


RIPOTA Ā TAU
**ANNUAL
REPORT**
2022/23



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Te Tīmatatanga • Introduction



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 2022 to 30 June 2023. 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 two of the Long Term Plan (LTP) 2021-31. 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 2021-31 including a report on the council controlled trading organisation – Far North Holdings Limited (FNHL) – and a report on the associate recognised by Council - Northland Inc (NI).

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 2023

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 2023.

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 2023 fairly reflect the financial position, performance and operations of the Far North District Council and Group.



Moko Tepania
Mayor
11 December 2023



Guy Holroyd
Chief Executive Officer
11 December 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
Whatuwhiwhi

Hononga rautaki Strategic linkages

Ngā Wāhanga e Whā o te Hauora • The Four Aspects of Wellbeing



Our Vision

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

Our Mission

HE ARA TĀMATA
CREATING GREAT PLACES

Supporting our people

He Rautaki Whakaarotau • Our Strategic Priorities



Better asset management



Address affordability



Enable sustainable economic development



Adapt to climate change



Protect our water supply



Deepen our sense of place and connection

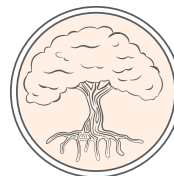
He Putanga Hapori • Our Community Outcomes



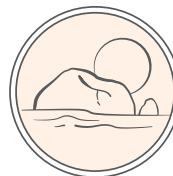
Proud, vibrant communities



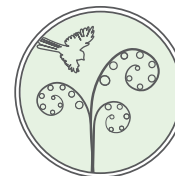
Prosperous communities supported by a sustainable economy



Communities that are healthy, safe, connected and sustainable



Connected communities that are prepared for the unexpected



A wisely managed and treasured environment that recognises the role of tangata whenua as kaitiaki



We embrace and celebrate our unique culture and heritage and value it as a source of enduring pride

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

- Council approved through the Strategy Committee, the Naming Policy which allowed for a prescriptive process to be undertaken for the Te Reo naming of streets and roads in Te Tai Tokerau.
- Far North District Council welcomed five new Councillors, four of whom elected for the first time into Ngā Tai o Tokerau Ward Māori seats. The largest powhiri experienced by Far North District Council was held in Waitangi on the 19th October at Te Whare Runanga Waitangi Treaty Grounds with over 5,000 guests in attendance. On completion of the powhiri, Elected members were taken through a Whanaungatanga session facilitated by Kaye-Maree Dunn.
- Council worked together with Te Kahu o Taonui to collaborate on an application to the Department of Internal Affairs to be considered for Better off funding. In October 2022, at the Council meeting, it was announced that funding of \$1.4m had been granted to iwi and hapū to achieve outcomes pertaining to the 3Waters implementation.
- During the year, we continued to actively participate in Te Oneroa-a-Tōhē Board / 90 Mile Beach, a co-governance board with Te Hiku Iwi with Far North District Council and Northland Regional Council work continues to via Treaty Settlement to develop a Beach Management Plan.
- Council continues to work with Te Rūnanga Ā Iwi Ō Ngāpuhi in drafting and implementing a Mana Whakahono-ā-Rohe Memorandum set out under the Resource Management Act.
- We continue to work alongside hapū working groups to advance their aspirations in spaces of importance to whanau, hapū and iwi. Council funded Ngāti Hine to develop Ngā Tikanga mo Te Taiao o Ngāti Hine an environmental management plan for Ngāti Hine. Council also supported Patukeha to start the development of their iwi/hapū Environmental Management Plan.
- Te Hono – whose role is to build internal capabilities to enhance mana whenua relationships, has supported the organisation to ensure timely and appropriate Māori participation in Council decisions and programmes of work. Te Hono continue to provide strategic advice through the Chief Executive Office to assist council in responding to Māori needs.
- Staff commemorated Waitangi Day by hosting an information tent at Te Ra o Waitangi. The public were able to lodge RFSs with staff, ask any patai around Whenua Māori and ratings and any other questions regarding work programmes for council.
- Staff celebrated the first official Matariki holiday in July by holding a staff workshop with Matua Rereata Makiha who came in to present his knowledge on the maramataka and provide advice to staff on how staff could look to inform our work by the teachings of the Māori lunar calendar.
- Staff also celebrated Māori Language week by listening to korero from Hare Rua who gave an exciting presentation on Te Reo Māori and his journey within the kura kaupapa movement. Staff were able to utilise his teachings and knowledge to better inform our mahi and to gain confidence when using Te Reo Māori in our mahi.

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 Ruapekapeka 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.

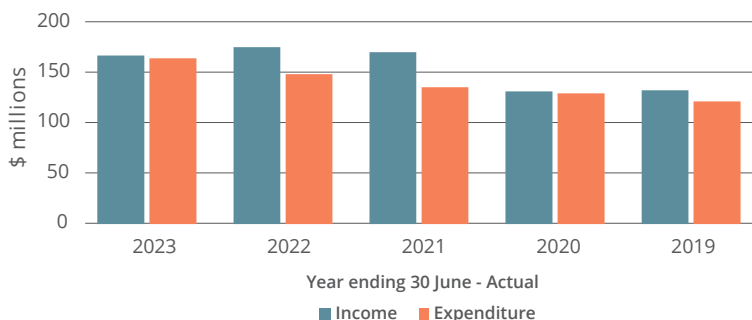
Financial overview

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



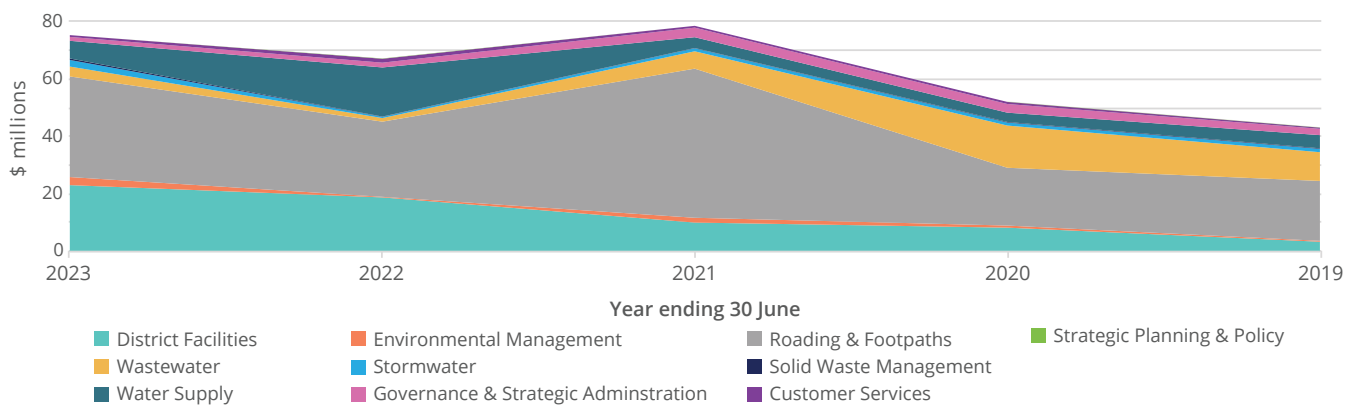
- The council ended the year with a strong cash position of \$18.8m (2022 \$13.4m) due to prudent cash management.
- Debt remained at a steady level of \$105.5m (2022 \$81.5m), including short term borrowings of \$55.5m (2022 \$10m).



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
Total	130.0	69.3	61.8	72.3	47.9	39.7

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	-
Total	25	27	1

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.

Ā mātou mahi • Our activities







































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

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.

Annual resident survey

Tauranga-based research company Key Research has historically conducted, on behalf of the Council, a quarterly survey measuring the performance of the Far North District Council. After the 2022 survey results, and following business adjustments related to post-COVID-19 activities, the resident survey is now being conducted biannually. This change allows Council to better track trends and changes in community sentiment and needs more effectively over a longer timeframe, providing a clearer picture of progress and challenges. The following data compares an aggregate level of the 2022 survey, which had an expected 95% confidence interval of (margin of error) $\pm 3.92\%$, with first quarter resident survey results of 2023/24.

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.

Activity	S	E	E	C	Narrative
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.

Funding impact statements

Movement 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

	LTP 2021/22 \$000s	Actual 2021/22 \$000s	LTP 2022/23 \$000s	Actual 2022/23 \$000s
Sources of operational funding				
General rates, uniform annual general charges, rates penalties	60,974	59,205	63,290	58,505
Targeted rates (other than targeted rate for water supply)	33,772	32,338	36,195	37,666
Subsidies and grants for operating purposes	14,485	18,215	15,840	20,081
Fees and charges, and targeted rates for water	17,403	18,826	17,542	19,630
Interest and dividends from investments	256	1,202	113	1,578
Local authority fuel tax, fines, infringement fees and other receipts	2,063	1,964	2,416	2,585
Total operating funding	128,953	131,750	135,397	140,045
Applications of operating funding				
Payments to staff and suppliers	102,721	107,516	105,707	114,838
Finance costs	2,282	2,499	2,718	3,479
Other operating funding applications	-	-	-	-
Total applications of operating funding	105,004	110,015	108,425	118,317
Surplus / (deficit) of operating funding	23,949	21,735	26,971	21,728
Sources of capital funding				
Subsidies and grants for capital expenditure	58,012	31,727	20,827	23,785
Development and financial contributions	-	-	-	49
Increase (decrease) in debt	54,333	18,000	39,675	24,000
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	112,346	49,727	60,502	47,834
Applications of capital funding				
Capital expenditure to meet:				
- Additional demand	-	-	-	-
- Improved levels of service	111,703	44,419	65,967	42,697
- Replacement of existing assets	28,830	17,390	30,836	26,631
Increase (decrease) in reserves	(4,238)	7,186	(9,330)	(368)
Increase (decrease) in investments	-	2,467	-	602
Total applications of capital funding	136,295	71,462	87,473	69,562
Surplus / (deficit) of capital funding	(23,949)	(21,735)	(26,971)	(21,728)
Funding balance	-	-	-	-

Ngā rori me ngā ara hiko • Rooding and Footpaths



The roading network is vital infrastructure for connecting our communities and ensuring safe access to the places that make visiting and living in the Far North an enjoyable experience. A core function of Council is the maintenance and management of the local roading network (excluding state highways which remain the responsibility of the Waka Kotahi NZ Transport Agency). This includes street lighting and signage. A well-planned, safe, and integrated network for walking and cycling contributes to our communities' quality of life. As part of this activity we also maintain the network of footpaths and walking and cycling amenities, and as our communities grow and needs change we monitor the need for new, safe walking and cycling facilities.

What we provide

- 2,509.1 km of roads (910.7 km sealed and 1,598.4 km unsealed)
- 725 bridges
- 1,066 retaining and seawalls
- 1,879 streetlights
- 1 vehicular ferry 'Kohu Ra Tuarua' used on the Hokianga Harbour
- 7 inactive quarries
- 231.9 km of footpaths
- 87 km of Twin Coast Cycle Trail 'Pou Herenga Tai' (84km off road and 3km sharing the road from Hōreke to Māngungu)

How we performed Level of service

1.1 To maintain the District's roading 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.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
31 total 5 fatal	36 total 6 fatal	No increase	38 total 5 fatal	✗
26 serious injury crashes	30 serious injury crashes		33 serious injury crashes	
Actual increase in serious injuries and fatalities is 1	Actual increase in serious injuries and fatalities is 6		Actual increase in serious injuries and fatalities is 3	

Narrative

Northland roads have a net increase of two serious injury crashes in the 2022/23 period over the previous year but a sharp decrease for the fourth quarter. The increase for the year may be attributed to the many weather events, however we continue to see a high percentage of fatal crashes attributed to suspected impairment. We have completed treating another catchment for speed limits at the close of the fiscal year and will look to see a reduction in death and serious injury crashes as these new speed limits come into effect.

Performance measure

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

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
94%	93%	>88%	92%	✓

Performance measure

1.1.3 The percentage of the sealed local road network that is resurfaced.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
8.3%	6.5%	>6%	4.6%	✗

Narrative

Further sealing in 2022/23 season has been deferred. The South area is complete however there are several sites deferred in the North area. Rural sites and collector roads were prioritised. Weather and resources have significantly affected the programme. Increased bitumen costs and bitumen cartage variations are a significant risk to 2022/23 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.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
87.1%	90.7%	≥95%	93.2%	

Narrative

We were not able to achieve this measure due to the high frequency of weather-related events in 2022/23. Our network, has been severely damaged as a result and we will be focused on repairing our roading network over the next three years.

Performance measure

1.1.5 The maintenance of the roads meets the council level of service targets as specified in our roading maintenance contracts


2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
98.4%	84.2%	>85%	65.3%	

Narrative

Six key performance measures are taken from the Contract Performance Matrix to report on for this measure. The annual result is calculated based on network performance results averages across contracts. The six measures include: Monthly programme approval (Pass/fail target 100%), sealed and unsealed road inspection achievement (target 95%), drainage inspection achievement (100% of cumulative target), routine response time (target 95%) and approved ordered works (target 90%).

Performance measure

1.1.6 The percentage of the sealed local road network that is rehabilitated

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
New measure	0.5%	0.5%	0.175%	

Narrative

The majority of the programmes have been completed with the exception of the following: Ngapipito Road enabling works have commenced with pavement construction and sealing deferred until October 2023. Sommerville Avenue is deferred awaiting 3Waters funding. Kerikeri Road has also been deferred.

Performance measure

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

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
96.8%	97.0%	≥95%	95.6%	

Narrative


During the first half of the reporting year there was a downwards trend in the number of on time sailings achieved, these were due to various mechanical, electrical, and weather-related faults. Despite the ferry still operating within the acceptable range Northland Ferries have investigated the issues to ensure ongoing success. It is believed the cause in the reduction is due to increased demand and poor weather, with monitoring ongoing. In the latter half of the year (January to June) the impacts of Cyclone Gabrielle saw the cancellation of 70 scheduled sailings. The vehicle ferry was out of service for a month in the final quarter, this was replaced by a passenger ferry as per the contract. The late departures were due to the public adjusting to this temporary change. Despite the late departures the ferry was able to operate at sufficient speeds to ensure timely arrivals as scheduled. The vehicle ferry service is now operational again.

Level of service

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

Performance measure

1.2.1 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).

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
97.0%	97.1%	>90% in fair or better condition	98%	

Narrative

Onsite developments, a specialist road and footpath data collection company performed a detailed footpath inspection and condition rating of the districts footpath network in February/March 2023. The condition of the footpath network has improved significantly since 2021/22 with Grade 1 increasing by just under 8% and an overall increase of just under 2%, increasing the total amount of footpaths that meet the standard to 98%.

Funding impact statement

Roading and Footpaths

	LTP 2021/22 \$000s	LTP 2022/23 \$000s	AP 2022/23 \$000s	Actual 2022/23 \$000s
Sources of operational funding				
General rates, uniform annual general charges, rates penalties	12,144	13,202	13,227	12,161
Targeted rates (other than targeted rates for water supply)	4,871	5,003	5,720	5,533
Subsidies and grants for operating purposes	14,445	15,800	15,800	18,638
Fees and charges, and targeted rates for water	661	661	661	485
Internal charges and overheads recovered	27	27	133	-
Local authority fuel tax, fines, infringement fees and other receipts	600	600	600	752
Total operating funding	32,748	35,294	36,141	37,570
Applications of operating funding				
Payments to staff and suppliers	26,934	28,785	28,946	30,746
Finance costs	620	657	811	659
Internal charges and overheads applied	(1,904)	(1,823)	(1,944)	(538)
Other operating funding applications	-	-	-	-
Total applications of operating funding	25,651	27,619	27,812	30,866
Surplus / (deficit) of operating funding	7,097	7,675	8,329	6,704
Sources of capital funding				
Subsidies and grants for capital expenditure	29,097	18,113	23,619	19,740
Development and financial contributions	-	-	-	13
Increase (decrease) in debt	8,298	9,412	6,798	4,115
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	37,395	27,525	30,417	23,868
Applications of capital funding				
Capital expenditure to meet:				
- Additional demand	-	-	-	-
- Improved levels of service	30,810	20,936	20,712	15,468
- Replacement of existing assets	12,466	13,163	17,193	16,668
Increase (decrease) in reserves	1,216	1,101	841	(1,565)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding	44,492	35,200	38,746	30,572
Surplus / (deficit) of capital funding	(7,097)	(7,675)	(8,329)	(6,704)
Funding balance	-	-	-	-

Ngā wai tuku • Water Supply

Safe drinking water is essential to the health and wellbeing of our communities. Council is responsible for the treatment and distribution of water through our reticulated water schemes. We also install and read water meters to make sure you are billed for the correct usage. A vital function is ensuring firefighting performance standards are met in urban water supply areas. We also provide new water connections with areas of benefit and supply commercial water operators who deliver to private water tanks.



In the past few years, we have struggled to supply enough water in some locations due to extremely dry weather. As a result, several initiatives have been included in our work programme, including bore upgrades and increased water conservation messaging and education.

Key facts

- 8 potable (drinkable) water schemes that incorporate:
 - 1 non-potable supply areas
 - 9 water treatment plants
- Water is sourced from:
 - 3 dams
 - 5 bore fields
 - 7 stream intakes
 - 27 reservoirs sites
- 375 km of water mains
- 16 booster pump stations
- 11,478 properties are connected to Council water systems
- All schemes have universal water metering.

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

From 1 July 2022 – 13 November 2022 we measured compliance against Parts 4 and 5 of the Drinking Water Standards (DWS) 2005, (revised 2018). In November 2022 the Drinking Water Quality Assurance Rules (DWQAR) were issued by Taumata Arowai. Drinking water compliance reporting refers to the DWQAR from 14 November 2022. The SSP and KPI's stated in the LTP refer to Part 4 and 5 of the now superseded Drinking Water Standards. Legislative references will need to be updated in future LTP documents. The following tables summarise compliance at each scheme based on the compliance standard in force at the time. Reasons for non-compliance are stated for each scheme.

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).

Measure	2020/21 Result	2021/22 Result	2022/23 Target	Result	Result	Comments
				1 July 2022 - 13 November 2022	14 November 2022 - 30 June 2023	
Taraire Hills	All schemes compliant	✘	Each scheme continuously meets the required standards for drinking water	Compliant	Compliant 219 days Non-compliant 9 days	FAC measurement non-conforming because continuous chlorine monitoring not yet installed
Monument Hill		✔		Compliant	Compliant 224 days Non-compliant 4 days	FAC measurement non-conforming because continuous chlorine monitoring not yet installed. UV non-conforming on 4 days
Kaitāia		✘		Non-compliant	Compliant 80 days Non-compliant 148 days	FAC measurement non-conforming because continuous chlorine monitoring not yet installed
Kawakawa		✘		Non-compliant	Compliant 18 days Non-compliant 210 days	FAC measurement non-conforming because continuous chlorine monitoring not yet installed
Kerikeri		✘		Compliant	Compliant all days	

Measure	2020/21 Result	2021/22 Result	2022/23 Target	Result		Comments
				1 July 2022 - 13 November 2022	14 November 2022 - 30 June 2023	
Ōkaihau	All schemes compliant	✘	Each scheme continuously meets the required standards for drinking water	Non-compliant	Compliant 227 days Non-compliant 1 day	FAC measurement non-compliant because continuous chlorine monitoring not yet installed. UV non-compliant on 1 day
Ōmanaia		✘		Compliant	Compliant 210 days Non-compliant 10 days	FAC measurement non-compliant because continuous chlorine monitoring not yet installed
Ōpononi / Ōmāpere		✘		Non-compliant	Compliant 30 days Non-compliant 198 days	FAC measurement non-compliant because continuous chlorine monitoring not yet installed
Paihia		✔		Compliant	Compliant 218 days Non-compliant 10 days	FAC measurement non-compliant because continuous chlorine monitoring not yet installed. UV non-compliant on 1 day

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

Measure	2020/21 Result	2021/22 Result	2022/23 Target	Result		Comments
				1 July 2022 - 13 November 2022	14 November 2022 - 30 June 2023	
Taraire Hills	All schemes compliant	✘	Each scheme continuously meets the required standards for drinking water	Non-compliant	Compliant 227 days Non-compliant 11 days	11 days where compliance with all membrane filter rules could not be demonstrated
Monument Hill		✔		Compliant	Compliant 224 days Non-compliant 4 days	4 days where all UV rules could not be demonstrated
Kaitāia		✘		Non-compliant	Compliant all days	
Kawakawa		✘		Non-compliant	Compliant 221 days Non-compliant 7 days	UV unit required to meet new 4 log requirement
Kerikeri		✔		Compliant	Compliant all days	
Ōkaihau		✘		Non-compliant	Compliant 226 days Non-compliant 2 day	2 days where UV unit compliance could not be demonstrated
Ōmanaia		✘		Non-compliant	Compliant 215 days Non-compliant 13 days	UV unit required to meet new 4 log requirement
Ōpononi / Ōmāpere		✘		Non-compliant	Compliant 185 days Non-compliant 43 days	43 days where compliance with all membrane filter rules could not be demonstrated
Paihia		✔		Non-compliant	Compliant 206 day Non-compliant 22 day	22 days where compliance with all filtration rules could not be demonstrated. 1 day where UV compliance could not be demonstrated

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).

