 June 2021.

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Cover photograph: Footpath repairs, Signal Station Road, Ōmāpere
Inside cover photograph: Kerikeri Wastewater Treatment Plant



Ngā karere a te Koromatua me te Kaiwhakahaere Matua | Message from the Mayor and Chief Executive

Kia ora koutou

Welcome to the Far North District Council's Annual Report 2020/21. This is where we look back on our achievements on behalf of ratepayers over the past financial year.

The ongoing COVID-19 pandemic has made the last 12 months challenging for all New Zealanders and the Council is focused on doing all it can to help the Far North weather the economic headwinds this is creating.

Our year began with a significant rain event that caused extensive flooding and slips at Mangamuka Gorge. These closed State Highway 1 for almost a year, seriously impacting Kaitiāia businesses. This occurred when many were predicting that the Northland economy would be among the hardest hit by the pandemic. Thankfully, those predictions have proved incorrect and our economy has been one of the best performing in the country. While many businesses and individuals continue to face significant challenges, we are pleased to report that the Council's financial position remains strong. Our revenue is up on what we predicted for 2020/21 and debt is less than anticipated (see page 12).

Hybrid working

This result was helped by the new hybrid working model we adopted following the March 2020 COVID-19 lockdown. Around 70 per cent of our staff now work from home most of the time, returning to the office for meetings and in-person collaboration as required. This working model has allowed us to maintain productivity and business continuity despite subsequent lockdowns. It has also reduced our expenditure on utilities, travel, vehicles and stationery, and some operating costs during 2020/21. Even better, we have boosted productivity and 93 per cent of our staff say the hybrid working model makes us a more attractive employer.

Funding

The Far North District Council has bid for and won \$103 million of external funding in the past two years. During 2020/21, the Council received \$51.0 million of that funding and our commercial arm, Far North Holdings Ltd, received a further \$15.3 million. This is helping to deliver numerous economic recovery projects, such as revitalisation of Te Hiku, two Council animal shelters, a sports hub for the Bay of Islands at Waipapa, upgrades to Kerikeri Domain, road seal projects and several maritime facility upgrades. These are projects that ratepayers could not have financed alone and will benefit our district for many years to come. Included is Ngāwhā Innovation and Enterprise Park. This will be transformative for Kaikohe and is already boosting local employment.

Infrastructure projects

We achieved a record level capital programme spend this year, including 95 per cent of the roading programme. We completed the \$27 million Kerikeri Wastewater Treatment

upgrade, which was certified in October 2020 for customer connection. We have worked hard to boost our water resilience following the 2019/20 Northland drought, particularly for Kaitiāia and Kaikohe. Up to 5000 cubic metres of additional water will soon be available each day to Kaitiāia from bores at Sweetwater, 14km north of the town. We are now working on a pipeline to link these to our treatment plant on Okahu Road and aim to complete the \$14.3 million project by mid-2022.

In Kaikohe, a second bore to an aquifer we already use was completed in February. This can supply up to 350 cubic metres of additional water daily and we aim to complete the \$1.18 million project early in 2022. The Council is also participating in the new Matawii Reservoir project near Ngāwhā. This will supply water to Ngāwhā Innovation and Enterprise Park and, if required, Kaikohe.

Strategy

Our drive to become a more strategy-driven organisation has progressed steadily. In March, the Navigating Our Course public consultation presented our 80-year district strategy 'Far North 2100', our 30-year Draft District Plan, and our Long Term Plan for 2021-31 which we adopted in June. Our ongoing business improvement programme also achieved another milestone. We received a 'BB' rating following our second assessment in the Local Government Excellence Programme, CouncilMARK. This improved upon the 'B' rating we received in 2017.

Representation

In April, Councillors voted to establish Māori wards for the 2022 and 2025 local body elections. Through informal feedback gathered during our Representation Review in March, 81.76 per cent of residents supported this move. Our next election in 2022 will also be the first to use the STV (Single Transferable Vote) system to elect candidates. We adopted this system in August 2020.

This has been an extraordinary year of pandemic, weather extremes, external funding wins and a Council performance rating improvement. We encourage you to read the full report to get a fuller understanding of our achievements during 2020/21.

Ngā mihi.



