

TE RĪPOATA  
WHAKARAPOPOTO A TAU

# ANNUAL REPORT SUMMARY

2022/23



# *Te Rīpoata Whakarapopoto a Tau* *Annual Report Summary 2022/23*

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As noted in its report, Deloitte Limited has reviewed this summary for consistency with the full Annual Report and has confirmed that it fairly and consistently represents the major matters dealt with in the full report for the year ended 30 June 2023.



# Ngā karere o te Koromatua me te Kaiwhakahaere Matua Message from the Mayor and Chief Executive Officer

## Kia ora koutou

Welcome to the Far North District Council's Annual Report 2022/23. This is where we look back on our achievements on behalf of ratepayers over the past financial year.

Two major issues dominated our financial year – weather and roads. And there is no doubt both are linked. A major weather event hit our district in July 2022 and another the following month. Both caused significant disruption at the time, with serious long-term damage to our roads and infrastructure. Even as our hardworking contractors started tackling the significant issues, continued rainfall impacted the already fragile road network, with more slips, flooding, and fallen trees. The major events just kept coming as we headed into 2023. Between January and the end of the financial year, the Far North faced ex-tropical Cyclone Hale, Cyclone Gabrielle, and another 10 heavy rain events. It has been the wettest year in more than 70 years. On average, our roading teams deal with about 12 to 14 slips at a time – but in June, they were facing 300. By the end of the financial year, Northland's state highway network had more than 20,000 potholes, with the council dealing with more than 600 roading requests – about twice what we would typically handle.

Despite the weather and roading challenges during this financial year, there were positive infrastructure results for our communities. One of the highlights was sealing the road to Ruapekapeka Pā from State Highway 1. The work included road widening, drainage works, road shaping and corner corrections. Ruapekapeka Pā is a significant site of Māori military engineering and the location of the last battle of the northern wars. The council worked closely with Te Ruapekapeka Trust to ensure the work respected and protected historic and culturally significant areas. Funding came from the government's Provincial Growth Fund.

The district also benefited from a \$764,066 windfall from the government's Tourism Infrastructure Fund (TIF) at the beginning of the financial year, with four local projects allocated funding. A total of \$259,500 went towards the upgrade of Waipapa landing trailer boat parking area; \$88,500 to upgrade the Rangiputa trailer boat parking area; \$340,500 to improve responsible camping facilities at Kaikohe; \$75,566 to install 10 wi-fi enabled smart bins across the district. That investment was a huge boost as visitors started returning to the winterless north. The three council-operated i-SITES have reported a 77 per cent rise in visitors since March 2022. That's welcome news for the district's tourism industry, which is still recovering from the after-effects of the COVID-19 pandemic.

Another project that came to fruition was the opening of the much-anticipated Southern Animal Shelter near Kaikohe in June. The purpose-built facility works in tandem with the Northern Animal Shelter in Kaitiāia to provide co-ordinated, district-wide management of animals in council care. The cost of the new facility was about \$2.4 million. The council was awarded \$1 million in July 2020 for two animal shelter projects through a successful funding bid to the Provincial Development Unit, following government calls for post-lockdown, shovel-ready projects. The remaining funds for the southern shelter came from existing budgets, including the Long Term Plan 2021-31.

A big winner this year was the \$7 million Te Hiku o te Ika Revitalisation Open Spaces Project that added the Best Practise Award from the New Zealand Planning Institute to its awards haul. The award recognised outstanding creativity, innovation, and service. The community-led project has transformed Kaitiāia, Awanui and Ahipara by installing pump tracks, public artworks, playground equipment, water fountains, barbecues, public seating, shade sails and much more. The project is funded by Kānoa – the government's Regional Economic Development and Investment Unit – with support from the council and Te Hiku Community Board.

The face of our council changed in the past year, with the local elections providing us with a new mayor, 10 councillors, and 19 community board members. The 2022 election marked a first, using the Single Transferable Voting (STV) proportional voting system. However, it also saw a lower turnout, with 41.5 per cent of eligible voters casting a vote compared to 47.5 per cent in the 2019 local body election.

Ngā mihi.



