



Far North
District Council

Te Kaunihera o Tai Tokerau ki te Raki

RĪPOATA
Ā TAU

ANNUAL
REPORT

2019/20

Ō tātou tirohanga, aronga, uara me ngā tūmanako | Our vision, mission, values and expectations

Tirohanga | Our vision

He whenua rangatira – a district of sustainable prosperity and well-being.

Aronga | Our mission

He ara tāmata - creating great places, supporting our people.

Uara | Our values

- Manawatōpū: Unity of purpose and working together
- Whanaungatanga: Family, community, connecting and caring
- Tū tangata: Strong cultural identities
- Mana tangata: Respect and fairness
- Te Tiriti o Waitangi: Partnership
- Kaitiakitanga: Environmental stewardship and sustainability.

Tūmanako | Our expectations

- He wahi ātaahua: Valuing the outstanding beauty of our District
- Oranga taiao, oranga tangata: Nurturing the environment so it nourishes us
- Oranga kāinga: A thriving, sustainable local economy
- Mana i te whenua: The role of tangata whenua is valued and respected
- Te ira tangata: Rich heritage and diversity respected and celebrated
- Whānau: A great place for our families to flourish
- Tangata whai ora: Happy, healthy, safe and purposeful people
- He waka hourua: Fit for purpose infrastructure underpinning success
- Kōkiri tahi: Empowered communities, working collaboratively.

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Adopted 10 December 2020

Cover photograph: Te Hononga, Hundertwasser Memorial Park, Kawakawa

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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 2019 to 30 June 2020. 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) 2018-28. It outlines the targets set and performance results and our key achievements for the year.

The Annual Report is laid out as follows:

Introduction

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

The council's activities

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

Financial performance

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

Tikanga kōrero whaitake | Statement of compliance and responsibility

for the year ended 30 June 2020

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 2020.

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 2020 fairly reflect the financial position, performance and operations of the Far North District Council and Group.



Hon John Carter QSO

Mayor

10 December 2020



Shaun Clarke ONZM

Chief Executive Officer

10 December 2020

Te tīmatatanga



Introduction



Hokianga Ferry 'Kohu Ra Tuarua' Kohukohu landing

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

Kia ora koutou

Welcome to the Far North District Council's Annual Report 2019/20. This is our opportunity to look back on what we have achieved on behalf of ratepayers over the past financial year.

Our district and our nation have faced significant challenges over the past 12 months. In early 2020, we were confronted by a record-breaking drought in Northland. As we responded to that crisis, the whole nation went into lockdown in the fight against the global COVID-19 pandemic. Separately these events would have tested our resources. Together they presented an unprecedented challenge, forcing the council to quickly pivot and refocus its priorities. We achieved this successfully and with minimal disruption to the essential services our residents and ratepayers depend on.

These events had a huge impact on our communities. To help ensure their welfare needs were taken care of, council staff and elected members worked alongside Te Hau Ora o Ngāpuhi and the Salvation Army to pack thousands of manaaki kai care packages and distribute these to our most vulnerable residents.

Remote working

When COVID-19 restrictions were relaxed, we took stock of how the council performed. We had adapted well to most of our staff working from home under a more flexible operating model. Instead of rushing back to the office, we decided to take advantage of this rare opportunity to redefine how the council operates. The result was Creating & Enabling Great Workplaces, a progressive and collaborative project that uses digital tools to create a more efficient and agile organisation. We believe it will lower costs to ratepayers by reducing overheads, will be better for staff (including recruitment and retention), and will also be better for the planet.

Infrastructure projects

Despite disruption caused by the drought and the pandemic, we progressed and completed a number of key projects in 2019/20. This was greatly assisted by implementation of our Project Management Framework. This provides a clearer delineation between teams and improved guidance on the delivery of our capital works programme meaning projects are better planned and more streamlined. An example is the \$6 million upgrade to Paihia's wastewater treatment plant. Completed ahead of schedule in March 2020, the project was commended by the Environment Court for resolving resource consent issues in a timely and cost-effective way. Meanwhile, our other major wastewater project, the Kerikeri wastewater plant, is now in its final construction phase with initial commissioning work underway.

Water

Improving the resilience of our water supplies became more urgent following the Northland drought. In 2019/20, we completed construction of a new water treatment plant for

Rawene and Omanaia residents and recently commissioned the facility. We are now focused on providing more reliable water sources for Kaitaia and Kaikohe, the two communities most impacted by the drought.

Transport

Improving our transport network is always a core activity. In 2019/20, we spent over \$4 million sealing sections of six rural roads, part of ongoing efforts to combat road dust. We applied dust suppression compounds to sections of another 50 unsealed roads, providing summer relief to 160 rural households. Walking and cycling in also got easier with nearly 3km of new footpaths constructed. This exceeded the total delivered for each of the previous three financial years and was achieved despite the March COVID-19 lockdown.