John Carter QSO
Mayor



Shaun Clarke ONZM
Chief Executive Officer

Ngā Manu Mātārae

Civic Leadership

as at 30 June 2021



Hon John Carter
QSO
Mayor



Cr Ann Court
Deputy Mayor
Bay of Islands-
Whangaroa Ward



Cr Rachel Smith
Bay of Islands-
Whangaroa Ward



Cr David Clendon
Bay of Islands-
Whangaroa Ward



Cr Kelly Stratford
Bay of Islands-
Whangaroa Ward



Cr Moko Tepania
Kaikohe-Hokianga
Ward



Cr John Vujcich
Kaikohe-Hokianga
Ward



Cr Dave Collard
Te Hiku Ward



Cr Felicity Foy
Te Hiku Ward



Cr Mate Radich
Te Hiku Ward

Ngā Rāngai Hapori

Community Boards

as at 30 June 2021

Bay of Islands - Whangaroa Ward

Belinda Ward (Chair), *Paihia*

Manuwai Wells (Deputy Chair), *Kawakawa-Moerewa*

Lane Ayr, *Kerikeri*

Bruce Mills, *Whangaroa*

Manuela Gmuer-Hornell, *Russell-Opua*

Frank Owen, *Kerikeri*

Dave Hookway, *Kerikeri*

Kaikohe - Hokianga Ward

Mike Edmonds (Chair), *Kaikohe*

Emma Davis (Deputy Chair),
North Hokianga

Laurie Byers, *Kaikohe*

Kelly van Gaalen, *Kaikohe*

Alan Hessell, *South Hokianga*

Louis Toorenburg, *South Hokianga*

Te Hiku Ward

Adele Gardner (Chair), *Kaitaia*

Jackie Brown,, (Deputy Chair) *Kaitaia*

Bill Subritzky. *Whatuwhiwhi*

John Stewart, *Kaitaia*

Sheryl Bainbridge, *Doubtless Bay*

Darren Axe, *North Cape*

Ā mātou pitopito mahi | Our performance in brief

Overview

As outlined in the Annual Plan 2020/21, the aim was to maintain a steady course for the year, with no major changes from those set in year three of the LTP 2018-28. This was despite the drought and water shortage, and with substantial financial help from Central Government, the budgets were minimally affected. The rates increase was 2.23%, slightly higher than had been originally forecast in year 3 of the LTP 2018-28.

As part of the strategic direction, the plan identified the need for a focused capital programme, with particular emphasis on the resilience of our water supplies. This included plans to complete a new wastewater treatment plant in Kerikeri and to commence the upgrade of the Hihi wastewater treatment plant. For water it was planned for the Sweetwater bore to be connected to the Kaitaia network and to re-examine the consent discharge issues, and for additional water storage in Kaikohe.

As a result of the COVID-19 pandemic, there was optimism that the Government's plan to stimulate the economy and reduce the impacts of the pandemic could be of benefit to the Far North, enabling progress on critical work. Applications in excess of \$340 million had been made by the time the Annual Plan was being formulated, with the firm belief that Council had made successful bids.

Throughout the year, Council received \$51 million in subsidies and grants, which assisted with the following:

- The drilling of a new exploratory water bore at Tokareiria (Monument Hill) in Kaikohe which was completed in February 2021. This will meet up to 45% of the town's summer water requirements and make it far more resilient to future droughts.
- Designs for safer streets in Kawakawa, Moerewa and Kaikohe started, to make the streets in the three towns safer and more people friendly. We have been working with local residents on how best to improve streets that are unsafe for tamariki walking & cycling to schools and marae. The projects will include installing roadside art, plants, and speed bumps to reduce vehicle speeds, and will involve tamariki from local schools and local artists.
- A new wharf at Rangi Point will be the first to be built on the Hokianga Harbour for more than 30 years, with a new concrete wharf, gangway and pontoon, which will improve links to the isolated Rangi Point community and boost tourism opportunities. Work commenced in April 2021 and is still underway.
- Roading, stormwater and park works were all part of the public works programme completed throughout the district because of the Government's COVID Response and Recovery Fund. Almost 300 workers were employed under MBIE's Worker Redeployment Programme, of which a third were previously unemployed, and works completed included footpath construction, tree removal and spraying, shrub-cutting and other vegetation control.
- New roundabouts at Waipapa, Puketona, Kawakawa and Kaitaia are working to improve safety and ease congestion. They are at locations heavily used by locals as well as visitors to the area, with all of them except for Kaitaia being located on the Twin Coast Discovery Route, Northland's main tourist artery. So far, feedback has suggested the roundabouts are making a profound difference to people's experience, being much safer than the old 'T' junctions, less queues and reduced congestion, easing driver impatience and therefore less risks and short cuts being taken.
- Key sections of strategic detour and tourism routes in the Far North were upgraded and sealed with funding from the Tourism Infrastructure Fund and Provincial Growth Fund:
 - Ruapekapeka Road, which provides access to the historic pa site, is being widened, drainage improved, 4.7km of seal extension and a bridge widened to two lanes. Work is due to complete in December 2021.
 - Peria Road had a 6.3km seal extension as well as bridge assessments and is due to complete in July 2021.
 - Ngapipito Road underwent a 5km seal extension with bridge upgrades to bring them up to heavy vehicle standards, work is due to complete by July 2021.
 - Pungaere Road, north of Waipapa, was finally transformed by sealing the remaining 3.5km stretch. This has made a significant impact on the local community with less water tank contamination and increased air quality allowing residents to open their windows.
- A new wastewater treatment plant in Kerikeri was completed, benefiting more than 1,400 properties in central Kerikeri and can be expanded to meet Kerikeri's growth; it can currently treat 1,000 cubic metres of sewerage a day, but is able to treat up to 2,000 cubic metres a day. It is the biggest infrastructure project that the Council has undertaken to date.
- Works commencing on two new sportshubs in:
 - Te Hiku in Kaitaia, providing new heated pools and multi sports facility and fields to the local community, as well as huge benefits for our people across health and well being, economics, social and sporting outcomes. The aquatics wing will include a 25 metre lane pool, learn to swim pool, physiotherapy quality hydrotherapy pool and toddlers water play area. The sports wing will have a fitness gym, function rooms, and team changing rooms for field sports.

