



Far North  
District Council

*Te Kaunihera o Tai Tokerau ki te Raki*

RĪPOATA  
Ā TAU

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ANNUAL  
REPORT

2020/21

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ISSN 1172-8345 (Print)  
ISSN 2324-2833 (Online)

Adopted 16 December 2021

Cover photograph: Footpath repairs, Signal Station Road, Ōmāpere

# Tō Tātou Tirohanga, Aronga, Uara Me Ngā Tūmanako

## Our Vision, Mission, Values And Expectations

### Tirohanga • Our Vision

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

### Aronga • Our Mission

**HE ARA TĀMATA**  
**CREATING GREAT PLACES**

*Supporting our people*

### Uara • Our Values

Manawatōpū • Unity of purpose and working together

Whanaungatanga • Family, community,  
connecting and caring

Tū tangata • Strong cultural identities

Mana tangata • Respect and fairness

Te Tiriti o Waitangi • Partnership

Kaitiakitanga • Environmental stewardship  
and sustainability

### Tūmanako • Our Expectations

He wāhi ātaahua • Valuing the outstanding  
beauty of our District

Oranga taiao, oranga tangata • Nurturing the environment  
so it nourishes us

Oranga kāinga • A thriving, sustainable local economy

Mana i te whenua • The role of tangata whenua  
is valued and respected

Te ira tangata • Rich heritage and diversity  
respected and celebrated

Whānau • A great place for our families to flourish

Tangata whai ora • Happy, healthy, safe and  
purposeful people

He waka hourua • Fit for purpose infrastructure  
underpinning success

Kokiri tahi • Empowered communities,  
working collaboratively

# He aha kei roto i tenei tuhinga | What is in this document?

The purpose of the Annual Report is to look at the council's accomplishments in the financial year from 1 July 2020 to 30 June 2021. The Annual Report advises the Far North community of the council's financial and non-financial performance during the financial year, including what we achieved, how well we delivered our services, the costs and how they were paid for.

This report shows the council's performance in year three of the Long Term Plan (LTP) 2018-28. It outlines the targets set and performance results and our key achievements for the year.

The Annual Report is laid out as follows:

## Introduction

This is a high level review of our political and organisation structures with a financial and service performance overview.

## The council's activities

This section outlines the key achievements of each activity group and details the performance for the year based on targets set through the LTP 2018-28 including a report on the council controlled trading organisation - Far North Holdings Limited (FNHL).

## Financial performance

In this section are the council's detailed financial statements, and the Audit report.

# Tikanga kōrero whaitake | Statement of compliance and responsibility

for the year ended 30 June 2021

## Compliance

The council and management of the Far North District Council are responsible for preparing this report and financial statements and confirm that all statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

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

## Responsibility

The council and management of the Far North District Council accept responsibility for the preparation of the annual financial statements and the Statement of Service Performance and the judgements used in them.

The council and management of the Far North District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the opinion of the council and the management of the Far North District Council, the annual financial statements and statements of service performance for the year ended 30 June 2021 fairly reflect the financial position, performance and operations of the Far North District Council and Group.



**Hon John Carter QSO**

Mayor

16 December 2021



**Shaun Clarke ONZM**

Chief Executive Officer

16 December 2021

**Te tīmatatanga**



**Introduction**



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

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## Civic leadership

as at 30 June 2021



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**Hon John Carter**  
QSO  
Mayor



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**Cr Ann Court**  
Deputy Mayor  
Bay of Islands-  
Whangaroa Ward



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**Cr Rachel Smith**  
Bay of Islands-  
Whangaroa Ward



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**Cr David Clendon**  
Bay of Islands-  
Whangaroa Ward



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**Cr Kelly Stratford**  
Bay of Islands-  
Whangaroa Ward



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**Cr Moko Tepania**  
Kaikohe-Hokianga  
Ward



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**Cr John Vujcich**  
Kaikohe-Hokianga  
Ward



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**Cr Dave Collard**  
Te Hiku Ward



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**Cr Felicity Foy**  
Te Hiku Ward



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**Cr Mate Radich**  
Te Hiku Ward

# Ngā Rāngai Hapori

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## Community Boards

as at 30 June 2021

### Bay of Islands - Whangaroa



**Belinda Ward**  
Chair  
Paihia



**Manuwai Wells**  
Deputy Chair  
Kawakawa-Moerewa



**Lane Ayr**  
Kerikeri

### Kaikohe - Hokianga



**Mike Edmonds**  
Chair  
Kaikohe



**Emma Davis**  
Deputy Chair  
North Hokianga



**Laurie Byers**  
Kaikohe

### Te Hiku



**Adele Gardner**  
Chair  
Kaitiāia



**Jaqi Brown**  
Deputy Chair  
Kaitiāia



**John Stewart**  
Kaitiāia



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**Bruce Mills**  
Whangaroa



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**Manuela Gmuer-Hornell**  
Russell-Ōpua



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**Frank Owen**  
Kerikeri



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**Dave Hookway**  
Kerikeri



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**Kelly van Gaalen**  
Kaikohe



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**Louis Tooreburg**  
South Hokianga



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**Alan Hessel**  
South Hokianga



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**Bill Subritzky**  
Whatuwhiwhi



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**Darren Axe**  
North Cape



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**Sheryl Bainbridge**  
Doubtless Bay

# Whakatakotoranga Whakahaere

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## Management Structure

as at 30 June 2021



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**Shaun Clarke ONZM**  
Chief Executive Officer



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**William J. Taylor MBE**  
General Manager  
Corporate Services  
Group



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**Dr Dean Myburgh**  
General Manager  
District Services  
Group



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**Darren Edwards**  
General Manager  
Strategic Planning  
and Policy Group



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**Andy Finch**  
General Manager  
Infrastructure and  
Asset Management  
Group



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**Richard Edmondson**  
Manager  
Communications



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**Jill Coyle**  
Chief People Officer  
People and Capability

## Te Mahi Tahī me te Māori | Working with Māori

The Council recognises the special place of tangata whenua in the district and the important role Māori have to play in our decision-making processes. We have continued to build on existing relationships whilst also focusing on developing internal capacity and capability to drive a programme of cultural change.

### Some of our highlights

- Councillor Tepania is the youth member of Te Maruata Rōpu Whakahaere – the Māori Committee of the National Council of Local Government New Zealand. One of the key roles of Te Maruata is to promote Māori participation in local government.
- Councillor Tepania continues to hold and advance the Te Ao Māori portfolio, both with staff and elected members to advance strategic relationships with Māori; advance Māori participation in Council decisions and initiatives to drive cultural change within the organisation.
- Led by Councillor Stratford, Council made a decision to provide for Māori participation on Council Committees and Community Boards. Work to advance this decision will be undertaken in the next financial year.
- Council made a decision to have Māori Representation at the next triennial elections in 2022. This means Māori on the Māori Electoral Roll will be able to elect Councillors to the Council decision-making table with full voting rights. The full Representation Proposal will be consulted on in September 2021.
- During the year, we continued to actively participate in Te Oneroa-a-Tōhē Board / 90 Mile Beach, a co-governance board (Te Hiku Iwi with Far North District Council and Northland Regional Council), established via Treaty Settlement to develop a Beach Management Plan. The Beach Management Plan (Te Rautaki o Te Oneroa-ā-Tōhe) was approved December 2020 and became operative 25 January 2021, with a formal launch event held at Korou Kore Marae on 16 April 2021. Work has begun to implement the Beach Management Plan.
- Of the Council's four formalised Memorandum of Understanding, the Council and Ngāti Hine are reviewing the Memorandum that exists between the parties. Council met with Te Whiu and discussed the process for requesting a Mana Whakahono-ā-Rohe Memorandum set out in the Resource Management Act.
- Council's Te Hono Department – whose role is to build internal capabilities - has supported the organisation to ensure timely and appropriate Māori participation in Council decisions and programmes of work. Due to staff turnover, recruitment remains a focus to get the right people into the vacant roles within the Te Hono team.
- Significant progress was made regarding rating of Māori land including:
  - Streamlining the process, and implementing the rates remission policy, working closely with landowners to navigate them through the remissions process. Te Hono cleared all outstanding applications for remissions and have committed to lodging all applications into our system within 5 working days.
  - Worked with our Corporate Finance Team to support the changes made under the Local Government (Rating of Whenua Māori) Amendment Act 2021 and by association Te Ture Whenua Māori Act 1993, Local Government Act 2002 and the Local Government (Rating) Act 2002.
  - Working with Māori Land Court and Te Puni Kōkiri on the Whenua Māori Programme – to make information and assistance more readily and easily available to Māori landowners. This is to be showcased via a multiagency and an all of Northland District Councils' Roadshow in the next financial year.

# 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.

## ANNUAL PLAN 2020/21

## ACTUAL 2020/21

### REVENUE

*includes rates, subsidies, fees and charges*

**\$141.7**  
MILLION

**\$171.1**  
MILLION

### DEBT

**\$89.7**  
MILLION

**\$63.5**  
MILLION

### OPERATING EXPENDITURE

**\$131.7**  
MILLION

**\$136.0**  
MILLION

### CAPITAL EXPENDITURE

**\$66.8**  
MILLION

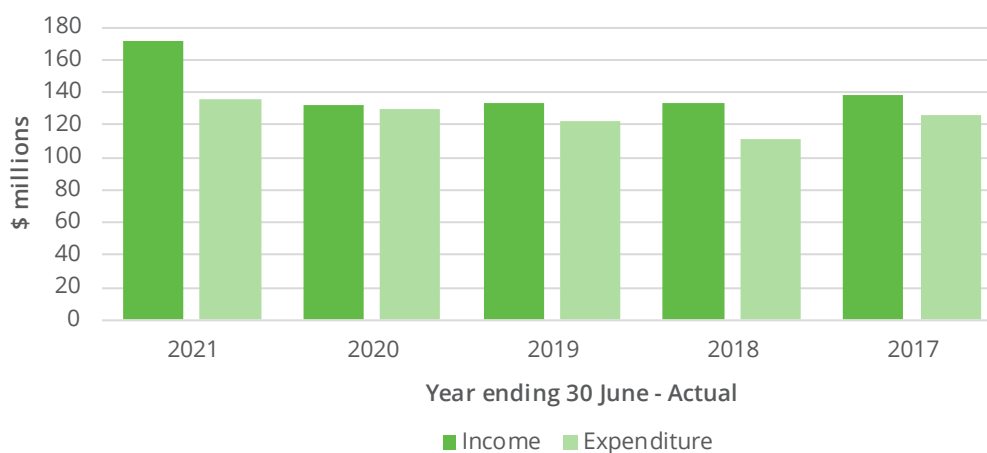
**\$72.3**  
MILLION

## 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
<b>Surplus/(Deficit)</b>	<b>10</b>	<b>35</b>	<b>2</b>	<b>11</b>	<b>22</b>	<b>12</b>

## 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).

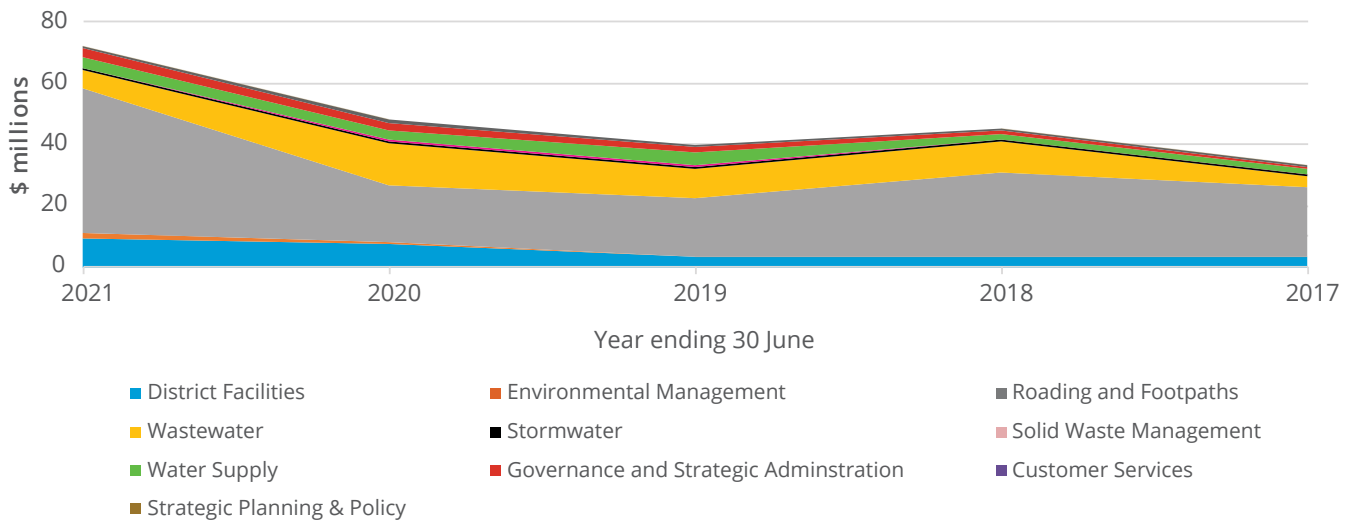
## Capital works programme

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
<b>Total</b>	<b>66.81</b>	<b>72.37</b>	<b>47.94</b>	<b>39.73</b>	<b>45.08</b>	<b>33.05</b>



## 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	-
<b>Total</b>	<b>45</b>	<b>43</b>	<b>2</b>

## 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.

**Ngā tūmahi a  
te kaunihera**

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**Council activities**






































Purging the Sweetwater bore, Kaitiāia

# 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
<b>Roading and Footpaths</b>						
<b>Water Supply</b>						
<b>Wastewater</b>						
<b>Stormwater</b>						
<b>Solid Waste Management</b>						
<b>District Facilities</b>						
<b>Customer Services</b>						
<b>Environmental Management</b>						
<b>Strategic Planning and Policy</b>						
<b>Governance and Strategic Administration</b>						

## Service delivery

This details levels of service with associated performance measures and targets. Of these measures, some are obtained through surveying the community through a resident satisfaction survey or specifically targeting individuals, such as users of the libraries to gauge their satisfaction with council services.

## Resident opinion survey

The Far North District Council undertakes an annual telephone survey of 501 residents in the District to measure perceptions of the council and satisfaction with council services. The council also uses community feedback provided by the survey to gauge whether it has met 74 performance measures in the LTP 2018-28. Tauranga-based research company Key Research conducted this year's survey on behalf of the council between the 29 May to 25 June 2021. At an aggregate level the survey has an expected 95% confidence interval of (margin of error)  $\pm 4.4\%$ .

## 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
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, iw/hapū 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.

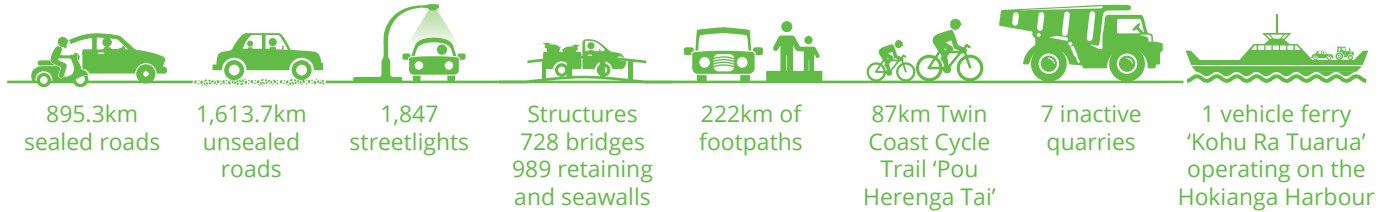
Activity	S	E	E	C	Narrative
1 <b>Roading and Footpaths</b>	●	●	●		The Roothing team were able to deliver substantial improvements to the Far North District's transport network, with sealed roads, roundabouts and new footpaths. These all contributed to better air quality from dust suppression and less water tank contamination, and safer environments for both motorists and footpath users alike.
2 <b>Water Supply</b>	●	●	●	●	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 <b>Wastewater</b>	●	●	●	●	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 <b>Stormwater</b>	●	●	●		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 <b>Solid Waste Management</b>	●	●	●		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.
6 <b>District Facilities</b>	●	●	●	●	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 <b>Customer Services</b>	●			●	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.

Activity	S	E	E	C	Narrative
8 Environmental Management					One new animal shelter was opened during the year in Kaitaia, 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.

# 1. Ngā rori me ngā ara hīkoi | Roothing and Footpaths

By developing and maintaining a safe and affordable transport network to enable access to, from, and within the District, the council contributes to the economic progress and social well-being of the District's residents.

## Key facts



## Roothing

The road network is a vital part of the District, enabling safe and comfortable access for employment, personal and social activities, recreation, and the movement of goods and the provision of services. The council maintains and manages the local network, including roads, street lighting and signage. Maintaining and improving over 2,509km of roads is regarded as one of the core functions of the council.

## How we performed

### Level of service

**1.1 To maintain the District's roosting network in a satisfactory condition and in accordance with national safety and engineering standards.**

### Performance measure

1.1.1 The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
24 total 1 fatalities 23 serious injury crashes	30 total 4 fatalities 26 serious injury crashes	No increase	31 total 5 fatal 26 serious injury crashes	Not achieved
Actual decrease in serious injuries and fatalities is 9	Actual increase in serious injuries and fatalities is 6		Actual increase in serious injuries and fatalities is 1	

### Narrative

There has only been a slight change to the 2020/21 result, the main contributor is alcohol proven or suspected.

### Performance measure

1.1.2 The average quality of ride on a sealed local road network, measured by smooth travel exposure.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
94%	94%	≥87%	94%	Achieved

### Performance measure

1.1.3 The percentage of the sealed local road network that is resurfaced. (≥ 9% per annum)

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
4.8%	5.7%	≥9%	8.3%	Not achieved

### Narrative

The programmed reseals were completed throughout the district to meet available budgets.



### Performance measure

1.1.4 The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the LTP. Emergency / public safety: within three hours Urgent: within seven days Non-urgent: within 14 days.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
92.75%	93.60%	≥95%	87.1%	Not Achieved

The team has been busy attending to the amount of Request for Service's (RFS) logged. Duplicate RFS's and staff changes have been a contributing factor to the quantity of RFS's not closed and team members have been encouraged to follow up with the customer.

### Performance measure

1.1.5 The percentage of fatal and serious crashes on the District's roading network where the road condition is the main contributing factor, in relation to vehicle kilometres travelled on our roads.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
No crashes caused by road condition	No crashes caused by road condition	< previous year	No crashes caused by road condition	Achieved

### Performance measure

1.1.6 Resurface the roading network as planned in the council's roading programme.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
97.0%	88.7%	≥95% of planned work completed	100.0%	Achieved

#### Narrative

More resurfacing of the roading network was completed than what was originally planned.

### Performance measure

1.1.7 The Hokianga Ferry Service will run in accordance with advertised timetable.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
99.3%	99.4%	≥95%	96.8%	Achieved

### Performance measure

1.1.8 Our sealed and unsealed network will meet the agreed the council's levels of service specified in our roading contracts and the network is at least 95% compliant at all times.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
83.5%	99.7%	≥95%	98.4%	Achieved

#### Narrative

Construction period was completed late April. Most road repair and renewals were completed within the response times throughout.

## Footpaths

The council manages and maintains the local footpath and cycleway network, including those that run parallel to state highways or are specifically designated as cycleways.

### How we performed

#### Level of service

##### 1.2 To maintain the District's footpath network and infrastructure to high standards.

#### Performance measure

1.2.1 Resurface and extend the footpath network as planned.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
96.0%	100%	≥95% of planned work completed	100%	Achieved

#### Performance measure

1.2.2 The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or LTP).

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
Grade 1 (147 - 9%)	Grade 1 - 11.46%	Maintain / increase	Grade 1 - 43.68%	Achieved
Grade 2 (752 - 45%)	Grade 2 - 37.87%		Grade 2 - 35.04%	
Grade 3 (733 - 44%)	Grade 3 - 50.02%		Grade 3 - 18.31%	
Grade 4 (21 - 1%)	Grade 4 - 0.38%		Grade 4 - 2.23%	
Grade 5 (29 - 2%)	Grade 5 - 0.27%		Grade 5 - 0.10%	

#### Narrative

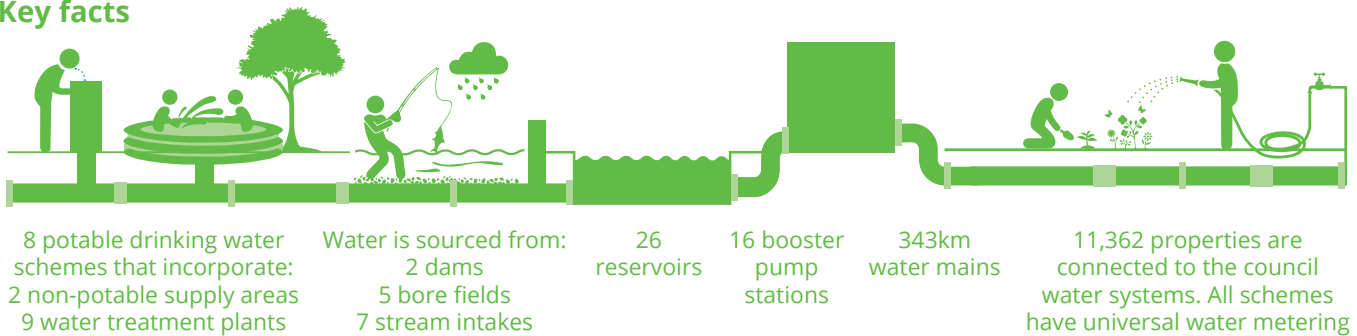
Grade 1 (very good) – Grade 5 (very poor).

## 2. Ngā wai tuku | Water Supply

Safe drinking water is essential to the health and well-being of our communities. The council is responsible for the treatment and distribution of water through reticulated water schemes. We provide new water connections to these schemes and supply commercial water operators who deliver to private water tanks.

It is also the council's responsibility to ensure firefighting performance standards are met in urban water supply areas. At certain times of the year the availability of water may be impacted by the weather, so we develop and promote water conservation practices to alleviate shortages as much as possible.

### Key facts



### How we performed

#### Level of service

**2.1 To provide reliable and sustainable water supply, ensuring sustainable development and adequate water supply in times of emergency.**

#### Performance measure

2.1.1 The extent to which the local authority's drinking water supply complies with:

a. Part 4 of the drinking-water standards (bacteria compliance criteria).

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
All schemes compliant	All schemes compliant	Each scheme continuously meets the required standards for drinking water	All schemes compliant	Achieved

b. Part 5 of the drinking-water standards (protozoal compliance criteria).

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
All schemes compliant	All schemes compliant	Each scheme continuously meets the required standards for drinking water	All schemes compliant	Achieved

#### Performance measure

2.1.2 The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
32.4%	25.0%	<26%	28.3%	Not Achieved

#### Narrative

The lack of discreet supply zones for monitoring makes this calculation less robust. The introduction of zonal metering in Kaitāia and soon Kaikohe, together with the spring/summer 2021/22 leak detection programme will improve measurement and leakage.

### Performance measure

2.1.3 Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:

- attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and
- resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption
- attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and
- resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.

Measure	2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
a.	2.3	0.95	< 2 hours	0.91	Achieved
b.	4.1	2.78	< 4 hours	3.03	Achieved
c.	0.2	0.3	< 2 working days	0.9	Achieved
d.	0.6	0.8	< 3 working days	0.9	Achieved

#### Narrative

There were two significant mains breaks that could not be repaired in the required 4 hours due to the size and extent of the break.

### Performance measure

2.1.4 The total number of complaints received by the local authority about any of the following:

- drinking water clarity
- drinking water taste
- drinking water odour
- drinking water pressure or
- flow continuity of supply, and
- the local authority's response to any of these issues expressed per 1,000 connections to the local authority's networked reticulation system.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
91.7	78.11	< 100 complaints per 1,000	69.55	Achieved

### Performance measure

2.1.5 The average consumption of drinking water per day per resident within the territorial authority district.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
443L	310.78L	≤ 350L / day / resident	274L	Achieved

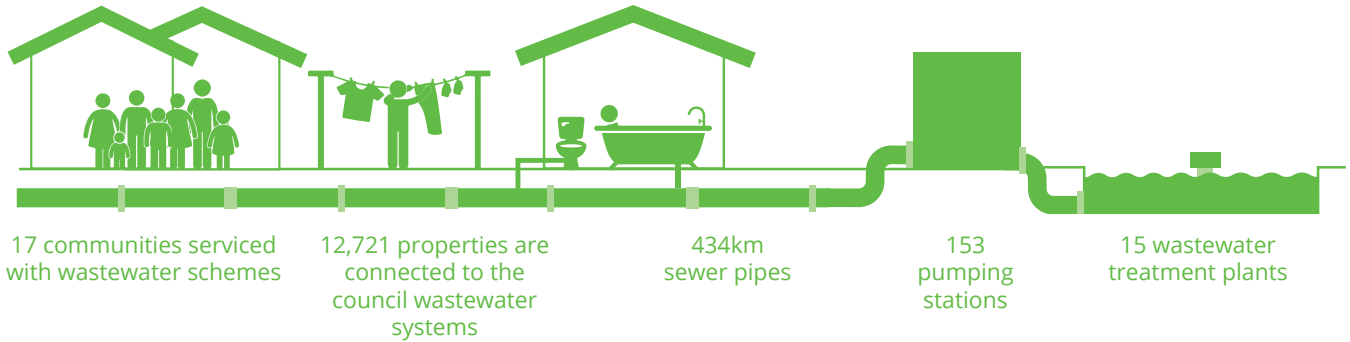
#### Narrative

This is an informational indicator only.

## 3. Wai pakopako | Wastewater

The collection, treatment and disposal of wastewater is vital to the health and well-being of our communities and our environment. The council manages and maintains reticulated sewerage schemes and services, providing new or updated infrastructure as the demand arises. The council also monitors the maintenance of on-site sewage disposal systems via a council bylaw, and provides facilities for the treatment for waste from septic tank operators at Kaitāia, Kaikohe and Rāwene.

### Key facts



### How we performed

#### Level of service

#### 3.1 To provide reliable wastewater infrastructure, protecting the environment and community.

##### Performance measure

3.1.1 The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1,000 sewerage connections to that sewerage system.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
3.0 per 1,000 connections	2.42	≤ 12 per 1,000 connections	8.09	Achieved

##### Performance measure

3.1.2 Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:

- abatement notices
- infringement notices
- enforcement orders, and
- convictions, received by the territorial authority in relation those resource consents.

Measure	2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
a.	0	1	1 or less	1	Achieved
b.	0	1	0	0	Achieved
c.	0	0	0	0	Achieved
d.	0	0	0	0	Achieved

#### Narrative

There is only one abatement notice outstanding, and progress is being made to get this cancelled.

### Performance measure

3.1.3 Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured:

a. attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site (median attend time).

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
0.5 hours	1.1	2 hours	1.13	Achieved

b. resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault (median response time).

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
4 hours	3.16 hours	4 hours	3.00	Achieved

### Performance measure

3.1.4 The total number of complaints received by the territorial authority about any of the following:

- sewage odour
- sewerage system faults
- sewerage system blockages, and
- the territorial authority's response to issues with its sewerage system, expressed per 1,000 connections to the territorial authority's sewerage system.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
21.9	22.52	≤ 50 per 1,000 connections	27.1	Achieved

### Performance measure

3.1.5 Where the council attends to sewerage overflows resulting from a blockage or other fault in the council's sewerage system, the following response times are measured:

a. Attendance.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
80.6%	56.0%	≥95% responded to within set timeframe	64.03%	Not achieved

b. Resolution to prevent overflow.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
75.0%	41.1%	≥95% responded to within set timeframe	77.8%	Not achieved

### Narrative

The data only reflects when submissions are completed in our internal software system and that this can be some time after the works were actually attended to and completed.