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
28.3%	28.0%	<26%	28.6%	✘

Narrative

Severe weather events have resulted in land instability issues. This has impacted our infrastructure, which has contributed to numerous breaks throughout the district. Focused investment in a water leak detection team and new technology has resulted in an increase in effective identification of leaks. Additional reporting will see us move from a reactive to a more proactive position in order to decrease the overall water loss.

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	2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
a.	0.91	0.75	< 2 hours	1.00	✓
b.	3.03	4.89	< 4 hours	6.30	✗
c.	0.9	0.65	< 2 working days	0.70	✓
d.	0.9	0.72	< 3 working days	0.80	✓

Narrative

Significant bad weather events impacted the response times to RFSs. In some cases works were delayed due to unsafe working conditions. Poor asset condition has resulted in repeated breaks, these have been referred to the assets management team for planned mains renewals. An issue was identified where RFSs were being incorrectly coded as non-urgent, as a result we experienced longer attendance and resolution times. Attendance and resolution times are set to improve with the upskilling of new staff and recruitment to cover vacant positions.

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.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
69.6	23.58	< 100 complaints per 1,000	28.22	✓

Narrative

There was a total of 292 complaints received for the year. The majority of which were due to water being temporarily turned off in order to undertake repair work. Throughout the summer months there were continued RFS reports of poor water quality in Kerikeri and Paihia due to either manganese or geosmin in the source supply. This is due to 'warmer weather' over the summer months and to the increase in severe weather events affecting source water levels.

Performance measure

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

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
274L	268L	≤ 350L / day / resident	268.43	✓

Narrative

This is an informational indicator only.

Funding impact statement

Water Supply

	LTP 2021/22 \$000s	LTP 2022/23 \$000s	AP 2022/23 \$000s	Actual 2022/23 \$000s
Sources of operational funding				
General rates, uniform annual general charges, rates penalties	225	225	225	127
Targeted rates (other than targeted rate for water supply)	2,988	3,229	3,510	3,556
Subsidies and grants for operating purposes	-	-	-	264
Fees and charges, and targeted rates for water	6,945	6,945	7,994	8,604
Internal charges and overheads recovered	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-	3
Total operating funding	10,158	10,399	11,728	12,554
Applications of operating funding				
Payments to staff and suppliers	6,126	5,996	6,821	6,544
Finance costs	319	404	637	494
Internal charges and overheads applied	1,528	1,588	1,713	1,473
Other operating funding applications	-	-	-	-
Total applications of operating funding	7,973	7,988	9,171	8,511
Surplus / (deficit) of operating funding	2,185	2,411	2,557	4,043
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	250
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	9,374	2,724	4,554	2,638
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	9,374	2,724	4,554	2,888
Applications of capital funding				
Capital expenditure to meet:				
- Additional demand	-	-	-	-
- Improved levels of service	10,387	4,729	6,061	4,091
- Replacement of existing assets	1,186	1,328	2,019	1,564
Increase (decrease) in reserves	(15)	(922)	(968)	1,276
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding	11,559	5,135	7,112	6,931
Surplus / (deficit) of capital funding	(2,185)	(2,411)	(2,557)	(4,043)
Funding balance	-	-	-	-

Wai pakopako • Wastewater

The appropriate collection, treatment and disposal of wastewater is vital for the health and wellbeing of our communities and environment. Council manages and maintains reticulated sewerage schemes and services for the treatment and disposal of waste from septic tanks in our district. We also provide new schemes and sewer connections where and when required. We also monitor the maintenance requirements of on-site sewage disposal systems and provide for facilities for the reception and treatment for on-site septage discharged by commercial operators. Wastewater assets consist of pipeline reticulation, pump stations, and treatment plants.



Key facts

- 17 communities serviced with wastewater schemes
- 153 pumping stations
- 15 wastewater treatment plants
- 13,411 properties are connected to Council's systems.
- 444 km of sewer pipe

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.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
8.09	5.25	≤ 12 per 1,000 connections	2.94	✓

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	2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
a.	2	3	2 or less	2	✓
b.	2	8	1 or less	4	✗
c.	0	0	0	0	✓
d.	0	0	0	0	✓

Narrative

The Ahipara waste water treatment plant is the subject of two current abatement notices and an infringement notice due to faecal coliforms. Northland Regional Council issued an infringement notice for unconsented wastewater discharge to Kaitiāia dog pound from the wastewater treatment plant. Accountability for this is being worked out between Far North Waters and the Council. Also, additional infringement notices were issued for failing to advise Northland Regional Council of a leachate spill at Russell landfill and another for high E.coli at Russell waste water treatment plant.

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).

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
1.13	1.27	2 hours	1.42	✓

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).

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
3.00	1.38	4 hours	2.85	✓

Performance measure

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

a. sewage odour

b. sewerage system faults

c. sewerage system blockages, and

d. the territorial authority's response to issues with its sewerage system, expressed per 1,000 connections to the territorial authority's sewerage system.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
27.10	22.16	≤ 50 per 1,000 connections	25.57	✓

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.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
64.03%	61.9%	≥95% responded to within set timeframe	73.3%	✗

b. Resolution to prevent overflow.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
77.8%	56.7%	≥95% responded to within set timeframe	72.6%	✗

Narrative

Significant poor weather throughout the year including Cyclone Gabrielle in February caused an increase in RFSs and response times. Additional health and safety measures were required and in one instance additional contractors from HydroTech Whangarei were required to safely and effectively close RFSs. In addition to this increased travel time due to road closures across the district caused delays in response times.

Funding impact statement

Wastewater

	LTP 2021/22 \$000s	LTP 2022/23 \$000s	AP 2022/23 \$000s	Actual 2022/23 \$000s
Sources of operational funding				
General rates, uniform annual general charges, rates penalties	141	304	230	87
Targeted rates (other than targeted rate for water supply)	13,797	14,373	14,682	14,678
Subsidies and grants for operating purposes	-	-	-	305
Fees and charges, and targeted rates for water	301	301	255	131
Internal charges and overheads recovered	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-	4
Total operating funding	14,238	14,978	15,167	15,207
Applications of operating funding				
Payments to staff and suppliers	7,263	7,524	9,200	9,918
Finance costs	909	809	1,032	875
Internal charges and overheads applied	1,845	1,926	1,995	1,837
Other operating funding applications	-	-	-	-
Total applications of operating funding	10,017	10,260	12,227	12,630
Surplus / (deficit) of operating funding	4,221	4,718	2,940	2,577
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	35
Increase (decrease) in debt	6,913	9,333	8,323	(1,797)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	6,913	9,333	8,323	(1,762)
Applications of capital funding				
Capital expenditure to meet:				
- Additional demand	-	-	-	-
- Improved levels of service	8,508	13,122	9,570	1,514
- Replacement of existing assets	4,538	3,531	4,811	1,639
Increase (decrease) in reserves	(1,912)	(2,601)	(3,118)	(2,338)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding	11,134	14,051	11,263	815
Surplus / (deficit) of capital funding	(4,221)	(4,718)	(2,940)	(2,577)
Funding balance	-	-	-	-

Wai āwhā • Stormwater

Our stormwater system drains water away 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.

Council manages and maintains stormwater assets, such as pipeline reticulation, open channels, retention dams and floodgates. Council also assists the Northland Regional Council with some land drainage schemes.



Key facts

- 136 km of pipes
- 39 km of lined and unlined channels
- 3,106 manholes
- 23 basins and ponds
- 66 floodgates
- 1,798 inlets and outlets
- 1 pump station

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

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
1	0	1 or less	0	✓

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
0.19 per 1,000	No events	0	0	✓

Narrative

Despite the continuous bad weather throughout the year, the number of stormwater RFSs remained unaffected with just one flooding event recorded.

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	2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
a.	0	0	1 or less	0	✓
b.	0	0	0	0	✓
c.	0	0	0	0	✓
d.	0	0	0	0	✓

Narrative

There have been no compliance related issues this year.

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.


2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
4 hours	No events	≤ 48 hours	No events	

Narrative

There have been no compliance related issues or flooding events this year.

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.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
24.89	14.54	0 RFS per 1,000 properties	11.19	

Narrative

Higher than normal rainfall was experienced for most of the year, as a result a high volume of RFSs especially throughout the first quarter. A spike in calls was also noticed in February due to impacts from Cyclone Gabrielle and continued bad weather over the summer months.

Funding impact statement

Stormwater

	LTP 2021/22 \$000s	LTP 2022/23 \$000s	AP 2022/23 \$000s	Actual 2022/23 \$000s
Sources of operational funding				
General rates, uniform annual general charges, rates penalties	4,170	4,190	4,339	2,800
Targeted rates (other than targeted rate for water supply)	1,916	2,051	2,021	2,026
Subsidies and grants for operating purposes	-	-	-	100
Fees and charges, and targeted rates for water	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-	-
Total operating funding	6,086	6,241	6,361	4,927
Applications of operating funding				
Payments to staff and suppliers	3,259	3,245	3,247	1,881
Finance costs	123	147	137	118
Internal charges and overheads applied	1,714	1,787	1,862	1,478
Other operating funding applications	-	-	-	-
Total applications of operating funding	5,095	5,179	5,245	3,477
Surplus / (deficit) of operating funding	991	1,062	1,115	1,450
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	2,586	762	3,414	9
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	2,586	762	3,414	9
Applications of capital funding				
Capital expenditure to meet:				
- Additional demand	-	-	-	-
- Improved levels of service	3,157	1,442	3,635	795
- Replacement of existing assets	515	1,373	1,544	1,346
Increase (decrease) in reserves	(95)	(990)	(650)	(681)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding	3,577	1,824	4,529	1,460
Surplus / (deficit) of capital funding	(991)	(1,062)	(1,115)	(1,450)
Funding balance	-	-	-	-

Mana Whakahaere Para • Solid Waste Management

Our 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. 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 revised in 2021.



Key facts

- 15 refuse/recycling transfer stations
- 11 permanent community centres
- 1 Resource Recovery Centre at Kaitiāia
- 1 seasonal community centre

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.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
60.8%	58.8%	63%	58.2%	✘
Narrative				
Recycling performance is being lowered by one contractor overall to a decreased diversion rate of 58%. The other contractor is consistently achieving 62% in the Northern area. This is largely due to one contractor having a larger share of the commercial recycling market. Russell refuse transfer station has averaged 34% which indicates the performance of our refuse transfer stations without commercial and kerbside recycling.				

Performance measure

5.1.2 All Refuse transfer stations are open to the public (no more than 30 minutes late once a year).

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
99.98%	99.70%	99.5%	99.66%	✔
Narrative				
There was a total of six late openings throughout the year due to staff failing to notify management of their intended absence.				

Performance measure

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

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
100%	100%	95% within set timeframes	100%	✔

Standard waste: pick up within four days.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
82.1%	83.5%	95% within set timeframes	85.5%	✘

Narrative

Delays in illegal dumping pick-ups are largely due to difficulties in contacting the customer for further clarification although there were also delays over the Christmas close-down. Customer surveys regarding illegal dumping RFSs remain positive.

Funding impact statement

Solid Waste Management

	LTP 2021/22 \$000s	LTP 2022/23 \$000s	AP 2022/23 \$000s	Actual 2022/23 \$000s
Sources of operational funding				
General rates, uniform annual general charges, rates penalties	3,663	3,966	3,790	3,933
Targeted rates (other than targeted rate for water supply)	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges, and targeted rates for water	1,200	1,193	1,158	1,471
Internal charges and overheads recovered	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	220	220	885	537
Total operating funding	5,082	5,379	5,833	5,941
Applications of operating funding				
Payments to staff and suppliers	4,348	4,567	5,083	5,435
Finance costs	40	38	51	181
Internal charges and overheads applied	683	713	672	1,322
Other operating funding applications	-	-	-	-
Total applications of operating funding	5,072	5,318	5,806	6,939
Surplus / (deficit) of operating funding	11	61	27	(998)
Sources of capital funding				
Subsidies and grants for capital expenditure	58	-	132	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	314	93	636	208
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	371	93	768	208
Applications of capital funding				
Capital expenditure to meet:				
- Additional demand	-	-	-	-
- Improved levels of service	671	383	1,060	472
- Replacement of existing assets	96	627	73	9
Increase (decrease) in reserves	(385)	(856)	(338)	(1,271)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding	382	154	795	(790)
Surplus / (deficit) of capital funding	(11)	(61)	(27)	998
Funding balance	-	-	-	-

Ngā whakaurunga o te rohe • District Facilities

Throughout the district there are many facilities managed by Council and made available for public use, such as playgrounds, parks and reserves, sports fields, 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.



Facilities includes:

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

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

- 11 cemeteries
- Support for 15 community-operated cemeteries

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 grave digging services are carried out respectfully, safe and the site is kept in a clean and tidy state.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
0	2	No more than 1 complaint received regarding our grave digging services	3	✘

Narrative

There was one complaint in August where an incorrect burial site was opened. Corrective action has been put in place by the contractor with a positive outcome. Two other complaints were received regarding the level of fill on the grave sites, further training has been implemented regarding this in order to avoid recurrence.

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 wellbeing 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 Kaitāia. 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 and archives and publications buildings in Kaikohe
- 19 community halls, 12 buildings and 1 grandstand.

Level of service

6.2 To provide buildings for public recreation and leisure.

Performance measure

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

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
All buildings compliant	All buildings compliant	All buildings have appropriate certificates including BWOFF for those that require them	All buildings compliant	✓

Narrative

All buildings that required building warrant of fitness are current and up to date.

Housing for the elderly

The elderly are valued members of our communities. Council currently provides affordable and safe housing to meet the needs of the pension-aged citizens with limited financial resources but has committed through the development of this LTP to investigate divesting the housing assets to one or more Community Housing Providers (CHPs) who are better resourced and experienced in social housing. Our goal is to enable the provision of a higher level of service, but we will only divest if we can be sure that existing tenant arrangements are protected and that the number of units and level of service available will be maintained or increased over time.

Key facts

- 144 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.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
91.1%	89.0%	95%	92.5%	✗

Narrative

There are currently eight unoccupied units, these are undergoing renewal upgrades and expect to be completed. Interviews to occupy them will commence in the coming weeks.

Performance measure

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

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
75.7%	Emergency 100% Urgent 66.8% Non-urgent ≥67.8%	Emergency 100% Urgent 95% Non-urgent ≥85%	Emergency - None recorded Urgent 81.4% Non-urgent 79.4%	✗

Narrative

No emergency faults were reported for this year. Urgent: Contractors continue to be informed to remedy urgent work within a 24-hour period. Non-urgent: Contractors were unable to complete work assigned within the seven day period, mainly due to the tenant not being home or equipment not being available causing delays to order timings and delayed shipping.

Performance measure

6.3.3 Maintenance inspections on units carried out at least once a year.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
New measure	100%	Maintain/increase	100%	✓

Narrative

All six monthly inspections completed and up to date for all villages.

Recreation

Recreation facilities provide spaces for our communities to enjoy and contribute directly to their physical and social wellbeing. We maintain a diverse range of facilities, such as parks, sports fields, 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 Pool.

We lease motor camps to private operators at Russell, Tauranga Bay and Houhora Heads. The activities associated with these facilities, such as large swimming and sporting events are supported by Council.

Key facts

- 29 playgrounds, 3 skate parks and 2 pump tracks
- 172.1 ha of open spaces are mown to a variety of grades to support public use
- 31 netball courts in Kaitiāia, Kaikohe and Kerikeri as well as a number of single courts throughout the district
- 73 community leases that include sports clubs, grazing licenses, Kaikohe recreational airport and community spaces
- 25 boat ramps
- 18 jetties
- 21 pontoons
- 9 wharves
- 2 tidal grid
- 4 swimming pools

Town maintenance, public toilets and car parks

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

Key facts

- 73 public toilets at 49 locations
- 27 carparks in 12 towns
- 21 towns provided with town maintenance
- Amenity lighting in 22 locations and 3 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.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
2	0	2	1	✘

Narrative

Three accessible car parks have been added this year, one at Waipapa Landing and two in Awanui.

Performance measure

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

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
111.8%	90.9%	≥90%	79.6%	✘

Narrative

Contractor performance is challenged by the age of the toilet assets, but it has generally been an acceptable level of performance. Our main focus area is the cleanliness of interior and exterior walls.

Performance measure

6.4.3 Provide accessibility upgrades within parks and reserves.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
2	2	2 per ward per annum	3	✓

Funding impact statement

District Facilities

	LTP 2021/22 \$000s	LTP 2022/23 \$000s	AP 2022/23 \$000s	Actual 2022/23 \$000s
Sources of operational funding				
General rates, uniform annual general charges, rates penalties	3,643	4,708	4,637	4,712
Targeted rates (other than targeted rate for water supply)	10,200	11,539	11,299	11,873
Subsidies and grants for operating purposes	-	-	-	352
Fees and charges, and targeted rates for water	1,293	1,297	1,361	1,361
Internal charges and overheads recovered	11	11	12	186
Local authority fuel tax, fines, infringement fees and other receipts	105	105	105	562
Total operating funding	15,251	17,660	17,413	19,045
Applications of operating funding				
Payments to staff and suppliers	9,062	9,224	10,284	9,406
Finance costs	449	772	744	544
Internal charges and overheads applied	2,890	3,050	2,764	3,331
Other operating funding applications	-	-	-	-
Total applications of operating funding	12,401	13,046	13,792	13,282
Surplus / (deficit) of operating funding	2,850	4,614	3,621	5,763
Sources of capital funding				
Subsidies and grants for capital expenditure	28,858	2,714	11,302	2,898
Development and financial contributions	-	-	-	1
Increase (decrease) in debt	24,872	14,008	32,023	14,563
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	53,730	16,722	43,326	17,462
Applications of capital funding				
Capital expenditure to meet:				
- Additional demand	-	-	-	-
- Improved levels of service	55,099	20,762	45,187	17,578
- Replacement of existing assets	7,717	8,374	8,810	3,749
Increase (decrease) in reserves	(6,236)	(7,800)	(7,050)	1,898
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding	56,580	21,336	46,947	23,226
Surplus / (deficit) of capital funding	(2,850)	(4,614)	(3,621)	(5,763)
Funding balance	-	-	-	-

Wāhanga āwhina tangata • Customer Services

Connecting with our communities and providing excellent customer service is important to Council. Our customer service team is the first point of contact for people in our district and they deliver vital services, such as providing information, liaising with departments to support a request from the community, helping people to solve their council-related problems, and receiving and processing payments.



Key facts

- 6 Service Centres around the District and 1 contact centre
- Service Centres handled 22,947 face to face interactions
- Contact Centre took 67,893 phone calls and processed 12,967 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).