- Bay of Islands in Kerikeri, which will provide facilities for football, rugby league, cricket, gymnastics, hockey, softball and croquet enthusiasts from around the Bay of Islands. It will address the shortage of facilities in the region, support growing participation in sports and help meet future demand in Northland as one of the fastest growing regions in the country.
- As part of the Te Hiku Open Spaces Revitalisation Project, work commenced on new walkways, cultural art, playground and park improvements, and street works in

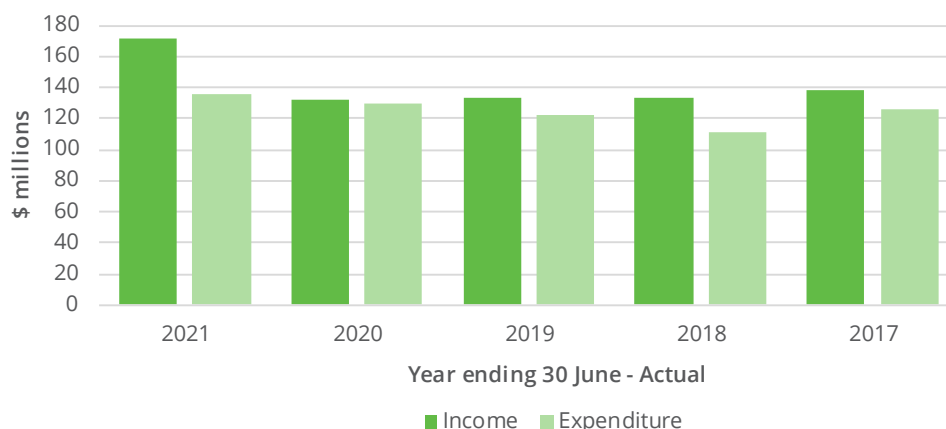
Kaitaia, Awanui and Ahipara. The emphasis is on iwi heritage and involves two local artists and Kaitaia College students painting murals throughout the community, landscaping and placing artwork in Dalmatian Alley, new car parks and concrete furniture. All companies and individuals engaged on the Te Hiku project are Northland based, mainly from the Far North, with opportunities for previously unemployed people to upskill and former workers in the tourism and forestry industries to get involved.

Financial overview

- Our operational result for the 2020/21 financial year shows a net surplus of \$35.149M compared to a budgeted net surplus of \$9.974M.

	2021 Budget	2021 Actual	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Income	142	171	132	133	133	138
Expenditure	132	136	130	122	111	126
Surplus/(Deficit)	10	35	2	11	22	12

Operational performance



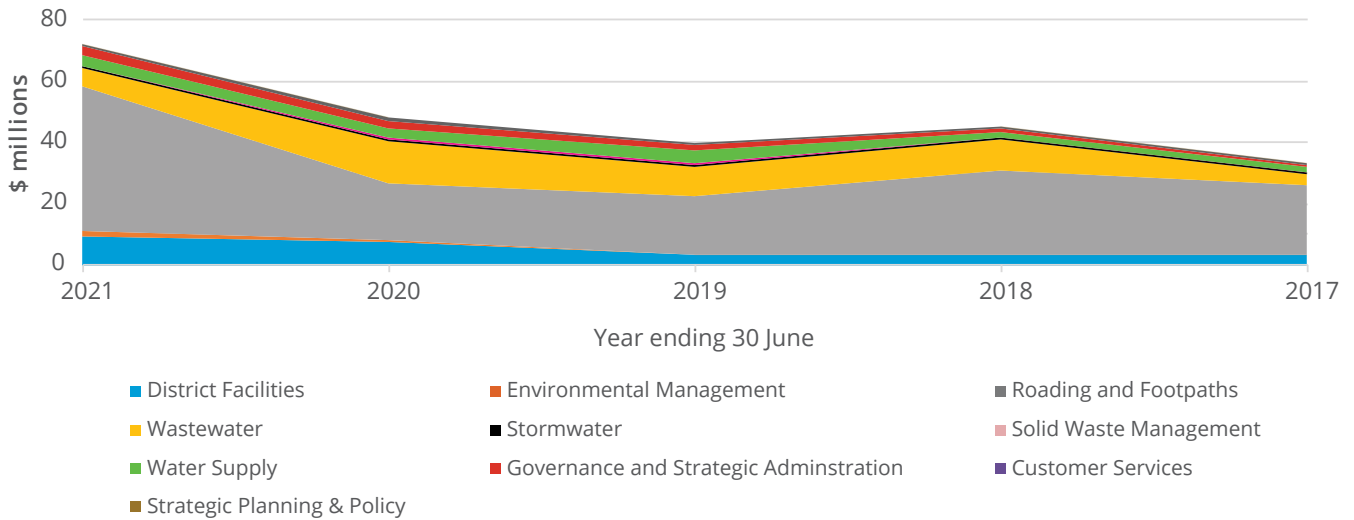
- The council ended the year with a strong cash position of \$5.4M (2020 \$10.7M) due to prudent cash management.
- Debt remained at a steady level of \$63.5M (2020 \$70.5M), including short term borrowings of \$22M (2020 \$34M).

Capital works programme

Capital expenditure of \$72.3M for the year was higher than expected reflecting central government investment in priority roads.