**Moko Tepania**  
Mayor



**Guy Holroyd**  
Chief Executive Officer

# Ngā Manu Mātārae Civic Leadership



**Moko Tepania**  
Mayor



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



**Cr Felicity Foy**  
Te Hiku Ward



**Cr Hilda Halkyard-  
Harawira**  
Ngā Tai o Tokerau Ward



**Cr Babe Kapa**  
Ngā Tai o Tokerau Ward



**Cr Penetaui Kleskovic**  
Ngā Tai o Tokerau Ward



**Cr Steve McNally**  
Bay of Islands-  
Whangaroa Ward



**Cr Mate Radich**  
Te Hiku Ward



**Cr Tamati Rakena**  
Ngā Tai o Tokerau Ward



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



**Cr John Vujcich**  
Kaikohe-Hokianga  
Ward



# Ngā Rāngai Hapori Community Boards

## Bay of Islands - Whangaroa Ward



**Lane Ayr**  
(Deputy Chair)  
Kerikeri



**Tyler Bamber**  
Waipapa



**Jane Hindle**  
Russell-Ōpua



**Bruce Mills**  
Whangaroa



**Roddy Pihema**  
Kawakawa-Moerewa



**Amy Slack**  
Kerikeri



**Belinda Ward**  
(Chair)  
Paihia

## Kaikohe - Hokianga Ward



**Mike Edmonds**  
Kaikohe



**Trinity Edwards**  
Kaikohe



**Tanya Filia**  
(Deputy Chair)  
South Hokianga



**Harmonie Gundry**  
North Hokianga



**Jessy McVeagh**  
South Hokianga



**Chicky Rudkin**  
(Chair)  
Kaikohe

## Te Hiku Ward



**Darren Axe**  
North Cape



**Sheryl Bainbridge**  
Doubtless Bay



**Rachel Baucke**  
Kaitāia



**Adele Gardner**  
(Chair)  
Kaitāia



**John Stewart**  
(Deputy Chair)  
Kaitāia



**Bill Subritzky**  
Whatuwihwi

# Ā mātou pitopito mahi

## Our performance in brief

As outlined in the Annual Plan 2022/23, the aim was to maintain a steady course with no major changes from those set in year two of the current Long Term Plan (LTP) 2021-31. The rates increase was 5.4 per cent, well below the 6.4 per cent maximum the Council set itself in its Financial Strategy.

As part of the strategic direction, the plan identified several priority areas, including better asset management, protecting and enhancing water supplies, adapting to a changing environment, and stimulating economic activity where we can.

Severe weather events and the impact on our roading network were the key challenges faced, and while these have and continue to challenge us, the Northland economy has emerged in better shape than predicted, with a high rate of employment and a strong construction sector, which can be seen in the achievements completed throughout the year, such as:

- Key road sealing projects such as the road to Ruapekepeka Pā from State Highway 1 which included road widening, drainage works, road shaping and corner corrections.
- Provincial Growth Fund strategic roads projects completions such as the first of the two slip repair sites completed for Peria Road, HPMV bridge upgrades programmed, and Ngapipito Road sealed with focus on culvert replacements being actioned.
- The Kerikeri Sports Complex and the Kerikeri Domain Revitalisation Project.
- Te Puāwaitanga (previously BOI or Waipapa Sports Hub) commenced construction of Phase 1A in October 2022,

which when complete will provide a multisport venue to cater for the Bay of Islands community.

- The \$764,066 windfall from the government's Tourism Infrastructure Fund (TIF) at the beginning of the financial year saw four local projects being allocated funding including the upgrade of Waipapa landing trailer boat parking area, the upgrade to the Rangiputa trailer boat parking area, improvements to camping facilities at Kaikohe, and installation of wi-fi enabled smart bins across the district.
- Opening of the Southern Animal Shelter near Kaikohe, providing a purpose-built facility that works in tandem with the Northern Animal Shelter in Kaitiāia to provide co-ordinated, district-wide management of animals in council care.
- The \$7m award winning Te Hiku o te Ika Revitalisation Open Spaces Project.

Despite many successes, the challenges experienced with global supply chain disruptions combined with a shortage of skilled workers across the country have fuelled high rates of inflation, adding costs to some infrastructure projects. This combined with the severe weather events has seen a number of project delays.

In response, we have reassessed and reprioritised a number of projects and budgets to carry forward into the following year in order to maintain momentum on executing key existing capital projects for our region.

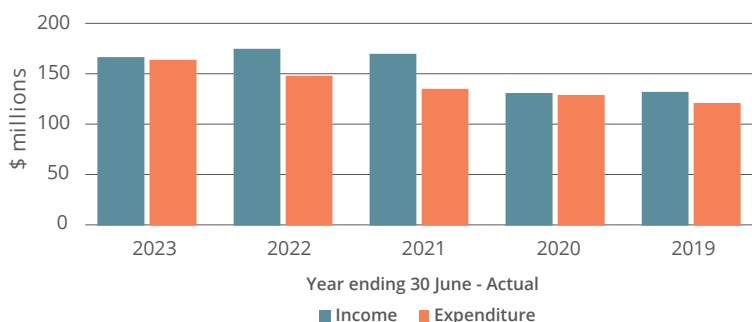
## Financial overview

Our operational result for the 2022/23 financial year shows a net surplus of \$2.8m compared to a budgeted net surplus of \$17.4m.