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
19.2%	15.7%	<12%	22%	✘
Narrative				
This measure is not being met due to under resourcing of the team and a consequent lack of surge capacity to meet heavy services demand driven by severe weather events, or maintain expected services levels during staff absences. Internal efficiency improvements are being implemented and recruitment to vacant roles almost complete, including the appointment of on-call casual staff to ensure business continuity.				

Performance measure

7.1.2 Service Centre users' satisfaction.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
New rating measure	3.94	Maintain/increase	3.81	✘
Narrative				
Frontline staff results are impacted by scores received by other departments as current assessment is focused on the service being triaged by the department of enquiry rather than the customer service received. A review of the user satisfaction tool is underway.				

Performance measure

7.1.3 Percentage of customer enquiries resolved at first point of contact.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
New measure	44.0%	65%	48%	✘
Narrative				
The target of 65% has been set knowing it will be a challenge, although the target is not yet being achieved it is a strong focus for the team. Processes are being implemented, including an improved knowledge base for staff to assist in resolving customer queries.				

i-SITES

Visitors to our District often seek out advice about their travel arrangements. Our i-SITES have helpful local experts to provide an excellent visitor experience. Located in key visitor areas, our i-SITES are vitally important to the economic prosperity of our communities.

Key facts

- 3 i-SITES in the following locations:
 - Ōpononi
 - Kaitāia
 - 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.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
-18.7%	-7.7%	≥1% increase	43.9%	✓

Narrative

Although the winter season was quiet with the recently opened borders, there has been an increase of mainly Australians visiting, with visitor numbers increased significantly in the latter part of the quarter. Visitor numbers and booking numbers have increased now that cruise ships and international visitors are returning to the region. Fifty-two ships were scheduled to arrive over the summer season but only thirty six arrived due to weather and bio fouling issues. Road closures also prevented visitors coming to the district especially with the Brynderwyn's being closed. Public and school holidays were busy with visitors rising during those times.

Performance measure

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

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
8.80%	-24.4%	Retail sales net profit ≥1.0%	527.5%	✓

Narrative

On the whole, retail has been well supported with visitors and locals especially at the Ōpononi i-SITE. There is very good offering of local products for sale at all of the three i-SITES and retail sales are strong with good local and visitor support. Sourcing new local products is difficult.

Performance measure

7.2.3 Customer / visitor satisfaction.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
New rating measure	3.27%	Maintain / increase	4.17%	✓

Narrative

No feedback was received in the first two months of the year bringing the average result for this quarter down. A new system has now been implemented which has made it easier to get responses. The new system is working well, and the i-SITES are getting excellent feedback remaining consistent against last year's results.

Libraries and Museum

Our libraries and museum provide leisure and lifelong learning opportunities that strengthen our communities. We maintain and manage several libraries for the benefit of our communities and support five community based libraries throughout the District. Our museum preserves our unique cultural history. Our libraries and museum provide free and open access to knowledge and information services to all residents and are a safe, neutral place where people can connect.

Key facts

- 6 libraries in the following locations:
 - Kāeo
 - Kaikohe
 - Kaitāia
 - Kawakawa
 - Kerikeri
 - Paihia
- 1 museum at Te Ahu centre

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.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
New rating measure	3.9%	Maintain / Increase	3.81	

Narrative

With a new customer experience programme we are unable to report in the same manner, and currently do not have a previous year comparison. The new programme rates from 1 to 5, with 5 being an excellent service provided. There has been a low response rate to the Ask Nicely surveys, which has created a quite varied response month to month.

Performance measure

7.3.2 Increase the percentage of online library service use.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
91.2%	50.9%	≥1% increase on previous year	63.3%	

Narrative

Online library use continues to remain high with a steady increase as customers respond to an increased range of eResources.

Performance measure

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


2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
40.9%	44.3%	Maintain / Increase	47.5%	

Narrative

An increase of 3.2% on membership relevant to the district population when compared against the 2021/22 result.

Performance measure

7.3.4 Increase in number of attendees at library events and programmes.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
New measure	Average of 7 attendees per event	5% increase on previous year	Average of 9 attendees per event	

Narrative

Library programmes and events attendance have fluctuated throughout the year but overall a positive trend, with a large number of events (≥130 per month) and attendees (≥1400 per month average).

Levels of service

7.4 To provide quality museum services for the benefit of all in the community.

Performance measure

7.4.1 Customer / visitor satisfaction.


2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
New measure	Not assessed	Maintain/increase	No result	

Narrative

No survey responses were received for the entirety of the reporting period (July 2022 to June 2023).

Performance measure

7.4.2 Increase in the number of visitors to the museum (door count).

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
New measure	10,335	1% Increase on prior year	20,848	

Narrative

Total number of visitors for the year ending June 2023 was 20,848 an excellent result compared against last years total of 10,335 for the 2022 year. This is largely due to the removal of COVID-19 restrictions.

Performance measure

7.4.3 Increase in the number of research requests completed.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
New measure	170	1% Increase on prior year	336 Research requests	

Narrative

Research enquiries have begun to grow with the return of local groups, schools, and increased tourists in the region. Visitor and research numbers continue to trend upwards. Results were impacted in February due to weather events. A total of 336 research requests were completed this year.

Funding impact statement

Customer Services

	LTP 2021/22 \$000s	LTP 2022/23 \$000s	AP 2022/23 \$000s	Actual 2022/23 \$000s
Sources of operational funding				
General rates, uniform annual general charges, rates penalties	10,223	10,520	10,205	10,657
Targeted rates (other than targeted rate for water supply)	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	18
Fees and charges, and targeted rates for water	412	413	423	487
Internal charges and overheads recovered	147	3	3	-
Local authority fuel tax, fines, infringement fees and other receipts	18	18	-	40
Total operating funding	10,800	10,955	10,632	11,202
Applications of operating funding				
Payments to staff and suppliers	5,713	5,553	5,563	5,140
Finance costs	129	107	148	142
Internal charges and overheads applied	3,437	3,711	3,517	4,207
Other operating funding applications	-	-	-	-
Total applications of operating funding	9,279	9,371	9,228	9,489
Surplus / (deficit) of operating funding	1,520	1,585	1,405	1,714
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	66	1,894	2,327	(426)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	66	1,894	2,327	(426)
Applications of capital funding				
Capital expenditure to meet:				
- Additional demand	-	-	-	-
- Improved levels of service	657	2,518	2,981	149
- Replacement of existing assets	337	377	407	393
Increase (decrease) in reserves	593	584	344	746
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding	1,586	3,479	3,732	1,288
Surplus / (deficit) of capital funding	(1,520)	(1,585)	(1,405)	(1,714)
Funding balance	-	-	-	-

Whakahaere Taiao • Environmental Management

Council has responsibilities under legislation to safeguard public health, safety, and welfare. Regulatory activities and responsibilities, such as consents, the enforcement of bylaws, and providing 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. Council understands the economic and social benefits of 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

- Promote responsible dog ownership and community safety across the district
- Monitoring and enforcing the Dog Control Act 1996 and associated Dog Management bylaws and policies
- Responding to and investigating complaints (including dog rushes / attacks on people, domestic pets, stock and wildlife, barking nuisance, roaming, lost and found dogs)
- provide shelter services: impoundment, care for strays and reuniting dogs with their owners
- rehoming suitable dogs through adoption programs
- Patrol public areas, reserves, parks, beaches throughout the District.

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.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
95.4%	95.3%	≥93% within set timeframe	94.5%	✓

Non-urgent within 10 days.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
94.6%	96.5%	≥93% within set timeframe	92.8%	✗

Narrative

A great result by the Animal Management team. This has been achieved by the use of a dedicated and structured roster that captures a 'first response' to customers for all Priority 1 RFSs. The team also function in an afterhours capacity where urgent calls are responded to. Customer survey responses are assisting the department in strengthening the level of service responses and positions. Additional administration assistance at the busy times of registration compliance also factors into this success.

Environmental Health

The safety and wellbeing of our communities, including our environment is one of the primary functions and responsibilities of 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.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
92.0%	84.0%	≥95% of all food control plans and national programmes assessed	86.8%	✘

Narrative

The majority of the cancelled inspections were cancelled by the operators of the premises due to them being ill prepared or unavailable. This trend remained consistent throughout the year, however, all were able to be rescheduled and completed.

Monitoring and Enforcement

We are 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

The Monitoring Team is responsible for:

- District Plan breaches
- RMA breaches
- Bylaw breaches
- LGA breaches
- Removal of abandoned vehicles
- Parking enforcement
- Resource consent monitoring
- Bylaw permits
- Litter infringements
- Noise complaints

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:

a) In urban areas: one hour.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
77.9%	75.6%	≥95% within set timeframe	75.7%	✘

b) In rural areas: two hours.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
81.1%	86.7%	≥95% within set timeframe	80.2%	✘

Narrative

This is a challenging measure due to the size and remoteness of the district, and police resourcing to assist during the busy period. This will be addressed in contract renewal.

District Licensing Committee

The District Licensing Committee (DLC) carries out our delegated authority under primary legislation for the responsible sale, supply, and consumption of alcohol, and to minimise alcohol-related harm in our District.

The DLC processes and issues liquor licenses and manager's 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 Certificate
- Carry out host responsibility inspections of licensed premises
- Report to the Alcohol and Regulatory Licensing Authority.
- Hold hearings and make decision to grant or oppose licenses and certificates

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.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
100%	98.3%	≥25% of premises visited annually	99%	✓

Resource Consent Management

A critical function of 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.

Key facts

- Processing a variety of consents and permit applications within statutory time frames:
 - Subdivision Consents
 - Land Use Consents
 - Combined Land Use and Subdivision Consents
 - Discharge consents under delegated authority from NRC
 - Combined land Use and Discharge Consents
 - Variation Consents for Land use, subdivision, removing or amending consent notices
 - Consents under National Environmental Standards for contaminated soil, telecommunications and plantation forestry
- Certificates for subdivision completion 223 and 224
- Local Government Act (LGA) applications for earthworks and right of ways
- Outline plans, waivers, objections, s133A decisions and other (s221)
- Duty planner queries where planners provide advice and assistance around the rules and resource consent process
- Carry out post approval assessment and inspections for certificates under the RMA and LGA
- Approval of engineering plans, stormwater and wastewater Reports to meet compliance on consent notices.

How we performed

Level of service

8.5 To administer and enforce the Resource Management Act 1991, Building Act 2004 and Council's District Plan and Bylaws.

Performance measure

8.5.1 Respond to compliance incidents within 10 working days.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
92.8%	85.6%	≥93%	80.8%	✗

Narrative

Administrative issues have been addressed with the team which has increased the level of service.

Performance measure

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

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
90.4%	57.8%	≥95%	22%	✗

Narrative

The overall low compliance rate is a direct effect of large volumes of applications, reduced consultant processing capacity and staff vacancies in the beginning of the year resulting in a large backlog. The Resource Consent team cleared the backlog of applications in November 2022. The clearance of the backlog, the increase in internal staff and external capacity in both planning and engineering, will gradually see council return to processing applications within statutory timeframes.

Building Consent Management

Safe and healthy buildings are vitally important to safe and healthy communities, and as such Council is bound by the Building Act 2004. The consenting, inspection and issuing of Code Compliance Certificates is the main activity by which Council contributes to the wellbeing of our communities. Other activities include enforcing primary legislation, dealing with water tight claims and ensuring 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 consent applications.

Performance measure

8.6.1 Process building consents within statutory timeframes.

2020/21 Result	2021/22 Result	2022/23 Target	2022/23 Result	Status
99.4%	99.6%	≥95%	100%	

Narrative

Over all the team mindset and accountability of the leadership team and together with the responsibility of the individual team members has resulted in the 100% compliance rate. Also our business intelligence software and other dashboards allow us to monitor our business in real time.

Funding impact statement

Environmental Management

	LTP 2021/22 \$000s	LTP 2022/23 \$000s	AP 2022/23 \$000s	Actual 2022/23 \$000s
Sources of operational funding				
General rates, uniform annual general charges, rates penalties	9,101	9,108	9,364	9,796
Targeted rates (other than targeted rate for water supply)	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges, and targeted rates for water	5,646	5,787	6,905	6,130
Internal charges and overheads recovered	7	7	17	-
Local authority fuel tax, fines, infringement fees and other receipts	96	98	98	325
Total operating funding	14,849	15,000	16,384	16,251
Applications of operating funding				
Payments to staff and suppliers	10,198	9,944	11,059	12,515
Finance costs	52	57	70	58
Internal charges and overheads applied	4,302	4,662	4,831	5,695
Other operating funding applications	-	-	-	-
Total applications of operating funding	14,551	14,662	15,959	18,267
Surplus / (deficit) of operating funding	298	337	425	(2,016)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	863
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	818	(183)	941	1,400
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	818	(183)	941	2,263
Applications of capital funding				
Capital expenditure to meet:				
- Additional demand	-	-	-	-
- Improved levels of service	953	-	1,100	2,536
- Replacement of existing assets	28	-	-	-
Increase (decrease) in reserves	135	154	266	(2,289)
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding	1,116	154	1,366	247
Surplus / (deficit) of capital funding	(298)	(337)	(425)	2,016
Funding balance	-	-	-	-

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. The role of Council is to collaborate with these communities to develop a plan 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 required in our District.

Key facts

- Develop strategies, bylaws, policies and actions that are governed by Central Government and affect our communities
- Support reviews required under the Local Government Act 2002
- Prepare Annual and Long Term Plans.

Corporate Planning and Community Development

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

Key facts

- Work with our communities, Māori, businesses, key stakeholders, other regional authorities, external agencies and organisations to development sustainable practices

that will improve local economy

- Work with a range of agencies and educations providers to assist access to job and training opportunities
- Support community initiated plans
- Develop long term plans
- Empower and support our communities
- Support events that promote the District
- Advocate on behalf of the District to Central Government and agencies and non-Government organisations
- Provide and administer community grants.

Māori Engagement, Relationships And Development (Te Hono)

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.

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
- 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.

Funding impact statement

Strategic Planning and Policy

	LTP 2021/22 \$000s	LTP 2022/23 \$000s	AP 2022/23 \$000s	Actual 2022/23 \$000s
Sources of operational funding				
General rates, uniform annual general charges, rates penalties	8,996	9,145	9,905	10,005
Targeted rates (other than targeted rate for water supply)	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	321
Fees and charges, and targeted rates for water	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	75	75	75	7
Total operating funding	9,071	9,220	9,980	10,333
Applications of operating funding				
Payments to staff and suppliers	7,372	7,382	7,771	6,033
Finance costs	6	4	2	4
Internal charges and overheads applied	1,658	1,797	2,180	2,241
Other operating funding applications	-	-	-	-
Total applications of operating funding	9,036	9,184	9,954	8,278
Surplus / (deficit) of operating funding	35	36	26	2,055
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(23)	(23)	(21)	10
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	(23)	(23)	(21)	10
Applications of capital funding				
Capital expenditure to meet:				
- Additional demand	-	-	-	-
- Improved levels of service	-	-	-	33
- Replacement of existing assets	-	-	-	-
Increase (decrease) in reserves	12	13	6	2,032
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding	12	13	6	2,065
Surplus / (deficit) of capital funding	(35)	(36)	(26)	(2,055)
Funding balance	-	-	-	-

Mana kāwanatanga • Governance and Strategic Administration

The elected representatives of the community that form the governance function of our council are provided with guidance and support on a daily basis, enabling them to understand their legislative responsibilities and make 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



Funding impact statement

Governance and Strategic Administration

	LTP 2021/22 \$000s	LTP 2022/23 \$000s	AP 2022/23 \$000s	Actual 2022/23 \$000s
Sources of operational funding				
General rates, uniform annual general charges, rates penalties	8,670	7,921	6,748	4,228
Targeted rates (other than targeted rate for water supply)	-	-	-	-
Subsidies and grants for operating purposes	40	40	85	82
Fees and charges, and targeted rates for water	945	945	1,049	959
Internal charges and overheads recovered	64	65	65	1,392
Local authority fuel tax, fines, infringement fees and other receipts	950	1,300	1,300	355
Total operating funding	10,669	10,271	9,247	7,016
Applications of operating funding				
Payments to staff and suppliers	22,445	23,487	24,898	27,220
Finance costs	(364)	(278)	(944)	405
Internal charges and overheads applied	(16,153)	(17,411)	(17,590)	(21,046)
Other operating funding applications	-	-	-	-
Total applications of operating funding	5,929	5,799	6,364	6,579
Surplus / (deficit) of operating funding	4,740	4,472	2,883	437
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	34
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	1,116	1,654	2,274	197
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	1,116	1,654	2,274	231
Applications of capital funding				
Capital expenditure to meet:				
- Additional demand	-	-	-	-
- Improved levels of service	1,460	2,075	1,641	(6)
- Replacement of existing assets	1,947	2,065	3,151	1,262
Increase (decrease) in reserves	2,450	1,986	365	(1,190)
Increase (decrease) in investments	-	-	-	602
Total applications of capital funding	5,856	6,126	5,157	667
Surplus / (deficit) of capital funding	(4,740)	(4,472)	(2,883)	(437)
Funding balance	-	-	-	-

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 2021-31 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, or if outside the Far North District, with the Shareholders approval, with the aim of creating profits for its Shareholder and creating shareholder value.

Performance measures

Financial: Achieve sustainable commercial returns

Performance objective

Create value for ratepayers by increasing shareholder funds

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Grow shareholders' fund	\$5 million	✓ \$8.9 million	✓ \$17.3 million	✓ \$10.9 million	✓ \$1.1 million

Narrative

We continue to see growth in shareholder funds as developments are completed, including those that received funding from Kānoa Regional Economic Development and Investment Unit.

Performance objective

Ratio of consolidated shareholder funds to total assets

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
The ratio must exceed 50%	>50%	✓	✓	✓	✓

Narrative

We continue to see growth in shareholder funds as developments are completed, including those that received funding from Kānoa Regional Economic Development and Investment Unit.

Performance objective

Effective financial management to deliver profitability.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Operating profit	Target \$500,000	✓ \$503,411	✗ \$249,186	✓ \$1,146,519	✓ \$1,131,167

Narrative

Operating profit is calculated as profit prior to movements in investment properties, share of associates and other non operating movements, excluding cost of honey sold and gain on sale of investment properties.

Performance objective

Return profit to FNDC by way of dividend, in line with dividend policy.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Dividend to FNDC	Dividend payable >\$250,000	✓ \$251,706	✗ \$124,593	✓ \$483,063	✗ \$422,795

Narrative

FNHL are also looking to pay an extra-ordinary dividend the amount to be confirmed once the final accounts are agreed.

Performance objective

Regular risk assessments undertaken and reported to FNDC, identifying key organisational risks and mitigants.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
6 monthly report submitted	To achieve	✓	⊖ new measure	⊖ new measure	⊖ new measure

Narrative

Required risk assessment reporting to FNDC has been completed at least six monthly.

Performance objective

Comply with banking covenants.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Comply with bank covenants	To achieve	✓	✓	✓	✓

Narrative

The Company's banking covenants in place for the period 2022/23 were complied with throughout.

People: Be a good employer

Performance objective

To make safety our priority to ensure health, safety and wellbeing of all employees and contractors in the Group.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Establish key metrics and implement six-monthly reporting to FNDC	To achieve	✓	⊖ new measure	⊖ new measure	⊖ new measure

Narrative

Health, safety, and wellbeing (HSW) policies and procedures in place and being monitored and measured. HSW reporting to FNDC has been completed at least six monthly.

Performance objective

Comply with our living wage policy for all permanent employees.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Comply with living wage policy for all permanent employees	To achieve	✓	⊖ new measure	⊖ new measure	⊖ new measure

Narrative

All permanent employees were paid the living wage during 2022/23.

Performance objective

Directors to make an effective contribution to the Board, with conduct in accordance with generally accepted standard.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Board self-evaluation and report to FNDC	To achieve	✓	⊖ new measure	⊖ new measure	⊖ new measure

Narrative

Self-evaluation completed and reported to FNDC. All Company Directors, including of subsidiary Companies, are considered to have fully met or exceeded requirements as Directors.

Sustainability: Undertake sustainable investment and management for the benefit of future generations.