	2021 Budget	2021 Actual	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Roading and Footpaths	37.39	47.75	18.54	19.14	27.64	22.66
Water Supply	4.45	3.47	2.98	4.24	1.62	1.48
Wastewater	7.52	5.61	13.45	9.20	9.69	3.55
Stormwater	1.18	0.94	1.00	1.07	0.77	0.68
Solid Waste Management	0.33	0.10	0.14	0.16	0.01	0.07
District Facilities	13.03	9.28	7.64	3.20	3.45	3.25
Customer Services	0.53	0.60	0.64	0.46	0.28	0.34
Environmental Management	-	1.61	0.70	0.28	0.02	0.14
Strategic Planning and Policy	-	-	-	-	-	0.01
Governance and Strategic Administration	2.38	3.01	2.85	1.98	1.60	0.87
Total	66.81	72.37	47.94	39.73	45.08	33.05

Capital works programme



Non financial overview

- The Council records a variety of key performance indicators (KPIs) to report our non-financial outcomes for Levels of Service. Individual KPIs for Levels of Service are reported by activity group within the Statement of Service Performance.

	Achieved	Not Achieved	Not Assessed
Rooding and Footpaths	6	6	-
Water Supply	7	1	2
Wastewater	7	4	-
Stormwater	8	2	-
Solid Waste Management	5	2	-
District Facilities	4	12	-
Customer Service	3	7	-
Environmental Management	4	5	-
Strategic Planning and Policy	-	3	-
Governance and Strategic Administration	1	1	-
Total	45	43	2

Outlook

Disruption caused by COVID-19 continues to impact at a national level, and we continue our efforts to encourage and assist economic recovery across the District and the Northland region.

We recognise the financial implications of climate change and sea level rise, and the need to provide sufficient funding to local and regional adaptation initiatives.





































Engage with the Government on the development of a three waters process that will provide high quality services for our communities.

One of our primary focuses still remains the capital renewal programme, with replacement or renewal where it is prudent to do so. Project Darwin is still underway and is expected to continue over the next year; the intention of the project is to move from reactive asset management to proactive asset management.

Mahinga whakarato | Statement of service provision

Community outcomes

The work and activities that the council provides are guided by community outcomes - the set of aspirations or goals that the community as a whole said were important to the District. Although each activity contributes in some way to these outcomes, this varies from high in some areas, to not significant in others. In the table below are our group of activities and their alignment with our community outcomes.

	Communities that are healthy, safe, connected and sustainable	Connected and engaged communities prepared for the unexpected	Proud, vibrant communities	Prosperous communities supported by a sustainable economy	A wisely managed and treasured environment that recognises the special role of tangata whenua as kaitiaki	We embrace and celebrate our unique culture and heritage and value it as a source of enduring pride
Roading and Footpaths						
Water Supply						
Wastewater						
Stormwater						
Solid Waste Management						
District Facilities						
Customer Services						
Environmental Management						
Strategic Planning and Policy						
Governance and Strategic Administration						

Summary dashboard

Resident satisfaction survey result comparisons 2021 to 2020

Service / facility / activity	2021 % very satisfied / satisfied	2020 % very satisfied / satisfied
Roads	38	56
Footpaths	42	51
Water Supply	57	65
Wastewater	66	74
Stormwater	35	49
Refuse transfer stations	79	81
Community recycling stations	81	86
Cemeteries	90	84
Kaikohe community pool	100	94
Kaitāia community pool	62	77
Kawakawa community pool	80	87
Kerikeri community pool	60	87

Service / facility / activity	2021 % very satisfied / satisfied	2020 % very satisfied / satisfied
Libraries	96	96
Public toilets	55	59
Parks and reserves	63	70
Coastal access	55	63
Carparking facilities	44	51
Service received when contacting the council	71	65
Community board awareness in your area	82	89
Informed about the District Plan (land use)	15	22
Aware of changes to the District Plan	20	24
Informed about what the council is doing (all residents)	25	36
Informed about what the council is doing (Māori respondents)	22	37
Overall performance of the council	25	36

Community Wellbeing

Schedule 10, clause 23 (d) of LGA 2002 requires us to “describe any identified effects that any activity within the group of activities has had on the social, economic, environmental, or cultural well-being of the community”.

What are the four aspects of wellbeing?



Social – involves individuals, their families, whanau, hapu, iwi, and a range of communities being able to set goals and achieve them, such as education, health, the strength of community networks, financial and personal security, equity of opportunity, and rights and freedoms.



Economic – looks at whether the economy can generate the employment and wealth necessary to provide many of the requirements that make for social well-being, such as health, financial security, and equity of opportunity.

















Environmental – considers whether the natural environment can sustainably support the activities that constitute healthy community life, such as air quality, fresh water, uncontaminated land, and control of pollution.



Cultural – looks at the shared beliefs, values, customs, behaviours and identities reflected through language, stories, visual and performing arts, ceremonies and heritage that make up our communities.

It was identified that drought and COVID-19 were main contributors that affected the four aspects of wellbeing within the group of activities.

Activity	S	E	E	C	Narrative
1 Roading and Footpaths	●	●	●		The Roothing team were able to deliver substantial improvements to the Far North District's transport network, with sealed roads, roundabouts and new footpaths. These all contributed to better air quality from dust suppression and less water tank contamination, and safer environments for both motorists and footpath users alike.
2 Water Supply	●	●	●	●	Two new water sources were completed in the year, boosting our water resilience for potential future droughts, and supplying clean water to more of our residents in Kaikohe and Kaitāia.
3 Wastewater	●	●	●	●	A new wastewater treatment plant in Kerikeri was completed, adding more properties to the sewer network. It has significantly reduced the town's reliance on septic tanks and other onsite disposal systems, making for a cleaner environment.
4 Stormwater	●	●	●		As a result of the flooding event in July 2020, our stormwater network was at capacity, particularly in Moerewa and Kawakawa. Council is working on improving this activity.
5 Solid Waste Management	●	●	●		An increase in illegal dumping was experienced, resulting in response time increasing. This negatively impacted environmental wellbeing with rubbish left out in the open and over weekends, and in inaccessible locations.