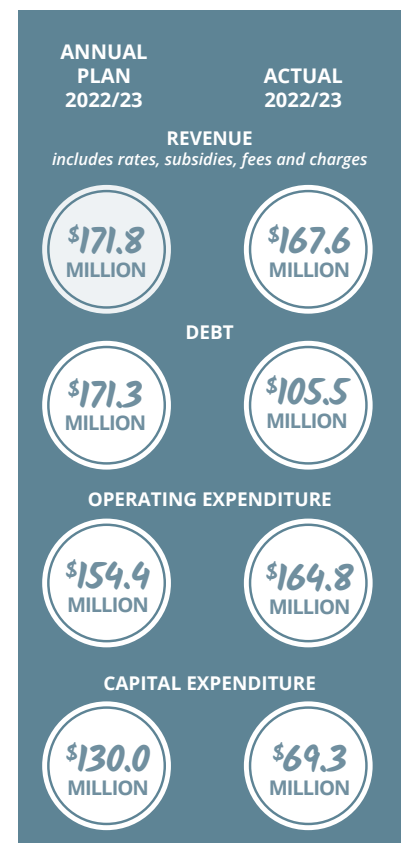
### Financial trends

	Budget	2023	2022	2021	2020	2019
Income	172	168	176	171	132	133
Expenditure	154	165	149	136	130	122
Surplus	17	3	27	35	2	11

### Operational performance



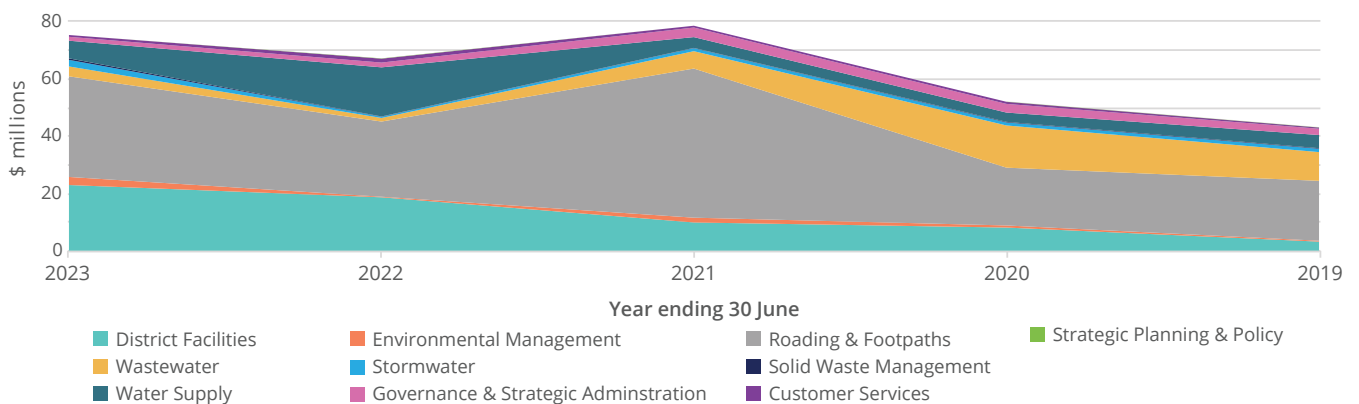
- The council ended the year with a strong cash position of \$18.8m (2022 \$13.4m) due to prudent cash management.
- Debt remained at a steady level of \$105.5m (2022 \$81.5m), including short term borrowings of \$55.5m (2022 \$10m).



Capital expenditure of \$69.3m for the year was lower than expected reflecting disruptions to supply chains and severe weather events.

	2023 Budget	2023 Actual	2022 Actual	2021 Actual	2020 Actual	2019 Actual
Roading and Footpaths	37.9	32.2	24.1	47.7	18.5	19.1
Water Supply	8.1	5.7	15.7	3.5	3.0	4.2
Wastewater	14.4	3.2	1.2	5.6	13.5	9.2
Stormwater	5.2	2.1	0.3	0.9	1.0	1.1
Solid Waste Management	1.1	0.5	0.2	0.1	0.1	0.2
District Facilities	54.5	21.3	17.4	9.3	7.6	3.2
Customer Services	2.9	0.5	1.3	0.6	0.6	0.5
Environmental Management	1.1	2.5	0.1	1.6	0.7	0.3
Strategic Planning and Policy	0.1	-	0.1	-	-	-
Governance and Strategic Administration	4.7	1.3	1.6	3.0	2.9	2.0
<b>Total</b>	<b>130.0</b>	<b>69.3</b>	<b>61.8</b>	<b>72.3</b>	<b>47.9</b>	<b>39.7</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
Roading and Footpaths	3	5	-
Water Supply	2	3	-
Wastewater	3	2	-
Stormwater	3	1	-
Solid Waste Management	1	2	-
District Facilities	3	5	-
Customer Services	8	4	1
Environmental Management	2	5	-
<b>Total</b>	<b>25</b>	<b>27</b>	<b>1</b>



## Outlook

In an ideal world, we should have maintained a steady course for year two of the current Long Term Plan (LTP). However, as we all know, the world has changed and the local government sector, like many others, is experiencing significant disruption. As explained already in Our Performance in Brief (pages 8-9), our capital programme was hugely affected this year by sharply rising inflation, unpredictable and unreliable supply chains, workforce availability within our supply networks and the severe weather events.