Performance objective

Commit to tangible action to measure climate impact and target reductions based on best practice.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Prepare a sustainability Roadmap identifying ways to minimise climate impact	To achieve	✓	← new measure	← new measure	← new measure

Narrative

The Company In 2022/23 commenced developing a sustainability strategy through a workshop facilitated by thinkstep-anz based on the UN Sustainable Development Goals (SDGs).

Performance objective

Ngāwhā Innovation & Enterprise Park to achieve best practice environmental standards.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Greenstar Rating achieved	To achieve	✗	← new measure	← new measure	← new measure

Narrative

Greenstar application to be submitted by December 2023.

Performance objective

Achieve and maintain Clean Marina certification.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Achieve and maintain Clean Marina certification	To achieve	✓	✓	✓	✓

Narrative

Clean Marina certification held throughout the period.

Performance objective

Meet or exceed all environmental obligations required under resource consents issued to the company, and promptly address any notices received from environmental regulators promptly or within specified timeframes.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Meet or exceed all environmental obligations required under resource consents issued to the company, and address any notices received from environmental regulators promptly or within specified timeframes	To achieve	✓	← new measure	← new measure	← new measure

Narrative

FNHL is party to a number of resource consents, including consents with ongoing monitoring requirements. Consent monitoring for compliance purposes is undertaken by third party agencies, and accordingly, the company considers the most reliable way to determine compliance is through observation of any third-party breach or compliance notifications. While the company did receive one infringement notice during the year, upon enquiry and clarification by the company, this was withdrawn by the third-party regulator (NRC) and one abatement notice which is also under review hence no infringement notice was subsequently received. The Board have relied on the absence of any breach or infringement notices in FY23 to conclude that the company has met all legislative environmental obligations.

Community: Create economic & housing opportunities, with improving engagement and communication.

Performance objective

Encourage positive relationships with the community by having transparent engagement policies and monitoring key stakeholder perceptions.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Significance & Engagement Policy in place	To achieve	✓	← new measure	← new measure	← new measure

Narrative

The Company holds and has implemented a Significance & Engagement Policy. Curia Group was engaged in the year to carry out a stakeholder survey.

Performance objective

Ngāwhā Innovation & Enterprise Park developed to grow economic and employment opportunities in the Far North.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Open stage 1	Open stage 1				
			new measure	new measure	new measure

Narrative

Stage 1 formally opened in June 2023 with Kaikohe Berries Ltd, Te Pūkenga, Regent and the Innovation Centre.

Performance objective

Encourage positive and meaningful relationships with Māori by supporting project delivery or building long-term relationships if suitable opportunities or commercial ventures arise.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
2+ projects / relationships	To achieve				
			new measure	new measure	new measure

Narrative

We continue to be committed to developing long-term, meaningful relationships with Māori. We partner with Ngāpuhi Asset Holding Co in Kaikohe Berries Ltd by way of shareholding in this operation, and Te Hau Ora o Ngāpuhi to develop community housing being built in Kaikohe.

Performance objective

Identify opportunities to deliver social housing to meet local needs in partnership with Community Housing Providers (CHP's).

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Analysis of 2 social housing opportunities	To achieve				
			new measure	new measure	new measure

Narrative

There continues to be considerable need for social and community housing within the wider Northland region. We were pleased to complete our first housing development in 2023 of 18 units in Kamo, in partnership with the Ministry of Housing and Urban Development and Kāhui Tū Kaha. During 2023, we also completed analysis regarding social housing development opportunities in Kaikohe and commenced building and development activity in partnership with Te Hau Ora o Ngāpuhi in Kaikohe. We are actively investigating two further opportunities in Dargaville and Kaitiāia.

Performance objective

Ensure that the Bay of Islands Airport operates within regulatory requirements.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
CAA Certification	To achieve				

Narrative

Bay of Islands Airport continued to hold a current CAA Part 139 Aerodrome Operating Certificate through 2022/23, thereby conforming with CAA regulatory requirements.

Northland Inc.

Northland Inc Limited, established in July 2012, is the region's economic development agency and regional tourism organisation. Prior to 1 July 2021, it was 100% owned by Northland Regional Council. Since 1 July 2021, it is equally and jointly owned by NRC, Kaipara District Council and Far North District Council (together referred to as the shareholder councils).

Northland Inc Limited is primarily funded by an operational contribution from its shareholder councils delivered through NRC's Investment and Growth Reserve (IGR). It is project funded through other public and private agencies, with central government being the next largest contributor. The organisation has a governance board of professional directors, each appointed by the shareholder councils. Operational activity is led by a chief executive officer.

Policies and objectives

The mission of Northland Inc Limited is to identify and focus on activities and relationships that will strengthen, diversify and grow the economy of Te Tai Tokerau Northland to help achieve equity and environmental sustainability. Six key pou are set out in the 2021-24 Statement of Intent as the organisational objectives.

The six objectives (pou) of Northland Inc. Ltd are as follows:

- Pou tahi: Māori economic development
- Pou rua: Environmental sustainability
- Pou toru: Regional investment
- Pou whā: Destination management and marketing
- Pou rima: Advocacy and profile for Tai Tokerau economic development
- Pou ono: Organisational culture.

Performance measures

Māori economic development

Measure	Target 2022/23	Actual 2022/23	Status
Number of engagements or established relationships with iwi/hapū groups and other Māori organisations, e.g., marae, land trusts, etc. that have led to a positive outcome	15	21	✓
Proportion of Māori organisations that are satisfied with Northland Inc support	>50%	94%	✓

Environmental sustainability

Measure	Target 2022/23	Actual 2022/23	Status
Number of workshops / events that help promote or support environmental sustainability values and culture in Te Tai Tokerau	5	7	✓
Proportion of businesses / projects that Northland Inc are supporting that have identified their environmental aspirations and complied with governmental regulations	80%	91%	✓

Nature and scope of activities

The nature and scope of activities of Northland Inc Ltd. are described below. The māori economic development, environmental sustainability and organisational culture pou are embedded across the three work programmes:

Regional Investment: Grow investment and business support services such that regional economic activity improves consistently year on year. Following assessment and review Northland Inc will prioritise activities and ideas, with a view to applying their resources to engage in focused impactful projects reflecting the organisational capacity at this time.

Destination Management: To lead the implementation of a regional Destination Management Plan in partnership with relevant stakeholders, industry, iwi and hapū. Through a programme of investment and development, Northland Inc will deliver destination management and marketing activity to position Northland within target markets as a desirable place to visit and support a visitor economy that values shared benefit across the region, environmental sustainability, heritage and culture.

Profile and Advocacy of Economic Development: To develop and improve the profile of economic development and Northland Inc to ensure that Te Tai Tokerau Northland understands and values the efforts of Northland Inc to improve the economic well-being of the region, to support strong communities and environmental sustainability.

Measure	Target 2022/23	Actual 2022/23	Status
Change in carbon footprint of Northland Inc	5% net reduction in footprint (Target 52500 Kg CO2/year)	71,545kg CO2/year	✗

Narrative

Increased activity in a post COVID-19 environment not comparable with base year. The Carbon Emission figure is at best indicative and was prepared internally within Northland Inc using the third-party Carbon Neutral Trust Calculator to achieve consistency with NRC. The results for each emission category are heavily based on assumptions but with better data and collection processes, Northland Inc can reach better quality reporting and a more accurate carbon position, and will continue to improve the calculation methodology over time.

Regional investment

Measure	Target 2022/23	Actual 2022/23	Status
Number of unique businesses assisted (reporting by TA and industry)	240	431	✓
Proportion of those businesses assisted that are Māori (by TA and industry)	30%	31%	✓
Number of inward delegations hosted	3	5	✓
Client satisfaction with businesses assistance provided by Northland Inc as measured by Net Promotor Score	>50	85	✓
Value of grant funding and investment facilitated for Māori businesses	\$120,000	\$2,204	✗
Number of high impact projects that are implemented (reporting by regional strategic sectors)	4	3	✗

Narrative

Many of the Māori businesses the BIG team are connecting with require soft support and are not yet ready for funding support through the Regional Business Partner (RBP) Network only \$36k of RBP grant funding achieved. However, \$2,168K of funding has been facilitated through the cyclone relief fund.

Destination management and marketing

Measure	Target 2022/23	Actual 2022/23	Status
Number of destination promotion campaign initiatives to generate national exposure to the region (reporting will include number of businesses that are engaged in the campaign)	1	1	✓
Number of workshops / events to promote product development and position Te Tai Tokerau Northland as a green tourism destination	4	9	✓

Profile and advocacy of economic development

Measure	Target 2022/23	Actual 2022/23	Status
Number of regional economic development updates or reports released	6	6	✓
Number of media features that profile the region	24	26	✓
Number of media activity that references Northland Inc	52	104	✓

Arotake pūtea . Financial performance



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
Operations						
Revenue						
Rates revenue (excluding water by meter rates)	2	96,172	97,762	91,543	95,773	91,131
Fees, charges and water by meter rates	3a	19,696	19,907	18,826	19,476	18,673
Development and financial contributions		9	-	-	9	-
Subsidies and grants	3b	43,906	50,854	49,941	48,300	59,743
Other revenue (excluding dividends)	3	7,537	3,278	15,324	28,628	40,734
Dividends	3	252		195	127	70
Rental revenue from investment properties		-	-	-	6,665	4,548
Total revenue		167,572	171,801	175,829	198,979	214,899
Expenses						
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
Total expenses		164,769	154,442	149,320	184,014	164,317
Surplus / (deficit) before tax		2,803	17,359	26,509	14,965	50,582
Tax expense / (benefit)	7	-	-	-	791	178
Surplus / (deficit) after tax		2,803	17,359	26,509	14,174	50,404
Surplus / (deficit) attributable to:						
Far North District Council		2,803	17,359	26,509	14,174	50,404
Items that could be reclassified to surplus						
Financial assets at fair value through equity	24	(8)	-	3	48	(128)
Cash flow hedges	24	-	-	130	-	130
Items that will not be reclassified to surplus						
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)
Total other comprehensive revenue and expense		164,971	72,508	193,882	170,208	196,673
Total comprehensive revenue and expense		167,774	89,867	220,391	184,382	247,078

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 35.

Statement of changes in equity

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
Opening balance 1 July		2,321,561	2,233,046	2,101,172	2,428,587	2,181,509
Total comprehensive revenue and expense for the year		167,774	89,867	220,391	184,382	247,078
Closing balance 30 June		2,489,335	2,322,915	2,321,561	2,612,670	2,428,587

Statement of financial position

as at 30 June 2023

	Note	Council			Group	
		Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s	Actual 2023 \$000s	Actual 2022 \$000s
Public equity						
Other reserves	24	978,412	765,525	816,869	988,708	828,829
Restricted reserves	24	12,908	14,127	11,817	14,411	13,320
Retained earnings	24	1,498,015	1,543,263	1,492,875	1,609,851	1,586,438
Public equity		2,489,335	2,322,915	2,321,561	2,612,970	2,428,587
represented by:						
Current assets						
Cash and cash equivalents	8	18,798	44,082	13,353	19,762	14,357
Receivables	9	33,701	40,042	31,334	34,530	34,180
Other financial assets	11	600	-	-	1,764	443
Properties available for sale	34	-	-	-	17,073	1,360
Inventories	10	177	143	133	1,690	1,730
Current assets		53,276	84,267	44,820	74,819	52,070
Less:						
Current liabilities						
Payables and deferred revenue	20	32,472	35,351	24,157	39,623	34,936
Borrowings and other financial liabilities	23	55,500	26,000	10,000	66,638	21,500
Provisions	21	560	11	86	560	86
Financial guarantee liabilities		-	-	-	-	-
Employee benefits	22	2,660	2,862	2,894	3,227	3,273
Current liabilities		91,192	64,223	37,137	110,047	59,795
Working capital		(37,915)	20,044	7,683	(35,228)	(7,725)
Non-current assets						
Other financial assets	11	2,126	1,481	2,234	2,126	2,899
Biological assets	17a	-	-	-	258	310
Forestry assets	17b	458	566	458	458	458
Intangible assets	13	11,379	11,591	11,902	4,621	5,076
Investment properties	18	-	-	-	148,153	143,567
Investments in equity accounted associates	19b	-	-	-	5,017	1,352
Investments in subsidiaries	19a	18,000	18,000	18,000	-	-
Property, plant and equipment	12	2,546,520	2,416,941	2,354,572	2,607,193	2,410,716
Non-current assets		2,578,483	2,448,579	2,387,166	2,767,826	2,564,378
Non-current liabilities						
Borrowings and other financial liabilities	23	50,000	145,326	71,500	98,568	110,160
Payables and deferred revenue	20	58	-	52	15,332	12,291
Deferred tax liability	7	-	-	-	4,554	3,880
Provisions	21	1,173	381	1,735	1,173	1,735
Non-current liabilities		51,231	145,707	73,287	119,627	128,066
Net assets		2,489,335	2,322,915	2,321,561	2,612,970	2,428,587

The accompanying Notes to the Financial Statements form part of these financial statements. Major variances to budget are shown in Note 35.

Statement of cash flows

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
Operating activities						
Cash was provided from						
Rates		103,330	107,621	89,370	102,931	88,958
Subsidies and grants received		43,906	47,254	49,941	48,300	59,793
Development contributions received		9	-	-	9	-
Fees and charges received		19,696	-	18,826	19,476	18,673
Interest and dividends		1,326	1,405	1,007	1,234	526
Other revenue		(248)	-	8,328	20,726	25,751
		168,019	156,280	167,472	192,677	193,700
Cash was applied to						
Payment for goods and services		80,179	82,402	81,709	89,940	88,062
Payments made to employees		34,135	30,452	32,379	38,458	36,745
Interest paid		3,479	2,688	2,499	6,332	4,097
GST (net)		(546)	-	(900)	(554)	(896)
Income and fringe benefit tax paid		-	55	65	1,582	(80)
		117,247	115,597	115,752	135,758	127,928
Net cash inflows from operating activities		50,771	40,683	51,720	56,919	65,773
Financing activities						
Cash was provided from						
Borrowing	32c	24,000	84,819	18,000	34,663	29,364
		24,000	84,819	18,000	34,663	29,364
Cash was applied to						
Borrowing		-	11,037	-	1,117	-
Dividends paid		-	-	-	-	-
		-	11,037	-	1,117	-
Net cash inflows / (outflows) from financing activities		24,000	73,782	18,000	33,546	29,364
Cash flow from investing activities						
Cash was provided from:						
Sale of property, plant and equipment, investment properties and properties intended for sale		-	-	-	8,324	2,153
Cash provided from maturing investments		-	-	-	57	(130)
		-	-	-	8,381	2,023
Cash was applied to						
Purchase and development of intangibles		304	-	2,277	4,028	2,931
Purchase and development of property, plant and equipment, investment property and biological assets		69,024	129,953	59,532	89,413	85,959
		69,328	129,953	61,809	93,441	88,890
Net cash inflows / (outflows) from investing activities		(69,328)	(129,953)	(61,809)	(85,060)	(86,867)
Net cash		5,445	(15,489)	7,911	5,405	8,270
Opening balances 1 July						
Cash and cash equivalents		13,353	59,571	5,442	14,357	6,087
		13,353	59,571	5,442	14,357	6,087
Less balances 30 June						
Cash and cash equivalents	8	18,798	44,082	13,353	19,762	14,357
		18,798	44,082	13,353	19,762	14,357
Cash movements for the year		5,445	(15,489)	7,911	5,405	8,270

The accompanying Notes to the Financial Statements form part of these financial statements. Major variances to budget are shown in Note 35.

Reconciliation of surplus / (deficit) after tax to net cash flow from operating activities	Council		Group	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Reported surplus / (deficit) after tax	2,803	26,509	14,448	50,404
Add non-cash items / (less) non-cash items				
Depreciation and amortization	41,784	36,956	43,258	38,186
Vested assets revenue	(3,693)	(11,906)	(3,693)	(11,906)
Change in deferred taxation	-	-	1,582	-
Loss / (gains) on disposal of property, plant and equipment	3,966	2,349	3,291	(1,124)
Other valuation (gains) / losses	-	(447)	(8,264)	(16,429)
Non cash dividend	-	(125)	-	(125)
Ineffective derivative expense	-	130	-	130
Add / (less) movements in other working capital items				
(Increase) / decrease in receivables	(2,367)	9,121	(350)	9,259
(Increase) / decrease in other financial assets	-	-	(1,321)	291
(Increase) / decrease in inventories	(44)	7	40	101
Increase / (decrease) in provisions	473	75	473	75
Increase / (decrease) in financial guarantee liabilities	-	-	-	-
Increase / (decrease) in employee benefits	(234)	194	(46)	307
Increase / (decrease) in payables	8,315	(12,032)	4,687	(10,146)
Increase / (decrease) in derivative financial instruments	-	(130)	-	(130)
Items classed as investing activities	(232)	1,019	2,814	6,882
Net cash inflows from operating activities	50,772	51,720	56,918	65,773

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), its wholly owned subsidiaries Bay of Islands Marina Ltd and Far North Housing Ltd, its 50% equity shareholding of its joint venture Far North Skincare Limited and additionally its associate Kaikohe Berryfruit, council controlled organisation Pou Herenga Tai Twin Coast Cycle Trail Charitable Trust (Pou Herenga), and council organisation Te Ahu Charitable Trust (TACT). The Council's equity share of its associate Northland Inc. Limited (NI) of 33.3% is equity accounted into the parent entity financial statements.

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 2023 and were authorised for issue by the Council on 11 December 2023.

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.

To ensure consistency with presentation, certain comparative numbers have been reclassified.

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

The following changes in accounting policies have been applied:

- **Financial instruments - PBE IPSAS 41**

PBE IPSAS 41 Financial Instruments was issued in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. The group has adopted PBE IPSAS 41 Financial Instruments, and the adoption did not result in any significant impact on the group financial statements.

- **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 2022, 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. This standard has been applied and adoption did not result in any material changes to the statement of service performance.

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, TACT and NI 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.

Rental revenue from investment properties

Far North Holdings Ltd recognises rental income from investment property in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total revenue income, over the term of the lease.

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.

Subsidies and grants revenue

Council receives central government grants from New Zealand Transport Agency, which subsidises part of Council's costs in maintaining the local roading infrastructure. It also receives subsidies from other government agencies to fund some capital projects. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

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

PBE Standards classify financial assets into three categories:

i. Measured at amortised cost if:

- the asset is held by the Group to collect the contractual cash flows; and
- the contractual cash flows represent solely payments of principal and interest.

Financial assets in this category are initially recognised at fair value and subsequently are required to be measured at amortised cost.

ii. Measured at fair value through other comprehensive revenue and expense if:

- the objective of the Group's management model for holding the assets is to both collect contractual cash flows and to sell the financial assets; and
- the asset's contractual cash flows represent solely payments of principal and interest.

Financial assets in this category are required to be measured at fair value with all changes taken through other comprehensive revenue and expenses.

iii. Measured at fair value through surplus or deficit if:

- the assets that do not meet the criteria for classification as at amortised cost or at fair value through other comprehensive revenue and expense.

Financial assets in this category are required to be measured at fair value with all changes in fair value recognised in surplus or deficit.

The classification depends on the Council's management model for the financial asset and the contractual cash flow characteristics of the financial asset. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially measured at fair value plus transaction costs unless they are measured at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit.

Impairment of financial assets

Financial assets carried at amortised cost are assessed each reporting date for impairment. If there is objective evidence of impairment, the difference between the asset's carrying amount and the present value of estimated future cash flows, where appropriate, is recognised in the surplus/(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.

Critical judgments in applying the group's accounting policies

Management has exercised the following critical judgments in applying the group accounting policies for the year ended 30 June 2023:

- Classification of property – see Notes 12 and 18
- Determining the fair value of infrastructure assets
- Impairment considerations

Funding depreciation

The council funds its depreciation on assets as stated below:

- a. All depreciation on assets will be funded from rates except for:
 - Roading/footpath assets - the subsidy element relating to the depreciation for these assets will not be funded by the relevant roading 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), carpark, 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.).