## Community feedback

### Performance measure

The % of respondents indicating they are very satisfied / satisfied with urban wastewater.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
80%	74%	≥85%	66%	Not Achieved

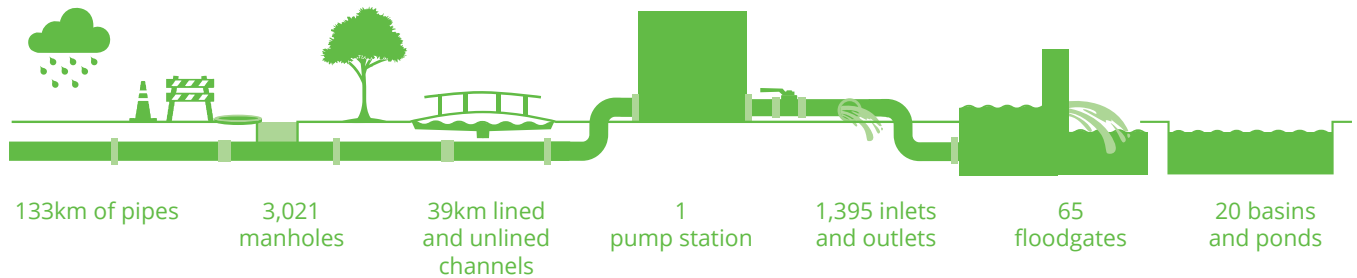
### Narrative

The result is significantly lower than in 2020 and well short of the target of 85%. However, fewer people (29%) cited the need for upgrades than in 2020 (51%). Unpleasant smell was also less of an issue, with 59% of respondents citing this as a reason for dissatisfaction, compared with 76% in 2020.

## 4. Wai āwhā | Stormwater

Our stormwater system diverts flood water from public and private property to reduce potential harm to property, the environment and our communities. This is especially important in urban areas, particularly following heavy rain. The council manages and maintains stormwater assets, such as pipeline reticulation, open channels, retention dams, ditches, culverts and floodgates. The council also assists Northland Regional Council with some land drainage schemes.

### Key facts



### How we performed

#### Level of service

##### 4.1 To enable sustainable development through urban stormwater infrastructure.

#### Performance measure

4.1.1 a. The number of flooding events that occur in a territorial authority district

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
0	0	0	1	Not Achieved
<b>Narrative</b>				
The flooding event of July 2020 exceeded our stormwater network's capacity in a number of locations.				

#### Performance measure

b. For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the territorial authority's stormwater system).

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
No events	No events	0	0.19 per 1,000	Not Achieved
<b>Narrative</b>				
As a result of the flood event in July 2020, there were three habitable floors that were affected. The floor flooding was minor in most cases.				

#### Performance measure

4.1.2 Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of:

- abatement notices,
- infringement notices,
- enforcement orders, and
- convictions, received by the territorial authority in relation those resource consents.

Measure	2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
a.	0	0	1 or less	0	Achieved
b.	0	0	0	0	Achieved
c.	0	0	0	0	Achieved
d.	0	0	0	0	Achieved

### Performance measure

4.1.3 The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
No events	No events	≤48 hours	≤4 hours	Achieved

### Performance measure

4.1.4 The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1,000 properties connected to the territorial authority's stormwater system.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
26.6	16.42	0 RFS per 1,000 properties	24.89	Not achieved

#### Narrative

Although significantly higher than last year's figures, complaints are taken as any request regarding the function of the stormwater network and are considered a critical part of stormwater management.

### Performance measure

4.1.5 The response time to attend a flooding event resulting from the failure of the council's urban stormwater system. Measured from the time that the council receives notification to the time that service personnel reach the site: Response time is set at two working days.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
No events	No events	≥95% responded to within set timeframe	100.0%	Achieved

## Community feedback

### Performance measure

Percentage of residents satisfied / very satisfied with urban stormwater services.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
48%	49%	≥60%	35%	Not Achieved

#### Narrative

The result is significantly lower than in 2020 and well short of the target of 60%. As in 2020, flooding and the need for more regular maintenance were given as the main reasons for dissatisfaction. It is possible that record wet weather in some areas of the district during the survey period contributed to this year's lower rating.



## 5. Mana whakahaere para | Solid Waste Management

Solid waste disposal facilities across the District provide refuse and recycling services to protect the health of our communities and environment. Our responsibility is to manage refuse appropriately and to provide facilities that meet the needs and expectations of our communities. The council is required by legislation to have an operating Waste Management and Minimisation Plan (WMMP) designed to reduce the amount of refuse going to landfills while increasing the amount of refuse that is recycled. Our WMMP was adopted in 2017 and reviewed in 2021 as part of the Long Term Plan process. The Solid Waste Management function plans for and monitors initiatives towards achievement of the goals of the WMMP.

### Key facts



### How we performed

#### Level of service

#### 5.1 To decrease the proportion of waste sent to landfill and increase the proportion of waste that is sent for recycling.

##### Performance measure

5.1.1 Percentage of waste from refuse transfer station that is recycled / reused.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
63.7%	64.3%	65%	60.5%	Not Acheived

##### Narrative

There has been strong activity in the building industry which has increased the amount of waste tonnage, unfortunately this does not produce large amounts of recyclable waste.

##### Performance measure

5.1.2 Add at least one new community recycling facility.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
2 potential sites in progress	1	Minimum of one per year	0	Not Achieved

##### Narrative

A community recycling facility was not planned for the 2020/21 year.

##### Performance measure

5.1.3 All refuse transfer stations will be open on time.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
99.7%	99.97%	99.5%	99.98%	Achieved

##### Performance measure

5.1.4 Attending to RFS relating to illegal dumping. Offensive waste: pick up within 24 hours.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
75%	100%	95% within set timeframes	100%	Achieved

Standard waste: pick up within four days.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
89.1%	91.1%	95% within set timeframes	82.1%	Not achieved

#### Narrative

The majority of collections taking more than the 4 days were due to collections not happening over weekends. Difficulty in contacting customers for additional information was the second most common cause. Large dumps in inaccessible locations was the third most common cause for delays.

## 6. Ngā whakaurunga o te rohe | District Facilities

Throughout the District there are a many facilities managed by the council and made available for public use, such as playgrounds, parks and reserves, sportsfields, public toilets, visitor destinations and town centres. These facilities contribute to the liveability of our communities, providing places and spaces for residents to connect and enjoy themselves and to enhance the visitor experience.

### District Facilities include

- Cemeteries
- Civic and community buildings
- Housing for the Elderly
- Recreation
- Town maintenance, public toilets and carparks.

### Cemeteries

The council provides our communities with special places to bury and remember their loved ones, managing and maintaining several cemeteries throughout the District, carrying out our duties for the public good where the service is not provided by others.

#### Key facts



### How we performed

#### Level of service

6.1 To ensure cemeteries are operated in a way that meets the community's needs.

#### Performance measure

6.1.1 All preparations are in place in time for the funeral services to take place (plots dug and in the right place etc.).

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
No complaints received	2%	No complaints are received regarding the preparations for our funeral services	0%	Achieved

#### Narrative

This year there were no complaints.

## Civic and community buildings

Community facilities provide places to meet, discuss, connect, and celebrate as a community. They are vital to the social and cultural well-being of our communities. We manage and maintain many buildings throughout the District, including community libraries and civic buildings to provide access to council services. We support both the Turner Centre in Kerikeri and Te Ahu Centre in Kaitiāia. We also support Heritage Kaikohe and the Far North Regional Museum Trust so they are able to preserve and share our unique cultural history.

### Key facts



3 library buildings  
(Kerikeri, Kaikohe and Paihia)

1 District office, archives and  
publications building in Kaikohe

19 community halls, 14 buildings  
and 1 grandstand

### How we performed

#### Level of service

#### 6.2 To provide buildings for public recreation and leisure.

##### Performance measure

6.2.1 Number of community halls per ward per annum modified to improve disability access.

Ward	2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
BOI - Whangaroa	2	0	1 hall per ward per annum	0	Not achieved
Kaikohe - Hokianga	3	0		2	
Te Hiku	1	0		0	

##### Narrative

Rāwene and Taheke halls have been modified in March to improve disability access. No further halls were scheduled to be upgraded.

##### Performance measure

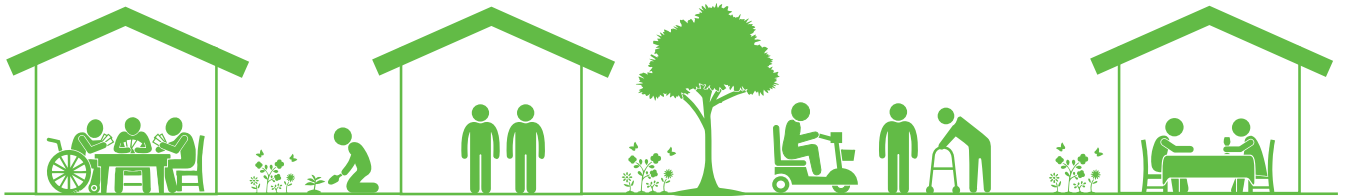
6.2.2 All civic and community buildings are safe for community use and meet all statutory legislation levels.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
All buildings compliant	All buildings compliant	All buildings have appropriate certificates including BWOFF for those that require them	All buildings compliant	Achieved

## Housing for the elderly

We provide housing so that pension-aged citizens with limited financial resources can stay in their local communities in affordable, safe and well maintained units.

### Key facts



147 units in 12 locations

### How we performed

#### Level of service

**6.3 To provide housing for the elderly that is affordable, safe, well maintained, and strategically located.**

#### Performance measure

6.3.1 Occupancy of available units.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
96%	94.1%	95%	91.1%	Not achieved

#### Narrative

The target was not met as there were a number of major maintenance issues that delayed units being tenanted in a timely manner.

#### Performance measure

6.3.2 Percentage of faults responded within agreed timeframes: Emergency - 12 hours. Urgent - two days. Non-urgent - seven days.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
77.6%	87.8%	Emergency 100% Urgent 100% Non-urgent ≥95%	75.7%	Not achieved

#### Narrative

Target was met for emergency requests due to contractor availability and readiness. Target was not met for urgent and non-urgent requests due to the increased requests received from six monthly inspections. Going forward we will spread the six-monthly inspections evenly across the year.

## Recreation

Recreation facilities provide spaces for our communities to enjoy and contribute directly to their physical and social well-being. We maintain a diverse range of facilities, such as parks, sportsfields, swimming pools and maritime facilities. We also fund Sport Northland to facilitate the Far North Sports awards and provide three community sports advisors (one in each ward) and provide grants to improve public access to Northland College and Whangaroa community pools. We lease motor camps to private operators at Russell, Tauranga Bay and Houhora Heads. Some activities associated with these facilities, such as large swimming and sporting events are supported by the council.

### Key facts



28 playgrounds and 3 skate parks

154ha of open spaces are mown to a variety of grades to support public use

29 netball courts at netball centres in Kaitaia, Kerikeri, Kaikohe, Moerewa and Maromaku as well as a number of single courts throughout the district

80 community leases that include sports clubs, grazing licenses and community spaces

4 swimming pools at Kaitāia, Kerikeri, Kaikohe and Kawakawa (heated)

25 boat ramps  
17 jetties  
15 pontoons  
9 wharves  
2 tidal grids

1 recreational airport lease at Kaikohe

## Town maintenance, public toilets and carparks

Our town centres require facilities and services to ensure they are tidy, safe and attractive for locals and visitors. The council undertakes maintenance in our town centres and manages carparks, lighting, public toilets and motor caravan dump stations, all of which contribute to the liveability of our communities.

### Key facts



65 public toilets at 43 locations

20 carparks in 9 towns

21 towns provided with town maintenance

Amenity lighting in 23 locations and 2 town centres

## How we performed

### Level of service

6.4 The council will provide well maintained and accessible public toilets in high use areas.

### Performance measure

6.4.1 Increase the number of public toilets with disabled access per annum in line with facility renewal / upgrades.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
5	2	2	0	Not achieved

### Performance measure

6.4.2 Ensure that public toilets are maintained to an acceptable standard as per contract.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
72.2%	90.9%	≥94%	111.8%	Achieved

#### Narrative

Regular audits implemented as required and any areas not met were quickly followed up to ensure toilets continued to be maintained to an acceptable standard.

6.5 The council will provide well maintained public carparks.

### Performance measure

6.5.1 Provide additional disabled parking spaces in each ward.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
5	0	2 per ward per annum	2	Achieved

#### Narrative

Eastern carparks were completed for this financial year. There was no scope for the Western and Northern carparks.

## 7. Wāhanga āwhina tangata | Customer Service

Connecting with our communities and providing excellent customer service is important to the council. Our customer service team is the first point of contact for people in our district, providing vital services such as delivery of information, liaising with departments to progress requests from the community, helping people to solve council-related issues, and receiving and processing payments.

### Key Facts



6 Service Centres around the District and  
1 Contact Centre

Service Centres handled  
approximately 46,000  
face to face interactions

Contact Centre process 85,000  
phone calls and 22,000  
emails per year

### How we performed

#### Level of service

7.1 The council provides the right services, in the right places, to the agreed standard.

#### Performance measure

7.1.1 Percentage of abandoned calls (Contact Centre).

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
20.8%	14.6%	6%	19.2%	Not achieved

#### Narrative

High unexpected staff absences have impacted the overall result.

#### Performance measure

7.1.2 Percentage of Ask.U.s emails processed within five working days.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
100%	100%	100%	99.3%	Not achieved

#### Narrative

AskUs emails were all processed within the statutory timeframe. However while transitioning to a new system, there was a lack of data.

#### Performance measure

7.1.3 Service Centre users' satisfaction.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
96.3%	User satisfaction 89%	96.2%	48.3%	Not achieved

#### Narrative

With the change over to a new customer satisfaction programme, the target could not be met.



## i-SITES

Visitors to our District often seek advice about their travel arrangements, and for this reason we provide i-SITES where helpful local experts provide a key component of an excellent visitor experience to our District. Located in key visitor areas, our i-SITES are vitally important to the economic prosperity of our communities. We have three i-SITES in Kaitiāia, Ōpononi and Paihia.

### Key facts



3 i-SITES in the following locations: Kaitiāia, Ōpononi and Paihia

## How we performed

### Level of service

7.2 To provide booking and information services through the District's Information Centres, influencing visitors to stay longer and spend more.

#### Performance measure

7.2.1 Visitor bookings numbers through the information centres will show an increase each year.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
14.2%	-14.6%	≥1% increase	-18.7%	Not achieved

#### Narrative

Visitor numbers have been better than expected with a higher number of bookings made.

#### Performance measure

7.2.2 Increase net profit on retail sales by 1.5% per year (profit increase on previous year).

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
1.8%	-0.07%	Retail sales net profit ≥1.5%	8.80%	Achieved

#### Narrative

Retail has done well due to local tourism.

#### Performance measure

7.2.3 Customer / visitor satisfaction.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
99.0%	99.3%	≥1% increase on previous year	-46.2%	Not achieved

#### Narrative

The i-SITES are not part of the new system for customer feedback as yet.

## Libraries

Our libraries provide leisure and lifelong learning opportunities that strengthen our communities. They provide free and open access to knowledge and information services to all residents, and are a safe, neutral place where people can connect. We maintain and manage several libraries for the benefit of our communities and support five community based libraries throughout the District. We have six public libraries located in Kāeo, Kaikohe, Kaitāia, Kawakawa, Kerikeri and Paihia.

### Key facts



6 libraries in the following locations: Kāeo, Kaikohe, Kaitāia, Kawakawa, Kerikeri and Paihia. 1 museum at Te Ahu.

## How we performed

### Level of service

7.3 To provide quality library services for the benefit of all in the community.

#### Performance measure

7.3.1 Customer / visitor satisfaction.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
94.5%	93.4%	Maintain / Increase	94.7%	Achieved

#### Narrative

The new customer feedback system has been added to the Library catalogue page, however there has not been enough responses for reportable data.

#### Performance measure

7.3.2 Increase the percentage of online library service use.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
4.1%	25.9%	≥1% increase on previous year	91.2%	Achieved

#### Narrative

Pressreader magazine and newspaper database use has grown considerably since being introduced to the library platform. Other high performing databases include Beamafilm and eBooks.

#### Performance measure

7.3.3 Increase the total library membership as a percentage of the population of the District.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
42.5%	41.6%	Maintain / Increase	40.9%	Not achieved

#### Narrative

The online joining function of Kotui has made the registration process easier and the actual number of new memberships has increased even though the percentage change is not reflective.

## 8. Whakahaere Taiao | Environmental Management

The council has responsibilities under legislation to safeguard public health, safety, and welfare. Regulatory activities and responsibilities, such as the issue of consents, the enforcement of bylaws, and the provision of liquor licenses are undertaken for the benefit of our communities and to ensure that everyone can live in and enjoy our District.

### Animal control

Animals, in particular livestock and dogs, play a significant role in the Far North lifestyle. The council understands the economic and social benefits of animals but the council has a duty to contribute to the safeguard of our communities and the welfare of those animals. The goal of our animal management team is to reduce the risk of potential negative impacts by encouraging responsible dog ownership and working with farmers to minimise wandering stock.

#### Key facts



9,000 dogs are registered each year

35 dogs on average impounded each month

234 responses to enquiries / complaints per month

21 responses to call outs per month for wandering stock

#### How we performed

##### Level of service

8.1 To ensure animal related activities are managed in accordance with legislative requirements.

##### Performance measure

8.1.1 Respond to reported incidents by contacting the customer and arranging next steps within the following timeframes:  
Urgent within two hours.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
51.1%	94.3%	≥92% within set timeframe	95.4%	Achieved

Non-urgent within 10 days.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
88.8%	95.9%	≥91% within set timeframe	94.6%	Achieved

##### Narrative

Animal Services continues to perform highly with response times, despite the increased number of Request for Service (RFS).

## Environmental health

The safety and well-being of our communities, visitors, and our environment is one of the primary functions and responsibilities of the council. We are accountable to our communities and have a number of obligations to primary legislation. The activities within this group are necessary to ensure we meet our obligations and the expectations of our communities.

### Key facts



Food business registration

Provide food verification services

Health nuisance

Health licensing

### How we performed

#### Level of service

8.2 To monitor food premises in accordance with the requirements of the Food Act, 2014.

#### Performance measure

8.2.1 Food Control Plan and National Programme audits completed as scheduled.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
93.4%	74.6%	≥95% of all food control plans and national programmes assessed	92.0%	Not achieved

#### Narrative

All verifications were not completed due to operator's cancelling due to either illness or unavailability.

## Monitoring and enforcement

The council is responsible for safeguarding public safety, minimising environmental risk and protecting social and cultural interests as directed by primary legislation and our policies and bylaws. Our monitoring and enforcement team are responsible for the administration and enforcement of these obligations.

### Key facts



Monitor and enforce resource consent conditions, bylaws, District Plan, Resource Management Act and other relevant legislation

Emergency and Civil Defence events responses

On-site wastewater system inspections

Māori Freehold Land and rating inspections

Noise complaints

Smoke and fire nuisances

## How we performed

### Level of service

8.3 To ensure compliance with the Resource Management Act with regard to noise pollution.

#### Performance measure

8.3.1 Respond to noise complaints within the following timeframes:

In urban areas: one hour.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
78.6%	74.4%	≥95% within set timeframe	77.9%	Not achieved

In rural areas: two hours.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
74.5%	85.7%	≥95% within set timeframe	81.1%	Not achieved

#### Narrative

Resourcing for Police assistance is affecting the ability to respond to incidents on time. Response times for zones (urban and rural) need to be reviewed to establish travelling times from base to give a true indication of level of service.

## District Licensing

Council's Environmental Health Services function carries out Council's responsibilities for the sale, supply and consumption of alcohol, to minimise alcohol-related harm in our district. Environmental Health Services also support the District Licensing Committee in its role to consider and issue alcohol licenses, managers certificates and conducts related hearings as required.

### Key facts



Processes over 900 applications each year, including On and Off-Licenses, Temporary Authorities, Special Licenses, Club License and Manager's Certificates

Hold hearings and make decision to grant or oppose licenses and certificates

Carry out host responsibility inspections of licenses premises

Report to the Alcohol and Regulatory Licensing Authority

## How we performed

### Level of service

8.4 To license and monitor the sale of liquor in accordance with the Sale and Supply of Alcohol Act, 2012.

#### Performance measure

8.4.1 All licensed premises are visited for Host Responsibility inspections at least once every four years.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
22.8%	55.2%	≥25% of premises visited annually	100.0%	Achieved

## Resource consent management

A critical function of the council is enabling the sustainable use, development and protection of the natural and physical resources in our District. This is underpinned by the obligations imposed on us by the Resource Management Act 1991. Activities and services undertaken include the processing and monitoring of resource consent applications and related consents, such as earthworks permits.

### Key facts



Processing a variety of consents and permit applications

Provide advice

Offer a comprehensive duty planner service

### How we performed

#### Level of service

8.5 To administer and enforce the Resource Management Act 1991.

#### Performance measure

8.5.1 Respond to compliance incidents within 10 working days.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
74.3%	74.5%	≥93%	92.8%	Not achieved

#### Performance measure

8.5.2 Process applications made under the Resource Management Act 1991, within statutory timeframes.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
57.0%	65.5%	≥95%	90.4%	Not achieved

#### Narrative

Due to efficiencies being implemented.

## Building consent management

Safe and healthy buildings are vitally important to safe and healthy communities, and as such the council is bound by the Building Act 2004. The consenting, inspection and issuing of Code Compliance Certificates by the council contributes to the well-being of our communities. We also enforce primary legislation, and deal with water tight claims and ensure safe swimming pools.

### Key facts



Processing applications

Carry out site inspections

Administer Building Warrant of Fitness certificates

Inspection swimming pool fencing

Respond to community needs during Civil Defence events

Provide advice

Issue notices and infringements

## How we performed

### Level of service

8.6 To comply with current legislative requirements with regard to processing building consent applications.

### Performance measure

8.6.1 Process building consents within statutory timeframes.

2018/19 Result	2019/20 Result	2020/21 Target	2020/21 Result	Status
48.8%	95.0%	≥95%	99.4%	Achieved

### Narrative

There has been a continued focus on processing consent applications within the timeframe.

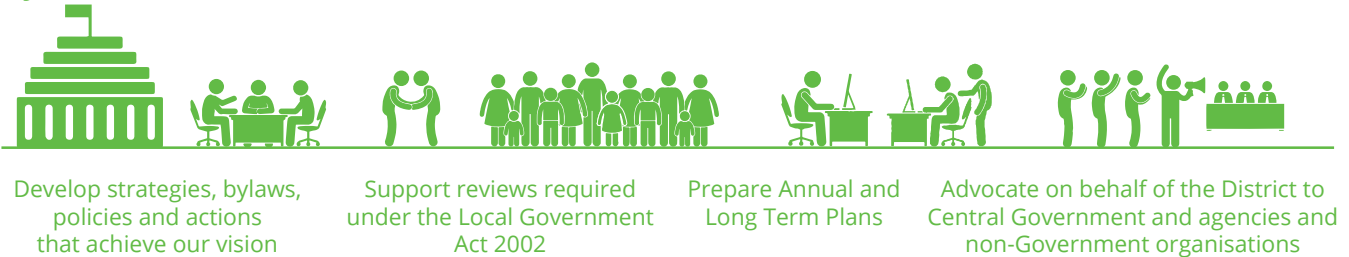
## 9. Rautaki me ngā kaupapa here | Strategic Planning and Policy

Our District's future needs must be guided by a strategic vision and managed by a range of tools such as policies, bylaw and plans, many of which are statutory requirements. The core function of this group is to develop, implement and monitor these tools to allow for sustainable growth that enhances our district and enables prosperity across the District.

### Strategic planning

Our District is diverse, with many unique environments and communities. One of the council's roles is to collaborate with these communities to develop plans for the sustainable growth and development of our District. Long Term and Annual Plans, guided by our strategic vision, are central to aligning community goals and prioritising the many activities that the council delivers.

#### Key facts



### Community development

Facilitating and supporting our communities' social, cultural and economic aspirations further enables growth and prosperity. Activities in this area include connecting our communities to opportunities and funding, thereby building the capabilities and skills of community groups and individuals.

#### Key facts





## District planning

Sustainable management of our natural and physical resources through the regulation of land use and subdivision forms the foundation for our District Plan. The review, monitoring and administration of the Far North District Plan are essential to addressing resource management issues, providing a plan for the growth and development of our District.

### Key facts



The District Plan has been fully operative since 2009

There have been 19 council plan changes and 3 private plan changes - 22 in total

The District Plan is under review and needs to give effect to new national planning directions including National Planning Standards, National Policy Statements and Regional Policy Statement

## Māori engagement, relationships and development

The council acknowledges the principles and spirit of Te Tiriti, and seeks to work with Māori communities for the enhancement and benefit of those communities and the whole district. We support the aspirations of tangata whenua and are working to provide platforms for partnerships and opportunities for building capability and capacity within the community.

### Key facts



Support iwi / hapū management plans

Want to develop a close working relationship with Māori

Support the economic and social development of multiple owned Māori Freehold Land

Support the development and relationship opportunities from Treaty Settlements

## 10. Mana kāwanatanga | Governance and Strategic Administration

Elected representatives of the community that form the governance function of the council. They are provided with guidance and support on a daily basis, enabling them to understand and carry out their legislative responsibilities, making informed decisions on behalf of our communities.

### Key facts



Oversees the election and by-election processes

Produces agendas and minutes for Council, Community Board and Committee meetings

# Ngā whakahaere i raro i te mana o te kaunihera | Council controlled trading organisation

## Far North Holdings Limited

Far North Holdings Limited (FNHL) is a Council Controlled Trading Organisation (CCTO) that manages assets and commercial trading on behalf of the council. The council receives an annual dividend as a return on its investment as FNHL's sole shareholder.

The council's Long Term Plan 2018-28 provides FNHL's key activities as:

- The provision of maritime, airport, property and carparking facilities
- The management of maritime and aviation assets under contract to the council
- Investment in any commercial opportunity that arises including any proposed by its shareholder.

## Objectives

As the Far North District Council's commercial vehicle, FNHL will facilitate and create commercial and infrastructural assets in the Far North District with the aim of maximising profit for its shareholder – Council - and operate as a commercial profit orientated entity.

## Three year work plan to deliver on strategic objectives

The following table shows the key capital projects and initiatives we plan to undertake in the 2020-23 Statement of Intent period to deliver on our strategic objective (updated with status as at 30 June 2021).

### Key Project / Initiative 1

#### Te Pu o Te Wheke

Assist with the proposed development and project management of Te Pu o Te Wheke.

#### Contribution to strategic objectives

To establish a multi-use, leading edge community, cultural and tourism hub to revive Kaikohe's main centre.

#### Project status at 30 June 2021

Ongoing.

### Key Project / Initiative 2

#### Te Hononga, Kawakawa

To provide a new interpretive Gallery co-governed by Ngati Hine / Hundertwasser Trust, relocate the FNDC library, and provide new workshops for local artists and business to use.

#### Contribution to strategic objectives

Redevelopment of the Kawakawa town centre, that will make Kawakawa a destination in its own right, linking the famous toilets, twin coast cycleway and town square.