We expect that this will continue, with budgets being revised upwards to accommodate cost increases. To counteract this, a revised work programme has been set in place for 2023/24 where projects have been carried over from 2022/23, and with revised timeframes for planned work that we are unlikely to have sufficient capacity to deliver. Council may even have to consider postponing non-essential projects in order to prioritise critical roading related projects.

Despite these market uncertainties, our renewed focus is on delivery and quality, and addressing outstanding water and wastewater compliance issues and the impacts of increasing demands for services because of land development and population growth. Our intention is to deliver better service outcomes to our communities.

3Waters reform, launched by the Government in 2020, is a programme that rethinks the service delivery for water, wastewater and stormwater. Whilst we agree that Aotearoa needs to change the way 3waters assets are operated, there is still uncertainty regarding representation and funding. The transfer of responsibilities to the new super water entities is due to commence 1 July 2024, however what those changes will be is still uncertain whilst Government navigates the concerns of not only us but other councils around the country.

The ongoing Government inquiry into the future of local government continues, where the role and function of councils is under the spotlight, with an aim to deliver enhanced community wellbeing outcomes for our communities. This comes at the same time as an overhaul of the Resource Management Act that could result in regionalised arrangement for land-use planning and regulatory activities. It is still very much a 'watch and wait' situation.





































# 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.

What we do	How our community outcomes link to our activities					
	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>						

## Summary dashboard

Annual resident survey result comparisons 2022 to 2023.

Service / facility / activity	2023 % very satisfied / satisfied	2022 % very satisfied / satisfied
Roads	13	25
Footpaths	24	30
Water supply	52	50
Wastewater	59	65
Stormwater	26	37
Refuse transfer stations	85	80
Community recycling stations	74	71
Cemeteries	75	83
Libraries	78	84
Public toilets	39	47
Parks and reserves	57	57
Coastal access	38	45
Carparking facilities	38	43
How the Council's animal management team manages dogs in the district	28	35
How the Council's animal management team manages livestock in the district	26	44
Community board awareness in your area	79	76
Informed about the District Plan (land use)	31	11
Aware of changes to the District Plan	32	11
Informed about what the council is doing (all residents)	19	16
Informed about what the council is doing (Māori respondents)	15	18
Overall performance of the council	17	26

## 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.



Activity	S	E	E	C	Narrative
1 Roothing and Footpaths	●	●	●		Since July 2022, the district has had in excess of 10 significant weather events, with the largest - Cyclone Gabrielle in February causing the most damage to many parts of our transport network, affecting 179 roads, from slips flooding, damaged bridges and road closures to minor impacts such as footpath obstructions, seawall damaged and fallen trees. The additional weather event in May caused a further increase in reported road damage with 1,166 incidents reported Most of our work this year has been reactive as we work through each incident to restore our roading network. This is ongoing work and will be the focus of our Long Term Plan for the next three years.
2 Water Supply	●	●	●	●	Water safety plans were delivered to the national drinking water regulator – Taumata Arowai in September 2022. The plans outline how those risks are managed and how providers aim to improve the delivery of safe, affordable water supplies into the future. The weather event in May also affected water supplies as the treatment plants in Kaitāia and Paihia were shut down temporarily when the water intakes in the Waitangi and Awanui rivers were blocked by storm debris. The Ōpononi-Ōmāpere storage reservoir was also drained to under 45 per cent capacity by a leak in the network around the same time resulting in a request for communities in those areas to reduce water consumption until repairs were made.
3 Wastewater	●	●	●	●	Far North Waters alliance has been formed and work towards the 3Waters reforms continues. Council also consulted on moving to a district-wide rating option for water supply and wastewater. The final decision was to continue with the status quo based on feedback received and council's final decision adopted in June 2023.
4 Stormwater	●	●	●		Despite the weather events of the past year, the number of flooding events was only one. However due to the higher than normal amount of rainfall received the number of complaints we received regarding stormwater increased as expected due to these events.
5 Solid Waste Management	●	●	●		We are currently in the process of reviewing our Waste Management and Minimisation Plan (WMMP) which will set out how the Far North District will manage and minimise its waste over the next six years.
6 District Facilities	●	●	●	●	Work continues at the Te Hiku Sports Hub with completion due in late 2023. The hub will include the long awaited aquatic, fitness areas and outdoor sports facilities. Stage 1 ground work began in July for work at Te Puāwaitanga — Bay of Islands Sports Hub, the complex when completed will cater for football, league, gymnastics, hockey, softball, cricket, and croquet. There is also consent for a dog training area. Construction also began at Sportsville, Lindvart Park, Kaikohe with the main building due to open in early 2024, featuring a double court facility, with acoustic panelling so performances and large gatherings can also be held once opened. There is also a gym and changing facilities. Progress has been made to divest our Housing for the Elderly portfolio with discussions with Community Housing Providers continuing. Upgrades to units continue as we work towards divestment in July 2024.
7 Customer Services	●			●	There has been a notable increase in tourists and visitors returning to the Far North, with thirty six cruise ships arriving over summer. This has seen an increase in the use of our i-SITES with support from visitors and locals. Our libraries continue to experience growth and patronage with online library use continuing to remain high.
8 Environmental Management	●		●		We have implemented a structured roster system for our Animal Control team, which along with the after-hours operation improvements meaning we have met our targets for this year. We continue to take onboard the feedback we receive from customer survey responses. We continue to process Resource and Building Consent applications within statutory timeframes and we are still receiving high volumes of applications.
9 Strategic Planning and Policy	●	●	●	●	We continue to work through our bylaws and policy programme of work with the review of our parking bylaw and Gaming/TAB venue and Easter Sunday shop trading policies and the introduction of our accessibility policy in 2023. We started the submission process on our proposed District Plan and received 580 submissions, resulting in 8,500 submission points with a further submission period to take place in 2023. Work has begun on an updated emissions profile that will help guide us to reduce our carbon footprint.
10 Governance and Strategic Administration	●	●		●	Local body elections were held in October 2022, with the inclusion of four councillors making up the Ngā Tai o Tokerau Ward and taking the total number of Councillors (including the Mayor) to 11 in total.