Equity method of accounting in group financial statements

Investments in associates are accounted for in the group and parent financial statements using the equity method of accounting. Council's investment in Northland Inc (NI) has been treated as an associate as it is considered that Council holds significant influence over the financial and operating policies of NI due to the fact the Council shares joint control of NI with Northland Regional Council (33.3%) and Kaipara District Council (33.3%).

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 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s
Revenue			
Roading and Footpaths	60,428	59,760	51,005
Water Supply	12,830	11,728	17,039
Wastewater	15,350	15,168	17,050
Stormwater	5,126	6,361	8,255
Solid Waste Management	5,941	5,965	5,794
District Facilities	22,198	28,716	28,845
Environmental Management	17,114	16,384	16,870
Strategic Planning and Policy	10,333	9,981	9,822
Customer Services	11,202	10,632	11,204
Governance and Strategic Administration	7,050	7,108	9,945
Total activity revenue	167,572	171,803	175,829
Total revenue	167,572	171,803	175,829
Expenditure			
Roading and Footpaths	56,935	51,307	46,779
Water Supply	10,219	10,588	10,955
Wastewater	16,733	15,627	16,910
Stormwater	3,675	4,841	3,887
Solid Waste Management	7,543	5,461	6,440
District Facilities	15,078	16,722	14,546
Environmental Management	12,803	11,554	10,385
Strategic Planning and Policy	6,047	7,800	5,923
Customer Services	6,387	6,444	6,039
Governance and Strategic Administration	29,349	24,098	27,456
Total activity expenditure	164,769	154,442	149,320
Total expenditure	164,769	154,442	149,320

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Rates - general	60,039	60,454	59,640	60,042
Targeted rates attributable to activities				
Roading	5,111	4,891	5,111	4,891
Water, excluding water by meter rates	3,556	2,873	3,556	2,873
Wastewater	14,678	13,843	14,678	13,843
Stormwater	2,026	178	2,026	178
District Facilities	12,296	10,553	12,296	10,553
Rates - penalties	1,153	1,070	1,153	1,070
Less remissions	(2,687)	(2,319)	(2,687)	(2,319)
Total rates, excluding targeted water supply rates	96,172	91,543	95,773	91,131

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 2023 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council	
	2023 \$000s	2022 \$000s
Rates, excluding water by meter rates	98,858	93,862
Water by meter rates	8,168	6,948
Less remissions	(2,687)	(2,319)
Total annual rates revenue	104,339	98,491

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 2023 was 39,417.

The land value of these units was \$18,643,158,010 and the capital value was \$32,832,996,760.

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Interest	1,326	1,007	1,359	1,009
Vested and previously unrecognised assets	3,693	11,906	3,693	11,906
Gain on revaluation	-	447	8,487	14,858
Other revenue	2,518	1,964	15,091	12,961
Total other revenue (excluding dividends)	7,537	15,324	28,629	40,734

	Council		Group	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Dividends	252	195	127	70
Total dividends	252	195	127	70

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Roading	485	415	485	415
Water services	8,604	7,226	8,604	7,226
Wastewater services	131	122	131	122
Refuse / landfill services	1,472	1,409	1,472	1,409
Community services	1,361	1,176	1,361	1,176
Regulatory services	6,196	7,096	6,196	7,096
Customer services	488	322	488	322
Other fees and charges	960	1,061	739	907
Total fees, charges and targeted water supply rates	19,696	18,826	19,476	18,673

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
NZTA Roothing subsidies	38,376	30,923	38,376	30,923
MBIE - Tourism Infrastructure Fund (TIF)	1,745	5,025	6,075	14,794
MBIE - Provincial Growth Fund (PGF)	2,677	4,282	2,677	4,282
MBIE - Civil Defence Emergency	18	-	18	-
MBIE - Free WIFI hotspots	-	-	-	-
Sundry grants and donations	685	348	749	381
Ministry of Social Development	75	82	75	82
DIA - 3 Waters Reform subsidy	330	9,281	330	9,281
Total subsidies and grants	43,906	49,941	48,300	59,743

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Salaries and wages	32,946	31,760	37,329	36,148
Plus / (less) capitalised salaries	137	-	137	-
Salaries and wages expense	33,084	31,760	37,467	36,148
Kiwi saver contributions	868	846	995	956
Increase / (decrease) in employee benefit liabilities	-	-	18	98
Total personnel costs	33,952	32,606	38,480	37,202

5. Other expenses

	Council		Group	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Fees paid to the principal auditor				
Audit of financial statements	241	197	363	282
Other assurance engagements	-	4	-	4
Debenture Trust Deed assurance engagement	7	7	7	7
Donations	-	-	3	97
Inventory expenses in year	44	(7)	2,758	2,034
Loss on disposal of property, plant and equipment	3,966	2,349	3,966	2,349
Impairment of intangible assets	-	-	-	-
Impairment of property, plant and equipment	-	-	-	-
Impairment of rates receivables (note 9)	2,284	2,976	2,284	2,976
Impairment of other receivables (note 9)	210	-	304	(79)
Direct expenses from investment property	-	-	2,771	1,362
Minimum lease payments - operating leases	827	867	943	928
Other expenses	78,111	70,866	82,408	74,872
Total other expenses	85,691	77,259	95,808	84,832

6. Finance costs

Accounting policy

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

	Council		Group	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Interest expense on borrowings	3,334	2,467	6,187	4,065
Interest unwind - landfill aftercare	146	32	146	32
Total finance costs	3,479	2,499	6,332	4,097

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000
Components of tax expense				
Current tax expense - continuing operations	-	-	-	-
Deferred tax expense - continuing operations	-	-	791	178
Income tax expense	-	-	791	178
Relationship between tax expenses and accounting profit				
Continuing operations	2,803	26,509	14,965	50,582
Discontinued operations	-	-	-	-
Profit before taxation and share of profit of associate	2,803	26,509	14,965	50,582
Taxation at 28% (2022 - 28%)	785	7,423	4,190	14,163
Plus (less) tax effect of				
Non taxable income & other permanent differences	(785)	(7,423)	(2,304)	(10,203)
Group loss offset	-	-	-	-
Deferred tax adjustment	-	-	(1,095)	(3,782)
Taxation expense / (benefit)	-	-	791	178

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 2021	888	2,714	(47)	(127)	-	3,428
Charged to statement of comprehensive revenue and expense	(228)	593	(184)	(5)	-	178
Charged to equity	274	-	-	-	-	274
Balance at 30 June 2022	934	3,307	(231)	(132)	-	3,880
Charged to statement of comprehensive revenue and expense	128	655	36	(29)	-	790
Charged to equity	(116)	-	-	-	-	(117)
Balance at 30 June 2023	946	3,963	(195)	(160)	-	4,554

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 (2022 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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Cash at bank and on hand				
Various (subsidiaries, community facilities, etc)	4	4	4	4
General fund (unsecured)	11,418	6,237	12,382	7,241
Term deposits with maturities less than 3 months at acquisition	7,376	7,112	7,376	7,112
Total cash and cash equivalents	18,798	13,353	19,762	14,357

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Cash at bank and on hand	11,422	6,241	12,386	7,245
Term deposits with maturities less than 3 months at acquisition	7,376	7,112	7,376	7,112
Bank overdrafts (Note 23)	-	-	-	-
Total	18,798	13,353	19,762	14,357

Council has an overdraft facility of \$3m (2022 \$3m).

9. Receivables

Accounting policy

'Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL). Council applied the simplified ECL model of recognising lifetime ECL for short-term receivables. In measuring ECLs, receivables have been grouped into land rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment. 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 Māori 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 Māori Freehold land, of which there have been no write-offs in 2023 (2022 - 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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Rates and penalties	28,466	25,757	28,466	25,757
Sundry debtors (including postponed rates debtors)	19,284	16,518	19,861	19,078
Prepayments	1,280	1,347	1,511	1,541
Related party receivables	-	-	13	-
Other receivables (e.g GST)	1,388	1,934	1,388	1,934
Gross debtors and other receivables	50,418	45,556	51,239	48,310
Less provision for impairment - rates	16,157	13,872	16,157	13,872
Less provision for impairment - sundry debtors	560	350	552	258
Current debtors and other receivables	33,701	31,334	34,530	34,180

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 \$129,215 (2022- \$3,589) during the year under Section 90A of the LG(R)A 2002.

	2023			2022		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
Council						
Not past due	13,562	-	13,562	10,526	-	10,526
Past due 1 – 60 days	10,584	3,822	6,762	10,722	3,565	7,157
Past due 61 – 90 days	95	-	95	52	-	52
Past due over 90 days	26,177	12,895	13,282	24,256	10,657	13,599
Total	50,418	16,717	33,703	45,556	14,222	31,334
Group						
Not past due	13,919	-	13,919	12,352	-	12,352
Past due 1 – 60 days	10,907	3,814	7,093	11,550	3,473	8,077
Past due 61 – 90 days	128	-	128	48	-	48
Past due over 90 days	26,285	12,895	13,390	24,360	10,657	13,703
Total	51,239	16,709	34,531	48,310	14,130	34,180

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

	Council		Group	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Impairment of rates				
At 1 July	13,872	8,768	13,872	8,768
Additional provisions made during the year	3,551	5,912	3,551	5,912
Receivables written off during period	(1,267)	(808)	(1,267)	(808)
At 30 June	16,156	13,872	16,156	13,872
Impairment of sundry debts				
At 1 July	350	210	258	395
Additional provisions made during the year	(9)	-	56	(290)
Receivables written off during period	219	140	238	153
At 30 June	560	350	552	258

The provision for impairment of receivables is determined based on an expected credit loss (ECL) model. In assessing credit losses for receivables, Council applied the simplified approach and record lifetime ECL on receivables. Lifetime ECL result from all possible default events over the expected life of a receivable. In assessing ECL on receivables Council considered both quantitative and qualitative inputs such as past collection rates, ageing of receivables and trading outlook. To measure the ECL, all receivables have been grouped based on shared credit risk characteristics and other receivables have been grouped by the days overdue. Expected loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debt.

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).

	Council		Group	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Consumable stocks and materials	177	133	1,675	1,709
Chandlery and boatyard	-	-	15	21
Total inventories	177	133	1,690	1,730

There are no inventory items held for distribution.

11. Other financial assets

	Council		Group	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Current portion				
Loans and receivables	600	-	1,265	-
Short-term deposits maturity 4 - 12 months	-	-	-	-
Fair value through other comprehensive revenue and expense				
LGFA borrower notes	-	-	-	-
Listed Fonterra shares	-	-	499	443
Total current portion	600	-	1,764	443
Non-current portion				
Loans and receivables	-	600	-	1,265
Fair value through other comprehensive revenue and expense				
LGNZ shares	77	85	77	85
LGFA borrower notes	2,049	1,549	2,049	1,549
Total non-current portion	2,126	2,234	2,126	2,899

There are no impairment provisions for other financial assets, they are measured at amortised cost.

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.

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;
- Library Books;
- 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	5 – 40 years	2.5 – 20%
Heritage assets	10 – 185 years	0.54 – 10%
Leasehold improvements	3 - 25 years	4 - 33%
Infrastructural assets		
<i>Roads</i>		
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%
<i>Water Reticulation</i>		
Pipes	50 – 100 years	1 – 2%
Valves, hydrants	50 - 70 years	1.43 – 2%
Pump stations	7 – 50 years	2 – 14.28%
Treatment Plants	5 - 100 years	1 - 20%
Tanks / dams	5 - 100 years	1 - 20%
<i>Sewerage Reticulation</i>		
Pipes	40 - 100 years	1 – 2.5%
Manholes	80 years	1.25%
Pump stations	7 - 70 years	1.43 - 14.28%
Treatment plant	5 – 70 years	1.43 – 20%
<i>Stormwater Systems</i>		
Pipes	50 – 100 years	1 – 2%
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).

Impairment for Storm Events

The Far North has experienced a number of significant weather events in the 2022/23 year resulting in ongoing operating and capital expenditure for Far North District Council. Operating expenditure related to these events is recognised in the year that it is incurred. Estimates of capital expenditure required to rehabilitate assets after storm related damage have been undertaken and much of the capital expenditure to be incurred pertains to the construction of new assets to enhance the resilience of Council's infrastructure. An assessment has been carried out of possible impairment to existing assets and this has been found to be insignificant when compared to the total Council asset base. Accordingly, no material impairment of Council assets has been recognised in the year ended 30 June 2023.

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 30 June 2023.

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 30 June 2023.

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Operational Buildings				
Roading Strategic Buildings	2,955	2,575	2,955	2,575
Restricted Buildings				
Restricted Buildings	-	-	-	-
Total	2,955	2,575	2,955	2,575

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 Ltd and also SPM Assets Ltd. The sewerage and water valuations (excluding land) have an effective date as at 30 June 2022. The stormwater valuations have an effective date of 30 June 2023. The roading asset classes such as pavement, drainage and bridges have an effective date as at 30 June 2023. Refuse is valued at depreciated replacement cost by Fraser Campbell of Campbell Consulting Ltd and also SPM Assets Ltd. Refuse valuations have an effective date as at 30 June 2023.

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 Assets Ltd. The last valuation was effective as at 28 February 2023.

Maritime assets

Maritime assets were valued at depreciated replacement cost by Telfer Young (Northland) Ltd. The last valuation was effective as at 30 June 2023. 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 June 2023 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 WSP New Zealand Ltd with the last valuation having an effective date of 31 May 2022.

Operational assets

Ferry assets were valued at depreciated replacement cost by Emtech, engineering and marine consultants, effective as at 30 June 2023. 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

2023	Cost / revaluation 30 June 2022	Accumulated depreciation and impairment charges 30 June 2022	Carrying amount 30 June 2022	Current year additions and transfers	Current year vested assets
Land	538	-	538	833	-
Vehicles and plant	4,888	(1,431)	3,457	1877	-
Leasehold improvements	989	(674)	315	-	-
Wharves, ramps, moorings	14,260	(34)	14,226	1,416	-
Furniture, fitting and office equipment	2,275	(1,412)	863	268	-
Information systems	5,147	(3,666)	1,481	784	-
*Work in progress	1,472	-	1,472	1,165	-
Total operational assets	29,569	(7,217)	22,352	6,343	-
Roading land	372,701	-	372,701	260	71
Roading and footpaths	1,360,759	(2,727)	1,358,032	31,388	3035
Water – treatment plants and facilities	24,486	-	24,486	5368	-
Water - reticulation	61,972	(1)	61,971	10192	26
Wastewater – treatment plants and facilities	68,461	-	68,461	166	-
Wastewater - reticulation	88,473	-	88,473	38	109
Stormwater	107,267	-	107,267	140	199
Refuse	6,852	-	6,852	110	-
Community facilities	74,388	(7,462)	66,926	10,140	163
Infrastructural Land	65,248	-	65,248	-	90
Work in progress	65,274	-	65,274	68,163	-
Total infrastructural assets	2,295,881	(10,190)	2,285,691	125,965	3,693
Council restricted assets					
Land	43,116	-	43,116	-	-
Buildings	-	-	-	-	-
Heritage	3,413	-	3,413	-	-
Total restricted assets	46,529	-	46,529	-	-
Total property, plant and equipment	2,371,979	(17,406)	2,354,572	132,308	

Current year disposals and transfers (at book value)	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus / (deficit)	Cost / revaluation 30 June 2023	Accumulated depreciation and impairment charges 30 June 2023	Carrying amount 30 June 2023
-	-	-	-	-	1371	-	1371
(111)	-	(620)	-	(157)	5,744	(1,298)	4,446
-	-	(91)	-	18	990	(748)	242
-	-	(634)	-	625	15,632	-	15,632
(5)	-	(152)	-	57	2,511	(1,479)	1032
(4)	-	(715)	-	-	5,730	(4,183)	1,547
(1,715)	-	-	-	-	922	-	922
(1,835)	-	(2,212)	-	543	32,900	(7,708)	25,192
-	-	-	-	443	373,475	-	373,475
(1,653)	-	(22,877)	-	136,436	1,508,122	(3,760)	1,504,362
(34)	-	(1,190)	-	-	29,817	(1,188)	28,630
(57)	-	(1,819)	-	-	72,128	(1,814)	70,314
(176)	-	(3,344)	-	-	68,440	(3,334)	65,107
-	-	(2,286)	-	-	88,620	(2,286)	86,334
-	-	(1,656)	-	-1,163	104,787	-	104,787
(1,627)	-	(293)	-	344	5,387	-	5,387
(389)	-	(5,127)	-	27674	101,863	(2,478)	99,385
-	-	-	-	-	65,338	-	65,338
(61,568)	-	-	-	-	71,868	-	71,868
(65,504)	-	(38,592)	-	163,734	2,489,845	(14,858)	2,474,987
-	-	-	-	-	43,116	-	43,116
-	-	-	-	-	-	-	-
(34)	-	(154)	-	-	3,378	(153)	3,225
(34)	-	(154)	-	-	46,494	(153)	46,341
(67,373)	-	(40,958)	-	164,277	2,569,239	(22,719)	2,546,520

12. Property, plant and equipment - Council continued

2022	Cost / revaluation 30 June 2021	Accumulated depreciation and impairment charges 30 June 2021	Carrying amount 30 June 2021	Current year additions and transfers	Current year vested assets
Land	59,113	-	59,113	-	-
Vehicles and plant	4,741	(1,203)	3,538	607	-
Leasehold improvements	984	(588)	396	11	-
Wharves, ramps, moorings	4,029	(30)	4,000	4,904	5,256
Furniture, fitting and office equipment	2,125	(1,316)	808	202	-
Information systems	5,701	(3,826)	1,874	316	-
*Work in progress	1,384	-	1,384	1,505	-
Total operational assets	78,077	(6,964)	71,113	7,545	5,256
Roading land	368,629	-	368,629	-	-
Roading and footpaths	1,225,888	(4,476)	1,221,412	32,117	771
Water – treatment plants and facilities	25,189	(1,187)	24,002	326	-
Water - reticulation	49,337	(1,648)	47,689	531	669
Wastewater – treatment plants and facilities	67,699	(3,044)	64,656	987	-
Wastewater - reticulation	77,984	(2,239)	75,744	1	76
Stormwater	91,056	-	91,056	1,016	4,903
Refuse	4,960	-	4,960	195	-
Community facilities	67,468	(2,756)	64,711	7,373	225
Infrastructural Land	-	-	-	575	-
Work in progress	54,990	-	54,990	60,303	-
Total infrastructural assets	2,033,200	(15,350)	2,017,850	103,424	6,644
Council restricted assets					
Land	35,941	-	35,941	-	-
Buildings	-	-	-	-	-
Heritage	2,803	(234)	2,569	-	7
Total restricted assets	38,744	(234)	38,510	-	7
Total property, plant and equipment	2,150,021	(22,548)	2,127,474	110,969	11,906

Current year disposals and transfers (at book value)	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus / (deficit)	Cost / revaluation 30 June 2022	Accumulated depreciation and impairment charges 30 June 2022	Carrying amount 30 June 2022
-	-	-	(58,575)	-	538	-	538
(156)	-	(534)	-	-	4,888	(1,431)	3,457
-	-	(92)	-	-	989	(674)	315
(157)	-	(376)	-	601	14,260	(34)	14,227
(3)	-	(144)	-	-	2,275	(1,412)	863
(8)	-	(701)	-	-	5,147	(3,666)	1,481
(1,418)	-	-	-	-	1,472	-	1,472
(1,742)	-	(1,847)	(58,575)	601	29,569	(7,217)	22,352
-	-	-	3,158	914	372,701	-	372,701
(1,079)	-	(19,311)	-	124,123	1,360,759	(2,727)	1,358,032
(46)	-	(1,208)	(67)	1,480	24,486	-	24,486
-	-	(1,543)	-	14,624	61,972	(1)	61,971
(150)	-	(3,327)	-	6,295	68,461	-	68,461
-	-	(2,032)	-	14,683	88,473	-	88,473
-	-	(1,432)	-	11,724	107,267	-	107,267
-	-	(293)	-	1,991	6,852	-	6,852
(774)	-	(4,991)	67	314	74,388	(7,462)	66,926
(130)	-	-	55,417	9,386	65,248	-	65,248
(50,020)	-	-	-	-	65,274	-	65,274
(52,199)	-	(34,137)	58,575	185,534	2,295,881	(10,190)	2,285,691
-	-	-	-	7,175	43,116	-	43,116
-	-	-	-	-	-	-	-
(31)	-	(113)	-	982	3,413	-	3,413
(31)	-	(113)	-	8,157	46,529	-	46,529
(53,972)	-	(36,097)	-	194,293	2,371,979	(17,406)	2,354,572