#### Project status at 30 June 2021

Te Hononga Hundertwasser Memorial Park was opened 9th October 2020 by the Hon Prime Minister Jacinda Ardern.

**Key Project / Initiative 3****Manea Ōpononi**

The development of an interactive theatre experience telling the story of Kupe.

**Contribution to strategic objectives**

The development of a tourist attraction, telling the story of national significance to Māori, will be a major tourism attraction and provide economic benefit to the Hokianga.

**Project status at 30 June 2021**

Official opening was held on 9 December 2020.

**Key Project / Initiative 4****Bay of Islands Airport**

Maximise the investment in the BOI Airport, including reviewing options for freight, the runway and associated airside infrastructure.

**Contribution to strategic objectives**

Reflecting the investment made by Air NZ in the apron / taxiway to accommodate larger aircraft, and more frequent flights and the PGF's investment in the new terminal, additional infrastructure is needed to accommodate business growth e.g. car hire etc.

**Project status at 30 June 2021**

Ongoing.

**Key Project / Initiative 5****Ngāwhā Innovation and Enterprise Park**

204ha Dairy Farm.

**Contribution to strategic objectives**

To create commercial business opportunities to grow the economic and employment opportunities in Northland.

**Project status at 30 June 2021**

Five cornerstone occupants in Stage One of the park's development will invest an additional \$40m to establish themselves there, creating about 150 new jobs and equipping about 100 people a year with high-value, transferrable skills. These include Kaikohe Berryfruit Limited and Kerikeri-based Olivado.

**Key Project / Initiative 6****Te Waiariki Ngāwhā Springs**

FNHL is project managing the redevelopment and enhancement of the Te Waiariki Ngāwhā Springs hot pool complex located near Kaikohe.

**Contribution to strategic objectives**

Te Waiariki has the potential to further build the Mid-North's total visitor market and provide employment for up to 30 people, while delivering benefits to the local community through enhancing an important local landmark.

**Project status at 30 June 2021**

Opened 23 April 2021.

In addition to the above new capital projects, FNHL shall continue to review, maintain and re-invest in existing assets and operations to ensure maximum benefit to the Company, plus review on an ongoing basis other capital investment opportunities as they arise.

## Performance measures

### Financial performance results

#### Performance measure

Engage in successful commercial transactions

Measure	Target 2020/21	Actual 2020/21	Actual 2019/20	Actual 2018/19	Actual 2017/18
Growth in shareholders value	Shareholder funds increase by \$330,000 after payment of dividend	Shareholder funds increased by \$10.9 million after payment of dividend	Achieved \$1.12 million	Achieved \$9.5 million	Achieved \$2.61 million

#### Narrative

Includes revaluations of assets that received Provincial Growth Funding for capital improvements

#### Performance measure

Provide a commercial return to FNDC

Measure	Target 2020/21	Actual 2020/21	Actual 2019/20	Actual 2018/19	Actual 2017/18
Dividend returned to FNDC	Pay a minimum dividend of \$180,000	Achieved. Proposed dividend of \$412,747	Not achieved \$422,795	Achieved \$1,097,000	Achieved \$843,810

#### Narrative

Due to the economic impacts of COVID-19, although operational profit has been lower than previous years the company is still profitable and able to continue paying dividends to FNDC.

#### Performance measure

Effective financial management

Measure	Target 2020/21	Actual 2020/21	Actual 2019/20	Actual 2018/19	Actual 2017/18
Annual operating profit after tax to exceed \$500,000	\$360,000	Achieved. After tax operating profit of \$1,146,519	Achieved \$1,131,167	Achieved \$2,070,239	Achieved \$1,369,949

#### Narrative

Due to COVID-19 impacts FNHL did not expect to meet the \$500,000 measure. However, domestic tourism prospered and FNHL achieved higher than budgeted operating profits.

#### Performance measure

Asset growth and development

Measure	Target 2020/21	Actual 2020/21	Actual 2019/20	Actual 2018/19	Actual 2017/18
Capital expenditure	\$7.086 million	Achieved \$21 million	Achieved \$14.5 million	Achieved \$19 million	Achieved \$9 million

#### Narrative

Expenditure is due to obtaining Provincial Growth Funds.

#### Performance measure

Ratio of consolidated shareholder funds to total assets

Measure	Target 2020/21	Actual 2020/21	Actual 2019/20	Actual 2018/19	Actual 2017/18
The ratio is to exceed 50%	50%	53.9%	Achieved	Achieved	Achieved

#### Narrative

Shareholder funds are defined as total equity.

### Performance measure

To achieve a return on funds invested

Measure	Target 2020/21	Actual 2020/21	Actual 2019/20	Actual 2018/19	Actual 2017/18
Return on investment is higher than the average cost of borrowing on its commercial assets	ROI 7.0% ACoB 4.85%	Achieved ROI 8.9% ACoB 2.81%	Achieved ROI 10.2% ACoB 3.54%	Achieved ROI 12% ACoB 4.38%	Achieved ROI 8.63% ACoB 4.53%

#### Narrative

Average cost of borrowings is decreasing as interest rates fall. This is expected to increase over the next 12 months. The high return on investment is due to a revaluation of assets that have received Provincial Growth Funds.

### Performance measure

Effective governance and financial control

Measure	Target 2020/21	Actual 2020/21	Actual 2019/20	Actual 2018/19
Clean audit sign-off each year from Audit NZ	To achieve	Achieved	Achieved	Achieved
Annual Board review with appointed Audit NZ representative	To be held	Not undertaken	Not undertaken	Not undertaken
To remain within banking covenants	To achieve	Achieved	Achieved	Achieved
Quarterly audit and review by BDO	To perform	Achieved	Achieved	Achieved
Board Audit and Finance committee meetings to be conducted semi-annually	To be held	22 Jan 2021 18 May 2021	23 Sept 2020	25 Feb 2019

## Council Controlled Organisation Initiatives

### Performance measure

Ensure that the Bay of Islands Airport operates within regulatory requirements

Measure	Target 2020/21	Actual 2020/21	Actual 2019/20	Actual 2018/19
CAA Certificate	To achieve	Achieved	Achieved	Achieved

### Performance measure

Enhancing the Far North as a visitor destination

Measure	Target 2020/21	Actual 2020/21	Actual 2019/20	Actual 2018/19	Actual 2017/18
Each year complete at least one customer and airline industry survey that demonstrates satisfaction levels with facilities and services at either Kerikeri or Kaitiāia Airports	85%	Not undertaken	Not achieved	Not achieved	Not achieved

#### Narrative

FNHL working with Air NZ on construction of the new terminal and COVID-19 interrupted flights and services.

### Performance measure

Enhancing and development a maritime economy

Measure	Target 2020/21	Actual 2020/21	Actual 2019/20	Actual 2018/19	Actual 2017/18
Each year complete at least one marina user or maritime services customer survey that demonstrates satisfaction levels with facilities and services available	95%	Achieved 95%	98%	Winner of best international Marina South Pacific	95%

#### Narrative

95% of respondents said that facilities and customer services were excellent, good or ok.

# Arotake pūtea Financial performance



Northern Animal Shelter construction, Kaitiāia



## 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
<b>Operations</b>						
<b>Revenue</b>						
Rates revenue (excluding water by meter rates)	2	87,577	89,341	86,134	87,242	85,839
Fees, charges and water by meter rates	3a	19,683	17,059	15,725	19,554	15,649
Development and financial contributions		-	-	58	-	58
Subsidies and grants	3b	50,869	31,584	25,218	67,219	32,861
Other revenue	3	12,997	3,686	4,656	28,454	13,951
Rental revenue from investment properties		-	-	-	4,441	3,806
<b>Total revenue</b>		<b>171,127</b>	<b>141,670</b>	<b>131,789</b>	<b>206,911</b>	<b>152,164</b>
<b>Expenses</b>						
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
<b>Total expenses</b>		<b>135,977</b>	<b>131,696</b>	<b>129,504</b>	<b>149,022</b>	<b>142,227</b>
<b>Surplus / (deficit) before tax</b>		<b>35,149</b>	<b>9,974</b>	<b>2,286</b>	<b>57,888</b>	<b>9,936</b>
Tax expense / (benefit)	7	-	-	-	76	452
Surplus / (deficit) after tax		35,149	9,974	2,286	57,812	9,484
<b>Surplus / (deficit) attributable to:</b>						
<b>Far North District Council</b>		<b>35,149</b>	<b>9,974</b>	<b>2,286</b>	<b>57,812</b>	<b>9,484</b>
<b>Items that could be reclassified to surplus</b>						
Financial assets at fair value through equity	24	3	-	(57)	6	(67)
Cash flow hedges	24	242	-	171	242	171
<b>Items that will not be reclassified to surplus</b>						
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
<b>Total other comprehensive revenue and expense</b>		<b>130,998</b>	<b>45,130</b>	<b>54,713</b>	<b>133,499</b>	<b>51,632</b>
<b>Total comprehensive revenue and expense</b>		<b>166,147</b>	<b>55,104</b>	<b>56,999</b>	<b>191,311</b>	<b>61,116</b>

Council has classified rate and penalty remissions as an expense for the purposes of the LG benchmarks, however, has netted these amounts off against revenue above in line with the requirements of NZ GAAP.

The accompanying Notes to the Financial Statements form part of these financial statements. Major variances to budget are shown in Note 36.

## Statement of changes in equity

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
<b>Opening balance 1 July</b>		<b>1,935,025</b>	<b>1,837,646</b>	<b>1,878,026</b>	<b>1,990,198</b>	<b>1,929,082</b>
Total comprehensive revenue and expense for the year		166,147	55,104	56,999	191,311	61,116
<b>Closing balance 30 June</b>		<b>2,101,171</b>	<b>1,892,749</b>	<b>1,935,025</b>	<b>2,181,509</b>	<b>1,990,198</b>

## Statement of financial position

as at 30 June 2021

	Note	Council			Group	
		Actual 2021 \$000s	Budget 2021 \$000s	Actual 2020 \$000s	Actual 2021 \$000s	Actual 2020 \$000s
<b>Public equity</b>						
Other reserves	24	626,475	607,486	496,721	634,895	499,742
Restricted reserves	24	12,433	13,875	8,003	13,936	9,506
Retained earnings	24	1,462,263	1,362,568	1,430,299	1,532,679	1,480,950
<b>Public equity</b>		<b>2,101,170</b>	<b>1,983,929</b>	<b>1,935,023</b>	<b>2,181,510</b>	<b>1,990,198</b>
represented by:						
<b>Current assets</b>						
Cash and cash equivalents	8	5,442	19,887	10,673	6,087	11,310
Receivables	9	37,622	37,227	40,268	40,595	41,018
Other financial assets	11	160	-	-	734	571
Properties available for sale	34	-	-	31	1,559	31
Biological assets	17a	-	-	-	1,184	1,604
Investments in equity accounted associates		-	-	-	1,232	-
Inventories	10	140	104	127	1,831	1,709
<b>Current assets</b>		<b>43,363</b>	<b>57,218</b>	<b>51,100</b>	<b>53,221</b>	<b>56,244</b>
Less:						
<b>Current liabilities</b>						
Payables and deferred revenue	20	33,355	22,977	23,234	42,237	29,986
Borrowings and other financial liabilities	23	22,000	39,000	34,000	23,671	35,764
Provisions	21	11	25	207	11	207
Financial guarantee liabilities	27b	-	1,103	-	-	-
Derivative financial instruments	35	130	-	47	130	47
Employee benefits	22	2,700	2,699	2,339	2,966	2,609
<b>Current liabilities</b>		<b>58,196</b>	<b>65,804</b>	<b>59,826</b>	<b>70,374</b>	<b>68,613</b>
<b>Working capital</b>		<b>(14,833)</b>	<b>(8,586)</b>	<b>(8,727)</b>	<b>(17,153)</b>	<b>(12,370)</b>
<b>Non-current assets</b>						
Other financial assets	11	1,481	1,096	823	1,481	823
Forestry assets	17b	555	801	701	555	701
Intangible assets	13	10,545	13,884	10,594	3,483	3,356
Investment properties	18	-	-	-	110,834	87,451
Investments in subsidiaries	19	18,000	18,000	18,000	-	-
Derivative financial instruments	35	-	-	-	-	-
Property, plant and equipment	12	2,127,474	2,010,044	1,951,794	2,173,784	1,998,385
<b>Non-current assets</b>		<b>2,158,055</b>	<b>2,043,825</b>	<b>1,981,913</b>	<b>2,290,137</b>	<b>2,090,719</b>
<b>Non-current liabilities</b>						
Borrowings and other financial liabilities	23	41,500	50,537	36,500	78,626	73,678
Payables and deferred revenue	20	160	-	981	10,388	10,942
Derivative financial instruments	35	-	501	322	-	322
Deferred tax liability	7	-	-	-	3,428	2,849
Provisions	21	391	272	361	391	361
<b>Non-current liabilities</b>		<b>42,051</b>	<b>51,310</b>	<b>38,164</b>	<b>92,833</b>	<b>88,152</b>
<b>Net assets</b>		<b>2,101,170</b>	<b>1,983,929</b>	<b>1,935,023</b>	<b>2,181,509</b>	<b>1,990,198</b>

The accompanying Notes to the Financial Statements form part of these financial statements. Major variances to budget are shown in Note 36.

## 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
<b>Operating activities</b>						
Cash was provided from						
Rates		103,069	97,974	88,257	102,734	87,962
Subsidies and grants received		50,869	42,400	25,218	69,625	36,986
Development contributions received		-	-	58	-	58
Fees and charges received		19,683	-	15,724	19,554	15,649
Interest and dividends		682	495	1,761	285	674
Other revenue		591	-	(419)	19,154	13,830
		<b>174,894</b>	<b>140,869</b>	<b>130,597</b>	<b>211,353</b>	<b>155,159</b>
Cash was applied to						
Payment for goods and services		65,694	70,805	67,197	69,733	74,614
Payments made to employees		30,930	30,452	29,005	35,145	32,713
Interest paid		2,174	1,715	2,089	3,231	3,708
GST (net)		1,906	-	(432)	1,899	(800)
Income and fringe benefit tax paid		55	35	52	257	252
		<b>100,759</b>	<b>103,007</b>	<b>97,911</b>	<b>110,265</b>	<b>110,487</b>
<b>Net cash inflows from operating activities</b>		<b>74,135</b>	<b>37,862</b>	<b>32,687</b>	<b>101,088</b>	<b>44,672</b>
<b>Financing activities</b>						
Cash was provided from						
Borrowing		(7,000)	27,774	18,500	1,617	25,126
		<b>(7,000)</b>	<b>27,774</b>	<b>18,500</b>	<b>1,617</b>	<b>25,126</b>
Cash was applied to						
Borrowing		-	8,210	-	8,764	2,610
Dividends paid		-	-	-	-	-
		-	<b>8,210</b>	-	<b>8,764</b>	<b>2,610</b>
<b>Net cash inflows / (outflows) from financing activities</b>		<b>(7,000)</b>	<b>19,564</b>	<b>18,500</b>	<b>(7,147)</b>	<b>22,516</b>
<b>Cash flow from investing activities</b>						
Cash was provided from:						
Sale of property, plant and equipment, investment properties and properties intended for sale		-	-	-	61,580	4,005
Cash provided from maturing investments		-	-	-	-	202
		-	-	-	<b>61,580</b>	<b>4,207</b>
Cash was applied to						
Purchase and development of intangibles		764	-	788	1,999	827
Purchase and development of property, plant and equipment, investment property and biological assets		71,602	66,807	47,151	158,765	64,640
Cash applied to replace investments		-	-	-	(21)	21
Cash applied to Investment in subsidiary		-	-	-	-	-
		<b>72,366</b>	<b>66,807</b>	<b>47,939</b>	<b>160,743</b>	<b>65,488</b>
<b>Net cash inflows / (outflows) from investing activities</b>		<b>(72,366)</b>	<b>(66,807)</b>	<b>(47,939)</b>	<b>(99,164)</b>	<b>(61,281)</b>
<b>Net cash</b>		<b>(5,231)</b>	<b>(9,381)</b>	<b>3,249</b>	<b>(5,223)</b>	<b>5,906</b>
Opening balances 1 July						
Cash and cash equivalents		10,673	29,268	7,424	11,310	5,404
		<b>10,673</b>	<b>29,268</b>	<b>7,424</b>	<b>11,310</b>	<b>5,404</b>
Less balances 30 June						
Cash and cash equivalents	8	5,442	19,887	10,673	6,087	11,310
		<b>5,442</b>	<b>19,887</b>	<b>10,673</b>	<b>6,087</b>	<b>11,310</b>
<b>Cash movements for the year</b>		<b>(5,231)</b>	<b>(9,381)</b>	<b>3,249</b>	<b>(5,223)</b>	<b>5,906</b>

Reconciliation of surplus / (deficit) after tax to net cash flow from operating activities	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Reported surplus / (deficit) after tax	35,149	2,285	57,812	9,484
<b>Add non-cash items / (less) non-cash items</b>				
Depreciation and amortization	34,122	32,623	35,266	33,731
Vested assets revenue	(3,937)	(1,519)	(3,937)	(1,519)
Change in deferred taxation	-	-	(19)	214
Loss on disposal of property, plant and equipment	3,033	3,217	3,055	2,732
Valuation (gains) / losses recognised in surplus / (deficit)	(5,584)	84	(14,874)	2,865
Non cash dividend	(413)	517	(413)	-
Ineffective derivative expense	242	171	242	171
<b>Add / (less) movements in other working capital items</b>				
(Increase) / decrease in receivables	2,646	(4,576)	423	(4,142)
(Increase) / decrease in other financial assets	-	-	(163)	173
(Increase) / decrease in inventories	(13)	(25)	(122)	(341)
Increase / (decrease) in provisions	(196)	(118)	(196)	(118)
Increase / (decrease) in financial guarantee liabilities	-	(1,103)	-	(1,103)
Increase / (decrease) in employee benefits	361	(334)	357	(209)
Increase / (decrease) in payables	10,123	1,062	13,610	2,128
Increase / (decrease) in derivative financial instruments	83	20	83	20
Items classed as investing activities	(1,481)	383	9,964	586
<b>Net cash inflows from operating activities</b>	<b>74,136</b>	<b>32,687</b>	<b>101,088</b>	<b>44,672</b>

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

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## Statement of accounting policies

### Reporting entity

The Far North District Council (the Council) is a territorial local authority that is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the Local Government Act 2002 (LGA) and the Local Government (Rating) Act 2002. The consolidated financial statements reflect the operations of Far North District Council and the group.

The group consists of a 100% owned council controlled trading organisation Far North Holdings Limited (FNHL) and its 50% equity shareholding of its joint venture Far North Skincare Limited and additionally its associate Kaikohe Berryfruit, 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 Council's primary objective is to provide local infrastructure, goods and services for community or social benefit and any equity has been provided with a view to supporting that primary objective rather than for a financial return.

The Council has designated itself and the group as public benefit entities (PBEs) for the purposes of complying with generally accepted accounting practice.

The financial statements of the Council and group are for the year ended 30 June 2021 and were authorised for issue by the Council on 16 December 2021.

### 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.

### Statement of compliance

These financial statements of the Council and group have been prepared in accordance with the requirements of the Local Government Act 2002 [Part 6 Section 98 and Schedule 10 Part 3] 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 and group is a Tier 1 entity and these financial statements have been prepared in accordance with and comply with the PBE International Public Sector Accounting Standards (PBE IPSAS).

### Presentation currency

The financial statements are presented in New Zealand dollars (NZD) rounded to the nearest thousand dollars (\$000s).

### Changes in accounting policies

An additional accounting policy was introduced 1 July 2020 that explained the treatment that would be applied to funding depreciation:

Accounting treatment - funding depreciation

a. All depreciation on assets will be funded from rates except for:

- Roothing/footpath assets - the subsidy element relating to the depreciation for these assets will not be funded by the relevant rooding subsidy rate applicable in the relevant year.
- Water/wastewater/public toilet assets - the depreciation for these assets will be reduced equal to any subsidy element to ensure that the benefit expected to be received by the current ratepayer is applied.
- Swimming pools - the depreciation for these assets will be reduced equal to any community contribution to ensure that the community benefits from the contributions made.

b. Asset groups where depreciation will not be fully funded from depreciation:

- All strategic assets, as per our Significance and Engagement Policy, will have depreciation funded at 76% until 30 June 2024, followed by a phased return to 100% over 10 years. This does not apply to the items identified in (a).
- Depreciation will be funded at a rate of 50% for community buildings/centres, halls and museums.
- Depreciation will not be funded from rates for Civil Defence (alarms), carparks, maritime assets, motor camps, parks and reserves minor structures (e.g. boardwalks/park benches etc.) and solid waste assets.

Any asset group not covered above will have depreciation fully funded from rates (corporate assets etc.).

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

### Amendment to PBE IPSAS 2 Statement of Cash Flows

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group have not yet assessed the effects of this new standard.

### PBE Combinations - PBE IPSAS 40

In July 2019, the XRB issued PBE IPSAS 40, which replaces PBE IFRS 3 Business Combinations. PBE IFRS 3 excluded from its scope combinations under common control and combinations arising from local authority reorganisations. These are now included within the scope of PBE IPSAS 40, through the inclusion of both acquisition and amalgamation accounting.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group have yet assessed the effects of this new standard.

### Financial instruments - PBE IPSAS 41

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group have not yet assessed the effects of the new standard.

### Service Performance Reporting – PBE FRS 48

In November 2017, the XRB issued PBE FRS 48 - Service Performance reporting. This new standard is effective for annual periods beginning on or after 1 January 2021, with early application permitted.

The new standard establishes principles and requirements for an entity to present service performance information that is useful for accountability and decision-making purposes in a general purpose financial report.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group have not yet assessed the effects of the new standard.



## Summary of significant accounting policies

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

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

### Basis of consolidation

The consolidated statements incorporate the financial statements of the Council and those entities controlled by the Council as determined by the application of PBE IPSAS 35 - 37. FNHL, Pou Herenga, Roland's Wood Trust and TACT results have been included in the group result.

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

The group financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date the Council obtains controls of the entity and ceases when the Council loses control of the entity.

### Revenue

Revenue is measured at the fair value of consideration received or receivable.

The specific accounting policies for significant revenue items are explained below:

#### Development contributions

The revenue recognition point for development contributions is when Council provides or is ready to provide the service for which the contribution is levied or the event that will give rise to a requirement for a development contribution under the legislation.

#### Building and resource consent revenue

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

#### Third party / agency revenue

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

#### Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specific criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

#### Goods and Services Tax (GST)

Items in the financial statements are stated exclusive of GST, except for receivables which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### Development costs

Expenditure on development projects is carried forward to be expended against future revenue to be derived from the project. Expenditure carried forward is expensed at such time Council determines that the project has ceased, or no identified future benefits will be derived.

### Financial assets

The council classifies its financial assets in the following categories for the purpose of measurement:

i. Financial assets at fair value through surplus or deficit  
This category has two sub categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Council does not have any financial assets that meet this definition.

ii. Loans and receivables  
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost. Gains and losses when the asset is impaired or derecognised are recognised in the surplus / (deficit).

iii. Held to maturity investments  
Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Council does not have any financial assets that meet this definition.

iv. Fair value through equity financial assets  
Fair value through equity financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Financial assets that are included in this category are shares in Local Government Insurance Corporation Limited and LGFA borrower's notes per the Financial instrument note.

The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

### Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

i. Loans and receivables  
Impairment is established when there is evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are considered an indicator that the asset is impaired. The amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows. For debtors and other receivables, the impairment is provided for in a provision and recognised in the surplus or deficit. When the receivable is uncollectible it is written off against the provision.

ii. Financial assets at fair value through surplus or deficit  
For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment

loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

## Statement of cash flows

Cash or cash equivalents means cash balances on hand, held in bank accounts, demand deposits of three months or less and other highly liquid investments in which Council or its subsidiaries invest as part of its day to day cash management.

Operating activities include cash received from all revenue sources of Council and record the cash payments made for the supply of goods and services. Agency transactions (for example, the collection of regional council rates) are recognised as receipts and payments in the Statement of Cash Flows given that they flow through Council's main bank account.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of Council.

## Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities classified as held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position.

## Critical accounting estimates and assumptions

In preparing these financial statements, Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of Infrastructural assets – see Note 12
- Estimating the remaining useful lives of property, plant and equipment - see Note 12
- Estimating the fair value of investment properties - See Note 18
- Estimating the landfill aftercare provision - see Note 21
- Estimating the fair value of derivative financial instruments – see Note 35.

## Critical judgments in applying the council's accounting policies

Management has exercised the following critical judgments in applying the Council accounting policies for the year ended 30 June 2021:

- Classification of property – see Note 12.

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

### Accounting policy

#### Cost allocation

Council has derived the net cost of service for each significant activity of council using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

#### Criteria for direct and indirect costs

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity / usage information. The costs of internal services not directly charged to activities are allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area.

There have been no changes to the cost allocation methodology during the year.

### Breakdown of revenue and expenditure by group of activities

	Council		
	Actual 2021 \$000s	Budget 2021 \$000s	Actual 2020 \$000s
<b>Revenue</b>			
Roading and Footpaths	65,698	51,294	41,084
Water Supply	13,894	9,094	11,695
Wastewater	13,106	12,433	14,038
Stormwater	5,925	5,501	5,205
Solid Waste Management	5,146	5,025	5,392
District Facilities	23,888	16,138	16,193
Environmental Management	16,001	14,844	14,683
Strategic Planning and Policy	7,948	8,111	7,204
Customer Services	9,952	9,985	10,451
Governance and Strategic Administration	9,568	9,246	5,844
<b>Total activity revenue</b>	<b>171,127</b>	<b>141,671</b>	<b>131,789</b>
<b>Total revenue</b>	<b>171,127</b>	<b>141,671</b>	<b>131,789</b>
<b>Expenditure</b>			
Roading and Footpaths	45,777	44,672	15,124
Water Supply	9,719	7,869	9,912
Wastewater	13,579	12,380	41,404
Stormwater	3,251	3,419	13,229
Solid Waste Management	4,687	4,617	2,869
District Facilities	14,613	14,717	4,417
Environmental Management	9,751	10,958	12,227
Strategic Planning and Policy	5,039	6,550	20,559
Customer Services	6,123	6,218	5,247
Governance and Strategic Administration	23,438	20,295	4,518
<b>Total activity expenditure</b>	<b>135,977</b>	<b>131,695</b>	<b>129,504</b>
<b>Total expenditure</b>	<b>135,977</b>	<b>131,695</b>	<b>129,504</b>

## 2. Rates revenue

### Accounting policy

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

- Revenue arising from late payment penalties is recognised as revenue when rates become overdue.
- Rates postponement applies where ratepayers meet the postponement policy criteria. Rates are shown as income in the year of postponement and recognised as an asset when it is probable that future economic benefits or service potential associated with the asset will flow to council.
- Rates remissions are recognised as a reduction in rate revenue when the Council has received an application that satisfies its rate remission policy.
- Rates collected on behalf of the Northland Regional Council (NRC) are not recognised in the financial statements, as the council is acting as an agent for the NRC.