# Arotake pūtea

## Financial Performance

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

Deloitte Limited has audited Council's full Annual Report and has issued an unmodified report. As part of the audit, the auditors looked at whether the financial statements fairly reflect Council's financial performance and position and comply with generally accepted accounting practice. Additionally they looked at Council's non-financial performance and how fairly it has monitored and reported on its activities. The summary cannot be expected to provide as complete an understanding of the financial and non-financial performance of Council as the full Annual Report. The full Annual Report for the year ended 30 June 2023 was adopted by the Council on 11 December 2023.

These summary financial statements for the Far North District Council and Group are summarised from the full financial statements. The consolidated financial statements reflect the operations of Far North District Council and its subsidiaries, Far North Holdings Limited (FNHL), its wholly owned subsidiaries Bay of Islands Marina Ltd and Far North Housing Ltd, and its 50% equity shareholding of its associate Far North Skincare Limited, council controlled organisations Pou Herenga Tai Twin Coast Cycle Trail Charitable Trust (Pou Herenga), and council organisation Te Ahu Charitable Trust (TACT). Far North District Council's equity share of 33.3% of its associate Northland Inc. has been equity accounted into the parent entity financial statements. The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete understanding as provided in the full financial statements.

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

### Basis of preparation

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

## Statement of comprehensive revenue and expense

### For the year ended 30 June 2023

	Note	Council			Group	
		Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Actual 2022 \$000s
<b>Total revenue</b>		<b>167,572</b>	<b>171,801</b>	<b>175,829</b>	<b>198,979</b>	<b>214,899</b>
<b>Expenses</b>						
Personnel costs	4	33,814	36,121	32,606	38,342	37,202
Depreciation and amortisation expense	14	41,784	41,017	36,956	43,531	38,186
Finance costs	6	3,479	2,688	2,499	6,332	4,097
Other expenses	5	85,691	74,615	77,259	95,808	84,832
<b>Total expenses</b>		<b>164,769</b>	<b>154,442</b>	<b>149,320</b>	<b>184,014</b>	<b>164,317</b>
<b>Surplus / (deficit) before tax</b>		<b>2,803</b>	<b>17,359</b>	<b>26,509</b>	<b>14,965</b>	<b>50,582</b>
Financial assets at fair value through equity	24	(8)	-	3	48	(128)
Cash flow hedges	24	-	-	130	-	130
<b>Items that will not be reclassified to surplus</b>						
Gain / (loss) on asset revaluations	16/24	164,979	72,508	193,749	169,918	196,556
Movement to retained earnings		-	-	-	125	125
Share of associates other comprehensive income		-	-	-	-	265
Tax on revaluation		-	-	-	117	(274)
<b>Total other comprehensive revenue and expense</b>		<b>164,971</b>	<b>72,508</b>	<b>193,882</b>	<b>170,208</b>	<b>196,673</b>
<b>Total comprehensive revenue and expense</b>		<b>167,774</b>	<b>89,867</b>	<b>220,391</b>	<b>184,382</b>	<b>247,078</b>

## Statement of changes in equity

For the year ended 30 June 2023

	Council			Group	
	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Actual 2022 \$000s
<b>Opening balance 1 July</b>	<b>2,321,561</b>	<b>2,233,046</b>	<b>2,101,172</b>	<b>2,428,587</b>	<b>2,181,509</b>
Total comprehensive revenue and expense for the year	167,774	89,867	220,391	184,382	247,078
<b>Closing balance 30 June</b>	<b>2,489,335</b>	<b>2,322,915</b>	<b>2,321,561</b>	<b>2,612,670</b>	<b>2,428,587</b>