Activity	S	E	E	C	Narrative
6 District Facilities					Council opened new public toilets across the Far North District, improving facilities for residents and visitors. Embracing the Māori and Yugoslav cultures was an essential part of the TeHiku Open Spaces Revitalisation project in Kaitāia, Awanui and Ahipara.
7 Customer Services					Despite international tourism curtailed by the COVID-19 restrictions, visitor numbers have been better than expected at the i-SITEs resulting in increased profit in retail sales and keeping the Far North economy performing better than expected.
8 Environmental Management					One new animal shelter was opened during the year in Kaitāia, providing quarantining facilities, exercise areas and veterinary facilities, preventing the spread of diseases such as parvovirus. Building and resource consenting met legislated requirements for processing meaning almost 100% of all applications are being processed within 20 days.
9 Strategic Planning and Policy					Māori engagement and relationships were strengthened to support additional services to meet whanau, hapu, iwi and community needs. For the first time, Māori wards were adopted by Council for the 2022 and 2025 local elections, with almost 82% of residents. The 30-year District Plan was drawn up and presented to the public for consultation, supporting the move.
10 Governance and Strategic Administration					Embracing technologies following the March 2020 COVID-19 lockdown helped create a new hybrid working model. Approximately 70% of our staff now work from home, allowing us to maintain productivity and business continuity despite subsequent lockdowns. This new technology has also allowed Elected Members to connect with each other, communities and staff remotely, with Council meetings being recorded and available through online media channels.

Arotake pūtea | Financial Performance

A full copy of the Annual Report can be viewed at the Far North District Council offices, our service centres, libraries or on our website: www.fndc.govt.nz. You can also call us and a copy will be sent out to you.

Audit New Zealand has audited Council's full Annual Report and has issued an unmodified report. As part of the audit, the auditors looked at whether the financial statements fairly reflect Council's financial performance and position and comply with generally accepted accounting practice. Additionally they looked at Council's non-financial performance and how fairly it has monitored and reported on its activities. The summary cannot be expected to provide as complete an understanding of the financial and non-financial performance of Council as the full Annual Report. The full Annual Report for the year ended 30 June 2021 was adopted by the Council on 16 December 2021.

These summary financial statements for the Far North District Council and Group are summarised from the full financial statements. The consolidated financial statements reflect the operations of Far North District Council and its subsidiaries, Far North Holdings Limited (FNHL) and its 50% equity shareholding of its associate Far North Skincare Limited, council controlled organisations Pou Herenga Tai Twin Coast Cycle Trail Charitable Trust (Pou Herenga) and Roland's Wood Trust, and council organisations Northern Adventure Experience Limited (NAX), Te Ahu Charitable Trust (TACT) and Far North Regional Museum Trust (FNRMT). The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete understanding as provided in the full financial statements.

The summary financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand. The information included in this summary has been prepared in accordance with PBE FRS 43: Summary Financial Statements. The full financial statements have been prepared in accordance with Tier 1 Public Benefit Entity accounting standards.

Basis of preparation

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

Summary statement of comprehensive revenue and expense

For the year ended 30 June 2021

	Note	Council			Group	
		Actual 2021 \$000s	Budget 2021 \$000s	Actual 2020 \$000s	Actual 2021 \$000s	Actual 2020 \$000s
Total revenue		171,127	141,670	131,789	206,911	152,164
Expenses						
Personnel costs	4	30,974	30,452	28,800	35,165	32,542
Depreciation and amortisation expense	14	34,122	34,645	32,623	35,266	33,731
Finance costs	6	2,174	1,715	2,089	3,394	3,707
Other expenses	5	68,707	64,884	65,993	75,197	72,247
Total expenses		135,977	131,696	129,504	149,022	142,227
Surplus / (deficit) after tax		35,149	9,974	2,286	57,888	9,936
Items that could be reclassified to surplus						
Financial assets at fair value through equity	24	3	-	(57)	6	(67)
Cash flow hedges	24	242	-	171	242	171
Items that will not be reclassified to surplus						
Gain / (loss) on asset revaluations	16/24	130,753	41,473	54,599	133,341	52,008
Movement to retained earnings		-	3,657	-	413	(580)
Tax on revaluation		-	-	-	(503)	100
Total other comprehensive revenue and expense		130,998	45,130	54,713	133,499	51,632
Total comprehensive revenue and expense		166,147	55,104	56,999	191,311	61,116

Summary statement of changes in equity

For the year ended 30 June 2021

	Council			Group	
	Actual 2021 \$000s	Budget 2021 \$000s	Actual 2020 \$000s	Actual 2021 \$000s	Actual 2020 \$000s
Opening balance 1 July	1,935,025	1,837,646	1,878,026	1,990,198	1,929,082
Total comprehensive revenue and expense for the year	166,147	55,104	56,999	191,311	61,116
Closing balance 30 June	2,101,171	1,892,749	1,935,025	2,181,509	1,990,198