Funding

We have been presented with extraordinary funding opportunities to aid our drought and pandemic recovery by the Government. The council and its commercial company Far North Holdings Ltd will receive \$74.4 million for infrastructure projects in the Far North sourced from the Government's COVID-19 Response and Recovery Fund, and the Provincial Growth Fund.

Strategy

Our drive to become a more strategy-driven organisation has continued and we have progressed several long-range transport, planning and climate change strategies. We will discuss these in more detail with communities in 2020/21.

Another key strategy is our ongoing business improvement programme and major driver of that has been participation in Local Government New Zealand's excellence programme, CouncilMARK. We were one of the first councils to join this in 2017 and have since created 34 workstreams for our CouncilMark Transformation Programme. These include a comprehensive revenue review focused on affordability, a project management framework to support capital project delivery, a strong risk management regime, and creation of Te Hono, a unit specifically tasked with engaging with and strengthening our connections with Māori. Our second CouncilMARK assessment is scheduled for November 2020.

We encourage you to read the full report to get a fuller understanding of our achievements in 2019/20.

Ngā mihi.



John Carter QSO
Mayor



Shaun Clarke ONZM
Chief Executive Officer

Ngā manu mātārae

Civic leadership

as at 30 June 2020



Hon John Carter
QSO
Mayor



Cr Ann Court
Deputy Mayor
Bay of Islands-
Whangaroa Ward



Cr Rachel Smith
Bay of Islands-
Whangaroa Ward



Cr David Clendon
Bay of Islands-
Whangaroa Ward



Cr Kelly Stratford
Bay of Islands-
Whangaroa Ward



Cr Moko Tepania
Kaikohe-Hokianga
Ward



Cr John Vujcich
Kaikohe-Hokianga
Ward



Cr Dave Collard
Te Hiku Ward



Cr Felicity Foy
Te Hiku Ward



Cr Mate Radich
Te Hiku Ward

Ngā Rāngai Hapori

Community Boards

as at 30 June 2020

Bay of Islands - Whangaroa



Belinda Ward
Chair
Paihia



Manuwai Wells
Deputy Chair
Kawakawa-Moerewa



Lane Ayr
Kerikeri



Mike Edmonds
Chair
Kaikohe



Emma Davis
Deputy Chair
North Hokianga



Laurie Byers
Kaikohe



Adele Gardner
Chair
Kaitaia



Lawrie Atkinson
Deputy Chair
Whatuwhiwhi



Jaqi Brown
Kaitaia

Te Hiku



Bruce Mills
Whangaroa



Manuela Gmuer-Hornell
Russell-Opua



Frank Owen
Kerikeri



Dave Hookway
Kerikeri



Kelly van Gaalen
Kaikohe



Louis Tooreburg
South Hokianga



Alan Hessel
South Hokianga



John Stewart
Kaitia



Darren Axe
North Cape



Sheryl Bainbridge
Doubtless Bay

Whakatakotoranga Whakahaere

Management Structure

as at 30 June 2020



Shaun Clarke ONZM
Chief Executive Officer



William J. Taylor MBE
General Manager
Corporate Services
Group



Dr Dean Myburgh
General Manager
District Services
Group



Darrell Sargent
General Manager
Strategic Planning
and Policy Group



Andy Finch
General Manager
Infrastructure and
Asset Management
Group



Richard Edmondson
Manager
Communications



Jill Coyle
Manager
People and Capability

Mahi tahi me ngā tāngata whenua | Working in partnership 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 while also focusing on developing internal capacity and capability to drive a programme of cultural change.

Some of our highlights

- First time councillor, Councillor Tepania was elected at large as the youth member of Te Maruata Rōpū Whakahaere – the Māori Committee of the National Council of Local Government New Zealand. One of the key roles of Te Maruata is to promote Māori participation in local government.
- Noting the importance of growing our capacity and engaging with Māori, the council established a Te Ao Māori portfolio. Chaired by Councillor Tepania the working group charged with overseeing projects such as; strategic relationships with Māori, Māori participation in the council decisions and initiatives to drive cultural change within the organisation.
- During the year we continued to actively participate in Te Oneroa-a-Tōhē Board / 90 Mile Beach, a co-governance board established via Treaty Settlement. A key function of the Board is to develop a beach management plan for the beach area.
- Of the councils four formalised Memorandum of Understanding, the council and Ngāti Hine are currently in the process of reviewing the Memorandum that exists between the parties.
- The council established a new unit – Te Hono – whose role is to build internal capabilities. Work has started on a number of the council's processes to ensure they allow for greater Māori participation in the council decisions and programmes of work. A main focus for the year was to recruit staff to fulfil the roles within the Te Hono team.
- A Te Hono staff member was seconded into the Drought Response Team and assisted the regional CDEM response to deliver water to marae and at-risk households in the far north. Staff also worked closely with Te Kahu o Taonui – the region's iwi chairs forum.
- Significant progress was made regarding rating of Māori land including:
 - Streamlining the process, and implementing the rates remission policy, working closely with landowners to navigate them through the remission process.
 - Participation in the development of the Local Government (Rating of Whenua Māori) Amendment Bill.
 - Working with the Māori Land Court and Te Puni Kōkiri on the Whenua Māori Programme - to make information and assistance more readily and easily available to Māori landowners.