## Statement of financial position

as at 30 June 2023

	Council			Group	
	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Actual 2022 \$000s
<b>Public equity</b>	<b>2,489,335</b>	<b>2,322,915</b>	<b>2,321,561</b>	<b>2,612,970</b>	<b>2,428,587</b>
<b>Assets</b>					
Current assets	53,276	84,267	44,820	74,819	52,070
Non-current assets	2,578,483	2,448,579	2,387,166	2,767,826	2,564,378
<b>Liabilities</b>					
Current liabilities	91,192	64,223	37,137	110,047	59,795
Non-current liabilities	51,231	145,707	73,287	119,627	128,066
<b>Net assets</b>	<b>2,489,335</b>	<b>2,322,915</b>	<b>2,321,561</b>	<b>2,612,970</b>	<b>2,428,587</b>

## Statement of cash flows

For the year ended 30 June 2023

	Council			Group	
	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Actual 2022 \$000s
<b>Net cash inflows from operating activities</b>	<b>50,771</b>	<b>40,683</b>	<b>51,720</b>	<b>56,919</b>	<b>65,773</b>
<b>Net cash inflows / (outflows) from financing activities</b>	<b>24,000</b>	<b>73,782</b>	<b>18,000</b>	<b>33,546</b>	<b>29,364</b>
<b>Net cash inflows / (outflows) from investing activities</b>	<b>(69,328)</b>	<b>(129,953)</b>	<b>(61,809)</b>	<b>(85,060)</b>	<b>(86,867)</b>
<b>Opening balances 1 July</b>					
Cash and cash equivalents	13,353	59,571	5,442	14,357	6,087
<b>Less balances 30 June</b>					
Cash and cash equivalents	18,798	44,082	13,353	19,762	14,357
<b>Cash movements for the year</b>	<b>5,445</b>	<b>(15,489)</b>	<b>7,911</b>	<b>5,405</b>	<b>8,270</b>



## Variations to Annual Plan

Council	
2023	
\$000s	
<b>Statement of comprehensive revenue and expense</b>	
Long Term Plan surplus	17,359
Annual Report surplus / (deficit)	2,803
<b>Net operating surplus / (deficit) variance</b>	<b>(14,556)</b>
Variance represented by:	
Variance area	
Rates	(1,590)
Other	(2,638)
<b>Total revenue variance</b>	<b>(4,229)</b>
Variance represented by:	
Variance area	
Personnel costs	2,307
Depreciation and amortisation expense	(767)
Finance costs	(791)
Other expenses	(11,074)
<b>Total expenditure variance</b>	<b>(10,327)</b>
<b>Net operating surplus variance</b>	<b>(14,556)</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 2021, adjusted for activity that was expected to occur during the 2021/22 financial year. The closing balances for June 2022 were not known at the time the 2022/23 budgets were approved. The current economic climate of sharply rising inflation, unpredictable and uncertain supply chains, and the impact on productivity caused by on-going COVID-19 infections have contributed towards the planned capital programme not being achieved. Other reserves were \$212.3m greater than anticipated largely due to an increase of \$161.6m in asset revaluation reserves. Cash and cash equivalents were \$25.3m less than predicted as cash was used in lieu of borrowing. In total, borrowings were \$65.8m less than expected due to capital projects not being completed as planned.

### Breach Statement

Under the Local Government Act 2002 the statutory requirements for adopting and publicly releasing an annual report by each council is four months after the financial year end. Far North Council did not meet this timeframe due to resourcing constraints within Council.

### Water Services Reform Programme

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance, and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

The Council's transition is expected to take effect from 1 July 2024. The impact of this reform remains uncertain however it means that the Council will no longer deliver three water services or own assets required to deliver these services.

# 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.

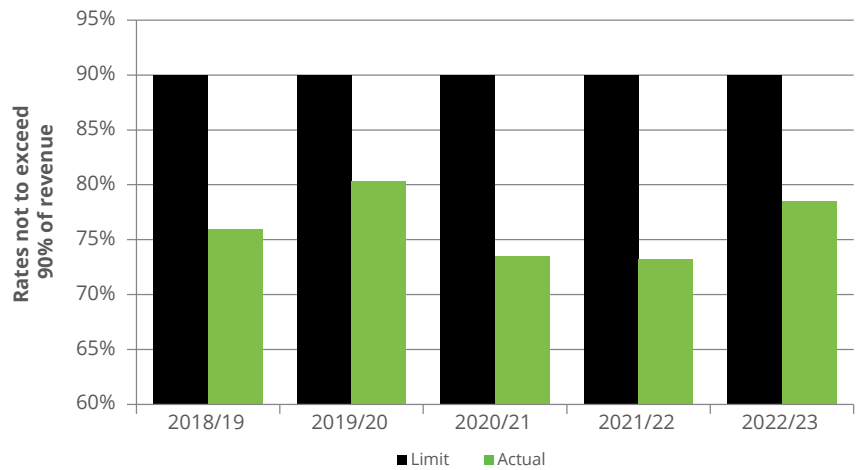
## Rates affordability benchmarks

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.