12. Property, plant and equipment - Group

2023	Cost / revaluation 30 June 2022	Accumulated depreciation and impairment charges 30 June 2022	Carrying amount 30 June 2022	Current year additions and transfers	Current year vested assets
Land	11,143	-	11,143	833	-
Buildings	30,647	(773)	29,874	1,710	-
Vehicles, boat transporters and plant	6,604	(2,349)	4,255	2,310	-
Leasehold improvements	1,153	(711)	442	-	-
Wharves, ramps, moorings	21,747	(127)	21,620	1,416	-
Furniture, fittings and office equipment	7,543	(4,315)	3,228	564	-
Information systems	5,159	(3,674)	1,485	784	-
Runways	4,044	(131)	3,913	-	-
Site works	16	(3)	13	-	-
Heritage	859	-	859	-	-
Work in progress	1,664	-	1,664	1,210	-
Total operational assets	90,579	(12,083)	78,496	8,827	-
Roading land	372,701	-	372,701	260	71
Roading and footpaths	1,360,759	(2,727)	1,358,032	31,388	3,035
Water - treatment plants and facilities	24,486	-	24,486	5,368	-
Water - other	61,972	(1)	61,971	10,192	26
Wastewater - treatment plants and facilities	68,461	-	68,461	166	-
Wastewater - other	88,473	-	88,473	38	109
Stormwater	107,267	-	107,267	140	199
Refuse	6,852	-	6,852	110	-
Community facilities	74,388	(7,462)	66,926	10,140	163
Infrastructural Land	65,248	-	65,248	-	90
Work in progress	65,274	-	65,274	68,163	-
Total infrastructural assets	2,295,881	(10,190)	2,285,691	125,965	3,693
Council restricted assets					
Land	43,116	-	43,116	-	-
Heritage	3,413	-	3,413	-	-
Total restricted assets	46,529	-	46,529	-	-
Total property, plant and equipment	2,432,989	(22,273)	2,410,716	134,792	3,693

Current year disposals and transfers (at book value)	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus / (deficit)	Cost / revaluation 30 June 2023	Accumulated depreciation and impairment charges 30 June 2023	Carrying amount 30 June 2023
-	-	-	(157)	885	12,706	-	12,706
-	-	(237)	4,480	4,440	43,766	(3,499)	40,267
(134)	-	(776)	-	(157)	7,868	(2,371)	5,497
-	-	(97)	-	18	1,154	(792)	362
-	-	(637)	(6,645)	842	16,626	(30)	16,596
(21)	-	(534)	400	57	9,011	(5,317)	3,694
(4)	-	(717)	-	-	5,742	(4,193)	1,549
-	-	-	-	(613)	3,301	-	3,301
-	-	(2)	9	-	530	(516)	14
-	-	-	-	-	859	-	859
(1,850)	-	-	-	-	1,024	-	1,024
(2,009)	-	(3,000)	(1,913)	5,472	102,587	(16,718)	85,869
-	-	-	-	443	373,475	-	373,475
(1,653)	-	(22,877)	-	136,436	1,508,122	(3,760)	1,504,362
(34)	-	(1,190)	-	-	29,817	(1,188)	28,630
(57)	-	(1,819)	-	-	72,128	(1,814)	70,314
(176)	-	(3,344)	-	-	68,440	(3,334)	65,107
-	-	(2,286)	-	-	88,620	(2,286)	86,334
-	-	(1,656)	-	(1,163)	104,787	-	104,787
(1,627)	-	(293)	-	344	5,387	-	5,387
(389)	-	(5,127)	-	27,674	101,863	(2,478)	99,385
-	-	-	-	-	65,338	-	65,338
(61,568)	-	-	-	-	71,868	-	71,868
(65,504)	-	(38,592)	-	163,734	2,489,845	(14,860)	2,474,987
-	-	-	-	-	43,116	-	43,116
(34)	-	(154)	-	-	3,378	(153)	3,225
(34)	-	(154)	-	-	46,494	(153)	46,341
(67,547)	-	(41,746)	(1,913)	169,206	2,638,926	(31,731)	2,607,193

12. Property, plant and equipment - Group continued

2022	Cost / revaluation 30 June 2021	Accumulated depreciation and impairment charges 30 June 2021	Carrying amount 30 June 2021	Current year additions and transfers	Current year vested assets
Land	67,930	-	67,930	-	-
Buildings	27,902	(717)	27,185	2,817	-
Vehicles, boat transporters and plant	6,411	(1,962)	4,449	677	-
Leasehold improvements	1,148	(619)	529	11	-
Wharves, ramps, moorings	6,337	(114)	6,224	4,904	5,256
Furniture, fittings and office equipment	7,499	(3,936)	3,563	514	-
Information systems	5,713	(3,830)	1,882	316	-
Runways	3,397	(120)	3,277	-	-
Site works	19	(3)	16	-	-
Heritage	859	-	859	-	-
Work in progress	1,509	-	1,509	1,697	-
Total operational assets	128,724	(11,302)	117,423	10,936	5,256
Roading land	368,629	-	368,629	-	-
Roading and footpaths	1,225,888	(4,476)	1,221,412	32,117	771
Water - treatment plants and facilities	25,189	(1,187)	24,002	326	-
Water - other	49,337	(1,648)	47,689	531	669
Wastewater - treatment plants and facilities	67,699	(3,044)	64,656	987	-
Wastewater - other	77,984	(2,239)	75,744	1	76
Stormwater	91,056	-	91,056	1,016	4,903
Refuse	4,960	-	4,960	195	-
Community facilities	67,468	(2,756)	64,712	7,373	225
Infrastructural Land				575	-
Work in progress	54,991	-	54,991	60,303	-
Total infrastructural assets	2,033,200	(15,350)	2,017,850	103,424	6,644
Council restricted assets					
Land	35,941	-	35,941	-	-
Heritage	2,803	(234)	2,569	-	7
Total restricted assets	38,744	(234)	38,510	-	7
Total property, plant and equipment	2,200,669	(26,886)	2,173,784	114,360	11,907

Current year disposals and transfers (at book value)	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus / (deficit)	Cost / revaluation 30 June 2022	Accumulated depreciation and impairment charges 30 June 2022	Carrying amount 30 June 2022
-	-	-	(58,959)	2,172	11,143	-	11,143
-	-	(543)	289	126	30,647	(773)	29,874
(179)	-	(694)	2	-	6,604	(2,349)	4,255
-	-	(98)	-	-	1,153	(711)	442
(157)	-	(444)	5,151	686	21,747	(127)	21,620
(120)	-	(630)	(99)	-	7,543	(4,315)	3,228
(8)	-	(705)	-	-	5,159	(3,674)	1,485
-	-	(131)	(1)	768	4,044	(131)	3,913
-	-	(2)	(1)	-	16	(3)	13
-	-	-	-	-	859	-	859
(1,543)	-	-	1	-	1,664	-	1,664
(2,007)	-	(3,247)	(53,617)	3,752	90,579	(12,083)	78,496
-	-	-	3,158	914	372,701	-	372,701
(1,079)	-	(19,311)	-	124,123	1,360,759	(2,727)	1,358,032
(46)	-	(1,208)	(67)	1,480	24,486	-	24,486
-	-	(1,543)	-	14,624	61,972	(1)	61,971
(150)	-	(3,327)	-	6,295	68,461	-	68,461
-	-	(2,032)	-	14,683	88,473	-	88,473
-	-	(1,432)	-	11,724	107,267	-	107,267
-	-	(293)	-	1,991	6,852	-	6,852
(774)	-	(4,991)	67	314	74,388	(7,462)	66,926
(130)	-	-	55,417	9,386	65,248	-	65,248
(50,020)	-	-	-	-	65,274	-	65,274
(52,199)	-	(34,137)	58,575	185,534	2,295,881	(10,190)	2,285,691
-	-	-	-	7,175	43,116	-	43,116
(31)	-	(113)	-	982	3,413	-	3,413
(31)	-	(113)	-	8,157	46,529	-	46,529
(54,237)	-	(37,497)	4,958	197,443	2,432,989	(22,273)	2,410,716

Disposals

All disposals that were carried out during the year were part of the council's on-going renewal programmes. Other disposals include: Disposal of Russell landfill assets as this landfill was closed in the 2022/23 year.

The net loss on disposal of property, plant and equipment (\$3.966m) 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 73 - includes work in progress (WIP) for intangible assets \$5.097m (2022 - \$4.922m)

The total amount of property, plant and equipment in the course of construction is \$72,790k (2022 - \$66,937k).

	Council and Group	
	2023 \$000s	2022 \$000s
Land	18	-
Vehicles and plant	(24)	249
Leasehold improvements	-	-
Wharves, ramps, moorings	798	911
Runways	-	57
Furniture, fittings and office equipment	43	143
Information systems	690	302
Roading and footpaths	27,635	27,499
Roading Land	-	-
Water - treatment plants and facilities	5,473	16,224
Water - reticulation	920	859
Wastewater - treatment plants and facilities	4,770	2,046
Wastewater - reticulation	236	235
Refuse	453	82
Stormwater	2,592	631
Community facilities	24,089	12,777
Infrastructural Land	-	-
Intangible assets	5,097	4,922
Total work in progress	72,790	66,937

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
2023				
Roading and Footpaths	1,504,362	31,388	3,035	1,480,863
Water				
- Treatment plants and facilities	28,630	5,368	-	24,360
- Other	70,314	10,192	26	61,409
Sewerage				
- Treatment plants and facilities	65,107	166	-	67,913
- Other	86,334	38	109	88,472
Stormwater	104,787	140	199	104,761
2022				
Roading and Footpaths	1,358,032	32,117	771	1,339,676
Water				
- Treatment plants and facilities	24,486	326	-	24,360
- Other	61,971	531	669	61,409
Sewerage				
- Treatment plants and facilities	68,461	987	-	67,913
- Other	88,473	1	76	88,472
Stormwater	107,267	1,016	4,903	107,267

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Computer software				
Cost	6,178	6,177	6,366	6,357
Accumulated amortisation and impairment	(4,805)	(5,008)	(4,887)	(5,150)
Year ended 30 June 2022	1,372	1,169	1,410	1,207
Opening carrying amount	1,372	1,169	1,410	1,207
Additions	304	727	312	727
Amortisation charges	(422)	(463)	(424)	(463)
Disposals (at book value) / adjustments	-	(61)	-	-
Balance at 30 June 2023	1,254	1,372	1,298	1,471
Resource consents / easements				
Cost	4,337	3,986	4,337	3,986
Accumulated amortisation and impairment	(2,055)	(1,857)	(2,055)	(1,857)
Year ended 30 June 2022	2,281	2,129	2,282	2,129
Opening carrying amount	2,281	2,129	2,282	2,129
Additions	-	350	-	350
Amortisation charges	(220)	(198)	(220)	(198)
Disposals (at book value) / adjustments	-	-	-	-
Balance at 30 June 2023	2,061	2,281	2,062	2,281
Goodwill				
Balance 1 July 2022	-	-	100	100
Additions	-	-	-	-

	Council		Group	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Asset written off/impairment	-	-	-	-
Balance 30 June 2023	-	-	100	100
Public access rights				
Cost	9,641	9,641	1,599	1,599
Accumulated amortisation and impairment	(2,592)	(2,395)	(1,575)	(1,554)
Year ended 30 June 2022	7,049	7,246	24	45
Opening carrying amount	7,049	7,246	24	45
Additions	-	-	-	-
Amortisation charges	(185)	(197)	(63)	(21)
Disposals (at book value) / adjustments	-	-	-	-
Balance at 30 June 2023	6,864	7,049	(39)	24
Water rights				
Cost	1,200	-	1,200	-
Accumulated amortisation and impairment	-	-	-	-
Year ended 30 June 2022	1,200	-	1,200	-
Opening carrying amount	1,200	-	1,200	-
Additions	-	1,200	-	1,200
Amortisation charges	-	-	-	-
Disposals (at book value) / adjustments	-	-	-	-
Balance at 30 June 2023	1,200	1,200	1,200	1,200
Total intangible assets	11,379	11,902	4,621	5,076

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	
	2023 \$000s	2022 \$000s
Directly attributable depreciation and amortisation by activity		
Roading and Footpaths	23,257	19,663
Water Supply	3,090	2,831
Wastewater	5,765	5,470
Stormwater	1,676	1,452
Solid Waste Management	300	295
District Facilities	5,004	4,607
Environmental Management	230	167
Strategic Planning and Policy	11	12
Customer services	702	677
Total directly attributable depreciation and amortisation by group of activities	40,034	35,174
Depreciation and amortisation not directly related to group of activities	1,750	1,782
Total depreciation and amortisation expense	41,784	36,956

15. Interest expense by activity

	Council	
	2023 \$000s	2022 \$000s
Directly attributable interest by activity		
Roading and Footpaths	659	519
Water Supply	494	215
Wastewater	875	776
Stormwater	119	104
Solid Waste Management	181	65
District Facilities	686	470
Environmental Management	58	48
Strategic Planning and Policy	4	3
Governance and Strategic Administration	406	299
Total interest attributable to activities	3,479	2,499

16. Gain / (loss) on asset revaluations

	Council	
	2023 \$000s	2022 \$000s
Reported in PPE Note	164,277	194,293
Credited to:		
Revaluation reserve (Note 24)	164,978	193,749
Recognised in surplus / (deficit)		
Roading	(603)	-
Utilities land	-	544
Library Books	(98)	-
Gain on asset revaluations	164,277	194,293

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Balance at 1 July	-	-	310	1,184
Purchases of bees and hives	-	-	-	-
Fair value gains/(losses) on valuation	-	-	(53)	(874)
Balance at 30 June	-	-	258	310

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Balance at 1 July	458	555	458	555
Disposal of Forestry Asset under Treaty settlement	-	-	-	-
Gains/(losses) arising from changes in value	-	(97)	-	(97)
Balance at 30 June	458	458	458	458

Council owns 47 hectares of forest which are of harvestable age. The forest at Kaikohe (5.4 hectares) was harvested during the period ending June 2021 and remains unplanted. There are no restrictions over the title of forestry assets and no forests are pledged as security for liabilities. A revaluation of the forestry assets was not undertaken as at 30 June 2023 as there have been no material changes to the forestry status. Independent registered valuer's Woodlands Pacific Consulting Limited last valued the forestry assets as at 30 June 2022 when the following assumptions were used:

- A discount rate of 9% (2021 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

As the value of the forestry assets remain low, a valuation was not completed in June 2023

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, the group 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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Balance at 1 July	-	-	143,567	110,834
Additions / WIP	-	-	14,838	13,467
Disposals	-	-	(8,150)	(385)
Reclassification as PPE movement	-	-	(10,642)	4,366
Subsidy offset adjustment	-	-	-	-
Fair value gains / (losses) on valuation	-	-	8,540	15,285
Balance at 30 June	-	-	148,153	143,567

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 2023.

Rental revenue

	Council		Group	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Rental revenue	-	-	6,665	4,548
Expenses from investment property generating revenue	-	-	2,771	1,362
Expenses from investment property not generating revenue	-	-	-	-

19a. 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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Far North Holdings Ltd	18,000	18,000	-	-
Total investment in subsidiaries	18,000	18,000	-	-

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.

19b. Investments in equity accounted associates

Accounting policy

Council's associate investment is accounted for in the group financial statements using the equity method. An associate is an entity over which Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount in the group financial statements is increased or decreased to recognise the group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment.

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of the surpluses only after its share of the surpluses equals the share of deficits not recognised.

When the group transacts with the associate, surpluses or deficits are eliminated to the extent of Council's interest in the associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

The investment in the associate is accounted for using the equity method in Council's parent entity financial statements.

	Council		Group	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Group investments in associates	-	-	5,017	1,352
Total investment in equity accounted associates	-	-	5,017	1,352

Group investments in associates

Far North Holdings Ltd holds significant influence over their associate Kaikohe Berryfruit GP Limited and has included their investment using the equity accounting method.

During the 2023 year a new entity was formed 450 Kamo Road Limited Partnership. Far North Holdings Ltd was initially the sole limited partner and it transferred an investment property to this entity. Subsequent to this FNHL sold a 50% share to its subsidiary Far North Housing Limited, and a 50% share to an unrelated party. The result of these transactions saw proportion of ownership increase from 0% to 50% from 2022 to 2023, which was the primary driver of the increase in FNHL Investments in equity accounted associates.

Northland Inc (Associate)

Northland Inc is a limited company incorporated and registered under the Companies Act 1993 and is a council controlled organisation as defined in section 6 of the Local Government Act 2002. Northland Inc is an associate of Council with a primary objective to develop the economy of Northland and review funding opportunities through the Investment and Growth Reserve. Northland Inc is classified as an associate as it is considered that Council holds significant influence over the financial and operating policies of Northland Inc due to the fact Council shares joint control of Northland Inc with Northland Regional Council (33.3%) and Kaipara District Council (33.3%). Council's investment in Northland Inc is carried at cost of \$80 (2022 \$80) in the Council's parent entity financial statements.

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Current portion				
Payables and deferred revenue under exchange transactions				
Creditors	1,469	848	8,019	7,697
Related party payables	-	-	-	-
Accruals	16,636	11,519	16,658	11,542
Deposits	6,296	4,270	6,296	4,270
Revenue in advance	7,906	6,956	8,479	10,858
Total	32,307	23,593	39,452	34,367
Payables and deferred revenue under non-exchange transactions				
Income tax and ACC payable	166	564	166	564
Other taxes payable (e.g.GST and FBT)	-	-	4	5
Total	166	564	170	569
Total current portion	32,473	24,157	39,623	34,936
Non-current portion				
Creditors	58	52	58	52
Revenue in advance	-	-	15,274	12,239
Total non-current portion	58	52	15,332	12,291

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Provision for Landfill aftercare liability				
Current provisions	560	86	560	86
Non-current provisions	1,173	1,735	1,173	1,735
Total provisions landfill aftercare	1,733	1,821	1,733	1,821
This is represented by:				
Ahipara				
Opening balance 1 July	153	79	153	79
Plus provision added	-	-	-	-
Less amount utilised	(72)	74	(72)	74
Closing balance 30 June	81	153	81	153
Kaikohe				
Opening balance 1 July	16	16	16	16
Plus provision added	-	-	-	-
Less amount utilised	-	-	-	-
Closing balance 30 June	16	16	16	16
Russell				
Opening balance 1 July	1,607	262	1,607	262
Plus provision added	-	1,345	-	1,345
Less amount utilised	(15)	-	(15)	-
Closing balance 30 June	1,593	1,607	1,592	1,607
Whangae				
Opening balance 1 July	45	45	45	45
Plus provision added	-	-	-	-
Less amount utilised	(3)	-	(3)	-
Closing balance 30 June	42	45	42	45
Total landfill aftercare provisions	1,732	1,821	1,731	1,822
Total current provisions	560	86	560	86
Total non-current provisions	1,173	1,735	1,173	1,735
Total provisions	1,733	1,821	1,733	1,821

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:

- Council approved the closure of the Russell landfill at a Council meeting on 11th August 2022, with no active landfill sites in operation.
 - Ahipara - nil
 - Russell - nil

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 2023 and 2049, and includes costs to immediately close the Russell landfill. 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>

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Accrued pay	471	393	706	457
Annual leave entitlement	1,953	2,259	2,285	2,574
Other entitlements	236	242	236	242
Total employee benefits	2,660	2,894	3,227	3,273
Comprising				
Current	2,660	2,894	3,227	3,273
Non-current	-	-	-	-
Total employee benefits	2,660	2,894	3,227	3,273

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Current				
Bank overdraft (Note 8)	-	-	755	-
Secured loans	55,500	10,000	65,883	21,500
Finance lease liability	-	-	-	-
Total current borrowings	55,500	10,000	66,638	21,500
Non-current				
Secured loans	50,000	71,500	98,568	110,160
Finance lease liability	-	-	-	-
Total non-current borrowings	50,000	71,500	98,568	110,160

Council loans are secured over rating revenue. FNHL has loans of \$58,951,202 (2022 - \$50,159,962). Land and buildings to a value of \$112,719,000 (2022 - \$102,919,000) have been given as security for the term loans. Council has an overdraft limit of \$3 million (2022 - \$3m) which is not secured.