Summary statement of financial position

as at 30 June 2021

	Council			Group	
	Actual 2021 \$000s	Budget 2021 \$000s	Actual 2020 \$000s	Actual 2021 \$000s	Actual 2020 \$000s
Public equity	2,101,170	1,983,929	1,935,023	2,181,510	1,990,198
Assets					
Current assets	43,363	57,218	51,100	53,221	56,244
Non-current assets	2,158,055	2,043,825	1,981,913	2,290,137	2,090,719
Liabilities					
Current liabilities	58,196	65,804	59,826	70,374	68,613
Non-current liabilities	42,051	51,310	38,164	92,833	88,152
Net assets	2,101,170	1,983,929	1,935,023	2,181,509	1,990,198

Summary statement of cash flows

For the year ended 30 June 2021

	Note	Council			Group	
		Actual 2021 \$000s	Budget 2021 \$000s	Actual 2020 \$000s	Actual 2021 \$000s	Actual 2020 \$000s
Net cash inflows from operating activities		74,135	37,862	32,687	101,088	44,672
Net cash inflows / (outflows) from financing activities		(7,000)	19,564	18,500	(7,147)	22,516
Net cash inflows / (outflows) from investing activities		(72,366)	(66,807)	(47,939)	(99,164)	(61,281)
Net cash		(5,231)	(9,381)	3,249	(5,223)	5,906
Opening balances 1 July						
Cash and cash equivalents		10,673	29,268	7,424	11,310	5,404
		10,673	29,268	7,424	11,310	5,404
Less balances 30 June						
Cash and cash equivalents	8	5,442	19,887	10,673	6,087	11,310
		5,442	19,887	10,673	6,087	11,310
Cash movements for the year		(5,231)	(9,381)	3,249	(5,223)	5,906

Variations to Annual Plan

	Council 2021 \$000s
Statement of comprehensive revenue and expense	
Annual Plan surplus	9,974
Annual Report surplus / (deficit)	35,149
Net operating surplus / (deficit) variance	(25,175)
Variance represented by:	
Variance area	
Rates	1,764
Other	(31,220)
Total revenue variance	(29,457)
Variance represented by:	
Variance area	
Personnel costs	(522)
Depreciation and amortisation expense	523
Finance costs	(459)
Other expenses	(3,823)
Total expenditure variance	(4,281)
Net operating surplus variance	(25,175)

Significant variances to Annual Plan budget - statement of financial position

The major variances to long term plan budget arise mainly because the budgeted figures were based upon the audited closing balances for June 2019, adjusted for activity that was expected to occur during the 2019/20 financial year. The closing balances for June 2020 were not known at the time the budgets were approved.

Other reserves were \$19.0m higher than expected as a result of actual asset revaluation information. Cash and cash equivalents were \$14.4m less than predicted as cash was used in lieu of borrowing.

In total, borrowings were \$26.0m less than expected due to capital work not being completed as expected.

Financial prudence benchmarks

This section discloses the council’s financial performance in relation to various benchmarks to enable an assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The council is required to include this statement in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014.

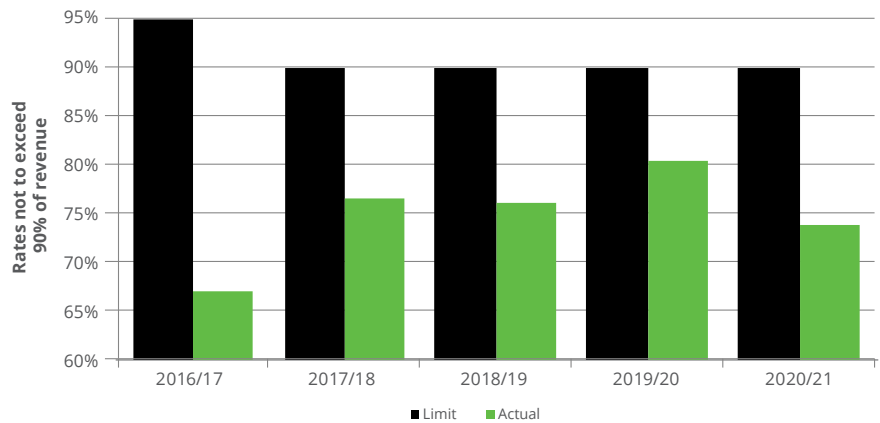
Rates affordability benchmarks

The council meets the rates affordability benchmark if:

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

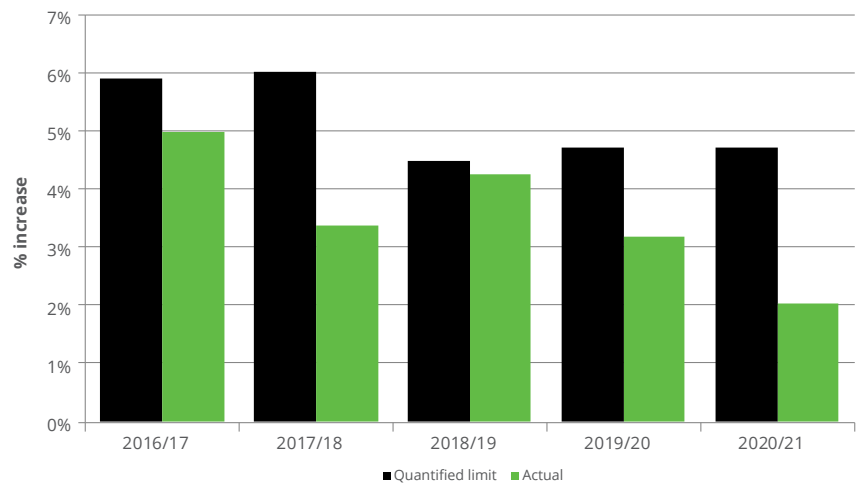
Rates (income) affordability

This graph compares the Council’s actual rates income with a quantified limit on rates contained in the financial strategy included in the Council’s LTP 2018-28. The quantified limit is that rates revenue (excluding subsidies and capital income) will not exceed 90% of total revenue. The graph shows the budgeted rates proportion of revenue measured against the actual proportion achieved. Council has achieved this benchmark.