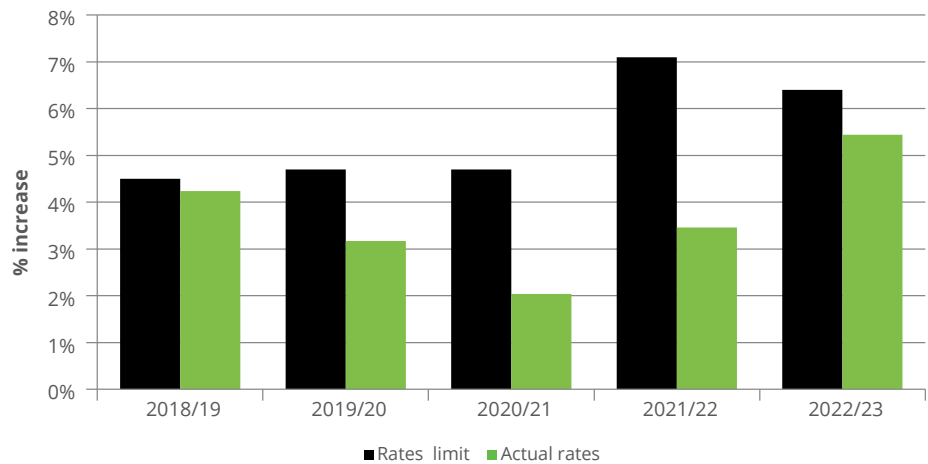
### Rates (income) affordability

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 LTP2021-31. 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.



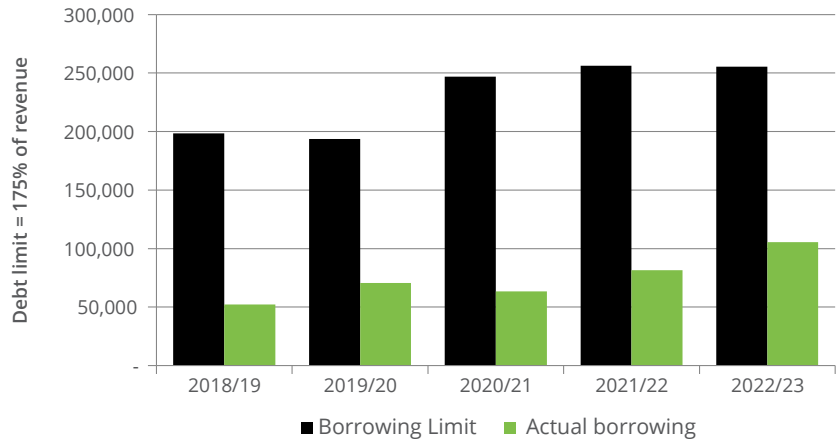
### Rates (increase) affordability

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 2021-31. The quantified limit is that total rates increase should not exceed LGCI (Local Government Cost Index) plus 3.5%. The graph shows the actual rate increase percentages measured against the predicted rate percentage increases. Council has achieved this benchmark.



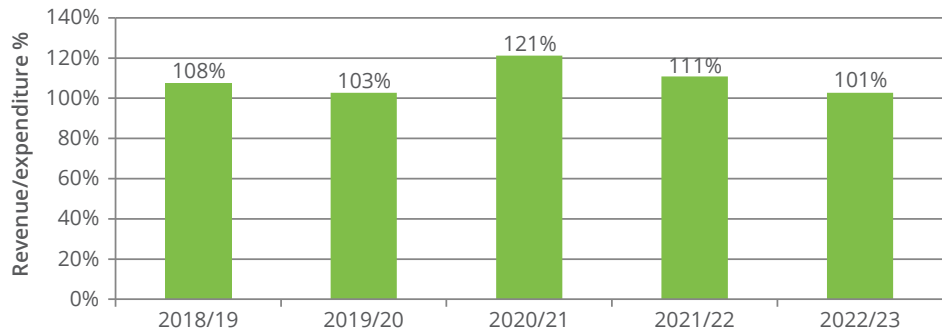
### Debt affordability benchmark

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 2021-31. 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. 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).

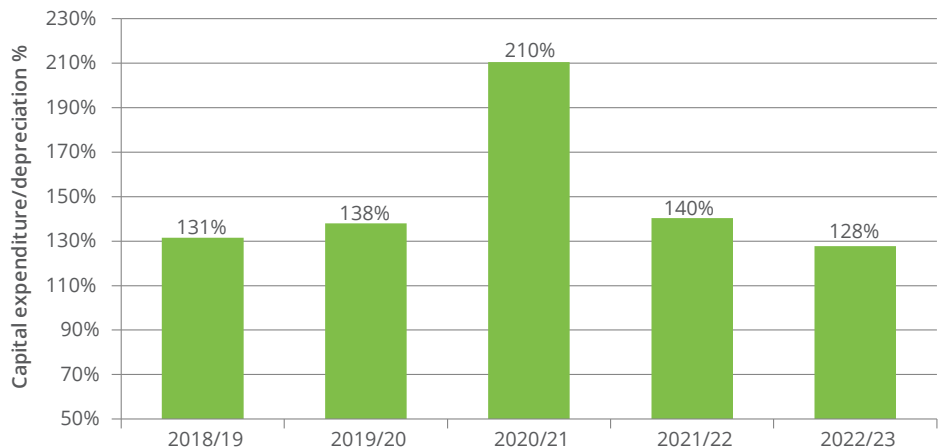


The Council meets this benchmark if its revenue equals or is greater than its operating expenses. Council has achieved this benchmark.