Council has a short term loan facility of \$20 million as at 30 June 2023 (2022 - \$20m) and \$14.0m was drawn against this facility as at 30 June 2023 (2022 - \$10.0m).

	Council		Group	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Maturity periods				
Payable no later than 1 year	55,500	10,000	65,883	21,500
Later than 1, not later than 2 years	20,000	21,500	67,012	58,570
Later than 2, not later than 5 years	20,000	40,000	20,000	40,000
Later than 5 years	10,000	10,000	11,556	11,590
	105,500	81,500	164,451	131,660

The carrying amount of borrowings approximates their fair value.

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

	2023	2022
Secured loans and debentures	3.95%	2.37%

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

Ratio	Target	Achievement 2022/23
Net debt as % total revenue	Debt not greater than 175% of revenue	53%
Net annual interest to total revenue	Less than 20%	1.47%
Current ratio (liquidity ratio)	Equal to or greater than 110%	126%

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Retained earnings				
As at 1 July	1,492,875	1,462,263	1,586,438	1,532,679
Transfer from / (to) restricted reserves	(1,091)	616	(1,091)	616
Transfer from revaluation reserves on disposal	3,427	3,487	10,328	2,739
Transfer from revaluation reserve for land under road adjustment	-	-	-	-
Surplus / (deficit) for the year	2,803	26,509	14,175	50,404
Balance as at 30 June	1,498,014	1,492,875	1,609,851	1,586,438
Restricted reserves				
As at 1 July	11,817	12,433	13,320	13,936
Transfer (to) / from retained earnings	1,091	(616)	1,091	(616)
Balance as at 30 June	12,908	11,817	14,411	13,320
Restricted reserves consists of:				
Community – district	5,142	3,511	5,142	3,511
Drainage	239	247	239	247
Stormwater separate rate	4,572	4,933	4,572	4,933
Sewerage	(2,388)	(518)	(2,388)	(518)
Water	(237)	(1,677)	(237)	(1,677)
Special funds	5,121	4,936	5,121	4,936
Kerikeri main street reserve	278	278	278	278
Economic development reserve	10	10	10	10
Paihia central business district development	146	97	146	97
Kaitiāia BID	(4)	(3)	(4)	(3)
Hupara Road improvements	(41)	(65)	(41)	(65)
Carpark funds	68	68	68	68
Subsidiary assets	-	-	1,503	1,503
Total restricted reserves	12,908	11,816	14,411	13,320
Other reserves consist of:				
Asset revaluation reserves				
As at 1 July	814,133	623,872	828,828	634,894
Revaluation gains	164,978	193,749	169,918	197,424
Transfer to retained earnings on disposal	(3,427)	(3,489)	(9,840)	(3,489)
Adjustment from WIP	-	-	-	-
Transfer to Retained Earnings for land under road adjustment	-	-	-	-
Balance as at 30 June	975,683	814,132	988,907	829,077

	Council		Group	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Asset revaluation reserve consists of:				
Operational Land	-	-	-	-
Vehicles and plant	314	495	314	495
Leasehold improvements	50	33	50	33
Wharves, ramps, moorings	4,308	3,684	4,308	3,684
Furniture, fitting and office equipment	57	-	57	-
Information Systems	-	-	-	-
Roading and footpaths	692,156	556,022	692,156	556,022
Roading Land	2,766	2,323	2,766	2,323
Water - treatment plants and facilities	8,058	8,078	8,058	8,078
Water - reticulation	39,162	39,303	39,162	39,303
Wastewater - treatment plants and facilities	17,385	17,520	17,385	17,520
Wastewater - reticulation	47,528	47,528	47,528	47,528
Refuse	4,458	5,920	4,458	5,920
Drainage	68,540	69,703	68,540	69,703
Community facilities	66,615	39,215	82,068	54,690
Infrastructural Land	22,524	22,523	22,524	22,523
Council restricted assets	1,760	1,785	-	-
FNHL – land	-	-	4,699	3,813
FNHL – runways	-	-	1,024	1,637
FNHL – buildings	-	-	(6,192)	(4,195)
Total asset revaluation reserve	975,683	814,132	988,907	829,077
Fair value through equity reserve				
LGNZ shares revaluation movements				
As at 1 July	39	37	(248)	(119)
Fair value gains / (losses)	(8)	3	48	(128)
Total LGNZ shares valuation reserve	31	39	(199)	(248)
Cash flow hedge equity reserve				
As at 1 July	-	(130)	-	(130)
Fair value gains / (losses)	-	130	-	130
Balance 30 June	-	-	-	-
Capital reserve				
As at 1 July	2,697	2,697	-	-
Balance as at 30 June	2,697	2,697	-	-
Total other reserves	978,412	816,868	988,708	828,829

Footnote:

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Capital commitments approved and contracted				
Roading and footpaths	43,290	72,523	43,290	72,523
District Facilities	2,212	-	2,212	-
Wastewater	2,182	-	2,182	-
Water Supply	776	1,810	776	1,810
Governance and Strategic Administration	-	-	-	-
Investment Property	-	-	5,547	7,627
Maritime / Airport	-	-	-	1,433
Total capital commitments	48,460	74,333	54,007	83,393

The Roothing commitments will attract subsidy of \$29.9 million (2022 - \$50.0 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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Operating leases				
Lease payments made:	827	867	943	928
Lease payments due:				
Not later than 1 year	464	520	518	600
Later than 1 year and not later than 2 years	268	381	375	511
Later than 2 years and not later than 5 years	550	712	550	712
Later than 5 years	399	530	399	530
Total operating leases	1,681	2,143	1,842	2,353

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Non-cancellable operating leases lessor				
Not later than 1 year	450	608	2,690	2,747
Later than 1 and not later than 5 years	1,596	2,328	6,979	7,637
Later than 5 years	4,108	4,663	8,705	10,930
Total non-cancellable operating leases	6,153	7,599	18,373	21,314

27a. Contingencies

	Council		Group	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Building Act claims	105	475	105	475
Other legal proceedings	-	-	-	-
Roading legalisation claims	-	-	-	-
Total contingent liabilities	105	475	105	475

Litigation

There are 3 claims involving possible future costs totalling an estimated value of \$104,949. These claims are contingent and have not been accrued in the financial statements. (Last year there were 3 possible claims at an estimated value of \$475,000). 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.

Guarantees

There are two guarantees in place, with Houhora Big Game Sports and Fishing Club \$50,000 (2022 \$50,000) and the Kawakawa Bowling Club of \$45,500 (2022 \$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 2022 outstanding balance of nil). The 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 S&P Global Ratings of AAA and a foreign currency rating of AA+ and a local currency rating and foreign currency rating of AA+ from Fitch.

Guarantees

Accounting Standards require the council to initially recognise the guarantee liability by applying the 12-month expected credit loss model (as fair value could not be reliably measured) and subsequently at the higher of the provision for impairment at balance date determined by the expected credit loss model and the amount initially recognised. At the end of financial year, the council have assessed the 12-month expected credit losses of the guarantee liability, based on market information of the underlying assets held by the NZLGFA. The estimated 12-month expected credit losses are immaterial due to the extremely low probability of default by the NZLGFA in the next 12 months, and therefore, the council have not recognised a liability.

Uncalled capital

As at 30 June 2023, the Council is one of 31 local authority shareholders and 71 local authority guarantors of the NZLGFA. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2023, NZLGFA had borrowings totalling \$17,684m (2022: \$15,789m).

The 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.

Riskpool exposure

Far North District Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down, however the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

In November 2023, the Board of Riskpool decided that a call on members was required and has begun contacting the member Councils accordingly. Riskpool continues to work through mixed defect claims, with some of those claims involving late notification issues which have yet to be resolved. Riskpool are also still waiting on confirmation from reinsurers that they will provide reinsurance cover for any of these claims. Therefore, the uncertainty still prevails in terms of possibility of further calls upon member councils and the quantum of future calls.

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	
	2023 \$000s	2022 \$000s
Councillor's remuneration	1,122	984
Community board remuneration	395	369
Senior management team (Inc. CEO)	1,935	1,328
Total salaries - key management personnel	3,452	2,681

Full time equivalents	2023	2022
Full time equivalent Councillors	11	10
Full time equivalent Community board members	19	19
Full time equivalent SLT (incl. CEO)	8	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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$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:				
S Clarke (CEO)	-	310	-	310
B King (CEO)	321	93	321	93
J Coyle (Acting CEO)	39	-	39	-
J Smith (Acting CEO)	59	-	59	-
G Holroyd (Interim CEO)	7	-	7	-
Total CEO costs	426	403	426	403

Elected representatives

	Council		Group	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Mayor Carter - honorarium	47	155	47	155
Mayor Carter - mileage and other expenses	4	9	4	9
Mayor Tepania - honorarium	116	-	116	-
Mayor Tepania - mileage and other expenses	2	-	2	-
Other elected representatives				
Court A - honorarium	96	113	96	113
Court A - mileage and other expenses	10	8	10	8
Collard D - honorarium	21	70	21	70
Collard D - mileage and other expenses	3	7	3	7
Clendon D - honorarium	23	70	23	70
Clendon D - mileage and other expenses	2	4	2	4
Foy F - honorarium	89	91	89	91
Foy F - mileage and other expenses	16	12	16	12
Radich M - honorarium	83	70	83	70
Radich M - mileage and other expenses	4	2	4	2
Smith R - honorarium	29	91	29	91
Smith R - mileage and other expenses	3	5	3	5
Stratford K - honorarium	116	91	116	91
Stratford K - mileage and other expenses	10	6	10	6

	Council		Group	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Tepania M - honorarium	20	70	20	70
Tepania M - mileage and other expenses	-	2	-	2
McNally S - honorarium	60	-	60	-
McNally S - mileage and other expenses	5	-	5	-
Rakena T - honorarium	60	-	60	-
Rakena T - mileage and other expenses	3	-	3	-
Kleskovich P - honorarium	60	-	60	-
Kleskovich P - mileage and other expenses	1	-	1	-
Halyard- Horowera H - honorarium	60	-	60	-
Halyard- Horowera H - mileage and other expenses	8	-	8	-
Kapa B - honorarium	60	-	60	-
Kapa B - mileage and other expenses	14	-	14	-
Vujcich J - honorarium	89	91	89	91
Vujcich J - mileage and other expenses	8	17	8	17
Total elected representatives	1,122	984	1,122	984

Elected members

	Council		Group	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Bay of Islands-Whangaroa Community Board				
Ayr L - honorarium	16	16	16	16
Ayr L - mileage and other expenses	2	2	2	2
Hindle J - honorarium	11	-	11	-
Hindle J - mileage and other expenses	3	-	3	-
Pihema R - honorarium	11	-	11	-
Pihema R - mileage and other expenses	3	-	3	-
Bamber T - honorarium	11	-	11	-
Bamber T - mileage and other expenses	2	-	2	-
Slack A - honorarium	11	-	11	-
Slack A - mileage and other expenses	2	-	2	-
Gmuer-Hornell M - honorarium	5	16	5	16
Gmuer-Hornell M - mileage and other expenses	1	2	1	2
Hookway D - honorarium	5	16	5	16
Hookway D - mileage and other expenses	1	2	1	2
Mills B - honorarium	16	16	16	16
Mills B - mileage and other expenses	4	4	4	4
Owen F - mileage	5	16	5	16
Owen F - mileage and other expenses	1	2	1	2
Ward B - honorarium	32	32	32	32
Ward B - mileage and other expenses	4	4	4	4
Wells M - honorarium	5	16	5	16
Wells M - mileage and other expenses	1	2	1	2
Kaikōhe-Hokianga Community Board				
Davis E - honorarium	4	14	4	14
Davis E - mileage and other expenses	1	3	1	3
Byers L - honorarium	4	14	4	14
Byers L - mileage and other expenses	1	2	1	2
Edmonds M - honorarium	18	27	18	27
Edmonds M - mileage and other expenses	2	2	2	2

Elected members

	Council		Group	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Hessell A - honorarium	4	14	4	14
Hessell A - mileage and other expenses	-	1	-	1
Toorenborg L - honorarium	4	14	4	14
Toorenborg L - mileage and other expenses	1	2	1	2
McVeagh J - honorarium	10	-	10	-
McVeagh J - mileage and other expenses	1	-	1	-
Filia T - honorarium	10	-	10	-
Filia T - mileage and other expenses	2	-	2	-
Rudkin A - honorarium	19	-	19	-
Rudkin A - mileage and other expenses	2	-	2	-
Grundy H - honorarium	10	-	10	-
Grundy H - mileage and other expenses	2	-	2	-
Edwards T - honorarium	10	-	10	-
Edwards T - mileage and other expenses	1	-	1	-
Van Gaalen K - honorarium	4	14	4	14
Van Gaalen K - mileage and other expenses	-	3	-	3
Te Hiku Community Board			-	
Brown J - honorarium	4	14	4	14
Brown J - mileage and other expenses	2	-	2	-
Gardner K - honorarium	28	27	28	27
Gardner K - mileage and other expenses	11	6	11	6
Stewart J - honorarium	14	14	14	14
Stewart J - mileage and other expenses	5	-	5	-
Subritzky B - honorarium	14	14	14	14
Subritzky B - mileage and other expenses	3	3	3	3
Baucke R - honorarium	10	-	10	-
Baucke R - mileage and other expenses	4	-	4	-
Bainbridge S - honorarium	14	14	14	14
Bainbridge S - mileage and other expenses	4	3	4	3
Axe D - honorarium	14	14	14	14
Axe D - mileage and other expenses	6	4	6	4
Total Community Board costs	395	369	395	369
Total remuneration costs	1,943	1,756	1,943	1,756

	Council 2023 Number
Total annual remuneration by band of employee as at 30 June 2023	
< \$60,000	103
\$60,000 to \$79,999	76
\$80,000 to \$99,999	87
\$100,000 to \$119,999	58
\$120,000 to \$139,999	19
\$140,000 to \$179,999	13
\$180,000 to \$349,999	9
Total employees	365

Total annual remuneration by band of employee as at 30 June 2022

< \$60,000	116
\$60,000 to \$79,999	99
\$80,000 to \$99,999	75
\$100,000 to \$119,999	62
\$120,000 to \$139,999	10
\$140,000 to \$179,999	13
\$180,000 to \$339,999	10
Total employees	385

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 321 (2022 - 343) full time employees, with the balance of staff representing 29.48 (2022 - 31.65) full time equivalent employees. A full time employee is determined on the basis of a 40 hour week.

30. Severance payments

There were thirteen severance payments made in 2022/23. The values of the payments were \$25,362.38, \$14,600.03, \$79,570.96, \$87,412.97, \$77,575.00, \$142,798.03, \$21,647.75, \$83,542.13, \$77,636.65, \$25,430.55, \$25,176.25, \$20,518.33, \$42,842.00 totalling \$723,753.03 (2022 - two totalling \$53,842.40).

31. Events after balance sheet date

There are no material events after balance sheet date.

32. Financial instruments

32a Financial instrument categories

	Council		Group	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Financial assets				
Amortised cost				
Cash and cash equivalents	18,798	13,353	19,762	14,357
Other financial assets	-	-	499	443
Short term deposits	-	-	-	-
Loans and receivables	-	600	-	1,265
Debtors and other receivables (excluding prepayments)	32,421	29,987	32,421	32,639
Total loans and receivables	51,219	43,940	52,682	48,704
Fair value through other comprehensive revenue and expense				
LGNZ shares	77	85	77	85
LGFA borrower notes	2,049	1,549	2,049	1,549
Total fair value through other comprehensive revenue and expense	2,126	1,634	2,126	1,634
Financial liabilities				
Derivatives that are cash flow hedge accounted				
Derivative financial instrument liabilities				
Current	-	-	-	-
Non-current	-	-	-	-
Total derivatives that are in a cash flow hedge relationship	-	-	-	-
Financial liabilities at amortised cost				
Creditors and other payables	24,401	16,637	30,973	23,509
Borrowings				
Secured loans	105,500	81,500	164,451	131,660
Total financial liabilities at amortised cost	129,901	98,137	195,424	155,169

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 are no interest rate swap agreements in place at 30 June 2023 (2021 - nil). 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. The Council is exposed to credit risk as a guarantor of all of NZLGFA's borrowings. Information about this exposure is explained in note 27.

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$0000
Cash at bank and term deposits	18,798	13,353	19,762	14,357
Debtors and other receivables	32,421	29,987	32,421	32,639
Other financial assets	-	-	499	443
LGNZ shares	77	85	77	85
LGFA borrower notes	2,049	1,549	2,049	1,549
Guarantee (Civic Trust)	70	86	70	86
Total credit risk	53,415	45,060	54,878	49,159

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Counterparties with credit ratings				
Cash at bank and term deposits				
AA-	18,798	13,353	19,762	14,357
Total cash at bank and term deposits	18,798	13,353	19,762	14,357
Fair value through equity				
AAA	2,126	1,634	2,126	1,634
Total fair value through equity	2,126	1,634	2,126	1,634

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 Māori 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

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

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 (2022 - \$3,000,000). 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
Council 2023						
Creditors and other payables	23,748	23,748	23,748	-	-	-
Bank overdraft	-	-	-	-	-	-
Net settled derivative liabilities	-	-	-	-	-	-
Secured loans	105,500	110,637	56,891	21,626	21,404	10,715
Guarantee (Civic Trust)	-	-	-	-	-	-
Total	129,248	134,385	80,641	21,626	21,404	10,715
Group 2023						
Creditors and other payables	30,320	30,320	30,320	-	-	-
Bank overdraft	-	-	-	-	-	-
Net settled derivative liabilities	-	-	-	-	-	-
Secured loans	163,696	169,588	67,274	68,638	21,404	12,271
Guarantee (Civic Trust)	-	-	-	-	-	-
Total	194,016	199,908	97,595	68,638	21,404	12,271

	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
Council 2022						
Creditors and other payables	16,637	16,637	16,637	-	-	-
Bank overdraft	-	-	-	-	-	-
Net settled derivative liabilities	-	-	-	-	-	-
Secured loans	81,500	85,684	10,026	22,232	42,588	10,838
Guarantee (Civic Trust)	-	-	-	-	-	-
Total	98,137	102,321	26,663	22,232	42,588	10,838
Group 2022						
Creditors and other payables	23,509	23,509	23,509	-	-	-
Bank overdraft	-	-	-	-	-	-
Net settled derivative liabilities	-	-	-	-	-	-
Secured loans	131,660	135,844	21,526	22,232	79,658	12,428
Guarantee (Civic Trust)	-	-	-	-	-	-
Total	155,169	159,353	45,034	22,232	79,658	12,428

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 its borrowings when they fall due. Information about this exposure is explained in Note 27a.

Sensitivity analysis

The following table 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

Council	2023 \$000s		2022 \$000s	
	Profit - 100 bps	Profit + 100 bps	Profit - 100 bps	Profit + 100 bps
Financial assets				
Cash and cash equivalents	13	13	10	10
Derivative financial assets				
Derivative financial instruments	-	-	-	-
Financial liabilities				
Borrowings				
Credit lines	-	-	-	-
Total sensitivity to interest rate risk	13	13	10	10

Explanation of sensitivity analysis

1. Cash and cash equivalents

Cash and cash equivalents are \$18,798,265 (2022 \$13,353,340) which are at a floating rate. A movement of plus or minus 1% has an effect on interest revenue of \$187,983 (2022 \$16,840).