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Rates - general	60,034	56,753	59,699	56,458
<b>Targeted rates attributable to activities</b>				
Roading	4,517	4,548	4,517	4,548
Water, excluding water by meter rates	2,300	2,865	2,300	2,865
Wastewater	11,696	11,864	11,696	11,864
Stormwater	658	654	658	654
District Facilities	10,369	11,053	10,369	11,053
Rates - penalties	1,149	1,172	1,149	1,172
Less remissions	(3,146)	(2,775)	(3,146)	(2,775)
<b>Total rates, excluding targeted water supply rates</b>	<b>87,577</b>	<b>86,134</b>	<b>87,242</b>	<b>85,839</b>

Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the council from other Local Authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of council for the year ended 30 June 2021 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council	
	2021 \$000s	2020 \$000s
Rates, excluding water by meter rates	90,723	88,908
Water by meter rates	7,253	5,811
Less remissions	(3,146)	(2,775)
<b>Total annual rates revenue</b>	<b>94,830</b>	<b>91,944</b>

The council's remission policies are designed to recognise the unique nature of the Far North with its significant areas of unoccupied Māori freehold land. Overall the policies address issues of financial hardship and the protection of areas of land with particular conservation or community values. Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, refuse and water. Non-rateable land does not constitute a remission under the council's rates remission policy.

The number of rating units at 30 June 2020 was 38,496

The land value of these units was \$10,698,096,800 and the capital value was \$20,355,459,900

### 3. Other revenue

#### Accounting policy

##### Interest and dividends

Interest revenue is recognised using the effective interest method.

Dividends are recognised on an accrual basis net of imputation credits when the right to receive the dividend is established.

**Vested or donated physical assets**

For assets received for no or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset. The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects it will need to return or pass the asset to another party.

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Interest and dividends	1,095	1,244	1,534	674
Vested and previously unrecognised assets	3,937	1,519	3,937	1,519
Gain on revaluation (Notes 16 and 17)	5,584	-	11,619	(1,572)
Other revenue	2,380	1,893	11,363	13,330
<b>Total other revenue</b>	<b>12,997</b>	<b>4,657</b>	<b>28,454</b>	<b>13,951</b>

**3a Fees and charges analysis (including water by meter rates)****Accounting policy****Landfill services**

Fees for disposing of waste at the council's landfill are recognised as waste is disposed of by users.

**Sale of goods**

Revenue from fees and charges is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

**Water by meter rates**

Revenue from water-by-meter rates is recognised on an accrual basis, based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Roading	744	483	744	483
Water services	7,578	6,155	7,578	6,155
Wastewater services	266	118	266	118
Refuse / landfill services	1,270	1,000	1,270	1,000
Community services	1,228	1,233	1,228	1,233
Regulatory services	6,532	5,322	6,532	5,322
Customer services	418	513	418	513
Other fees and charges	1,648	900	1,519	825
<b>Total fees, charges and targeted water supply rates</b>	<b>19,683</b>	<b>15,723</b>	<b>19,555</b>	<b>15,649</b>

**3b Subsidies and Grant analysis****Accounting policy****New Zealand Transport Agency roading subsidies**

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

**Other grants received**

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Far North Holdings Limited has elected to apply NZ IAS 20 in deducting grants received for capital expenditure in arriving at the carrying amount of the assets purchased. Grants for revenue expenditure are netted against the cost incurred by the Company. This treatment has been adjusted on consolidation to align the group result with the requirements PBE IPSAS 23.

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
NZTA Rooding subsidies	32,707	19,280	32,707	19,280
MBIE - Cycleway subsidy	241	300	241	300
MBIE - Tourism Infrastructure Fund (TIF)	837	757	15,288	8,373
MBIE - Provincial Growth Fund (PGF)	8,135	1,200	8,135	1,200
MBIE - Flood Defence	2,591	-	2,591	-
Sundry grants & donations	4,624	151	6,523	156
Ministry of Social Development	60	48	60	70
DIA - 3 Waters Reform Subsidy	1,673	1,450	1,673	1,450
Ministry of Health - Wastewater Subsidy	-	2,032	-	2,032
<b>Total subsidies and grants</b>	<b>50,869</b>	<b>25,218</b>	<b>67,219</b>	<b>32,861</b>

There are no unfulfilled conditions or other contingencies attached to the subsidy revenue recognised.

#### 4. Personnel costs

##### Accounting policy

Obligations for contributions to Kiwisaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or (deficit) when incurred.

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Salaries and wages	30,181	28,088	34,252	31,718
Plus / (less) capitalised salaries	-	-	-	-
Salaries and wages expense	30,181	28,088	34,252	31,718
Kiwi saver contributions	793	712	893	796
Increase / (decrease) in employee benefit liabilities	-	-	21	28
<b>Total personnel costs</b>	<b>30,974</b>	<b>28,800</b>	<b>35,166</b>	<b>32,542</b>

#### 5. Other expenses

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Fees paid to the principal auditor</b>				
Audit of financial statements	185	178	265	256
Other assurance engagements	28	22	28	22
Debenture Trust Deed assurance engagement	7	7	7	7
LTP Audit	135	-	135	-
Donations	-	-	79	57
Inventory expenses in year	12	25	1,695	1,543
Loss on disposal of property, plant and equipment	3,033	3,217	3,033	3,217
Impairment of intangible assets	-	-	-	-
Impairment of property, plant and equipment	-	-	-	-
Impairment of rates receivables (note 9)	3,457	3,658	3,457	3,658
Impairment of other receivables (note 9)	(41)	(48)	144	(21)
Direct expenses from investment property	-	-	1,277	1,169
Minimum lease payments - operating leases	784	793	844	850
Other expenses	61,106	58,141	64,232	61,489
<b>Total other expenses</b>	<b>68,707</b>	<b>65,993</b>	<b>75,197</b>	<b>72,247</b>

## 6. Finance costs

### Accounting policy

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

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Interest expense on borrowings	2,129	2,041	3,349	3,659
Interest unwind - landfill aftercare	45	48	45	48
<b>Total finance costs</b>	<b>2,174</b>	<b>2,089</b>	<b>3,394</b>	<b>3,707</b>

## 7. Tax

### Accounting policy

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial statements and the corresponding tax bases used in the computation of taxable profit.

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

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit. Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenue and expense or directly in equity.

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Components of tax expense</b>				
Current tax expense - continuing operations	-	-	-	143
Deferred tax expense - continuing operations	-	-	76	309
<b>Income tax expense</b>	<b>-</b>	<b>-</b>	<b>76</b>	<b>452</b>
<b>Relationship between tax expenses and accounting profit</b>				
Continuing operations	35,149	2,285	48,368	9,936
Discontinued operations	-	-	-	-
<b>Profit before taxation and share of profit of associate</b>	<b>35,149</b>	<b>2,285</b>	<b>48,368</b>	<b>9,936</b>
Taxation at 28% (2020 -28%)	9,842	640	13,543	2,782
<b>Plus (less) tax effect of</b>				
Non taxable income	(9,842)	(640)	(11,409)	(1,109)
Group loss offset	-	-	-	-
Deferred tax adjustment	-	-	(2,058)	(1,221)
<b>Taxation expense / (benefit)</b>	<b>-</b>	<b>-</b>	<b>76</b>	<b>452</b>



## Group

	Property plant and equipment \$000s	Investment properties \$000s	Biological assets \$000s	Employee entitlements \$000s	Tax losses \$000s	Total \$000s
Deferred tax						
Balance at 30 June 2019	1,157	1479	78	(74)	-	2,640
Charged to statement of comprehensive revenue and expense	(362)	787	(102)	(12)	-	309
Charged to equity	(100)	-	-	-	-	(100)
<b>Balance at 30 June 2020</b>	<b>695</b>	<b>2,266</b>	<b>(24)</b>	<b>(86)</b>	<b>-</b>	<b>2,849</b>
Charged to statement of comprehensive revenue and expense	(310)	449	(23)	(40)	-	76
Charged to equity	503	-	-	-	-	503
<b>Balance at 30 June 2021</b>	<b>888</b>	<b>2,715</b>	<b>(47)</b>	<b>(126)</b>	<b>-</b>	<b>3,428</b>

From 1 July 2007 Council and FNHL have formed a consolidated group for tax purposes. Tax profits in Far North Holdings Ltd are automatically offset against tax losses in council. Council has not recognised a deferred tax asset in relation to tax losses of \$nil (2019 nil). However, these losses have been recognised in the group accounts.

## 8. Cash and cash equivalents

### Accounting policy

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Cash at bank and on hand</b>				
Various (subsidiaries, community facilities, etc)	5	5	5	5
General fund (unsecured)	606	10,668	1,251	11,305
Term deposits with maturities less than 3 months at acquisition	4,832	-	4,832	-
<b>Total cash and cash equivalents</b>	<b>5,442</b>	<b>10,673</b>	<b>6,087</b>	<b>11,310</b>

The carrying value of short term deposits with maturity dates of three (3) months or less approximates their fair value. Cash and cash equivalents includes the following for the purpose of the statement of cash flows.

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Cash at bank and on hand	610	10,673	1,255	11,310
Term deposits with maturities less than 3 months at acquisition	4,832	-	4,832	-
Bank overdrafts (Note 23)	-	-	-	-
<b>Total</b>	<b>5,442</b>	<b>10,673</b>	<b>6,087</b>	<b>11,310</b>

Council has an overdraft facility of \$3m (2020 \$10m).

## 9. Receivables

### Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

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

'Rates are "written-off":

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Maori freehold land) of the local Government (Rating) Act 2002.

- Section 90B is to write off all or part of the outstanding rates of deceased owners of Maori Freehold land, of which there have been no write-offs in 2021 (2020 - Nil).
- Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

	Council		Group	
	2021 000s	2020 \$000s	2021 \$000s	2020 \$000s
Rates and penalties	22,588	40,757	22,588	40,757
Sundry debtors (including postponed rates debtors)	22,757	20,392	25,548	20,469
Prepayments	1,254	1,540	1,345	1,626
Related party receivables	-	-	276	614
<b>Gross debtors and other receivables</b>	<b>46,599</b>	<b>62,689</b>	<b>49,757</b>	<b>63,466</b>
Less provision for impairment - rates	8,768	22,163	8,768	22,163
Less provision for impairment - sundry debts	210	258	395	285
<b>Current debtors and other receivables</b>	<b>37,622</b>	<b>40,268</b>	<b>40,595</b>	<b>41,018</b>

The carrying value of trade and other receivables approximates their fair value. There is no concentration of credit risk with respect to receivables as the group has a large number of customers.

All overdue receivables have been assessed for impairment and the appropriate provisions applied. All receivables, excluding rates, are past due if not paid by the 20th of the month following the month of issue. Council and the group holds no collateral as security or other credit enhancements over receivables that are either past due or impaired. The ageing profile of debtors and other receivables at year end is detailed below:

The Chief Executive approved the write-off of rates totalling \$4,332,134 (2020 - Nil) during the year under Section 90A of the LG(R)A 2002.

	2021			2020		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
<b>Council</b>						
Not past due	14,494	-	14,494	12,654	-	12,654
Past due 1 – 60 days	8,873	7,756	1,117	11,530	2,672	8,858
Past due 61 – 90 days	48	-	48	17	-	17
Past due over 90 days	23,185	1,222	21,962	38,487	19,749	18,738
<b>Total</b>	<b>46,600</b>	<b>8,978</b>	<b>37,622</b>	<b>62,688</b>	<b>22,421</b>	<b>40,268</b>
<b>Group</b>						
Not past due	16,702	-	16,702	13,237	-	13,237
Past due 1 – 60 days	8,944	7,941	1,003	11,560	2,699	8,861
Past due 61 – 90 days	185	-	185	40	-	40
Past due over 90 days	23,927	1,222	22,704	38,628	19,749	18,879
<b>Total</b>	<b>49,758</b>	<b>9,163</b>	<b>40,595</b>	<b>63,465</b>	<b>22,448</b>	<b>41,018</b>

Movements in the provision for impairment of receivables are as follows:

	Council		Group	
	2021 000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Impairment of rates</b>				
At 1 July	22,163	20,552	22,163	20,552
Additional provisions made during the year	3,457	3,658	3,457	3,658
Receivables written off during period	(16,851)	(2,047)	(16,851)	(2,047)
<b>At 30 June</b>	<b>8,768</b>	<b>22,163</b>	<b>8,768</b>	<b>22,163</b>

<b>Impairment of sundry debts</b>				
At 1 July	258	308	285	334
Additional provisions made during the year	(41)	(48)	203	(39)
Receivables written off during period	(7)	(2)	(93)	(10)
<b>At 30 June</b>	<b>210</b>	<b>258</b>	<b>395</b>	<b>285</b>

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write offs.

## 10. Inventories

### Accounting policy

Inventories are valued at the lower of cost (determined on a first in first out basis) and net realisable value. This valuation includes allowances for slow moving and obsolete inventories.

Inventories held for distribution at no charge, or for a nominal amount, are stated at the lower of cost and current replacement cost.

The write down from cost to current replacement cost or net realisable value is recognised in the surplus / (deficit).

	<b>Council</b>		<b>Group</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
Consumable stocks and materials	140	127	1,817	1,697
Marina berths	-	-	-	-
Chandlery and boatyard	-	-	14	12
<b>Total inventories</b>	<b>140</b>	<b>127</b>	<b>1,831</b>	<b>1,709</b>

There are no inventory items held for distribution.

## 11. Other financial assets

	<b>Council</b>		<b>Group</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
<b>Current portion</b>				
<b>Loans and receivables</b>				
Short-term deposits maturity 4 - 12 months	-	-	-	-
<b>Fair value through equity</b>				
LGFA borrower notes	160	-	160	-
Listed Fonterra shares	-	-	574	571
<b>Total current portion</b>	<b>160</b>	<b>-</b>	<b>734</b>	<b>571</b>
<b>Non-current portion</b>				
<b>Loans and receivables</b>				
Loans and receivables	600	-	600	-
<b>Fair value through equity</b>				
LGNZ shares	82	79	82	79
LGFA borrower notes	799	744	799	744
<b>Total non-current portion</b>	<b>1,481</b>	<b>823</b>	<b>1,481</b>	<b>823</b>

There are no impairment provisions for other financial assets.

Council holds 85,440 shares in Local Government Insurance Corp Ltd. As they are not material, council has estimated the fair value of these should be based on the LGNZ net asset backing as at 30 June. These shares are not traded.

### Maturity analysis and interest rates

	<b>Council</b>		<b>Group</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
<b>Loans and receivables</b>				
Short term loan 4 - 12 months	-	-	-	-
Short term deposits 4 - 12 months	-	-	-	-
<b>Maturing within 4 - 12 months</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 12. Property, plant and equipment - council and group

### Accounting policy

#### *Property, plant and equipment*

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses. When significant parts of property, plant and equipment are required to be replaced at intervals, The Council and group recognises such parts as individual assets/components with specific useful lives and depreciates them accordingly.

Property, plant and equipment consists of:

i. Operational assets

These include land, buildings, improvements, plant and equipment, and motor vehicles.

ii. Restricted assets

Restricted assets are parks and reserves owned by council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

iii. Infrastructural assets

Infrastructure assets are the fixed utility systems owned by Council. Each asset type includes all items that are required for the network to function; for example, sewer reticulation includes reticulation piping and sewer pump stations.

#### *Revaluations*

The Council and group accounts for revaluations of property, plant and equipment on a class of asset basis. Valuations are performed with sufficient regularity to ensure that the carrying amount is not materially different to their fair value. Carrying values of revalued assets are assessed annually to ensure they do not differ materially to fair value. If there is a material difference then a revaluation is performed.

All assets are valued at historical cost, except the following assets which are shown at fair value, based on periodic valuations by independent valuers, less subsequent depreciation:

- Roading infrastructural assets;
- Stormwater infrastructural assets;
- Water and wastewater infrastructural assets;
- Stormwater infrastructural assets;
- Maritime assets;
- Footpaths and footbridges;
- Carparks;
- Refuse transfer stations;
- Heritage assets;
- Parks & reserves;
- Land; (except land under roads)
- Community facilities buildings.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is recognised in the surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the surplus / (deficit) will be recognised first in the surplus/ (deficit) up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

#### *Additions*

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the council and group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

Additions between valuations are recorded at cost, except for vested assets. Certain infrastructure assets and land have been vested in council as part of the sub divisional consent process. The vested reserve land has been valued at 50% of the surrounding residential land as per an appropriately certified government valuation. Vested infrastructure assets have been valued based on the actual quantities of infrastructure components vested and the current unit rates for that component provided by the most recent valuation.

#### *Subsequent costs*

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably. The costs of day to day maintenance of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

#### *Assets under construction*

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

#### *Disposals*

Gains and losses are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus / (deficit). When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to retained earnings.

**Depreciation**

Depreciation is provided for on a straight line basis on all property, plant and equipment, other than land and roading formation, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Assessed economic life is calculated using the methodology in the New Zealand Institute of Asset Management (NZIAM) manual. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

**Operational assets**

Runways	25 years	4%
Buildings	15 – 120 years	0.83 – 6.67%
Motor vehicles	3 – 5 years	20 – 33%
Plant and machinery	1 – 40 years	2.5 – 100%
Wharves (concrete)	10 – 85 years	1.17 – 10%
Wharves (timber), moorings and ramps	10 – 50 years	2 – 10%
Office furniture and equipment	5 – 15 years	6.67 – 20%
Computers	3 – 7 years	14.28 – 33%
Library books	3 – 40 years	2.5 – 33%
Heritage assets	10 – 185 years	0.54 – 10%
Leasehold improvements	3 – 25 years	4 – 33%

**Infrastructural assets****Roads**

Top surface (seal)	5 – 50 years	2 – 20%
Top surface (unsealed)	12 years	8.33%
Pavement (base course) sealed	35 years	2.85%
Pavement (sub base) sealed	35 – 50 years	2 – 2.85%
Retaining and Seawalls	50 – 80 years	1.25 – 2%
Culverts, cesspits	25 – 100 years	1 – 4%
Surface water channels	0 – 50 years	0 – 20%
Footpaths	30 – 60 years	1.6 – 3.3%
Kerbs	50 – 80 years	1.25 – 2%
Street lights	8 – 60 years	1.67 – 12.5%
Signs	20 years	5%
Bridges	50 – 100 years	1 – 2%
Railings	30 – 50 years	2 – 3.3%

**Water Reticulation**

Pipes	50 – 100 years	1 – 2%
Valves, hydrants	50 – 70 years	1.43 – 2%
Pump stations	10 – 50 years	2 – 10%
Treatment Plants	5 – 100 years	1 – 20%
Tanks / dams	40 – 100 years	1 – 2.5%

**Sewerage Reticulation**

Pipes	40 – 100 years	1 – 2.5%
Manholes	80 years	1.25%
Treatment plant	5 – 70 years	1.43 – 20%

**Stormwater Systems**

Pipes	40 – 100 years	1 – 2.5%
Manholes	100 years	1%
Refuse	5 – 100 years	1 – 20%

Improvements to leased assets are depreciated over the shorter of the unexpired period of the leases and the estimated useful lives of the improvements. The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Land is not depreciated.

#### **Impairment**

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carry amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The carrying amounts of the council and group assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the surplus / (deficit). Impairment losses on revalued assets offset any balance in the asset revaluation reserve, with any remaining impairment loss being posted to the surplus / (deficit).

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus/(deficit), a reversal of the impairment loss is also recognised in the surplus / (deficit).

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the surplus / (deficit).

#### **Value in use for non-cash generating assets**

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

## **Critical accounting estimates and assumptions**

### **Infrastructural assets**

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset. Council may be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, such as stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing physical inspections and assessments;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense.

To minimise this risk, the council's infrastructural and other asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based upon past experience.

Experienced independent valuers perform the council's infrastructural asset revaluations.

## **Estimating the fair value of land, buildings and infrastructure**

### **Land (Operational, restricted and infrastructural)**

The most recent valuation of land was performed by an independent registered valuer at QV Asset & Advisory. This valuation was effective as at 31 May 2021.

Land is valued at fair value using market-based evidence and the highest and best use scenario. Due consideration has been made for restrictions due to easements, covenants and any restrictions such as the Reserves Act.

An assumption has been made that all land valued is held by the Far North District Council in freehold ownership

### **Buildings (operational and restricted)**

Buildings have been valued on a depreciated replacement cost basis in most cases. Buildings were valued by QV Asset & Advisory with an effective date of 31 May 2021.

Depreciated replacement cost is determined using a number of assumptions including:

- Replacement cost rates derived from construction contracts of like assets and recent costings obtained from construction details
- Inspection of all buildings with a value of over \$50,000
- It was considered that most current buildings in the property portfolio are fully utilised and optimisation is not necessary

Straight-line depreciation has been applied in determining the depreciated replacement cost value of the assets. Economic lives have been adopted taking into consideration the Far North District Councils replacement / maintenance plans. The council's residential buildings (Housing for the Elderly) has been valued on a depreciated replacement cost method. This is due to the fact that there was a paucity of relevant recent sales evidence to derive an appropriate market value.

Any buildings valued using market based evidence as are follows:

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Operational Buildings</b>				
Roading Strategic Buildings	2,460	2,055	2,460	2,055
<b>Restricted Buildings</b>				
Restricted Buildings	-	-	-	-
<b>Total</b>	<b>2,460</b>	<b>2,055</b>	<b>2,460</b>	<b>2,055</b>

### Infrastructural asset classes: sewerage, water, refuse, stormwater and roading

Sewerage, water, stormwater and roading are valued at depreciated replacement cost by Fraser Campbell of Campbell Consulting and SPM Consultants. The sewerage and water valuations (excluding land) have an effective date as at 31 May 2020. The stormwater valuations have an effective date of 30 June 2021. Some of the smaller roading asset classes have an effective date as at 31 May 2020. The larger roading asset classes such as pavement, drainage and bridges have an effective date as at 31 May 2021. Refuse is valued at depreciated replacement cost by Fraser Campbell of Campbell Consulting and SPM Consultants. Refuse valuations have an effective date as at 30 June 2021.

Depreciated replacement cost is determined using a number of assumptions including:

- Assets are assumed to be replaced with the least cost alternative modern equivalent asset providing the same service potential
- Residual values were assessed as zero for all assets
- Depreciation was applied to depreciable assets on a straight-line basis over the assessed total economic life of the asset
- Issues of functional and design obsolescence and surplus capacity have been considered but no optimisation adjustments were considered necessary.

#### Library collections

Library collections are valued at depreciated replacement cost and valuations are performed by the in-house systems librarian and the fixed asset accountant. These valuations have been peer reviewed by SPM Consultants. The last valuation was effective as at 31 December 2020.

#### Maritime assets

Maritime assets were valued at depreciated replacement cost by Telfer Young (Northland) Ltd. The last valuation was effective as at 31 May 2021. The following assumptions were used in determining the depreciated replacement cost:

Replacement costs are derived from recent contract information, indexed cost increases, historical cost data and in-house advice from engineers

Remaining lives have been applied as per advice from Far North Holdings engineers as a result of a full data collection exercise carried out in May 2018 and an updated condition reports in the 2020/21 financial year. In addition work has been carried out by asset managers within FNDC and this advice has also been incorporated into the valuation.

#### Heritage assets

Heritage assets were valued at depreciated replacement cost in accordance with the 2002 Treasury valuation guidance for cultural and heritage assets. Heritage valuations are performed by Opus International Consultants Ltd with the last valuation having an effective date of 31 March 2019.

#### Operational assets

Ferry assets were valued at depreciated replacement cost by Emtech, engineering and marine consultants, effective as at 30 June 2021. Plant Assets such as pool plant and the sewerage treatment assets at the Houhora camping ground were valued by AECOM as these were considered to be specialised in nature.

### Critical judgments in applying the council's accounting policies

#### Classification of property

Council owns a number of properties which are maintained primarily to provide housing to pensioners. The receipt of market based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the council's social housing policy. These properties are accounted for as property, plant and equipment rather than as investment property.