### 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



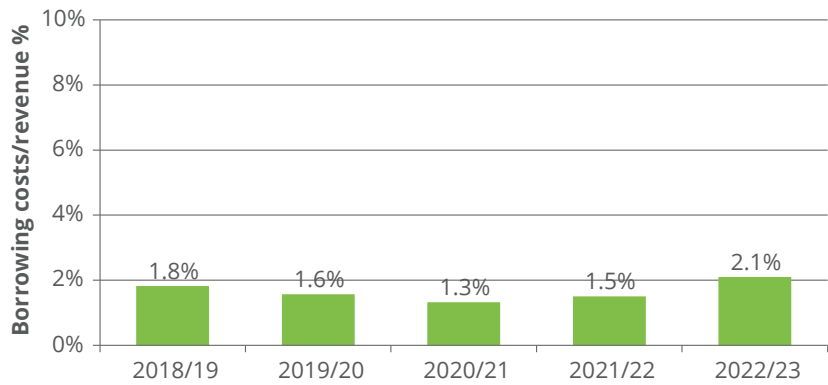
Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Council has achieved this benchmark.



### Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant and equipment).

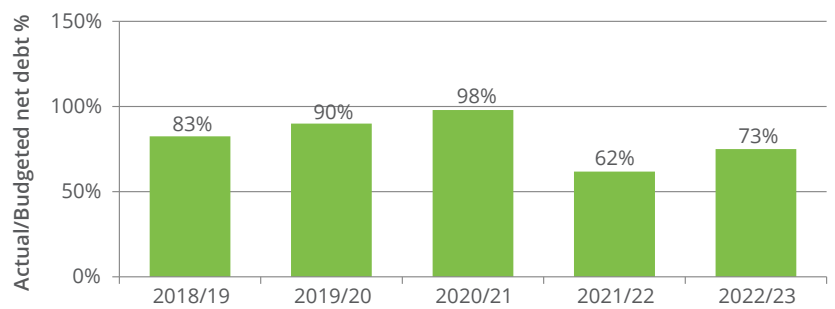
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue. Council has achieved this benchmark.



### 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).

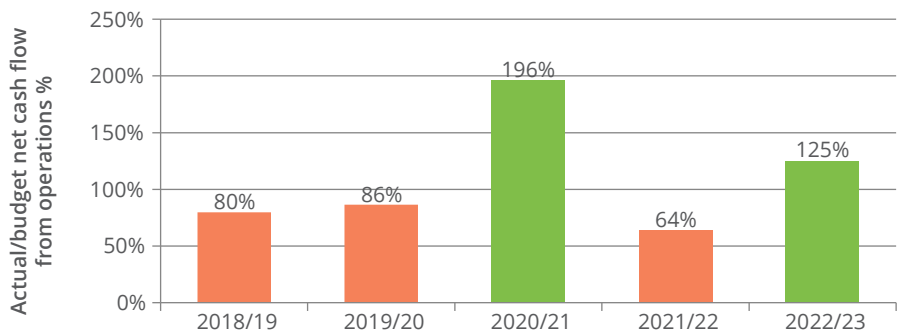
Council meets the debt control benchmark if its actual net debt is equal or is less than its planned net debt. Council has achieved this benchmark.



### 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. Council has achieved this benchmark.



## **Deloitte.**

### **INDEPENDENT AUDITOR'S REPORT**

#### **TO THE READERS OF FAR NORTH DISTRICT DISTRICT COUNCIL'S SUMMARY OF THE ANNUAL REPORT For the year ended 30 June 2023**

The summary of the annual report was derived from the annual report of the Far North District Council (the District Council) for the year ended 30 June 2023.

The summary of the annual report comprises the following information on pages 7 to 12:

- the summary statement of financial position as at 30 June 2023;
- the summaries of the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended 30 June 2023;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary performance of services activities.

#### **Opinion**

In our opinion:

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

#### **Summary of the annual report**

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

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

#### **The full annual report and our audit report thereon**

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2023 in our auditor's report dated 11 December 2023.

#### **Emphasis of matter – The Government's three waters reform programme**

Without modifying our opinion, we draw attention to the note on page 12, which outlines developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the Council as outlined in the note on page 12 remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

## **Council's responsibility for the summary of the annual report**

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

## **Auditor's responsibility**

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

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out an assurance engagement on trustee reporting, which is compatible with those independence requirements. Other than this engagement we have no relationship with or interests in the District Council.



**Bennie Greyling**

for Deloitte Limited

On behalf of the Auditor-General

Auckland, New Zealand

26 January 2024

**WHAKAPĀ MAI  
CONTACT US**

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CREATING GREAT PLACES**  
*Supporting our people*