2. Credit lines

The balance on the credit lines was \$55.5m at 30 June 2023 (2022 \$10.0m) at a floating rate. A movement in interest rates of plus or minus 1% has an effect on interest payable of \$13,913 (2022 \$258). FNHL does not have any significant interest rate risk.

32c. Reconciliation of movements in liabilities arising from financing activities

	Borrowings \$000s
Council	
Balance as at 1 July 2022	81,500
Cash inflows and outflows	25,127
Fair value	-
Other changes	(1,127)
Balance as at 30 June 2022	105,500
Group	
Balance as at 1 July 2022	131,660
Cash inflows and outflows	37,526
Fair value	-
Other changes	(3,980)
Balance as at 30 June 2023	165,206

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	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Non-current assets held for sale are:				
Land	-	-	17,073	1,360
Wharves	-	-	-	-
Total non-current assets held for sale	-	-	17,073	1,360

Council has no properties declared surplus and held for sale at the 30 June 23 year end. FNHL has ten properties with a registered valuation of \$22,750k (2022 - two properties with a market value \$2,270k) that are intended for sale as at 30 June 2023.

35. Variances to Annual Plan

Council	
2023	
\$000s	
Statement of comprehensive revenue and expense	
Long Term Plan surplus	17,359
Annual Report surplus / (deficit)	2,803
Net operating variance surplus / (deficit)	(14,556)
Variance represented by:	
Variance area	
Rates	(1,590)
Other	(2,638)
Total revenue variance / surplus / (deficit)	(4,229)
Variance represented by:	
Variance area	
Personnel costs	2,307
Depreciation and amortisation expense	(767)
Finance costs	(791)
Other expenses	(11,074)
Total expenditure variance surplus / (deficit)	(10,327)
Net operating variance surplus / (deficit)	(14,556)

Significant variances to Long Term 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.

36. 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.

37. 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 waters 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.

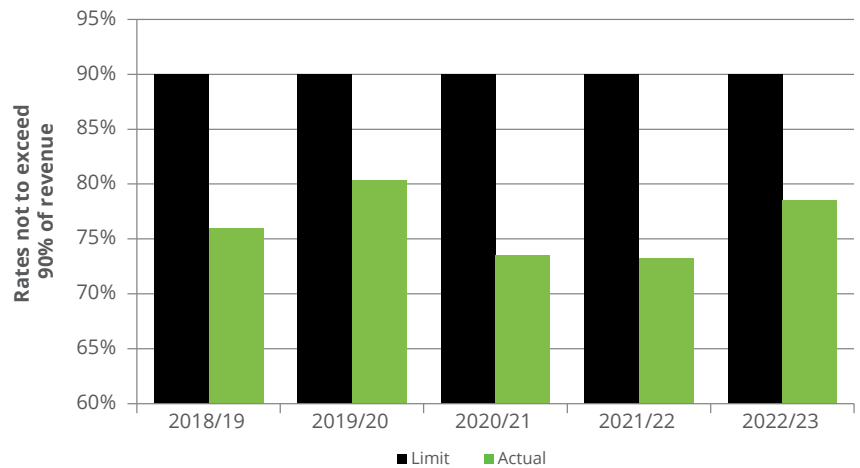
Rates affordability benchmarks

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.

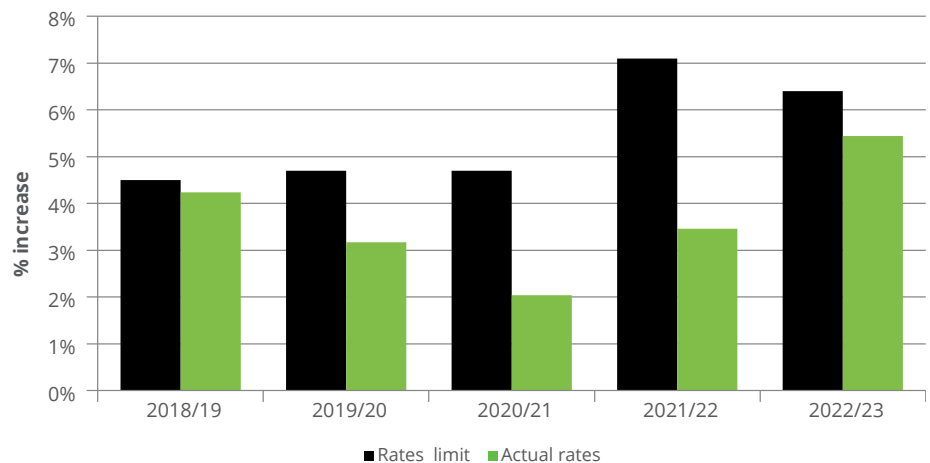
Rates (income) affordability

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 LTP 2021-31. 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.



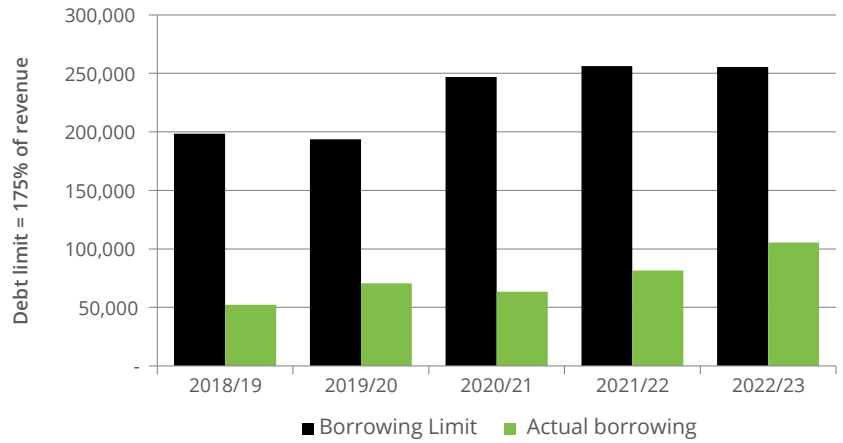
Rates (increase) affordability

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.



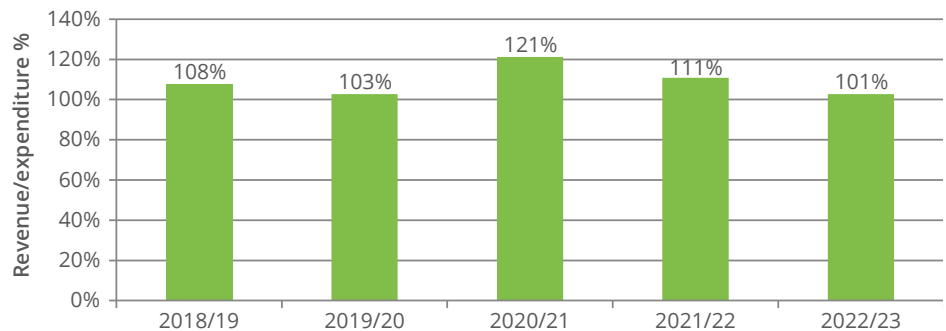
Debt affordability benchmark

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).



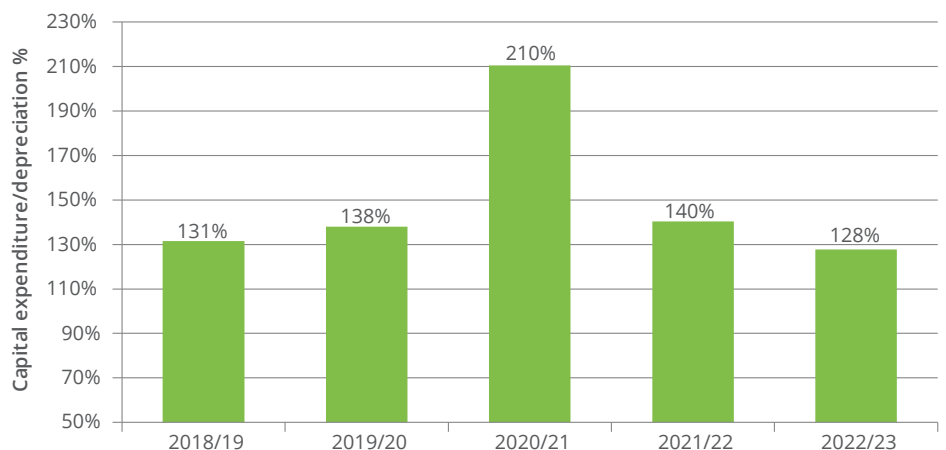
The Council meets this benchmark if its revenue equals or is greater than its operating expenses. Council has achieved this benchmark.

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

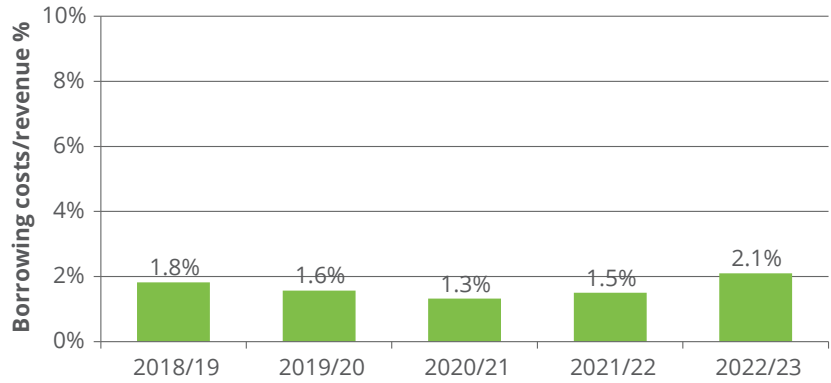
Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Council has achieved this benchmark.



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).

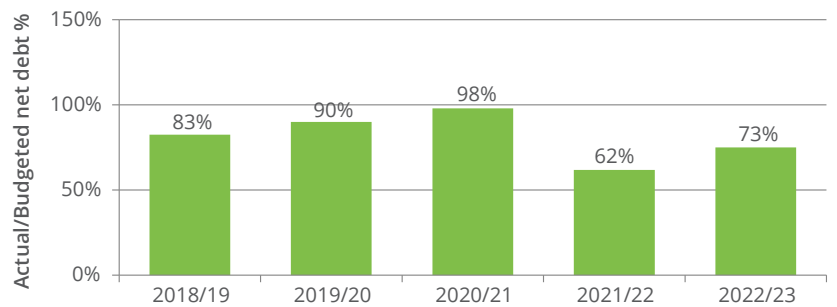
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue. Council has achieved this benchmark.



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).

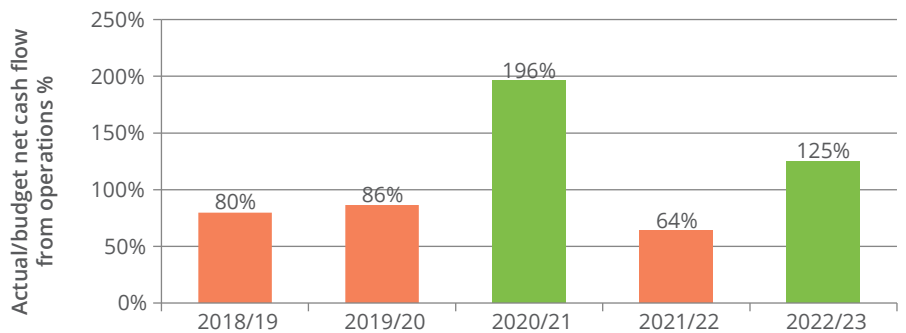
Council meets the debt control benchmark if its actual net debt is equal or is less than its planned net debt. Council has achieved this benchmark.



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.



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.

Reserves

	Opening Balance 2022/23 \$000s	Prior Year adjustment	Additions 2022/23 \$000s	Withdrawals 2022/23 \$000s	Closing Balance 2022/23 \$000s
Other reserves					
Revaluation reserves	814,132	-	164,978	(3,427)	975,684
LGNZ share valuation reserve	40	-	-	(8)	31
Cash flow hedge reserve	-	-	-	-	-
Capital reserve	2,697	-	-	-	2,697
Total other reserves	816,869	-	164,978	(3,435)	978,412
Restricted reserves					
Community services reserves	3,511	-	16,862	(15,232)	5,141
General separate funds (drainage, stormwater, water, wastewater)	2,985	-	27,918	(28,716)	2,186
Special funds	4,936	-	186	-	5,121
General separate funds (Kerikeri mainstreet, economic development, CBD rates, car parks)	385	-	123	(50)	458
General separate funds (footpaths)	-	-	-	-	-
Total restricted reserves	11,817	-	45,088	(43,998)	12,906
Retained earnings					
Retained earnings	1,418,227	-	-	-	1,420,935
Development contributions	(16,934)	-	-	(8)	(16,942)
Open spaces development contributions	(3,721)	-	-	(1)	(3,722)
Depreciation reserves	87,751	(1,637)	29,041	(21,098)	94,056
Emergency event reserve	7,304	-	1,869	(5,734)	3,439
Property disposal reserve	198	-	-	-	198
Mineral survey reserve	50	-	-	-	50
Total retained earnings	1,492,875	(1,637)	30,910	(26,841)	1,498,014

The prior year adjustment relates to a funding correction from subsidy to depreciation reserves for Pukenui Maritime, Unahi Wharf and Hokianga Harbour coastal repairs projects.

Insurance

Water, wastewater and drainage assets

These assets have a total asset value for insurance purposes of \$157,257,299. The net book value of these assets at 30 June 2023 was \$93,821,112. 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, Pākaraka stock effluent facility, strategic property and the 100% NZTA subsidy funded footbridge in Kerikeri are specifically insured with an asset value of \$14,973,915. The net book value of these assets at 30 June 2023 is \$7,287,079. The remaining \$1,495,377,649 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 \$3,538,184. The net book value of these assets at 30 June 2023 was \$2,941,445. The remaining assets valued at \$2,445,619 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 \$10,978,175. The net book value of these assets was \$3,227,431 at 30 June 2023. There are no uninsured assets in this group.

Community assets

These assets have a total asset value for insurance purposes of \$203,148,650. The net book value of these assets at 30 June 2023 was \$83,053,624. The remaining assets valued at \$24,711,968 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, parks and reserves, libraries and housing for the elderly with an insurance value of \$158,024,667 and a net book value of \$59,451,794.

Leasehold improvements, plant and equipment and vehicle assets

These assets have a total asset value for insurance purposes of \$3,783,687. The net book value of these assets at 30 June 2023 was \$1,934,135.

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 tsunamis. 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.



INDEPENDENT AUDITOR'S REPORT

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

The Auditor-General is the auditor of Far North District Council (the 'District Council') and its subsidiaries (the Group). The Auditor-General has appointed me, Bennie Greyling using the staff and resources of Deloitte Limited 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.

Our audit was completed late

Our audit was completed on 11 December 2023. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by the Act. This was due to resourcing constraints experienced by Council during the audit process.

Opinion on the audited information

In our opinion:

- the financial statements on pages 56 to 107:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2023;
 - the results of its 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 16, 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 12 to 54:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - 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 pages 19, 23, 26, 29, 31, 35, 40, 45, 47 and 48, 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 pages 19, 23, 26, 29, 31, 35, 40, 45, 47 and 48, 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 108 to 110, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Emphasis of matter - The Government's three waters reform programme

Without modifying our opinion, we draw attention to Note 37 on page 107, 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 note 37 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.

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 auditor's 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 audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Our responsibilities arise from the Public Audit Act 2001.

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 10, 111 to 113 and 119 to 123 but does not include the audited information and 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, and we do not express any form of audit opinion or assurance conclusion thereon.

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.

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 or its subsidiaries.



Bennie Greyling

for Deloitte Limited

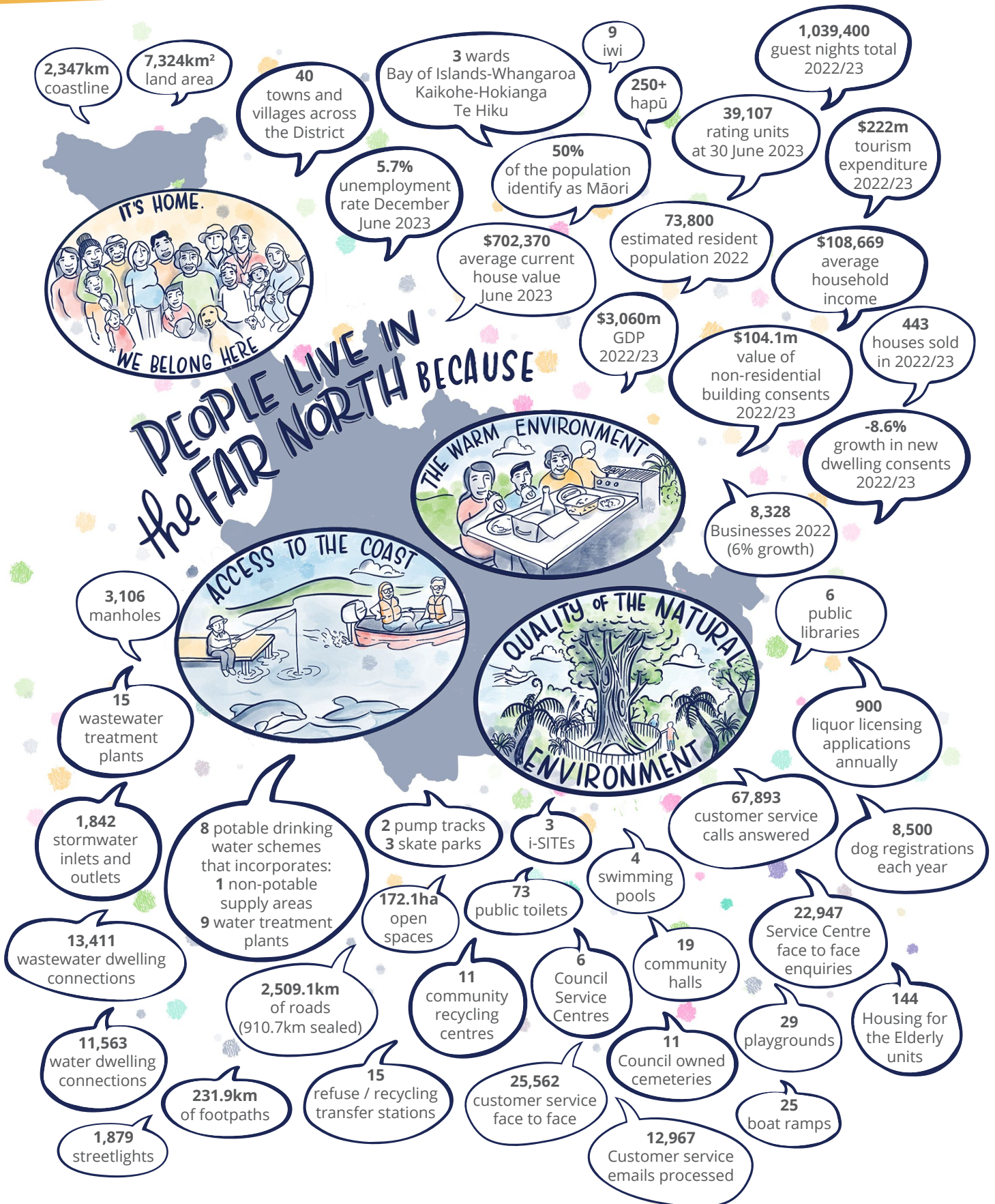
On behalf of the Auditor-General

Auckland, New Zealand

Mōhiohio whānui • General information



Ko tō tātou rohe Our District



Data sources: Infometrics quarterly economic monitor 2022/23 and economic profile 2022/23, FNDC Annual Report 2022/23

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.

dTIMS (Deighton Total Infrastructure Management System)

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

FNHL (Far North Holdings Limited)

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.

FNW (Far North Waters)

The entity proposed to take over 3Waters (water supply, wastewater and stormwater management) from 1 July 2024.

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.

**WHAKAPĀ MAI
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**HE ARA TĀMATA
CREATING GREAT PLACES**
Supporting our people