Rates (increases affordability)

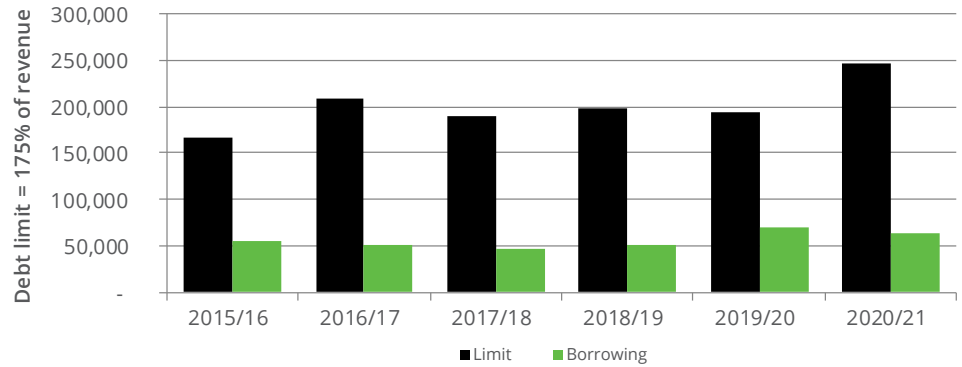
This graph compares the Council’s actual rate increases with a quantified limit on rates increases included in the financial strategy included in the Council’s LTP 2018-28. The quantified limit is that total rates increase should not exceed LGCI (Local Government Cost Index) plus 2.5%. The graph shows the actual rate increase percentages measured against the predicted rate percentage increases. Because the Council decided not to levy additional penalties in 2015/16, the year to year rate calculation shows a significant reduction. Council has achieved this benchmark.



Debt affordability benchmark

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

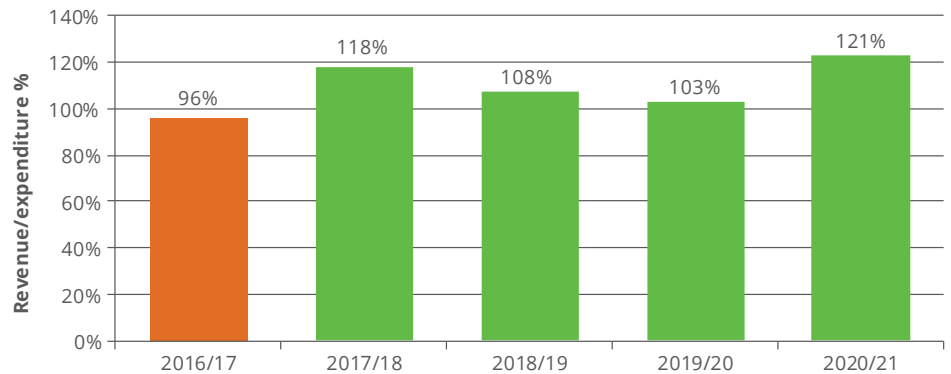
This graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's LTP 2018-28. The quantified limit is that debt be no higher than 175% of total revenue (excluding subsidies and capital income). The graph shows the actual borrowing measured against the maximum borrowing determined by the quantified limit. The council has achieved this benchmark.



Balanced budget benchmark

This graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant and equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment).

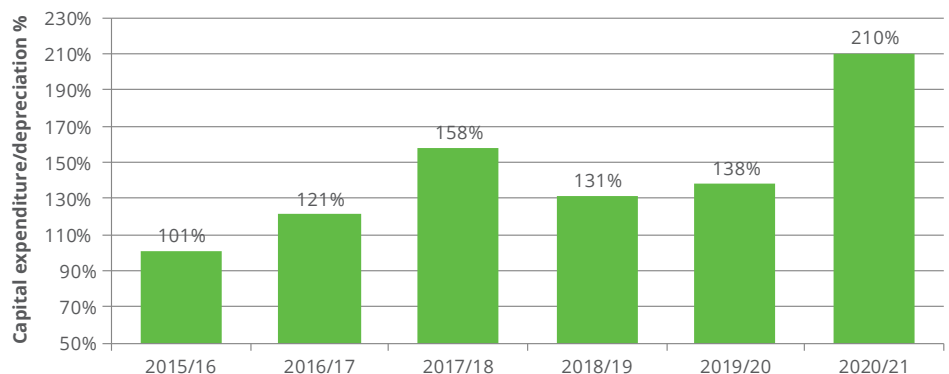
The Council meets this benchmark if its revenue equals or is greater than its operating expenses. Council has achieved this benchmark except for 2016/17 when there was a large loss on disposal of two roads transferred to NZTA of \$21.27m.