## 12. Property, plant and equipment - Council

2021	Cost / revaluation 30 June 2020	Accumulated depreciation and impairment charges 30 June 2020	Carrying amount 30 June 2020	Current year additions	Current year vested assets
Land	52,221	-	52,221	1,145	-
Vehicles and plant	4,926	(1,321)	3,605	636	-
Leasehold improvements	991	(513)	478	-	-
Wharves, ramps, moorings	4,011	(28)	3,983	45	-
Furniture, fitting and office equipment	1,925	(1,218)	707	264	-
Information systems	5,310	(3,174)	2,136	443	-
*Work in progress	1,264	-	1,264	1,805	-
<b>Total operational assets</b>	<b>70,648</b>	<b>(6,254)</b>	<b>64,394</b>	<b>4,337</b>	<b>-</b>
Roading land	368,460	-	368,460	-	169
Roading and footpaths	1,106,756	(4,574)	1,102,182	24,661	2,225
Water – treatment plants and facilities	21,223	(122)	21,101	4,070	-
Water - reticulation	48,109	(128)	47,981	874	361
Wastewater – treatment plants and facilities	47,619	(327)	47,291	20,293	-
Wastewater - reticulation	74,626	(214)	74,412	3,223	202
Stormwater	89,454	(1,454)	88,000	561	172
Refuse	4,557	(298)	4,259	8	-
Community facilities	63,823	(7,735)	56,088	3,530	808
Work in progress	43,605	-	43,605	70,476	-
<b>Total infrastructural assets</b>	<b>1,868,232</b>	<b>(14,852)</b>	<b>1,853,379</b>	<b>127,696</b>	<b>3,937</b>
Council restricted assets					
Land	31,533	-	31,533	-	-
Heritage	2,616	(129)	2,487	257	-
<b>Total restricted assets</b>	<b>34,149</b>	<b>(129)</b>	<b>34,020</b>	<b>257</b>	<b>-</b>
<b>Total property, plant and equipment</b>	<b>1,973,029</b>	<b>(21,235)</b>	<b>1,951,793</b>	<b>132,290</b>	<b>3,937</b>

2020	Cost / revaluation 30 June 2019	Accumulated depreciation and impairment charges 30 June 2019	Carrying amount 30 June 2019	Current year additions	Current year vested assets
Land	415,346	-	415,346	4,746	458
Vehicles and plant	5,041	(1,263)	3,778	347	-
Leasehold improvements	982	(426)	556	15	-
Wharves, ramps, moorings	4,181	(63)	4,118	-	-
Furniture, fitting and office equipment	1,907	(1,112)	795	52	-
Information systems	4,081	(2,783)	1,299	1,288	-
*Work in progress	362	-	363	2,849	-
<b>Total operational assets</b>	<b>431,901</b>	<b>(5,647)</b>	<b>426,255</b>	<b>9,297</b>	<b>458</b>
Roading and footpaths	1,078,446	(5,321)	1,073,125	15,660	901
Water – treatment plants and facilities	20,102	(1,106)	18,996	906	-
Water - other	42,755	(1,282)	41,473	383	25
Wastewater – treatment plants and facilities	41,521	(2,238)	39,282	6,535	-
Wastewater - other	67,434	(1,766)	65,668	70	-
Stormwater	88,977	(208)	88,769	457	59
Refuse	4,333	(42)	4,291	167	-
Community facilities	62,490	(3,287)	59,203	2,567	76
Work in progress	32,553	-	32,553	45,090	-
<b>Total infrastructural assets</b>	<b>1,438,610</b>	<b>(15,249)</b>	<b>1,423,361</b>	<b>71,835</b>	<b>1,061</b>
Council restricted assets					
Land	31,533	-	31,533	-	-
Heritage	2,480	(28)	2,452	185	-
<b>Total restricted assets</b>	<b>34,013</b>	<b>(28)</b>	<b>33,985</b>	<b>185</b>	<b>-</b>
<b>Total property, plant and equipment</b>	<b>1,904,524</b>	<b>(20,924)</b>	<b>1,883,601</b>	<b>81,317</b>	<b>1,519</b>



Current year disposals (at book value)	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus / (deficit)	Cost / revaluation 30 June 2021	Accumulated depreciation and impairment charges 30 June 2021	Carrying amount 30 June 2021
-	-	-	-	5,747	59,113	-	59,113
(75)	-	(363)	-	(266)	4,741	(1,203)	3,538
-	-	(91)	-	10	984	(588)	396
(11)	-	(348)	-	331	4,029	(30)	4,000
(1)	-	(120)	-	(41)	2,125	(1,316)	808
-	-	(705)	-	-	5,701	(3,826)	1,874
(1,683)	-	-	-	-	1,384	-	1,384
<b>(1,770)</b>	<b>-</b>	<b>(1,627)</b>	<b>-</b>	<b>5,781</b>	<b>78,077</b>	<b>(6,964)</b>	<b>71,113</b>
-	-	-	-	-	368,629	-	368,629
(2,283)	-	(18,344)	64	112,906	1,225,888	(4,476)	1,221,412
(94)	-	(1,075)	-	-	25,189	(1,187)	24,002
(6)	-	(1,521)	-	-	49,337	(1,648)	47,689
(193)	-	(2,733)	(3)	-	67,699	(3,044)	64,656
(69)	-	(2,027)	3	-	77,984	(2,239)	75,744
(9)	-	(1,254)	-	3,585	91,056	-	91,056
-	-	(268)	-	962	4,960	-	4,961
(142)	-	(4,376)	(64)	8,868	67,468	(2,756)	64,711
(59,091)	-	-	-	-	54,991	-	54,990
<b>(61,886)</b>	<b>-</b>	<b>(31,598)</b>	<b>-</b>	<b>126,320</b>	<b>2,033,200</b>	<b>(15,350)</b>	<b>2,017,850</b>
-	-	-	-	4,408	35,941	-	35,941
(66)	-	(109)	-	-	2,803	(234)	2,569
<b>(66)</b>	<b>-</b>	<b>(109)</b>	<b>-</b>	<b>4,408</b>	<b>38,744</b>	<b>(234)</b>	<b>38,510</b>
<b>(63,722)</b>	<b>-</b>	<b>(33,335)</b>	<b>-</b>	<b>136,509</b>	<b>2,150,022</b>	<b>(22,548)</b>	<b>2,127,474</b>

Current year disposals (at book value)	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus / (deficit)	Cost / revaluation 30 June 2020	Accumulated depreciation and impairment charges 30 June 2020	Carrying amount 30 June 2020
-	-	-	(31)	162	420,681	-	420,681
(153)	-	(367)	-	-	4,926	(1,321)	3,605
(3)	-	(90)	-	-	991	(513)	478
-	-	(368)	-	232	4,011	(28)	3,983
(17)	-	(123)	-	-	1,925	(1,218)	707
(4)	-	(447)	-	-	5,310	(3,174)	2,136
(1,948)	-	-	-	-	1,264	-	1,264
<b>(2,125)</b>	<b>-</b>	<b>(1,395)</b>	<b>(31)</b>	<b>394</b>	<b>439,108</b>	<b>(6,254)</b>	<b>432,854</b>
(1,404)	-	(17,885)	-	31,785	1,106,756	(4,574)	1,102,182
(77)	-	(1,051)	-	2,327	21,223	(122)	21,101
(27)	-	(1,319)	-	7,446	48,109	(128)	47,981
(175)	-	(2,354)	-	4,004	47,619	(327)	47,292
(2)	-	(1,807)	-	10,483	74,626	(214)	74,412
(38)	-	(1,247)	-	-	89,454	(1,454)	88,000
-	-	(270)	-	72	4,557	(298)	4,259
(1,198)	-	(4,561)	-	-	63,823	(7,735)	56,088
(32,217)	-	-	(1,821)	-	43,605	-	43,605
<b>(35,138)</b>	<b>-</b>	<b>(30,494)</b>	<b>(1,821)</b>	<b>56,117</b>	<b>1,499,772</b>	<b>(14,852)</b>	<b>1,484,920</b>
-	-	-	-	-	31,533	-	31,533
(41)	-	(109)	-	-	2,616	(129)	2,487
<b>(41)</b>	<b>-</b>	<b>(109)</b>	<b>-</b>	<b>-</b>	<b>34,149</b>	<b>(129)</b>	<b>34,020</b>
<b>(37,304)</b>	<b>-</b>	<b>(31,998)</b>	<b>(1,852)</b>	<b>56,511</b>	<b>1,973,028</b>	<b>(21,235)</b>	<b>1,951,794</b>

## 12. Property, plant and equipment - Group

2021	Cost / revaluation 30 June 2020	Accumulated depreciation and impairment charges 30 June 2020	Carrying amount 30 June 2020	Current year additions	Current year vested assets
Land	63,522	-	63,522	1,145	-
Buildings	26,011	(740)	25,271	879	-
Vehicles, boat transporters and plant	6,536	(1,923)	4,613	731	-
Leasehold improvements	1,120	(539)	581	35	-
Wharves, ramps, moorings	6,103	(105)	5,998	56	-
Furniture, fittings and office equipment	7,344	(3,658)	3,686	478	-
Information systems	5,310	(3,174)	2,136	455	-
Runways	3,149	(139)	3,010	-	-
Site works	22	(3)	19	-	-
Heritage	859	-	859	-	-
Work in progress	1,291	-	1,291	1,903	-
<b>Total operational assets</b>	<b>121,267</b>	<b>(10,281)</b>	<b>110,985</b>	<b>5,681</b>	<b>-</b>
Roadng land	368,460	-	368,460	-	169
Roading and footpaths	1,106,756	(4,574)	1,102,182	24,661	2,225
Water - treatment plants and facilities	21,223	(122)	21,101	4,070	-
Water - other	48,109	(128)	47,981	874	361
Wastewater - treatment plants and facilities	47,619	(327)	47,292	20,293	-
Wastewater - other	74,626	(214)	74,412	3,223	202
Stormwater	89,454	(1,454)	88,000	561	172
Refuse	4,557	(298)	4,259	8	-
Community facilities	63,823	(7,735)	56,088	3,530	808
Work in progress	43,605	-	43,605	70,476	-
<b>Total infrastructural assets</b>	<b>1,868,232</b>	<b>(14,852)</b>	<b>1,853,380</b>	<b>127,696</b>	<b>3,937</b>
<b>Council restricted assets</b>					
Land	31,533	-	31,533	-	-
Heritage	2,616	(129)	2,487	257	-
<b>Total restricted assets</b>	<b>34,149</b>	<b>(129)</b>	<b>34,020</b>	<b>257</b>	<b>-</b>
<b>Total property, plant and equipment</b>	<b>2,023,648</b>	<b>(25,262)</b>	<b>1,998,385</b>	<b>133,634</b>	<b>3,937</b>

Current year disposals (at book value)	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus / (deficit)	Cost / revaluation 30 June 2021	Accumulated depreciation and impairment charges 30 June 2021	Carrying amount 30 June 2021
(260)	-	-	(2,960)	6,483	67,930	-	67,930
(213)	-	(480)	577	1,151	27,902	(717)	27,185
(103)	-	(528)	1	(266)	6,411	(1,962)	4,449
-	-	(96)	(1)	10	1,148	(619)	529
(11)	-	(410)	(1)	591	6,337	(114)	6,224
(2)	-	(576)	18	(41)	7,499	(3,936)	3,563
-	-	(709)	1	-	5,713	(3,830)	1,882
-	-	(120)	-	387	3,397	(120)	3,277
-	-	(2)	(1)	-	19	(3)	16
-	-	-	-	-	859	-	859
(1,683)	-	-	(1)	-	1,509	-	1,509
<b>(2,272)</b>	<b>-</b>	<b>(2,921)</b>	<b>(2,366)</b>	<b>8,315</b>	<b>128,724</b>	<b>(11,302)</b>	<b>117,423</b>
-	-	-	-	-	368,629	-	368,629
(2,283)	-	(18,344)	64	112,906	1,225,888	(4,476)	1,221,412
(94)	-	(1,075)	-	-	25,189	(1,187)	24,002
(6)	-	(1,521)	-	-	49,337	(1,648)	47,689
(193)	-	(2,733)	(3)	-	67,699	(3,044)	64,656
(69)	-	(2,027)	3	-	77,984	(2,239)	75,744
(9)	-	(1,254)	-	3,585	91,056	-	91,056
-	-	(268)	-	962	4,960	-	4,960
(142)	-	(4,376)	(64)	8,868	67,468	(2,756)	64,712
(59,091)	-	-	-	-	54,991	-	54,991
<b>(61,886)</b>	<b>-</b>	<b>(31,598)</b>	<b>-</b>	<b>126,320</b>	<b>2,033,200</b>	<b>(15,350)</b>	<b>2,017,850</b>
-	-	-	-	4,408	35,941	-	35,941
(66)	-	(109)	-	-	2,803	(234)	2,569
<b>(66)</b>	<b>-</b>	<b>(109)</b>	<b>-</b>	<b>4,408</b>	<b>38,744</b>	<b>(234)</b>	<b>38,510</b>
<b>(64,224)</b>	<b>-</b>	<b>(34,629)</b>	<b>(2,366)</b>	<b>139,043</b>	<b>2,200,669</b>	<b>(26,886)</b>	<b>2,173,784</b>

## 12. Property, plant and equipment - Group continued

2020	Cost / revaluation 30 June 2019	Accumulated depreciation and impairment charges 30 June 2019	Carrying amount 30 June 2019	Current year additions	Current year vested assets
Land	426,739	-	426,739	4,791	458
Buildings	26,901	(631)	16,348	95	-
Vehicles, boat transporters and plant	6,071	(1,752)	4,319	952	-
Leasehold improvements	1,063	(447)	616	63	-
Wharves, ramps, moorings	6,100	(132)	5,968	-	-
Furniture, fittings and office equipment	14,703	(3,596)	3,068	260	-
Information systems	4,082	(2,783)	1,299	1,288	-
Runways	3,637	(154)	3,483	-	-
Site works	22	(3)	12	-	-
Heritage	859	-	859	-	-
Work in progress	1,916	-	2,203	2,857	-
<b>Total operational assets</b>	<b>492,093</b>	<b>(9,498)</b>	<b>464,914</b>	<b>10,306</b>	<b>458</b>
Roading and footpaths	1,078,446	(5,321)	1,073,125	15,660	901
Water - treatment plants and facilities	20,102	(1,106)	18,996	906	-
Water - other	42,755	(1,282)	41,473	383	25
Wastewater - treatment plants and facilities	41,521	(2,238)	39,282	6,535	-
Wastewater - other	67,434	(1,766)	65,668	70	-
Stormwater	88,977	(208)	88,769	457	59
Refuse	4,333	(42)	4,291	167	-
Community facilities	62,490	(3,287)	59,203	2,567	76
Work in progress	32,553	-	32,553	45,090	-
<b>Total infrastructural assets</b>	<b>1,438,611</b>	<b>(15,251)</b>	<b>1,423,361</b>	<b>71,835</b>	<b>1,061</b>
<b>Council restricted assets</b>					
Land	31,533	-	31,533	-	-
Heritage	2,480	(28)	2,452	185	-
<b>Total restricted assets</b>	<b>34,013</b>	<b>(28)</b>	<b>33,985</b>	<b>185</b>	<b>-</b>
<b>Total property, plant and equipment</b>	<b>1,964,718</b>	<b>(24,777)</b>	<b>1,922,260</b>	<b>82,326</b>	<b>1,519</b>

Current year disposals (at book value)	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus / (deficit)	Cost / revaluation 30 June 2020	Accumulated depreciation and impairment charges 30 June 2020	Carrying amount 30 June 2020
-	-	-	(31)	24	431,982	-	431,982
-	-	(503)	9,604	(273)	26,011	(740)	25,271
(176)	-	(482)	-	-	6,536	(1,923)	4,613
(3)	-	(95)	-	-	1,120	(539)	581
-	-	(425)	-	453	6,103	(105)	5,998
(17)	-	(566)	941	-	7,344	(3,658)	3,686
(4)	-	(447)	-	-	5,310	(3,174)	2,136
-	-	(139)	-	(333)	3,149	(139)	3,010
-	-	(2)	9	-	22	(3)	19
-	-	-	-	-	859	-	859
(1,948)	-	-	(1,821)	-	1,291	-	1,291
<b>(2,148)</b>	-	<b>(2,659)</b>	<b>8,701</b>	<b>(129)</b>	<b>489,726</b>	<b>(10,281)</b>	<b>479,445</b>
(1,404)	-	(17,885)	-	31,785	1,106,756	(4,574)	1,102,182
(77)	-	(1,051)	-	2,327	21,223	(122)	21,101
(27)	-	(1,319)	-	7,446	48,109	(128)	47,981
(175)	-	(2,354)	-	4,004	47,619	(327)	47,292
(2)	-	(1,807)	-	10,483	74,626	(214)	74,412
(38)	-	(1,247)	-	-	89,454	(1,454)	88,000
-	-	(270)	-	72	4,557	(298)	4,259
(1,198)	-	(4,561)	-	-	63,823	(7,735)	56,088
(32,217)	-	-	(1,821)	-	43,605	-	43,605
<b>(35,138)</b>	-	<b>(30,494)</b>	<b>(1,821)</b>	<b>56,117</b>	<b>1,499,772</b>	<b>(14,852)</b>	<b>1,484,920</b>
-	-	-	-	-	31,533	-	31,533
(41)	-	(109)	-	-	2,616	(129)	2,487
<b>(41)</b>	-	<b>(109)</b>	-	-	<b>34,149</b>	<b>(129)</b>	<b>34,020</b>
<b>(37,327)</b>	-	<b>(33,262)</b>	<b>6,880</b>	<b>55,988</b>	<b>2,023,647</b>	<b>(25,262)</b>	<b>1,998,385</b>

## Appendum to Note 12

PPE note category	Closing Balance 2019/20 \$000s	Opening Balance 2020/21 \$000s	Difference
Land	420,681	52,221	368,460
Roading Land	-	368,460	(368,460)

This change is as a result of reclassifying infrastructural roading land (land under roads) as its own PPE category to reflect best practice.

### Disposals

All disposals that were carried out during the year were part of the council's on-going renewal programmes.

The net loss on disposal of property, plant and equipment (\$3.033m) has been recognised in the statement of comprehensive revenue and expense in the line item "Other expenses"

### Work in progress

\*Note to Table 12, page 77 - includes work in progress (WIP) for intangible assets \$4.984m (2020 - \$1.418m)

The total amount of property, plant and equipment in the course of construction is \$56,499,681 (2020 - \$44,895,066).

Included in work in progress is \$2.6m which meets the definition to be capitalised at year end.

	Council and Group	
	2021 \$000s	2020 \$000s
Land	-	-
Vehicles and plant	381	26
Leasehold improvements	3	222
Wharves, ramps, moorings	1,222	149
Runways	125	27
Furniture, fittings and office equipment	36	5
Information systems	86	21
Roading and footpaths	35,157	12,953
Roading Land	-	-
Water - treatment plants and facilities	2,743	4,665
Water - reticulation	1,134	761
Wastewater - treatment plants and facilities	2,150	14,219
Wastewater - reticulation	248	6,469
Refuse	132	36
Stormwater	1,550	1,222
Community facilities	6,548	2,702
Intangible assets	4,984	1,418
<b>Total work in progress</b>	<b>56,499</b>	<b>44,895</b>

### Restrictions

Land in the 'restricted asset' category is subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared a reserve under the Reserves Act 1977), or other restrictions (such as land under bequest or donation that restricts the purpose for which the asset can be used).

## Core infrastructure asset disclosures

Category	Closing Book Value \$000's	Additions Constructed by Council \$000's	Additions transferred to Council \$000's	Most recent estimate of replacement cost
<b>2021</b>				
Roading and Footpaths	1,221,412	24,661	2,225	1,198,179
Water				
- Treatment Plants and Facilities	24,002	4,070	-	20,391
- Other	47,689	874	361	48,014
Sewerage				
- Treatment Plants and Facilities	64,656	20,293	-	39,503
- Other	75,744	3,223	202	72,041
Stormwater	91,056	561	172	90,504
<b>2020</b>				
Roading and Footpaths	1,102,182	15,660	901	1,087,323
Water				
- Treatment Plants and Facilities	21,101	906	-	20,391
- Other	47,981	383	25	48,014
Sewerage				
- Treatment Plants and Facilities	47,292	6,535	-	39,503
- Other	74,412	70	-	72,041
Stormwater	88,000	457	59	88,604

## 13. Intangible assets

### Accounting policy

Intangible assets that are acquired by the council are stated at cost less accumulated amortisation. Easements, resource consents, public access rights, software and electronic books are included in this category.

#### Computer software

Acquired computer software systems are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

#### Other intangible assets

Other intangible assets that are acquired by council, excluding easements which are not amortised, are stated at cost less accumulated amortisation and impairment losses. The useful lives and associated amortisation classes of intangible assets have been estimated as follows:

Resource consents	5 - 30 years	3.33 - 20%
Easements	Not amortised	0%
IT software	3 - 10 years	10 - 33%
Public access rights	10 - 50 years	2 - 10%
Electronic books	5 years	20%

Where Council invests at least \$100,000 in a project, but will not ultimately own an asset, the cost of the right will be treated as an intangible asset where:

- The community has the right to use the facility, and
- In terms of the contract, that right exists for longer than 12 months.

In all instances the cost will be amortised over the shorter of the expected life of the asset or the term of the contract rights.

#### Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates, and it meets the definition of, and recognition criteria for, an intangible asset. All other expenditure is expensed as incurred.

#### Amortisation

An intangible asset with a finite useful life is amortised over the period of that life, annually assessed for indicators of impairment and tested for impairment if indicators of impairment exist and carried at cost less accumulated amortisation and accumulated impairment losses.

An intangible asset with an indefinite useful life is not amortised but is tested annually for impairment.

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Computer software</b>				
Cost	5,876	5,604	6,056	5,784
Accumulated amortisation and impairment	(5,000)	(4,931)	(5,000)	(4,931)
Year ended 30 June 2020	876	673	887	684
<b>Opening carrying amount</b>	<b>876</b>	<b>673</b>	<b>887</b>	<b>684</b>
Additions	636	383	636	383
Amortisation charges	(315)	(180)	(315)	(180)
Disposals (at book value) / adjustments	(27)	-	-	-
<b>Balance at 30 June 2021</b>	<b>1,169</b>	<b>876</b>	<b>1,207</b>	<b>887</b>
<b>Resource consents / easements</b>				
Cost	3,888	3,484	3,888	3,484
Accumulated amortisation and impairment	(1,668)	(1,477)	(1,668)	(1,477)
Year ended 30 June 2020	2,220	2,007	2,220	2,007
<b>Opening carrying amount</b>	<b>2,220</b>	<b>2,007</b>	<b>2,220</b>	<b>2,007</b>
Additions	129	405	129	405
Amortisation charges	(219)	(191)	(219)	(191)
Disposals (at book value) / adjustments	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>2,129</b>	<b>2,220</b>	<b>2,129</b>	<b>2,221</b>
<b>Goodwill</b>				
Balance 1 July 2020	-	-	100	200
Additions	-	-	-	-
Asset written off/impairment	-	-	-	(100)
<b>Balance 30 June 2021</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>100</b>
<b>Public access rights</b>				
Cost	9,641	9,641	1,599	1,599
Accumulated amortisation and impairment	(2,142)	(1,889)	(1,451)	(1,372)
Year ended 30 June 2020	7,499	7,751	148	227
<b>Opening carrying amount</b>	<b>7,499</b>	<b>7,751</b>	<b>148</b>	<b>227</b>
Additions	-	-	-	-
Amortisation charges	(253)	(253)	(103)	(79)
Disposals (at book value) / adjustments	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>7,246</b>	<b>7,498</b>	<b>45</b>	<b>148</b>
<b>Total intangible assets</b>	<b>10,545</b>	<b>10,594</b>	<b>3,482</b>	<b>3,356</b>

Easements and resource consents are not cash generating in nature, instead they give Council the right to access private property where infrastructural assets are located and to carry out activities approved by permit.

Emissions Trading Scheme - owners of pre-1990 forests may opt to join the Emissions Trading Scheme (ETS) and are allocated New Zealand Units (NZU's) based on the size of the forested area in tree tranches. Pre-1990 forests are forests that were established before 1 January 1990. NZU's cannot be earned for an increase in carbon stock (through forest growth) in a pre-1990 forest, but, provided that pre-1990 forests are re-established after harvesting (either by replanting or regeneration) there are no liabilities or obligations under ETS. However, land owners must surrender NZU's equivalent to the carbon emissions from any deforestation.

Council was allocated NZU's relating to 37.7 ha of forested land. These are recognised at nil cost.



## 14. Depreciation and amortisation expense by activity

	Council	
	2021 \$000s	2020 \$000s
<b>Directly attributable depreciation and amortisation by activity</b>		
Roading and Footpaths	18,574	18,088
Water Supply	2,676	2,452
Wastewater	4,892	4,270
Stormwater	1,275	1,268
Solid Waste Management	268	274
District Facilities	4,061	4,287
Environmental Management	119	137
Strategic Planning and Policy	29	30
Customer services	771	765
<b>Total directly attributable depreciation and amortisation by group of activities</b>	<b>32,665</b>	<b>31,571</b>
Depreciation and amortisation not directly related to group of activities	1,457	1,052
<b>Total depreciation and amortisation expense</b>	<b>34,122</b>	<b>32,623</b>

## 15. Interest expense by activity

	Council	
	2021 \$000s	2020 \$000s
<b>Directly attributable interest by activity</b>		
Roading and Footpaths	387	616
Water Supply	202	362
Wastewater	733	1,074
Stormwater	93	146
Solid Waste Management	81	120
District Facilities	358	452
Environmental Management	20	12
Strategic Planning and Policy	5	9
Governance and Strategic Administration	296	(701)
<b>Total interest attributable to activities</b>	<b>2,174</b>	<b>2,089</b>

## 16. Gain on asset revaluations

	Council	
	2021 \$000s	2020 \$000s
Revaluation gain reported in PPE note	136,509	56,511
<b>Credited to:</b>		
Revaluation reserves (Note 24)	130,908	56,511
<b>Recognised in surplus / (deficit)</b>		
Reserves land (Note 3)	4,967	-
Utilities land	634	-
<b>Gain on asset revaluations</b>	<b>136,509</b>	<b>56,511</b>

## 17. Agricultural assets

### Accounting policy

Agricultural assets include biological assets and agricultural produce. A biological asset is a living animal or plant. Agricultural produce is the harvested produce of those biological assets.

Biological assets are measured at fair value less costs to sell, while agricultural produce is measured at fair value less costs to sell at the point of harvest. The net gain or loss arising from changes in valuation is included in the surplus / (deficit).

Agricultural produce from biological assets is transferred to inventory at its fair value, by reference to market prices less estimated costs to sell, at the date of harvest.

### 17a. Biological assets

#### Accounting policy

Biological assets held by the group are bees.

Bees have been valued at fair value by reference to the Ministry of Primary Industries published prices. The fair value gain or loss arising from changes in the valuation is included in the surplus / (deficit).

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Balance at 1 July	-	-	1604	2,404
Purchases of Bees & Hives	-	-	-	-
Fair value gains/(losses) on valuation	-	-	(420)	(800)
<b>Balance at 30 June</b>	<b>-</b>	<b>-</b>	<b>1,184</b>	<b>1,604</b>

#### Financial risk management strategies

Council's group is exposed to financial risks arising from changes in bee product prices and the inherent nature of beekeeping. Bee prices have declined significantly and measures are taken to manage exposure to risks of further decline.

### 17b. Forestry assets

#### Accounting policy

Forestry assets are independently revalued to estimated market valuation based on net present value. The net gain or loss arising from changes in the forest asset valuation is included in the surplus / (deficit). All gains and losses from harvesting are recognised in the statement of comprehensive revenue and expense when realised.

Forestry maintenance costs are expensed as incurred.

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Balance at 1 July	701	785	701	785
Disposal of Forestry Asset under Treaty settlement	(129)	-	(129)	-
Gains/(losses) arising from changes in value	(17)	(84)	(17)	(84)
<b>Balance at 30 June</b>	<b>555</b>	<b>701</b>	<b>555</b>	<b>701</b>

Council owns 47 hectares of forest which are of harvestable age. The forest at Kaikohe (5.4 hectares) was harvested during the period (2020 - nil). There are no restrictions over the title of forestry assets and no forests are pledged as security for liabilities. Independent registered valuer's Woodlands Pacific Consulting Limited have valued the forestry assets as at 30 June 2021. The following assumptions were used:

- A discount rate of 9% (2020 9%) has been used in discounting the present value of expected cash flows
- Notional land rental costs have been included for freehold land
- No allowance for inflation has been made
- Costs are Forest costs (which in this case are confined to costs associated with protection and maintenance), administration and land rental and production (harvesting) costs
- Log prices assume delivery either at the mill gate or wharf gate and
- Export log prices have been adjusted to include the relevant port costs

#### Financial risk management strategies

Council is exposed to financial risks arising from the changes in timber prices. Council is a long term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken measures to manage the risks of a decline in timber prices.

## 18. Investment property

### Accounting policy

Investment properties are properties which are held either to earn rental revenue or for capital appreciation or for both. Investment property is measured initially at its cost, including transaction costs.

After initial recognition, Council measures all investment properties at fair value determined annually by an independent valuer. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Any gain or loss arising from a change in fair value is recognised in the surplus / (deficit). There is no depreciation on investment properties.

Rental revenue from investment property is accounted for as described in the accounting policy for revenue recognition. When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item the gain is transferred to accumulated comprehensive revenue and expense. Any loss arising in this manner is recognised immediately in the surplus / (deficit). If an investment property becomes owner occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent recording. When council begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on fair value, and is not reclassified as property, plant and equipment during the redevelopment.

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Balance at 1 July	-	-	87,451	76,666
WIP transfers	-	-	-	-
Additions / WIP	-	-	6,455	4,951
Disposals	-	-	(1,969)	(3,497)
Reclassification as PPE movement	-	-	(2,724)	(1,000)
Subsidy offset adjustment	-	-	14,912	5462
Fair value gains / (losses) on valuation	-	-	6,709	4,869
<b>Balance at 30 June</b>	<b>-</b>	<b>-</b>	<b>110,834</b>	<b>87,451</b>

Investment properties are valued annually at fair value effective 30 June. A market based approach has been applied to all investment properties where market evidence can be reliably analysed to assess open market values.

The most recent valuation was performed by Brad Sworn ANZIV, of the firm Telfer Young (Northland) Ltd, a valuer with extensive market knowledge in the types of investment properties owned by the group, for Far North Holdings Ltd effective 30 June 2021.

### Rental revenue

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Rental revenue	-	-	4,441	3,806
Expenses from investment property generating revenue	-	-	1,277	1,169
Expenses from investment property not generating revenue	-	-	-	-

## 19. Investment in subsidiaries

### Accounting policy

Council consolidates in the group financial statements all entities where the Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where the Council controls the majority voting power of the governing body or where such policies have been irreversibly determined by the Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Far North Holdings Ltd	18,000	18,000	-	-
<b>Total investment in subsidiaries</b>	<b>18,000</b>	<b>18,000</b>	<b>-</b>	<b>-</b>

Council has a 100% investment in FNHL and its reporting date is 30 June.

The investment in FNHL comprises 7,000,000 ordinary shares and 11,000,000 convertible non participating redeemable shares. The holders of the convertible non participating shares have no rights to participate in the profits or assets of the Company other than by the discretion of the directors, to vote at any general meeting of the Company or to subscribe for or be offered or allotted any present or future issue of shares in the capital of the Company. The Company shall be entitled, at any time from 30 May 2002, to redeem all or any of the convertible non participating shares.

## 20. Creditors and other payables

### Accounting policy

A liability is recognised when the service has been received or the goods received or when it has been established that the rewards of ownership have been transferred from the seller / provider to Council and when it is certain that an obligation to pay arises. Short term creditors and other payables are recorded at face value.

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Current portion</b>				
<b>Payables and deferred revenue under exchange transactions</b>				
Creditors	2,756	439	7,645	1,683
Related party payables	-	-	487	98
Accruals	15,261	12,647	15,291	13,231
Deposits	4,794	5,814	4,794	5,814
Revenue in advance	12,847	4,416	16,334	8,775
<b>Total</b>	<b>35,658</b>	<b>23,316</b>	<b>44,551</b>	<b>29,601</b>
<b>Payables and deferred revenue under non-exchange transactions</b>				
Income tax and ACC payable	531	846	531	1312.246
Other taxes payable (e.g.GST and FBT)	(2,834)	(928)	(2,845)	(927)
<b>Total</b>	<b>(2,303)</b>	<b>(82)</b>	<b>(2,314)</b>	<b>385</b>
<b>Total current portion</b>	<b>33,355</b>	<b>23,234</b>	<b>42,237</b>	<b>29,986</b>
<b>Non-current portion</b>				
Creditors	160	981	160	981
Revenue in advance	-	-	10,228	9,961
<b>Total non-current portion</b>	<b>160</b>	<b>981</b>	<b>10,388</b>	<b>10,942</b>

Trade and other payables are non interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

## 21. Provisions

### Accounting policy

A provision is recognised in the statement of financial position when Council has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### Landfill post – closure costs

Council as an operator of both closed and operational landfills has a legal obligation under the Resource Management Act (1991) to provide ongoing maintenance and monitoring services at the landfill sites after closure. A provision for post closure costs is recognised as a liability when the obligation for post closures costs arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account ongoing future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure.

Council measures landfill assets using the cost model with changes in the provision for decommissioning costs being added to, or deducted from, the asset value until closure of the asset, at which time all changes to the provision are taken to the surplus / (deficit).

The discount rate used is a pre tax rate that reflects current market assessments of time value of money and risks specific to Council.

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Provision for weather-tight homes</b>				
Current	-	-	-	-
Non-current	-	-	-	-
<b>Total provision weather-tight homes</b>	-	-	-	-
Balance 1 July	-	27	-	27
Plus provision added	-	-	-	-
Provision utilised	-	(27)	-	(27)
<b>Balance 30 June</b>	-	-	-	-
<b>Provision for Landfill aftercare liability</b>				
Current provisions	11	207	11	207
Non-current provisions	391	361	391	361
<b>Total provisions landfill aftercare</b>	<b>402</b>	<b>568</b>	<b>402</b>	<b>568</b>
This is represented by:				
<b>Ahipara</b>				
Opening balance 1 July	265	351	265	351
Plus provision added	-	-	-	-
Less amount utilised	(186)	(86)	(186)	(86)
<b>Closing balance 30 June</b>	<b>79</b>	<b>265</b>	<b>79</b>	<b>265</b>
<b>Kaikohe</b>				
Opening balance 1 July	6	6	6	6
Plus provision added	10	-	10	-
Less amount utilised	-	-	-	-
<b>Closing balance 30 June</b>	<b>16</b>	<b>6</b>	<b>16</b>	<b>6</b>
<b>Russell</b>				
Opening balance 1 July	276	218	276	218
Plus provision added	-	58	-	58
Less amount utilised	(14)	-	(14)	-
<b>Closing balance 30 June</b>	<b>262</b>	<b>276</b>	<b>262</b>	<b>276</b>
<b>Whangae</b>				
Opening balance 1 July	21	20	21	20
Plus provision added	24	1	24	1
Less amount utilised	-	-	-	-
<b>Closing balance 30 June</b>	<b>45</b>	<b>21</b>	<b>45</b>	<b>21</b>
<b>Total landfill aftercare provisions</b>	<b>402</b>	<b>568</b>	<b>402</b>	<b>568</b>
Total current provisions	11	207	11	207
Total non-current provisions	391	361	391	361
<b>Total provisions</b>	<b>402</b>	<b>568</b>	<b>402</b>	<b>568</b>

## Landfill aftercare provisions

Council gained resource consents to operate landfills at Ahipara, Russell, Whangae and Kaikohe. The Council has responsibility under the Resource Management Act (1991) to provide ongoing maintenance and monitoring of the landfills after the sites are closed.

There are closure and post closure responsibilities such as the following:

- Final cover and vegetation;
- Drainage control features to minimise infiltration of stormwater;
- Completing facilities for leachate collection and treatment;
- Ongoing monitoring as per discharge consent conditions; and
- Completing facilities for monitoring of landfill gas and ensuring no hazard exists.

Post closure responsibilities:

- Treatment and monitoring of leachate;
- Ground water and surface water monitoring;
- Gas monitoring and flaring if required;
- Implementation of remedial measures such as needed for settlement and cracking of capping layer;
- Ongoing site maintenance for drainage systems, final cover and vegetation; and
- Ensure closed landfill is suitable for intended future use.

The management of the landfills will influence the timing of some liabilities – for example, the current landfill site of Russell will operate in two stages. A liability relating to stage 2 will only be created when that stage is commissioned and when refuse begins to accumulate in this stage.

The following major assumptions have been made in the calculation of the provision:

The remaining cubic capacity of refuse, cleanfill and cover of Council's two current sites as at 30 June 2021 are:

- Ahipara - nil
- Russell - 7,000 cubic meters

The estimated remaining lives are:

- Ahipara - nil
- Kaikohe - nil
- Russell - 6 years
- Whangae – nil

A survey of the Russell landfill was completed in November 2020 and estimated the remaining capacity at 7,000m<sup>3</sup>. Based on volume changes since the last survey, this equates to 6 years remaining life with closure to take place in November 2026.

Estimates of the remaining lives have been made by Council's engineers based upon historical volume information.

The future cash flows for the landfill post closures are expected to occur for the years between 2021 and 2035. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The future cashflows have been estimated taking into account existing technology. Risk-free Discount Rates published by the Treasury have been used to discount the estimated future cashflows. <https://treasury.govt.nz/publications/guidance/reporting/accounting/discountrates>

## Weather-tight homes provision

Council has no provision in 2021 (2020 - nil) in response to nil (2020 – nil) weather-tight homes claim currently lodged with the Weather-tight Homes Resolution Service.

## 22. Employee benefits

### Accounting policy

#### Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability and an expense are recognised for bonuses where the Council or group has a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

#### Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Accrued pay	297	112	341	185
Annual leave entitlement	2,139	2,025	2,362	2,223
Other entitlements	263	201	263	201
<b>Total employee benefits</b>	<b>2,699</b>	<b>2,337</b>	<b>2,966</b>	<b>2,609</b>
<b>Comprising</b>				
Current	2,699	2,339	2,966	2,609
Non-current	-	-	-	-
<b>Total employee benefits</b>	<b>2,699</b>	<b>2,339</b>	<b>2,966</b>	<b>2,609</b>

## 23. Borrowings and other financial liabilities

### Accounting policy

Borrowings are initially recognised at their fair value. After initial recognition all borrowings are measured at amortised cost. Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Current</b>				
Bank overdraft (Note 8)	-	-	-	-
Secured loans	22,000	34,000	23,671	35,764
Finance lease liability	-	-	-	-
<b>Total current borrowings</b>	<b>22,000</b>	<b>34,000</b>	<b>23,671</b>	<b>35,764</b>
<b>Non-current</b>				
Secured loans	41,500	36,500	78,625	73,678
Finance lease liability	-	-	-	-
<b>Total non-current borrowings</b>	<b>41,500</b>	<b>36,500</b>	<b>78,625</b>	<b>73,678</b>

Council loans are secured over rating revenue. FNHL has loans of \$38,796,232 (2020 - \$38,942,532). Land and buildings to a value of \$66,602,000 (2020 - \$60,782,000) have been given as security for the term loans. Council has an overdraft limit of \$3 million (2020 - \$10m) which is not secured.

Council has a short term loan facility of \$20 million as at 30 June 2021 (2020 - \$30m) and \$12.0m was drawn against this facility as at 30 June (2020 - \$14.0m).

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Maturity periods</b>				
Payable no later than 1 year	22,000	34,000	60,796	72,942
Later than 1, not later than 2 years	-	10,000	-	10,000
Later than 2, not later than 5 years	21,500	16,500	21,500	16,500
Later than 5 years	20,000	10,000	20,000	10,000
	<b>63,500</b>	<b>70,500</b>	<b>102,296</b>	<b>109,442</b>

The carrying amount of borrowings approximates their fair value.

The weighted average effective interest rates on secured loans (current and non current) were:

	2021	2020
Secured loans and debentures	1.92%	1.70%

Council's borrowing management policy is based on ratios and is calculated as follows:

Ratio	Target	Achievement 2020/21
Net debt as % total revenue	Debt not greater than 175% of revenue	35%
Gross annual interest to total revenue	Less than 20%	0.89%
Current ratio (liquidity ratio)	Equal to or greater than 110%	132%

## 24. Equity

### Accounting policy

Equity is the community's interest in Council and is measured as the difference between total assets and liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that Council makes of its accumulated surpluses. The components of equity are:

- Retained earnings;
- Restricted reserves;
- Asset revaluation reserves;
- Fair value through equity reserves;
- Cash flow hedge reserve; and
- Capital reserves.

#### *Restricted reserves*

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

Funds that are received or set aside for particular purposes, and have legislative restrictions placed upon them, are considered as restricted funds. These include some special funds or reserves and sinking funds created prior to the repeal of the Local Authorities Loans Act. The portion of these funds not required in the current year has been shown as restricted funds.

Restricted reserves are those reserves subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Council created reserves are reserves established by Council decision. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

#### *Property revaluation reserves*

These reserves relate to the revaluation of property, plant and equipment to fair value.

#### *Fair value through equity reserves*

This reserve comprises the cumulative net change in the fair value through equity assets.

#### *Cash flow hedge reserves*

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



	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Retained earnings</b>				
As at 1 July	1,430,299	1,347,521	1,480,950	1,390,319
Transfer from / (to) restricted reserves	(4,430)	4,775	(4,430)	4,775
Transfer from revaluation reserves on disposal	1,244	2,026	(1,654)	2,680
Transfer from Revaluation Reserve for land under road adjustment	-	73,692	-	73,692
Surplus / (deficit) for the year	35,149	2,285	57,812	9,484
<b>Balance as at 30 June</b>	<b>1,462,263</b>	<b>1,430,299</b>	<b>1,532,679</b>	<b>1,480,950</b>
<b>Restricted reserves</b>				
As at 1 July	8,003	12,778	9,506	14,281
Transfer (to) / from retained earnings	4,430	(4,775)	4,430	(4,775)
<b>Balance as at 30 June</b>	<b>12,433</b>	<b>8,003</b>	<b>13,936</b>	<b>9,506</b>
<b>Restricted reserves consists of:</b>				
Community - district	4,525	(724)	4,525	(724)
Drainage	199	158	199	158
BOI Recreation Centre	-	-	-	-
Stormwater separate rate	4,933	4,403	4,933	4,403
Sewerage	(388)	1,566	(388)	1,566
Water	(2,033)	(2,527)	(2,033)	(2,527)
Special funds	4,885	4,859	4,885	4,859
Kerikeri main street reserve	278	278	278	278
Economic development reserve	10	10	10	10
Paihia central business district development	49	-	49	-
Kaitaia BID	(5)	(5)	(5)	(5)
Hupara Road improvements	(88)	(88)	(88)	(88)
BOI-Whangaroa community reserve	-	-	-	-
Te Hiku community reserve	-	5	-	5
Kaikohe-Hokianga community reserve	-	-	-	-
Carpark funds	68	68	68	68
Subsidiary assets	-	-	1,503	1,503
<b>Total restricted reserves</b>	<b>12,433</b>	<b>8,003</b>	<b>13,936</b>	<b>9,506</b>
<b>Other reserves consist of:</b>				
<b>Asset revaluation reserves</b>				
As at 1 July	494,361	515,481	501,989	526,927
Revaluation gains	130,908	56,511	134,304	52,693
Transfer to retained earnings on disposal	(1,399)	(2,117)	(1,399)	(2,117)
Adjustment from WIP	-	(1,821)	-	(1,821)
Transfer to Retained Earnings for land under road adjustment	-	(73,692)	-	(73,692)
<b>Balance as at 30 June</b>	<b>623,871</b>	<b>494,362</b>	<b>634,895</b>	<b>501,989</b>
<b>Asset revaluation reserve consists of:</b>				
Land	7,942	3,388	7,942	3,388
Vehicles and plant	495	798	495	798
Leasehold improvements	33	23	33	23
Wharves, ramps, moorings	3,986	3,672	3,986	3,672
Furniture, fitting and office equipment	-	17	-	17
Roading and footpaths	432,886	320,957	432,886	320,957
Water - treatment plants and facilities	6,658	6,722	6,658	6,722
Water - reticulation	24,679	24,719	24,679	24,719
Wastewater - treatment plants and facilities	13,331	13,401	13,331	13,401

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Wastewater - reticulation	31,711	31,731	31,711	31,731
Refuse	3,929	2,968	3,929	2,968
Drainage	57,979	54,418	57,979	54,418
Community facilities	39,218	30,724	51,782	38,595
Council restricted assets	1,024	824	-	-
FNHL – land	-	-	1,640	904
FNHL – runways	-	-	869	(541)
FNHL – buildings	-	-	(2,776)	(1,533)
<b>Total asset revaluation reserve</b>	<b>623,871</b>	<b>494,362</b>	<b>635,144</b>	<b>500,239</b>
Fair value through equity reserve				
LGNZ shares revaluation movements				
As at 1 July	34	91	(125)	(58)
Fair value gains / (losses)	3	(57)	6	(67)
<b>Total LGNZ shares valuation reserve</b>	<b>37</b>	<b>34</b>	<b>(119)</b>	<b>(125)</b>
Cash flow hedge equity reserve				
As at 1 July	(372)	(543)	(372)	(543)
Fair value gains / (losses)	242	171	242	171
<b>Balance 30 June</b>	<b>(130)</b>	<b>(372)</b>	<b>(130)</b>	<b>(372)</b>
Capital reserve				
As at 1 July	2,697	2,697	-	-
<b>Balance as at 30 June</b>	<b>2,697</b>	<b>2,697</b>	<b>-</b>	<b>-</b>
<b>Total other reserves</b>	<b>626,475</b>	<b>496,721</b>	<b>634,895</b>	<b>499,742</b>

Footnote: The adjustment from Work in Progress (\$1,821) is to update the Reserve for capital expenditure that had not migrated to PPE in time for the latest valuation (2020).

Restricted reserves consist of community services, amenity development and amenity funds, special funds and separate rates reserves and are restricted to use for specific purposes and are not available for general expenditure.

The capital reserve pertains to profit of \$1,630,000 on the sale of Council's shares in Far North Maritime Limited to FNHL, and a capital profit of \$1,067,000 on the sale of land and buildings to Far North Properties, a former subsidiary of FNHL.

## 25. Capital commitments

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Capital commitments approved and contracted</b>				
Roading and footpaths	28,378	48,644	28,378	48,644
District Facilities	781	267	781	267
Wastewater	156	2,944	156	2,944
Water Supply	9	293	9	293
Governance and Strategic Administration	-	-	-	-
Investment Property	-	-	9,569	616
Maritime / Airport	-	-	876	1,870
<b>Total capital commitments</b>	<b>29,324</b>	<b>52,148</b>	<b>39,769</b>	<b>54,634</b>

The Roothing commitments will attract subsidy of \$19.01 million (2020 - \$31.75 million). Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

## 26a. Operating leases as lessee

### Accounting policy

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses in the periods in which they are incurred.

### Operating leases as lessee

Council has operating lease agreements for the provision of property.

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Operating leases</b>				
Lease payments made:	784	790	844	847
<b>Lease payments due:</b>				
Not later than 1 year	478	355	560	376
Later than 1 year and not later than 2 years	451	350	650	350
Later than 2 years and not later than 5 years	638	844	638	844
Later than 5 years	605	760	605	760
<b>Total operating leases</b>	<b>2,172</b>	<b>2,309</b>	<b>2,453</b>	<b>2,330</b>

There are no restrictions placed on the group by any of the leasing arrangements.

## 26b. Operating leases as lessor

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

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$001s	2020 \$000s
<b>Non-cancellable operating leases lessor</b>				
Not later than 1 year	577	479	1,967	2,410
Later than 1 and not later than 5 years	1,508	1,373	4,797	5,429
Later than 5 years	4,564	3,272	9,125	7,886
<b>Total non-cancellable operating leases</b>	<b>6,649</b>	<b>5,124</b>	<b>15,889</b>	<b>15,725</b>

## 27a. Contingencies

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Building Act claims	10	10	10	10
Other legal proceedings	165	165	165	165
Roading legalisation claims	140	140	140	140
<b>Total contingent liabilities</b>	<b>315</b>	<b>315</b>	<b>315</b>	<b>315</b>

## Litigation

There are 8 claims involving possible future costs totalling an estimated value of \$315,000. These claims are contingent and have not been accrued in the financial statements. (Last year there were 8 possible claims at an estimated value of \$315,000). The Council is subject to some claims in respect of repair costs for weather-tight homes. As at the date of this report, the Weather-tight Homes Resolution Service advises that it is actioning no claim in relation to Council. The number of buildings affected by those claims is unknown. Claims lodged prior to July 2007 will be substantially covered by insurance and those from July 2008 will be subject to an excess of \$50k per claim. From July 2009 no further claims will be covered by Riskpool. In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 councils, including Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 44 of which are located within Auckland. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

## Guarantees

There are two guarantees in place, with Houhora Big Game Sports and Fishing Club \$50,000 (2020 \$50,000) and the Kawakawa Bowling Club of \$45,500 (2020 \$45,500). Council has guaranteed a bank loan for the Kerikeri Civic Centre Trust. At balance date the Council has recognised a liability for the outstanding loan balance which stands at nil (June 2020 outstanding balance of nil). Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. NZLGFA has a local currency rating from Fitch Ratings and Standard & Poor's of AA+ and a foreign currency rating of AA. Council is a borrower guarantor (not a shareholder) and is one of 30 local authority shareholders and 48 local authority guarantors of the NZLGFA. The uncalled capital of shareholders is \$20 million and is available in the event that an imminent default is identified. Also, together with the shareholders and guarantors, Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2020, NZLGFA had borrowings totalling \$13,610 million (2020: \$11,908 million). Financial reporting standards require Council to recognise the guarantee liability at fair value. However, Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand.
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

## 27b. Financial guarantee liabilities

### Accounting policy

#### *Financial guarantee contracts*

A financial guarantee contract requires the Council or group to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is recognised only when it is probable there will be an outflow under the guarantee.

Financial guarantee are subsequently measured at the higher of:

- The present value of the estimated amount to settle the guarantee obligation if it is probable that there will be an outflow to settle the guarantee; and
- The amount initially recognised less, when appropriate, cumulative amortisation as revenue.

## 28. Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

### Key management personnel compensation

	Council	
	2021 \$000s	2020 \$000s
Councillor's remuneration	948	860
Community board remuneration	366	348
Senior management team (Inc. CEO)	1,330	1,193
<b>Total salaries - key management personnel</b>	<b>2,644</b>	<b>2,401</b>

### Full time equivalents

Full time equivalent Councillors	10	10
Full time equivalent Community board members	19	19
Full time equivalent SLT (incl. CEO)	5	5

Due to the difficulty in determining the full time equivalent for Councillors and Community Board members, the full time equivalent is taken as the number of Councillors and Community Board members.

## 29. Remuneration

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
The Chief Executive Officer of the Far North District Council, appointed under section 42(1) of the Local Government Act 2002 received a salary and benefits respectively of:				
Salary	339	343	339	343
<b>Total CEO costs</b>	<b>339</b>	<b>343</b>	<b>339</b>	<b>343</b>

## Elected representatives

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Mayor Carter - honorarium	151	153	151	153
Mayor Carter - mileage and other expenses	17	15	17	15
Other elected representatives				
Court A - honorarium	104	93	104	93
Court A - mileage and other expenses	10	9	10	9
Collard D - honorarium	66	45	66	45
Collard D - mileage and other expenses	22	5	22	5
Clendon D - honorarium	66	45	66	45
Clendon D - mileage and other expenses	7	3	7	3
Foy F - honorarium	85	72	85	72
Foy F - mileage and other expenses	8	9	8	9
Hookway D - honorarium	-	17	-	17
Hookway D - mileage and other expenses	-	1	-	1
Kitchen C - honorarium	-	17	-	17
Kitchen C - mileage and other expenses	-	3	-	3
Macauley S - honorarium	-	17	-	17
McInnes T - honorarium	-	27	-	27
McInnes T - mileage and other expenses	-	2	-	2
Radich M - honorarium	66	62	66	62
Radich M - mileage and other expenses	3	2	3	2
Smith R - honorarium	85	54	85	54
Smith R - mileage and other expenses	7	4	7	4
Stratford K - honorarium	85	72	85	72
Stratford K - mileage and other expenses	11	9	11	9
Tepania M - honorarium	66	45	66	45
Tepania M - mileage and other expenses	4	3	4	3
Vujcich J - honorarium	85	76	85	76
<b>Total elected representatives</b>	<b>948</b>	<b>860</b>	<b>948</b>	<b>860</b>

## Elected members

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Bay of Islands-Whangaroa Community Board</b>				
Ayr L - honorarium	16	15	16	15
Ayr L - mileage and other expenses	2	2	2	2
Gmuer-Hornell M - honorarium	16	11	16	11
Gmuer-Hornell M - mileage and other expenses	1	1	1	1
Greening T - honorarium	-	10	-	10
Greening T - mileage and other expenses	-	2	-	2
Hookway D - honorarium	16	6	16	6
Hookway D - mileage and other expenses	1	-	1	-
Mills B - honorarium	16	16	16	16
Mills B - mileage and other expenses	3	2	3	2
Owen F - mileage	16	11	16	11

## Elected members

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Owen F - mileage and other expenses	4	-	4	-
Robinson M - honorarium	-	5	-	5
Smith R - honorarium	-	6	-	6
Smith R - mileage and other expenses	-	1	-	1
Ward B - honorarium	31	26	31	26
Ward B - mileage and other expenses	5	2	5	2
Wells M -	16	16	16	16
Wells M - mileage and other expenses	2	1	2	1
<b>Kaikohe-Hokianga Community Board</b>				
Davis E - honorarium	13	13	13	13
Davis E - mileage and other expenses	7	4	7	4
Byers L - honorarium	13	9	13	9
Edmonds M - honorarium	27	26	27	26
Edmonds M - mileage and other expenses	1	5	1	5
Hessell A - honorarium	13	13	13	13
Hessell A - mileage and other expenses	3	2	3	2
Reilly S - honorarium	-	4	-	4
Toorenburg L - honorarium	13	13	13	13
Toorenburg L - mileage and other expenses	3	3	3	3
Van Gaalen K - honorarium	13	13	13	13
Van Gaalen K - mileage and other expenses	-	2	-	2
<b>Te Hiku Community Board</b>				
Atkinson S - honorarium	-	13	-	13
Atkinson S - mileage and other expenses	-	2	-	2
Brown J - honorarium	14	9	14	9
Brown J - mileage and other expenses	-	2	-	2
Dalziel M - honorarium	-	4	-	4
Dalziel M - mileage and other expenses	-	1	-	1
Gardner K - honorarium	27	27	27	27
Gardner K - mileage and other expenses	14	6	14	6
Hunt B - honorarium	-	4	-	4
Murupaenga A - honorarium	-	4	-	4
Murupaenga A - mileage and other expenses	-	-	-	-
Stewart J - honorarium	14	9	14	9
Stewart J - mileage and other expenses	1	1	1	1
Subritzky B - honorarium	10	-	10	-
Subritzky B - mileage and other expenses	1	-	1	-
Ward F - honorarium	-	5	-	5
Ward F - mileage and other expenses	-	-	-	-
Bainbridge S - honorarium	14	9	14	9
Bainbridge S - mileage and other expenses	3	1	3	1
Axe D - honorarium	14	9	14	9
Axe D - mileage and other expenses	3	2	3	2
<b>Total Community Board costs</b>	<b>366</b>	<b>348</b>	<b>366</b>	<b>348</b>
<b>Total remuneration costs</b>	<b>1,653</b>	<b>1,551</b>	<b>1,653</b>	<b>1,551</b>

	Council 2020 Number
<b>Total annual remuneration by band of employee as at 30 June</b>	
< \$60,000	136
\$60,000 to \$79,999	103
\$80,000 to \$99,999	72
\$100,000 to \$119,999	29
\$120,000 to \$139,999	13
\$140,000 to \$179,999	13
\$180,000 to \$349,999	5
<b>Total employees</b>	<b>371</b>

	Council 2021 Number
<b>Total annual remuneration by band of employee as at 30 June</b>	
< \$60,000	131
\$60,000 to \$79,999	95
\$80,000 to \$99,999	73
\$100,000 to \$119,999	60
\$120,000 to \$139,999	8
\$140,000 to \$179,999	15
\$180,000 to \$339,999	9
<b>Total employees</b>	<b>391</b>

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 337 (2020 - 320) full time employees, with the balance of staff representing 34.46 (2020 - 31.40) full time equivalent employees. A full time employee is determined on the basis of a 40 hour week.

### 30. Severance payments

There were three severance payments made in 2020/21. The values of the payments were \$2,000, \$15,000 and \$10,000 totalling \$27,000 (2020 - five totalling \$71,456).

### 31. Events after balance sheet date

#### COVID-19

There has been no significant impact on Council this financial year due to COVID-19.

However, in August 2021 the COVID-19 Alert Level was raised from Level 1 to Level 4 for the entire country.

COVID-19 was present in the community and there were restrictions on the activities of individuals or organisations within New Zealand, with substantial restrictions remaining at the border.

### 3 Waters Reform

In July 2020, the Government launched the Three Waters Reform Programme - a three-year programme to reform three waters service delivery arrangements.

Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand.



The proposed reform programme is being progressed through a partnership-basis approach with the local government sector, alongside iwi/Maori as the Crown's Treaty Partner.

Following the Government announcement on the 27 October 2021 on 3 waters reform, there is increased certainty with the proposal to transfer the three-water delivery and infrastructure from the 67 councils to four Water Service Entities. In June 2021, the Government proposed regional boundaries for each entity A, B, C and D, which would manage water assets for the country. Council would belong to Entity 'A', along with Auckland Council, Whangarei District Council and Kaipara District Council.

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated "all in" approach.