Essential services benchmark

This graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. Network services are defined as:

- Water supply
- Sewerage and treatment and disposal of sewage
- Stormwater drainage
- The provision of roads and footpaths

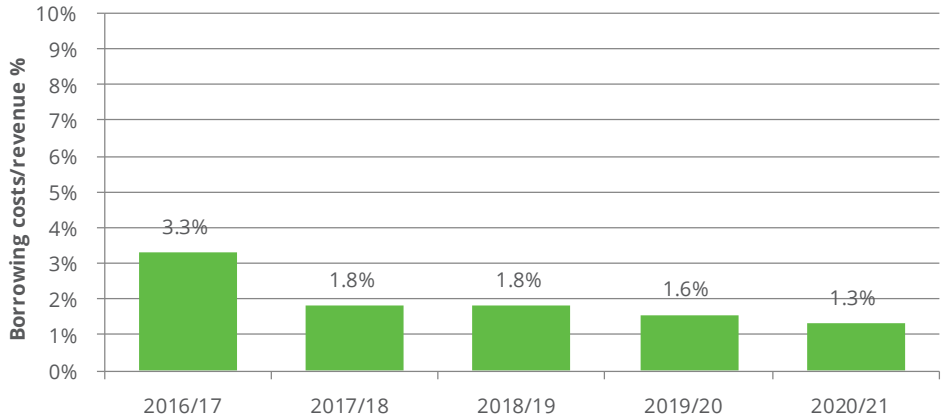


The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. The council has achieved this benchmark.

Debt servicing benchmark

This 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 and equipment).

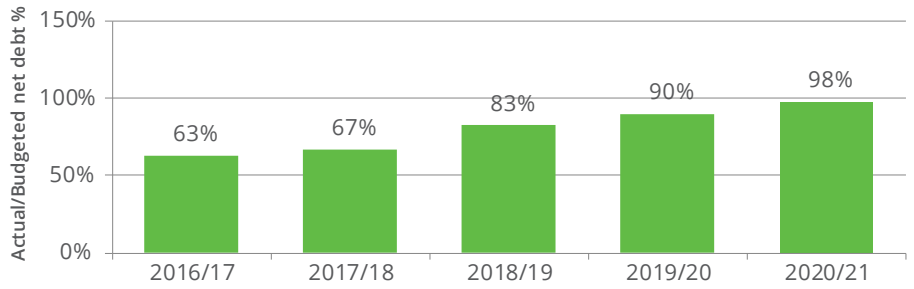
Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue. The council has achieved this benchmark.



Debt control benchmark

This 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).

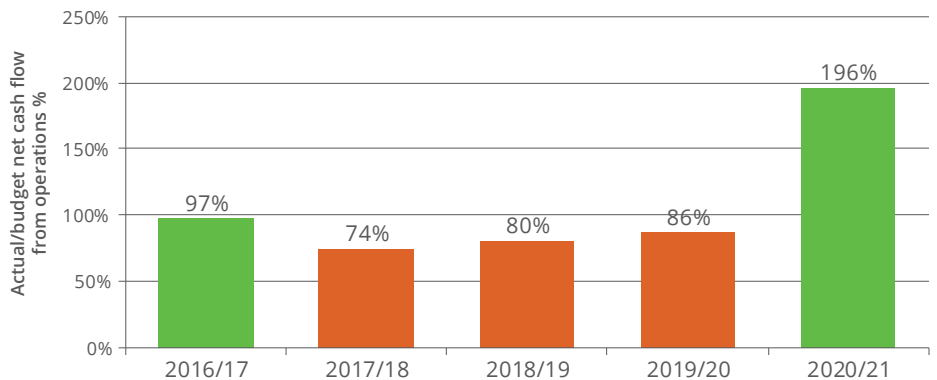
The council meets the debt control benchmark if its actual net debt is equal or is less than its planned net debt. The council has achieved this benchmark.



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. In 2020/21 this is due to the impact of an increase of grants and subsidies of \$25m from 2019/20 from Central Government, as a vehicle to stimulate the economy through improving infrastructure, tourism facilities and provincial growth.



Ripoata Arotake | Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Far North District Council's summary of the annual report for the year ended 30 June 2021

The summary of the annual report was derived from the annual report of the Far North District Council (the District Council) and group (the group) for the year ended 30 June 2021.

The summary of the annual report comprises the following summary statements on pages 6 to 10:

- the summary statement of financial position as at 30 June 2021;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2021;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary description used for the summary statement of service provision.

Opinion

In our opinion:

- the summary of the 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.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2021 in our auditor's report dated 16 December 2021. Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing

attention to the disclosures about the Government's three waters reform programme announcement as set out in the full annual report in Note 31 to the financial statements. The Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

Council's responsibility for the summary of the annual report

The District Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.

Other than the audit and our report on the disclosure requirements, we will perform a limited assurance engagement related to the District Council's debenture trust deed and have performed audit engagements for the 2021-31 Long-term plan Consultation Document and the 2021-31 Long-term plan. Other than these engagements, we have no relationship with, or interest in, the District Council or its subsidiaries and controlled entities.



David Walker
Audit New Zealand
On behalf of the Auditor-General Auckland, New Zealand
16 December 2021



Northern Animal Shelter construction, Kaitiāia

HE WHENUA RANGATIRA
A DISTRICT OF SUSTAINABLE PROSPERITY & WELL-BEING

WHAKAPĀ MAI | CONTACT US

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