## 32. Financial instrument risk

### 32a Financial instrument categories

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Financial assets</b>				
<b>Derivatives that are cash flow hedge accounted</b>				
Derivative financial instrument assets	-	-	-	-
<b>Total derivatives that are in a cash flow hedge relationship</b>	-	-	-	-
<b>Loans and receivables</b>				
Cash and cash equivalents	5,442	10,673	6,087	11,310
Other financial assets	160	-	734	-
Short term deposits	-	-	-	-
Loans and receivables	600	-	600	-
Debtors and other receivables (excluding prepayments)	36,367	38,728	39,249	39,972
<b>Total loans and receivables</b>	<b>42,569</b>	<b>49,401</b>	<b>46,670</b>	<b>51,282</b>
<b>Fair value through equity</b>				
LGNZ shares	82	79	82	79
LGFA borrower notes	799	744	799	744
<b>Total fair value through equity</b>	<b>881</b>	<b>823</b>	<b>881</b>	<b>823</b>
<b>Financial liabilities</b>				
<b>Derivatives that are cash flow hedge accounted</b>				
<b>Derivative financial instrument liabilities</b>				
Current	130	47	130	47
Non-current	-	322	-	322
<b>Total derivatives that are in a cash flow hedge relationship</b>	<b>130</b>	<b>369</b>	<b>130</b>	<b>369</b>
<b>Financial liabilities at amortised cost</b>				
Creditors and other payables	22,811	18,900	28,217	20,246
<b>Borrowings</b>				
Bank overdraft	-	-	-	-
Secured loans	63,500	70,500	102,296	109,442
<b>Total financial liabilities at amortised cost</b>	<b>86,311</b>	<b>89,400</b>	<b>130,513</b>	<b>129,688</b>

## 32b Financial instrument risks

### Management policies with respect to financial instruments

The Group has a series of policies providing risk management for interest rates and the concentration of credit risk. The Group is risk averse and seeks to minimise exposure from its treasury activities. The Group has established a treasury policy specifying what transactions can be entered into. The policy does not allow any financial transactions that are speculative in nature to be entered into.

#### Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Council is exposed to equity price risk on investments, which are classified as financial assets held at fair value through equity. The price risk arises due to changes in performance of the shares held and is annually assessed.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return on investment. The interest rates on the Group's borrowings are disclosed in Note 23. There is one interest rate swap agreement in place at 30 June 2021 (2020 - two). Council manages its interest rate risk by varying financing terms of its public debt.

#### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The group has limited exposure to currency risk.

#### Credit risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss. The maximum amount of credit risk for each class is the carrying amount in the statement of financial position. Council has minimal credit risk, apart from Māori land rates, which is provided for in the provision for Impairment of rates (Note 9), in its holdings of various financial instruments. These financial instruments include bank balances, local authority stock and accounts receivable. Council invests funds only in deposits with registered banks and local authority stock and limits the amount of credit exposure to any one institution or organisation. Accordingly, Council does not require any collateral or security to support the financial instruments with organisations it deals with.

#### Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arms length transaction. The fair value of financial instruments is approximately equivalent to the carrying amount disclosed in the statement of financial position.

#### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flow from a financial instrument will fluctuate because of changes in market interest rates. Council has variable rate borrowings in the form of bank facilities, drawable on demand.

#### Fair value interest risk

Fair value interest risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Council holds all long term borrowings at fixed rates which could expose the Council to fair value interest rate risk.

### Maximum exposure to credit risk

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$0000
Cash at bank and term deposits	5,442	10,673	6,087	11,310
Debtors and other receivables	36,367	38,728	39,249	39,972
Other financial assets	160	-	734	-
Loans and receivables	600	-	600	-
LGNZ shares	82	79	82	79
LGFA borrower notes	799	744	799	744
Guarantee (Civic Trust)	11	207	11	207
<b>Total credit risk</b>	<b>43,461</b>	<b>50,431</b>	<b>47,562</b>	<b>52,312</b>

The Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in Note 27a.

## Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counter party default rates:

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Counterparties with credit ratings</b>				
<b>Cash at bank and term deposits</b>				
AA-	5,442	10,673	6,087	11,310
<b>Total cash at bank and term deposits</b>	<b>5,442</b>	<b>10,673</b>	<b>6,087</b>	<b>11,310</b>
<b>Fair value through equity</b>				
A+	881	823	881	823
<b>Total fair value through equity</b>	<b>881</b>	<b>823</b>	<b>881</b>	<b>823</b>

Debtors and other receivables mainly arise from Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors or other receivables with reference to credit ratings. Apart from Maori land, which is provided for in the provision for impairment of rates (Note 9), Council has no significant concentration of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly rate payers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

## Liquidity risk

### Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Council aims to maintain flexibility in funding by keeping committed credit lines available. In meeting its liquidity requirements, Council maintains a loan profile, in accordance with its funding and financial policies, which includes a treasury management policy. Council has a maximum amount that can be drawn against its overdraft facility of \$3,000,000 (2020 - \$10,000,000). There are no restrictions on the use of this facility.

### Contractual maturity analysis of financial liabilities

The table below analyses Council's financial liabilities into relevant maturity groups, based on the remaining period at the balance date, up to the contractual maturity date. Future interest payments are based on the rate attributable to that debt. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount \$000s	Contractual cash flows \$000s	Less than 1 year \$000s	1–2 years \$000s	2– 5 years \$000s	More than 5 years \$000s
<b>Council 2021</b>						
Creditors and other payables	22,811	22,811	22,811	-	-	-
Bank overdraft	-	-	-	-	-	-
Net settled derivative liabilities	130	130	130	-	-	-
Secured loans	63,500	66,432	22,163	-	23,309	20,960
Guarantee (Civic Trust)	-	-	-	-	-	-
<b>Total</b>	<b>86,440</b>	<b>89,373</b>	<b>45,103</b>	<b>0</b>	<b>23,309</b>	<b>20,960</b>
<b>Group 2021</b>						
Creditors and other payables	28,217	28,217	28,217	-	-	-
Bank overdraft	-	-	-	-	-	-
Net settled derivative liabilities	130	130	130	-	-	-
Secured loans	102,296	105,228	23,834	34,225	26,209	20,960
Guarantee (Civic Trust)	-	-	-	-	-	-
<b>Total</b>	<b>130,642</b>	<b>133,575</b>	<b>52,180</b>	<b>34,225</b>	<b>26,209</b>	<b>20,960</b>
<b>Council 2020</b>						
Creditors and other payables	18,900	18,900	18,900	-	-	-
Bank overdraft	-	-	-	-	-	-
Net settled derivative liabilities	369	369	47	-	322	-
Secured loans	70,500	74,411	34,123	10,342	18,588	11,358
Guarantee (Civic Trust)	-	-	-	-	-	-
<b>Total</b>	<b>89,769</b>	<b>93,680</b>	<b>53,070</b>	<b>10,342</b>	<b>18,910</b>	<b>11,358</b>
<b>Group 2020</b>						
Creditors and other payables	20,246	20,246	20,246	-	-	-
Bank overdraft	-	-	-	-	-	-
Net settled derivative liabilities	369	369	47	-	322	-
Secured loans	109,442	74,411	34,123	10,342	18,588	11,358
Guarantee (Civic Trust)	-	-	-	-	-	-
<b>Total</b>	<b>130,057</b>	<b>95,026</b>	<b>54,416</b>	<b>10,342</b>	<b>18,910</b>	<b>11,358</b>

The Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay it's borrowings when they fall due. Information about this exposure is explained in Note 27a.

### Sensitivity analysis

The table below illustrates the potential profit and loss impact for reasonably possible market movements, with all other variables held constant based on Council's financial instrument exposures at the balance date.

### Interest rate risk

	2021 \$000s		2020 \$000s	
	Profit - 100 bps	Profit + 100 bps	Profit - 100 bps	Profit + 100 bps
<b>Council</b>				
<b>Financial assets</b>				
Cash and cash equivalents	8	(8)	6	(6)
Derivative financial assets				
Derivative financial instruments	(25)	25	(79)	77
<b>Financial liabilities</b>				
Borrowings				
Credit lines	-	-	-	-
<b>Total sensitivity to interest rate risk</b>	<b>(17)</b>	<b>17</b>	<b>(73)</b>	<b>71</b>

## Explanation of sensitivity analysis

### 1. Cash and cash equivalents

Cash and cash equivalents are \$5,441,855 (2020 \$10,328,166) which are at a floating rate. A movement of plus or minus 1% has an effect on interest revenue of \$8,394 (2020 \$5,922).

### 2. Credit lines

The balance on the credit lines was \$12.0m at 30 June 2021 (2020 \$14.0m) at a floating rate. A movement in interest rates of plus or minus 1% has an effect on interest payable of \$170 (2020 \$148).

FNHL does not have any significant interest rate risk.

### 33. Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets. The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, liabilities, investments and general financial dealings.

Council has created reserves for different areas of benefit. These are used where there is a discrete set of rate payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to specific reserves.

### 34. Property available for sale

#### Accounting policy

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets are not depreciated nor amortised while they are classified as held for sale (including those that are part of a disposal group).

#### Breakdown of non-current assets held for sale and further information

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Non-current assets held for sale are:</b>				
Land	-	31	1,559	31
Wharves	-	-	-	-
<b>Total non-current assets held for sale</b>	<b>-</b>	<b>31</b>	<b>1,559</b>	<b>31</b>

Council has no properties declared surplus and held for sale at the 30 June 21 year end (2019: one property, valued at \$31,000, sold in January 2021). FNHL has two properties (2020 - Nil) that have sale and purchase agreements in place at 30 June 2021. One property is the sale of Manea Footprints of Kupe development to The Te Hua o te Kawariki Trust, completed in October 2021. The other property is a small part of the Ngawha Innovation and Enterprise Park for the Matawii Reservoir and is subject to subdivision.

### 35. Derivative financial instruments

	Council		Group	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Non-current asset - cash flow hedge	-	-	-	-
Current liability - cash flow hedge	130	47	130	47
Non-current liability - cash flow hedge	-	322	-	322
<b>Total derivative financial instrument liabilities</b>	<b>130</b>	<b>369</b>	<b>130</b>	<b>369</b>

#### Fair value

The fair value of the interest rate swap has been determined using discounted cash flow valuation based on quoted market rates. Derivative financial assets and liabilities are valued using valuation techniques using observable inputs, being level two per the fair value hierarchy.

#### Interest rate swap

The notional principal amount of the outstanding interest rate swap contracts with Council was \$5,000,000 (June 2020 \$10,000,000). At June 30 the fixed interest rate of the cash flow hedge was 3.89% with a maturity date of March 2022 (2020 – 3.89% to 3.97%). There was no profit or loss recognised in the statement of comprehensive revenue and expense (2020 loss \$12,174).

### 36. Variances to Annual Plan

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

#### 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.

## Funding impact statements

### Movements in general rates, debt and reserves

General rates are allocated across all activities at the end of the year, with allocation significantly dependent on the operation position per activity before rates are allocated. This can vary from the budgeted allocation due to other movements in revenue and expenditure.

### Funding impact statement

#### Whole of Council

	Annual Plan 2019/20 \$000s	Actual 2019/20 \$000s	Annual Plan 2020/21 \$000s	Actual 2020/21 \$000s
<b>Sources of operational funding</b>				
General rates, uniform annual general charges, rates penalties	58,313	55,150	61,989	58,037
Targeted rates	31,289	30,984	29,610	29,541
Subsidies and grants for operating purposes	10,020	10,772	12,645	17,650
Fees and charges	16,101	15,725	16,942	19,684
Interest and dividends from investments	1370	1,244	495	1,095
Local authority fuel tax, fines, infringement fees and other receipts	1,052	1,882	1,060	2,380
<b>Total operating funding</b>	<b>118,145</b>	<b>115,757</b>	<b>122,742</b>	<b>128,386</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	89,863	91,489	97,594	96,648
Finance costs	2,253	2,089	1,715	2,174
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>92,116</b>	<b>93,578</b>	<b>99,308</b>	<b>98,822</b>
<b>Surplus / (deficit) of operating funding</b>	<b>26,029</b>	<b>22,179</b>	<b>23,433</b>	<b>29,564</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	15,197	14,445	21,187	33,219
Development and financial contributions	-	38	-	-
Increase (decrease) in debt	26,016	18,500	20,086	(7,000)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding</b>	<b>41,213</b>	<b>32,983</b>	<b>41,272</b>	<b>26,219</b>
<b>Applications of capital funding</b>				
<b>Capital expenditure to meet:</b>				
- Additional demand	-	-	-	-
- Improved levels of service	33,618	30,615	34,713	41,307
- Replacement of existing assets	30,175	17,324	32,093	31,059
Increase (decrease) in reserves	3,449	7,259	(2,101)	(17,254)
Increase (decrease) in investments	-	(37)	-	672
<b>Total applications of capital funding</b>	<b>67,242</b>	<b>55,161</b>	<b>64,705</b>	<b>55,783</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(26,029)</b>	<b>(22,179)</b>	<b>(23,433)</b>	<b>(29,564)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Roading and Footpaths

	LTP 2019/20 \$000s	LTP 2020/21 \$000s	Actual 2020/21 \$000s
<b>Sources of operational funding</b>			
General rates, uniform annual general charges, rates penalties	13,193	12,482	12,848
Targeted rates	5,681	5,609	5,404
Subsidies and grants for operating purposes	9,672	9,892	13,720
Fees and charges	689	689	744
Internal charges and overheads recovered	2	2	-
Local authority fuel tax, fines, infringement fees and other receipts	600	600	833
<b>Total operating funding</b>	<b>29,837</b>	<b>29,274</b>	<b>33,549</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	21,839	20,839	24,530
Finance costs	845	942	387
Internal charges and overheads applied	(935)	(824)	(2,406)
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>21,749</b>	<b>20,957</b>	<b>22,512</b>
<b>Surplus / (deficit) of operating funding</b>	<b>8,088</b>	<b>8,317</b>	<b>11,037</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	15,941	17,392	29,755
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,778	2,638	5,907
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>17,719</b>	<b>20,030</b>	<b>35,662</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure to meet:</b>			
- Additional demand	-	-	-
- Improved levels of service	6,530	9,290	22,185
- Replacement of existing assets	19,902	19,806	25,575
Increase (decrease) in reserves	(624)	(749)	(1,061)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>25,808</b>	<b>28,347</b>	<b>46,699</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(8,088)</b>	<b>(8,317)</b>	<b>(11,037)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Funding impact statement

### Water Supply

	LTP 2019/20 \$000s	LTP 2020/21 \$000s	Actual 2020/21 \$000s
<b>Sources of operational funding</b>			
General rates, uniform annual general charges, rates penalties	225	225	-
Targeted rates	2,863	3,032	2,300
Subsidies and grants for operating purposes	-	-	1,618
Fees and charges	5,858	5,994	7,578
Internal charges and overheads recovered	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	142
<b>Total operating funding</b>	<b>8,946</b>	<b>9,251</b>	<b>11,638</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,540	4,622	6,741
Finance costs	498	578	202
Internal charges and overheads applied	1,356	1,380	1,479
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>6,394</b>	<b>6,580</b>	<b>8,422</b>
<b>Surplus / (deficit) of operating funding</b>	<b>2,552</b>	<b>2,671</b>	<b>3,216</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	1,673
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,552	18	317
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>1,552</b>	<b>18</b>	<b>1,990</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	2,431	887	2,675
- Replacement of existing assets	1,534	1,524	793
Increase (decrease) in reserves	139	278	1,738
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>4,104</b>	<b>2,689</b>	<b>5,206</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(2,552)</b>	<b>(2,671)</b>	<b>(3,216)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Wastewater

	LTP 2019/20 \$000s	LTP 2020/21 \$000s	Actual 2020/21 \$000s
<b>Sources of operational funding</b>			
General rates, uniform annual general charges, rates penalties	320	320	(37)
Targeted rates	13,343	14,001	11,696
Subsidies and grants for operating purposes	-	-	117
Fees and charges	242	357	266
Internal charges and overheads recovered	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	450
<b>Total operating funding</b>	<b>13,905</b>	<b>14,678</b>	<b>12,492</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,537	6,260	7,692
Finance costs	1,893	2,081	733
Internal charges and overheads applied	1,564	1,594	1,686
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>9,994</b>	<b>9,935</b>	<b>10,111</b>
<b>Surplus / (deficit) of operating funding</b>	<b>3,911</b>	<b>4,743</b>	<b>2,382</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	11,976	970	882
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>11,976</b>	<b>970</b>	<b>882</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure to meet:</b>			
- Additional demand	-	-	-
- Improved levels of service	4,125	5,107	4,878
- Replacement of existing assets	3,524	1,694	729
Increase (decrease) in reserves	8,238	(1,088)	(2,344)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>15,887</b>	<b>5,713</b>	<b>3,263</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(3,911)</b>	<b>(4,743)</b>	<b>(2,381)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Stormwater

	LTP 2019/20 \$000s	LTP 2020/21 \$000s	Actual 2020/21 \$000s
<b>Sources of operational funding</b>			
General rates, uniform annual general charges, rates penalties	3,704	3,887	4,755
Targeted rates	657	657	658
Subsidies and grants for operating purposes	-	-	339
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-
<b>Total operating funding</b>	<b>4,361</b>	<b>4,544</b>	<b>5,753</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1419	1,463	1,848
Finance costs	200	271	93
Internal charges and overheads applied	1297	1,319	1,518
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>2,916</b>	<b>3,053</b>	<b>3,459</b>
<b>Surplus / (deficit) of operating funding</b>	<b>1,445</b>	<b>1,491</b>	<b>2,294</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,512	1,287	413
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>1,512</b>	<b>1,287</b>	<b>413</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	1954	1,840	404
- Replacement of existing assets	102	52	532
Increase (decrease) in reserves	901	886	1,770
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>2,957</b>	<b>2,778</b>	<b>2,707</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(1,445)</b>	<b>(1,491)</b>	<b>(2,294)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Solid Waste Management

	LTP 2019/20 \$000s	LTP 2020/21 \$000s	Actual 2020/21 \$000s
<b>Sources of operational funding</b>			
General rates, uniform annual general charges, rates penalties	3,618	4,091	3,496
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	123
Fees and charges	1745	1,098	1,270
Internal charges and overheads recovered	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	220	220	257
<b>Total operating funding</b>	<b>5,583</b>	<b>5,408</b>	<b>5,147</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,233	4,025	4,338
Finance costs	100	93	81
Internal charges and overheads applied	605	625	691
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>4,938</b>	<b>4,743</b>	<b>5,110</b>
<b>Surplus / (deficit) of operating funding</b>	<b>645</b>	<b>665</b>	<b>37</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(193)	(207)	(200)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>(193)</b>	<b>(207)</b>	<b>(200)</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure to meet:</b>			
- Additional demand	-	-	-
- Improved levels of service	138	106	98
- Replacement of existing assets	542	163	6
Increase (decrease) in reserves	(227)	189	(267)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>453</b>	<b>458</b>	<b>(164)</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(645)</b>	<b>(665)</b>	<b>(36)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### District Facilities

	LTP 2019/20 \$000s	LTP 2020/21 \$000s	Actual 2020/21 \$000s
<b>Sources of operational funding</b>			
General rates, uniform annual general charges, rates penalties	3,522	3,651	3,889
Targeted rates	10,730	11,054	9,482
Subsidies and grants for operating purposes	-	-	1,567
Fees and charges	1,329	1,335	1,228
Internal charges and overheads recovered	12	12	26
Local authority fuel tax, fines, infringement fees and other receipts	-	-	282
<b>Total operating funding</b>	<b>15,593</b>	<b>16,051</b>	<b>16,475</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	8,307	8,383	10,016
Finance costs	340	518	243
Internal charges and overheads applied	2,645	2,718	2,946
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>11,292</b>	<b>11,619</b>	<b>13,205</b>
<b>Surplus / (deficit) of operating funding</b>	<b>4,301</b>	<b>4,431</b>	<b>3,271</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	1,654
Development and financial contributions	-	2,977	-
Increase (decrease) in debt	3,856	3,731	5,175
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>3,856</b>	<b>6,708</b>	<b>6,830</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure to meet:</b>			
- Additional demand	-	-	-
- Improved levels of service	4,352	7,600	7,449
- Replacement of existing assets	4,230	4,234	1,801
Increase (decrease) in reserves	(424)	(695)	851
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>8,158</b>	<b>11,139</b>	<b>10,100</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(4,300)</b>	<b>(4,431)</b>	<b>(3,271)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Customer Services

	LTP 2019/20 \$000s	LTP 2020/21 \$000s	Actual 2020/21 \$000s
<b>Sources of operational funding</b>			
General rates, uniform annual general charges, rates penalties	10,497	10,649	9,341
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	77
Fees and charges	513	521	418
Internal charges and overheads recovered	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	24	24	116
<b>Total operating funding</b>	<b>11,034</b>	<b>11,195</b>	<b>9,952</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,466	5,461	5,152
Finance costs	272	261	115
Internal charges and overheads applied	3,634	3,772	2,765
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>9,372</b>	<b>9,495</b>	<b>8,032</b>
<b>Surplus / (deficit) of operating funding</b>	<b>1,662</b>	<b>1,700</b>	<b>1,920</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(396)	(450)	(311)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>(396)</b>	<b>(450)</b>	<b>(311)</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure to meet:</b>			
- Additional demand	-	-	-
- Improved levels of service	74	56	95
- Replacement of existing assets	1,318	437	533
Increase (decrease) in reserves	(126)	757	981
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>1,266</b>	<b>1,250</b>	<b>1,609</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(1,662)</b>	<b>(1,700)</b>	<b>(1,920)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Environmental Management

	LTP 2019/20 \$000s	LTP 2020/21 \$000s	Actual 2020/21 \$000s
<b>Sources of operational funding</b>			
General rates, uniform annual general charges, rates penalties	8,413	8,587	9,212
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	4,598	4,695	6,532
Internal charges and overheads recovered	8	8	-
Local authority fuel tax, fines, infringement fees and other receipts	89	91	120
<b>Total operating funding</b>	<b>13,108</b>	<b>13,381</b>	<b>15,864</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	8,553	8,696	9,613
Finance costs	35	34	20
Internal charges and overheads applied	4,149	4,272	4,013
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>12,737</b>	<b>13,002</b>	<b>13,646</b>
<b>Surplus / (deficit) of operating funding</b>	<b>371</b>	<b>379</b>	<b>2,218</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	137
Development and financial contributions	-	-	-
Increase (decrease) in debt	(46)	(46)	1,413
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>(46)</b>	<b>(46)</b>	<b>1,550</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure to meet:</b>			
- Additional demand	-	-	-
- Improved levels of service	-	-	1,608
- Replacement of existing assets	-	-	-
Increase (decrease) in reserves	326	333	2,160
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>326</b>	<b>333</b>	<b>3,768</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(373)</b>	<b>(379)</b>	<b>(2,218)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Strategic Planning and Policy

	LTP 2019/20 \$000s	LTP 2020/21 \$000s	Actual 2020/21 \$000s
<b>Sources of operational funding</b>			
General rates, uniform annual general charges, rates penalties	6,316	6,687	7,900
Targeted	-	-	-
Subsidies and grants for operating purposes	-	-	33
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	14
<b>Total operating funding</b>	<b>6,316</b>	<b>6,687</b>	<b>7,947</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,832	5,156	5,005
Finance costs	11	10	5
Internal charges and overheads applied	1,432	1,479	1,315
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>6,275</b>	<b>6,645</b>	<b>6,325</b>
<b>Surplus / (deficit) of operating funding</b>	<b>41</b>	<b>42</b>	<b>1,622</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(23)	(23)	(23)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>(23)</b>	<b>(23)</b>	<b>(23)</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure to meet:</b>			
- Additional demand	-	-	-
- Improved levels of service	-	-	-
- Replacement of existing assets	-	-	-
Increase (decrease) in reserves	18	19	1,599
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>18</b>	<b>19</b>	<b>1,599</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(41)</b>	<b>(42)</b>	<b>(1,622)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Funding impact statement

### Governance and Strategic Administration

	LTP 2019/20 \$000s	LTP 2020/21 \$000s	Actual 2020/21 \$000s
<b>Sources of operational funding</b>			
General rates, uniform annual general charges, rates penalties	7,112	7,098	6,632
Targeted rates	-	-	-
Subsidies and grants for operating purposes	38	38	55
Fees and charges	936	936	1,648
Internal charges and overheads recovered	24	25	1,069
Local authority fuel tax, fines, infringement fees and other receipts	1058	1,064	165
<b>Total operating funding</b>	<b>9,168</b>	<b>9,161</b>	<b>9,568</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	21,067	21,076	21,713
Finance costs	(400)	(195)	296
Internal charges and overheads applied	(15,746)	(16,335)	(14,008)
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>4,921</b>	<b>4,546</b>	<b>8,001</b>
<b>Surplus / (deficit) of operating funding</b>	<b>4,248</b>	<b>4,615</b>	<b>1,567</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	4,870	2,147	(20,573)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>4,870</b>	<b>2,147</b>	<b>(20,573)</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure to meet:</b>			
- Additional demand	-	-	-
- Improved levels of service	5619	3,065	1,915
- Replacement of existing assets	2,029	4,189	1,090
Increase (decrease) in reserves	1,469	(493)	(22,683)
Increase (decrease) in investments	-	-	672
<b>Total applications of capital funding</b>	<b>9,117</b>	<b>6,761</b>	<b>(19,006)</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(4,246)</b>	<b>(4,615)</b>	<b>(1,567)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 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.

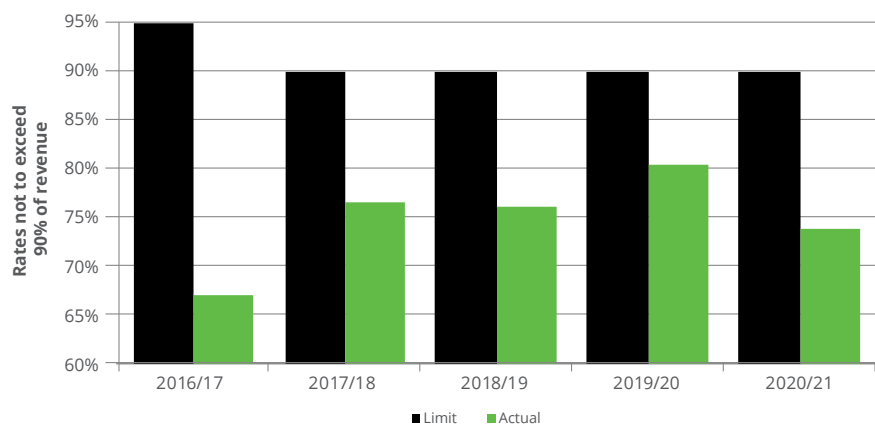
### Rates affordability benchmarks

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.

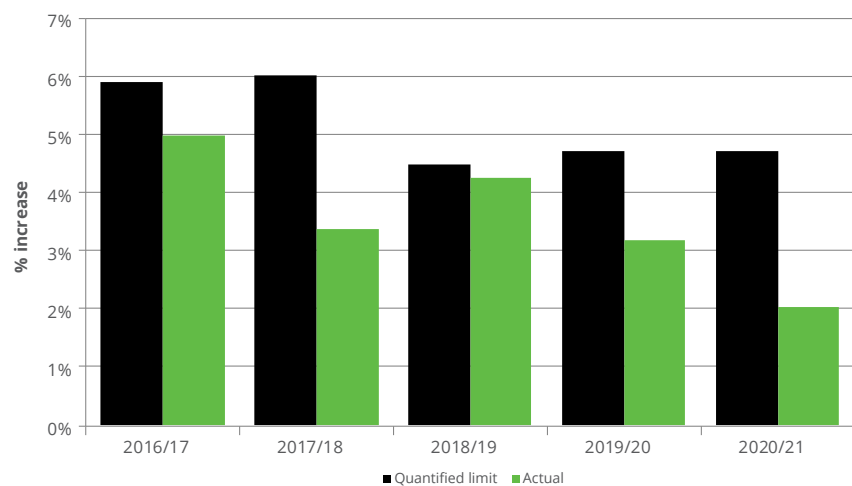


#### Rates (increases affordability)

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.

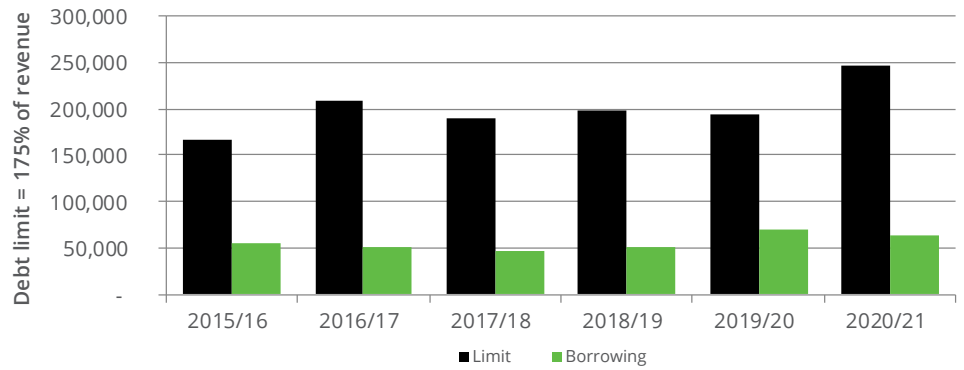
Council has achieved this benchmark.



### Debt affordability benchmark

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

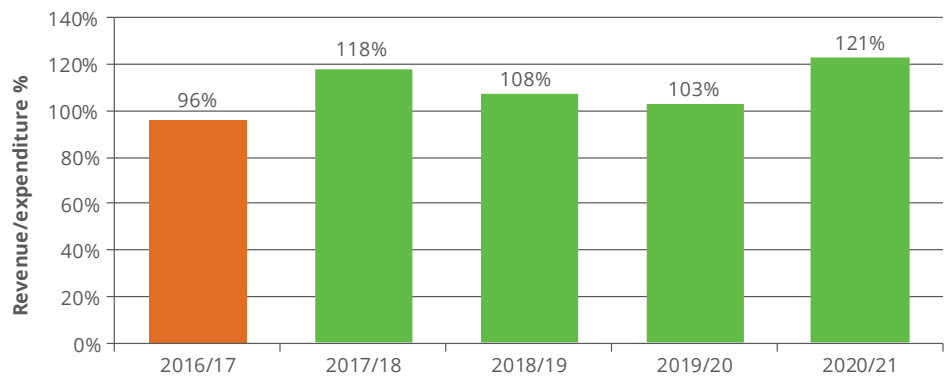
This graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's LTP 2018-28. The quantified limit is that debt be no higher than 175% of total revenue (excluding subsidies and capital income). The graph shows the actual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

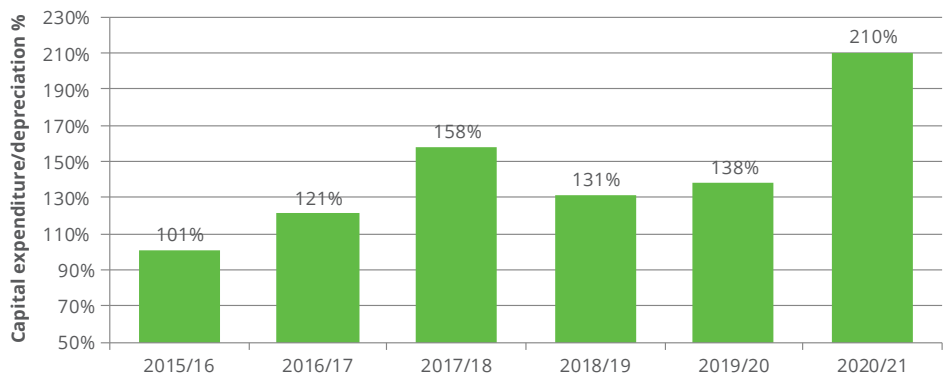
The Council meets this benchmark if its revenue equals or is greater than its operating expenses. Council has achieved this benchmark except for 2016/17 when there was a large loss on disposal of two roads transferred to NZTA of \$21.27m.



### 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

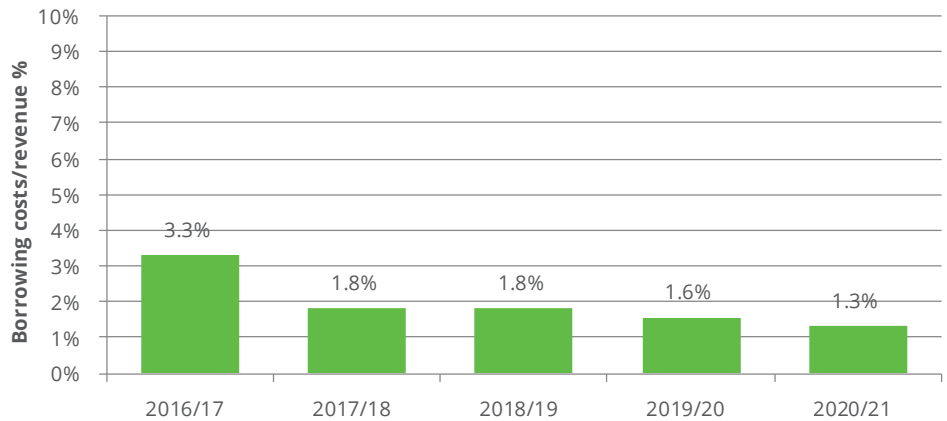


The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. The council has achieved this benchmark.

### 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).

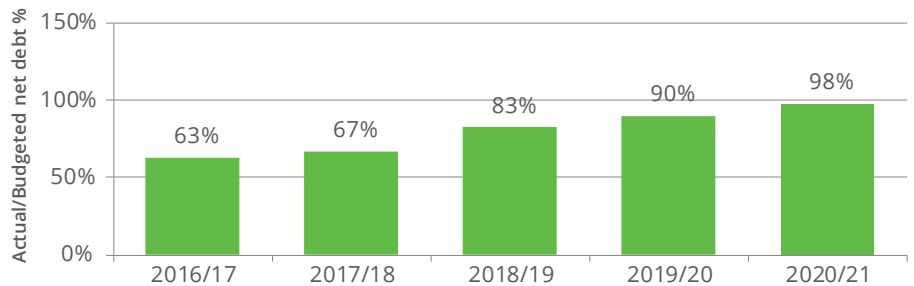
Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue. The council has achieved this benchmark.



### 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).

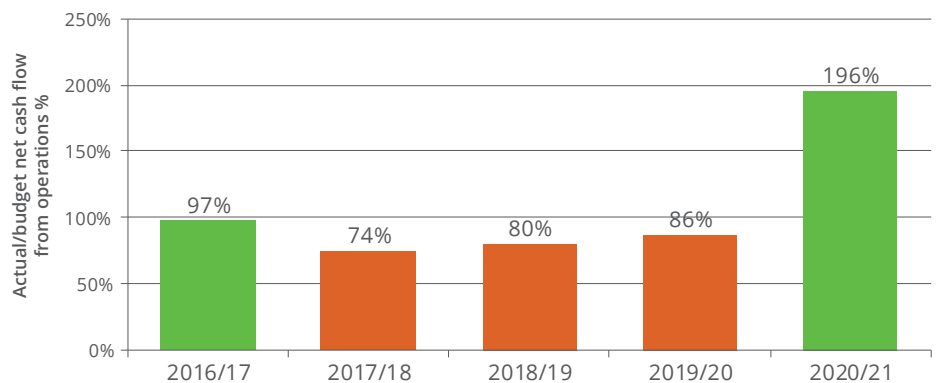
The council meets the debt control benchmark if its actual net debt is equal or is less than its planned net debt. The council has achieved this benchmark.



### 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.



## Reserves report

The LGA, Schedule 10, requires the Annual Report to include information on each reserve fund set aside by Council. The Annual Report must identify the purpose of the fund, the activity it relates to and the amount expected to be in the fund as well as indicating the amounts that were allocated to and from the reserves during the year. The following tables identify the reserves Council maintains.

### Reserve balance purposes

#### Other reserves

##### Revaluation reserves

These reserves represent the movement in the valuation of Council's assets.

##### Fair value through equity reserve, capital reserve, cash flow hedge reserve

These reserves are all balance sheet reserves used for accounting purposes only.

#### Restricted reserves

##### Community services fund

Funds are generated by way of targeted rates and are intended for the use of maintenance of community infrastructure such as parks and reserves, public toilets, cemeteries, swimming pools, footpaths, halls etc., and the maintenance of central town areas such as street cleaning and rubbish collection. Funds were maintained at ward level but as the rating policy has changed over time, funds are now maintained as a district wide reserve.

##### General separate funds (drainage, stormwater separate rate, water, wastewater)

These are restricted reserves that are restricted for specific purposes and are not available for general expenditure.

##### Special funds

Funds received under the RMA that are ring fenced for specific works relating to the aspect of the RMA under which they were contributed.

##### General separate funds (Kerikeri mainstreet, economic development, CBD reserves, car park funds)

These are restricted reserves that are restricted for specific purposes and are not available for general expenditure.

##### General separate funds (Community footpath reserves)

These are restricted reserves that are restricted for specific purposes and are not available for general expenditure.

##### Retained earnings

General funds retained by Council arising from the accumulation of prior year's surpluses or deficits from general rate funded operations.

##### Development contributions

Contributions received in line with Council's development contributions policy. As the policy has changed over time, funds are required to be kept at both district wide and ward levels to provide an account of the contributions received under each policy and their use.

##### Open spaces development contributions

Contributions received in line with Council's development contributions policy. As the policy has changed over time, funds are required to be kept at both district wide and ward levels to provide an account of the contributions received under each policy and their use.

##### Depreciation reserves

Council is required to fund depreciation on assets that it is intending to renew at a future date. The depreciation charges generated are held by asset/activity area so that funds are available for future replacement.

##### Emergency event reserve

Specific funds earmarked for the recovery requirements of future weather related events.

##### Property disposal reserve

Net sale proceeds arising from surplus property for use to fund future strategic needs within communities. The funds are held at activity and ward levels. The funding decisions are made by Council either at the time of sale or at a future date.

##### Mineral survey reserve

Reserve to investigate the mineral potential of the Northland region.

Note: Where a reserve balance is shown in brackets it means the reserve is overdrawn.

	Opening Balance 2020/21 \$000s	Additions 2020/21 \$000s	Withdrawals 2020/21 \$000s	Closing Balance 2020/21 \$000s
<b>Other reserves</b>				
Revaluation reserves	494,362	130,908	(1,399)	623,871
LGNZ share valuation reserve	34	3	-	37
Cash flow hedge reserve	(372)	242	-	(130)
Capital reserve	2,697	-	-	2,697
<b>Total other reserves</b>	<b>496,721</b>	<b>131,153</b>	<b>(1,399)</b>	<b>626,475</b>
<b>Restricted reserves</b>				
Community services reserves	(723)	20,777	(15,530)	4,524
General separate funds (drainage, stormwater, water, wastewater)	3,599	25,282	(26,170)	2,711
Special funds	4,859	26	-	4,885
General separate funds (Kerikeri mainstreet, economic development, CBD rates, car parks)	262	98	(50)	311
General separate funds (footpaths)	5	-	(5)	-
<b>Total restricted reserves</b>	<b>8,003</b>	<b>46,184</b>	<b>(41,755)</b>	<b>12,432</b>
<b>Retained earnings</b>				
Retained earnings	1,374,979	-	-	1,406,363
Development contributions	(16,934)	-	-	(16,934)
Open spaces development contributions	(3,721)	-	-	(3,721)
Depreciation reserves	74,271	34,122	(32,809)	75,584
Emergency event reserve	1,456	-	(733)	723
Property disposal reserve	198	-	-	198
Mineral survey reserve	50	-	-	50
<b>Total retained earnings</b>	<b>1,430,299</b>	<b>34,122</b>	<b>(33,542)</b>	<b>1,462,263</b>

## Insurance

### Water, wastewater and drainage assets

These assets have a total asset value for insurance purposes of \$112,472,173. The net book value of these assets at 30 June 2021 was \$88,741,628. The insurance cover in this group relates to over ground assets. Council's underground assets are not insured. Council has undertaken a risk assessment for insurance purposes and this has shown that these assets are not at significant risk from earthquake. No provision for self-insurance of these assets has been made.

### Roading and footpath assets

The vehicle ferry - Kohu Ra, Pakaraka stock effluent facility, strategic property and the 100% NZTA subsidy funded footbridge in Kerikeri are specifically insured with an asset value of \$11,951,186. The net book value of these assets at 30 June 2021 is \$1,680,056. The remaining \$1,195,610,171 of assets within this group are considered to be uninsured. No provision has been made to self insure these assets as they are deemed to be subject to NZTA subsidy support of at least 60%.

### Waste management assets

These assets have a total asset value for insurance purposes of \$2,151,965. The net book value of these assets at 30 June 2021 was \$4,696,793. The remaining assets valued at \$2,030,387 are considered to be uninsured. No provision is made to self insure these assets.

### Heritage assets

These assets have a total value for insurance purposes of \$5,615,236. The net book value of these assets was \$2,802,032 at 30 June 2021. There are no uninsured assets in this group.

### Community assets

These assets have a total asset value for insurance purposes of \$132,193,326. The net book value of these assets at 30 June 2021 was \$47,540,736. The remaining assets valued at \$17,393,300 are considered to be uninsured. No provision is made to self insure these assets. Of the insured assets, the largest values are held within community centres, libraries and Housing for the Elderly with an insurance value of \$91,423,157 and a net book value of \$32,688,146.

### Leasehold improvements, plant and equipment and vehicle assets

These assets have a total asset value for insurance purposes of \$2,454,674. The net book value of these assets at 30 June 2021 was \$1,680,056.

Council's excess for material damage insurance claims resulting from flood or storm is \$100,000 per claim. This reflects the opinion that the Far North is at risk from weather type events including possible tsunami. Council rates to cover one claim per annum arising from weather events and in years where significant claims are not made, this funding is used to support any additional funding requirements on roading arising from weather related emergency works.

# Rīpoata Arotake | Auditor's Report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

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

The Auditor-General is the auditor of Far North District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

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

We completed our work on 16 December 2021. This is the date at which we give our report.

## Opinion on the audited information

In our opinion:

- the financial statements on pages 54 to 107:
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2021; and
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 108, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- the statement of service provision on pages 17 to 51:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2021, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 109 to 118, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's long-term plan; and



- the funding impact statement for each group of activities on pages 109 to 118, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.

## Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 119 to 121, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

## Emphasis of matter - the Government's three waters reform programme announcement

Without modifying our opinion, we draw attention to note 31 on pages 101 and 102, which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

## Basis for our opinion on the audited information

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

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

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

## Responsibilities of the Council for the audited information

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

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

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

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

## Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 16, 52 to 53, 122 to 124, and 129 to 134, but does not include the audited information, the disclosure requirements, and our auditor's report thereon.

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

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

## Independence

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

Other than the audit and our report on the disclosure requirements, we 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

**Mōhiohio  
whānui**

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**General  
information**

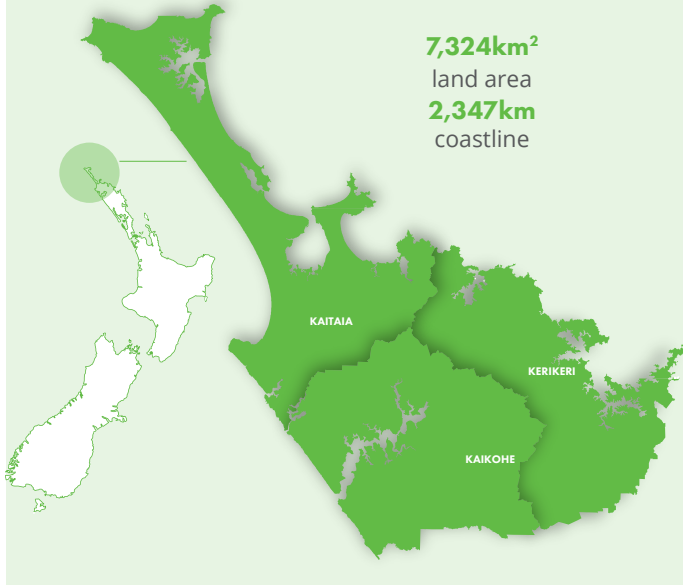


Ngāwhā Enterprise Park, Kaikohe

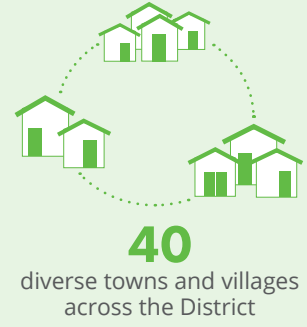
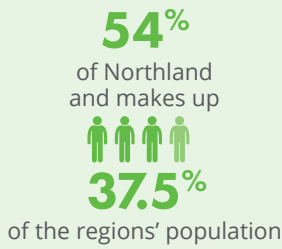
# Ko tō tātou rohe | Our District

## Far North District

with Whangārei and Kaipara form the Northland region



The district area covers

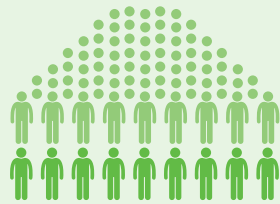


## 3 wards

Bay of Islands - Whangaroa  
Kaikohe - Hokianga  
Te Hiku



**50.5%**  
identify as being of  
Māori descent\*



**9 iwi and  
250+ hapū**



**38,496**  
rating units  
at 30 June 2020



**\$477,492**  
average house price in  
the District, 2020



**25,813**  
filled jobs  
in 2020



**3,331**  
employed in agriculture,  
forestry and fishing  
industries in 2020



**2,127**  
average sunshine  
hours annually  
(base in Kaitiāia)



**\$258m**  
tourism spend in the  
District in 2020



**33%**  
of families are  
couples with children



**44%**  
of families are  
couples without children



**23%**  
of families are one  
parent with children



**2.5 people**  
average household size  
(national average 2.7)

Sources: .idnz community profile 2020, Infometrics economic profiles 2020, Niwa: Annual Climate Summary 2020

## Rārangi kupu | Glossary

### Activity

A good or service provided by or on behalf of local authority.

### Activity Management Plans (AMPS)

AMPs cover all aspects of managing an asset. They include policy, financial forecasting and engineering requirements for all major activities. They ensure that the required level of services is maintained over the long-term by helping the council anticipate and plan for future needs and renewals.

### Allocated costs

Allocation of costs by support departments to other council departments for services provided. They reflect the true cost of the provision of goods and services.

### Annual Plan

A plan produced by the council every year that sets out what it plans to do for the following year and into the future, how much it will cost and how the council plans to fund it. Every third year it is part of the Long Term Plan).

### Annual Report

A document that the council prepares each year, which provides the public with information on the performance of the local authority during the past year, both in financial and non-financial terms.

### Appropriation

Money that has been set aside from or brought into an operating revenue account.

### Assets

Assets are available resources owned by the council. Non-current assets are assets that have a useful life of more than one year, such as roads, parks, footpaths and buildings.

### AWPT

Area Wide Pavement Treatment Programme. AWPT is a NZTA subsidised programme of renewal of pavements including overlays and chemical stabilisation. It should not be confused with the council's road sealing programme.

### BERL

Business and Economic Research Ltd. This is the name of the index councils use for inflation figures across all areas like roading, water and stormwater. These all have different inflation rates.

### BKBM

This is a bank bill mid rate. This is the official bank rate for 90 days.

### Capital Value (CV)

The value of land plus any additions like buildings, driveways and fences.

### Capital expenditure (CAPEX)

Capital expenditure is additions, improvements or renewals to fixed assets that have or will be built or purchased by the council, where the benefit will be reflected over more than one financial year.

### CBEC

Abbreviation for Community Business and Environment Centre.

### CP

Abbreviation for commercial paper.

### Community

The people of the area covered by the council.

### Community Board

A local elected board within a community to advise a district council on issues affecting the community and to carry out functions delegated to it by the council.

### Community Development (CD)

Is a broad term applied to the practices and disciplines of involving local people in the economic and social progress of our communities. Community development seeks to provide individuals and groups of people with the skills they need to effect change in their own communities. These skills are often created by forming and supporting interest groups working for an agreed common agenda.

### Community outcomes

The future that a community wants to achieve. These outcomes set the direction for the council plans and help in the coordination of activities.

### Constituency

An electoral area within district boundaries.

### Council Controlled Organisation (CCO)

An organisation in which a council has 50% or more of the voting rights.

### Council Controlled Trade Organisation (CCTO)

As for a CCO but with the intention of making a profit.

### Council

A territorial authority, being an elected group of people that by democratic process have the mandate of the community they represent to make decisions and provide local governance. In the context of this document, 'the council' refers to the Far North District Council, while 'council' refers to territorial authorities generally.

### Development contributions

A mechanism provided under the Local Government Act 2002 to fund capital expenditure needed to meet extra demand placed on utilities by development and is met by the developer / subdivider.

### Depreciation

The loss in value of an asset over time. This is an accounting device to ensure that an appropriate amount of capital expenditure is allocated as an expense each year and matched against the income of the council (including rates) in the statement of financial performance.

**Deighton Total Infrastructure Management System (dTIMS)**

A decision support tool used by managers to plan, analyse and select maintenance and rehabilitation activities in the life-cycle of their infrastructure assets.

**Far North Holdings Limited (FNHL)**

A Council Controlled Trading Organisation in which the Far North District Council is the major shareholder. FNHL manages fixed and non-commercial assets including maritime facilities and assets.

**Fees and Charges**

Fees and Charges are charges for a council service that must be met by the user of the service (e.g. fees for dumping waste at transfer station etc).

**FNDC**

Abbreviation for Far North District Council.

**FRAs**

Abbreviation for Forward Rate Agreements.

**Infrastructure**

The systems that help a district function such as roads, public water supply, refuse and effluent disposal.

**Internal recoveries**

Recovery of costs by support departments from other council departments.

**ISDA**

Abbreviation for International Swaps and Derivatives Agreement.

**Land Value (LV)**

The probable price that would be paid for the bare land at the date of valuation. The value includes development work such as drainage, excavating, filling, levelling, retaining walls, clearing, building up fertility and flood protection.

**Levels of service (LOS)**

A measure of a service that the council delivers e.g. a number of sportsfields available for use, water quality etc.

**LGA**

Local Government Act (2002). The purpose of the LGA is to provide for democratic and effective local government that recognises the diversity of New Zealand communities. The Act provides the general framework and powers under which New Zealand's 78 local authorities – regional, district and city councils – operate.

**LGCI**

Local Government Cost Index. A BERL measure of the cost of business for a local authority.

**Liabilities**

Amounts that the organisation owes. Non-current liabilities are amounts that are not due to be paid within the next year.

**Loan funds**

This is money used by the council that it has obtained by raising a loan.

**Local Government Statement**

A collection of information prepared under Section 40 of the Local Government Act 2002 that includes information about the ways in which a local authority engages with its community, how it makes decisions, and the ways in which citizens can influence those processes.

**Long Term Plan (LTP)**

Our 10-year plan adopted every three years that sets out the planned activities, budgets and service provision of the council.

**NTA**

Northland Transportation Alliance.

**New Zealand Transport Strategy**

Government's vision for transport for an affordable, integrated, safe, responsive and sustainable transport system.

**NZ GAAP**

New Zealand Generally Accepted Accounting Practices.

**Operating expenditure**

Spending for the normal day to day services of the council. This also includes depreciation, interest on loans, and allocated costs.

**Performance indicators**

Performance indicators are used by the council to measure how well services are performing. They enable targets to be set for service improvement and comparisons of performance over time with other organisations.

**Private benefit**

This occurs when individuals who benefit from a service can be clearly identified and therefore charged for that service. It applies to user charges, application fees, purchase price and water by meter, although there are exceptions to the rule.

**Public benefit**

This relates to spending which benefits the community in general and for which no individual beneficiaries can be clearly identified.

**Rates**

Money that property owners pay to the District and Regional Council for the provision of assets and services.

**Regional Council**

A council that represents a regional community, manages natural resources and deals with issues that affect the environment. Our Regional Council is the Northland Regional Council (NRC).

**Renewal expenditure**

This is spending that replaces deteriorating assets with new assets that have the same service potential as the originals.

**Reserve contribution**

A contribution made either in money or land (at the council's discretion) to the District's reserves, payable for any subdivision in which the number of lots is increased, or for any significant development of land.



**Resource Consent**

Special permission from the council for an activity related to land.

**Restricted assets**

Assets that cannot be disposed of because of legal or other restrictions and that provide benefit or service to the community. They include reserves vested under the Reserves Act 1977, endowments and property held in Trust for specific purposes.

**Reticulation**

When water is supplied from a main source and distributed within a defined area, for a cost. Also a means of wastewater disposal where sewage is discharged to a main source where it is treated for disposal.

**Revenue and financing policy**

This is a statement about who should pay for the services provided by the council. The policy outlines who will benefit from each activity and who should pay for it, taking into account fairness and what is practical.

**RFS**

Request for Service. This is the council's system for tracking all public requests such as maintenance requests, questions or complaints.

**Service levels**

Defined service parameters or requirements for a particular activity or service against which service performance may be measured.

**Significance**

The degree of importance of an issue, proposal, decision or matter, as assessed by the authority, in terms of its likely impact on and likely consequences for:

- The current and future well-being of the District or Region
- Any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter
- The capacity of the council to perform its role and the financial and other costs of doing so.

**Special Consultative Procedure (SCP)**

A formal consultation process defined in legislation, setting out a series of steps that must be followed when the councils consult on particularly types of decisions.

**Special funds / Reserve funds**

Money set aside for a specific purpose. Some uses are legally restricted and others created by the council.

**Stormwater Catchment Management Plans**

SCMPs are designed for the sustainable management of stormwater runoff within a defined catchment utilising piped networks and overland flows giving consideration to current and future development, climate change, system capacity and condition, water quality, financial affordability and the environment.

**Sustainability**

Sustainability focuses on improving the quality of life for all people without increasing the use of natural resources beyond the capacity of the environment to supply them indefinitely. Sustainable activities utilise resources and build capacity in a way that ensures the activity can be safely maintained over time.

**Sustainable development**

Sustainable Development has many definitions. Most interpretations share the fundamental idea that it is development that maintains or enhances economic opportunity and community well-being while protecting and restoring the natural environment upon which people and economies depend. Sustainable Development meets the needs of the present without compromising the ability of future generations to meet their own needs.

**Territorial Authority**

A city or district council.

**Triennial agreement**

An agreement entered into by all of the local authorities within a region that sets out the basis for community and coordination between authorities.

**Uniform Annual General Charge (UAGC)**

The fixed component of rates levied in respect of every separately rateable property as a contribution to the costs of activities, works or services, the costs of which are not otherwise recovered from separate rates and charges. This amount does not vary with the value of the property.

**Utilities (Utility assets)**

Utilities are items of network infrastructure that provide mechanisms for the delivery of services. In a local government context, utilities are commonly public water supply, wastewater, sewerage and solid waste.

**Waka Kotahi - NZTA**

Waka Kotahi - New Zealand Transport Agency. Waka Kotahi -NZTA is a Crown entity established under the Land Transport Management Act 2003. The objective of the Agency is to undertake its functions in a way that contributes to an affordable, integrated, safe, responsive and sustainable land transport system. Each year the Agency funds innovative and relevant research that contributes to this objective.

**Ward**

An area within the District administered by the council.

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

## WHAKAPĀ MAI | CONTACT US

**Far North District Council**  
*Te Kaunihera o Tai Tokerau ki te Raki*

**[www.fndc.govt.nz](http://www.fndc.govt.nz)**

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Freephone 0800 920 029

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### **Headquarters**

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5 Memorial Ave  
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