Ā mātou pitopito mahi | Our performance in brief

Overview

As outlined in the Annual Plan 2019/20, the aim was to run a steady course with no significant changes from those set in the LTP 2018-28 and maintaining a 3.36% rates increase.

As part of the strategic direction, the plan identified the need for a focused capital programme therefore concentration has been placed on the completion of outstanding renewal works which allowed the council to maintain current levels of service.

The capital programme also identified a number of new projects such as the Paihia wastewater treatment plant, animal management facilities, sealing of unsealed roads and the completion of the Kerikeri wastewater system.

It was decided that a long-term asset condition assessment programme would run alongside the plan at the same time so that better and accurate information would be updated accordingly.

Throughout the course of the year, two major events affected our district and economy, being drought and the COVID-19 pandemic which proved the council's resilience levels were sustainable and as an organisation was able to absorb the ongoing operational costs within the current budgets. This was achieved by slowing down planned works as well as work not being able to be completed by our current service providers and contractors.

The impact of the drought saw all but one of the councils' 8 water schemes on Level 3 or 4 restrictions. Users of the schemes were asked to conserve water with a reduction in use target of 25% set for each scheme.

A drought response team was established, which monitored high usage, provided some financial support to get leaks fixed in Kaikohe, and monitored water levels daily to ensure that the council remained within amended resource consent conditions.

Temporary water supplies were made available in areas of high risk to ensure that the public would have access to water if the treatment plants failed. Fortunately, this did not occur and all schemes were able to provide water throughout the drought.

Government support from the Provincial Growth Fund provided assistance in securing secondary supply in Kaikohe and Kaitaia.

Some capital work was affected by the drought, in particular, footpath and road sealing work. This was delayed due to the requirement for a high volume water usage within the process.

The impact of COVID-19 on individual services has been disclosed throughout this document. The main impacts were:

- Level 3 and 4 reduced service levels, these being, emergency customer service requests only, limited response times to emergency faults, limited availability or closure to public toilets, closure of all parks and children's playgrounds, withdrawal of recycling services service centres and libraries and no road reseals completed.
- Tourism throughout the district and region were significantly affected as visitor numbers were at an all-time low.
- Food outlets such as cafés, bars and restaurants were closed so no inspections took place.
- Resource and building consent inspections were not carried out, but processing of applications already received continued remotely.
- The council operationally moved to a virtual environment conducting business, meetings and appointments online.
- Staff where necessary were deployed to a Crisis Response Team which reported frequently to the Crisis Management Team.
- Levels 1 and 2 allowed the council to move back to restricted face to face business with strict protocols.

ANNUAL PLAN
2019/20

ACTUAL
2019/20

REVENUE

includes rates, subsidies, fees and charges



DEBT



OPERATING EXPENDITURE



CAPITAL EXPENDITURE

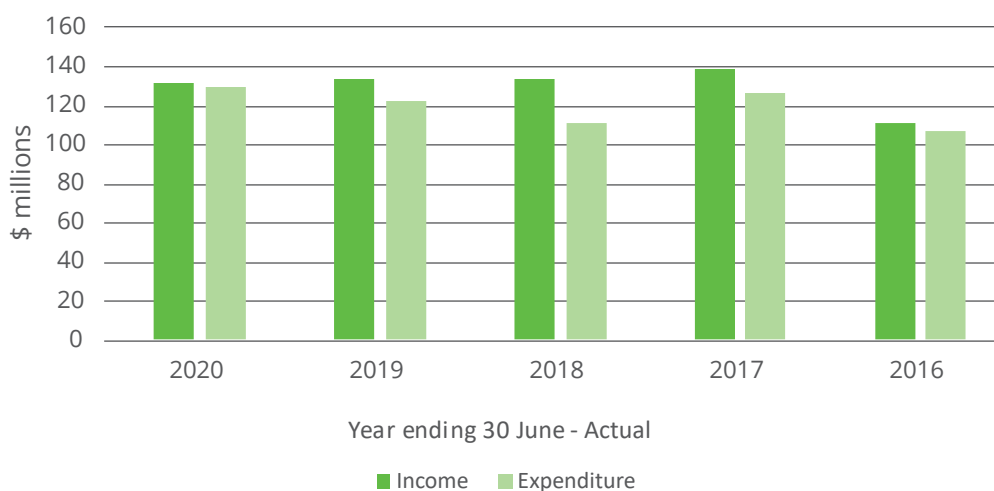


Financial overview

- Our operational result for 2019/20 ended with a surplus of \$2.3M compared to a budgeted net surplus of \$5.0M.

	2020 Budget	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
Income	131.1	131.8	133.2	132.7	138.3	111.0
Expenditure	126.1	129.5	122.4	110.7	126.1	107.3
Surplus/(Deficit)	5.0	2.3	10.8	22.0	12.2	3.7

Operational performance



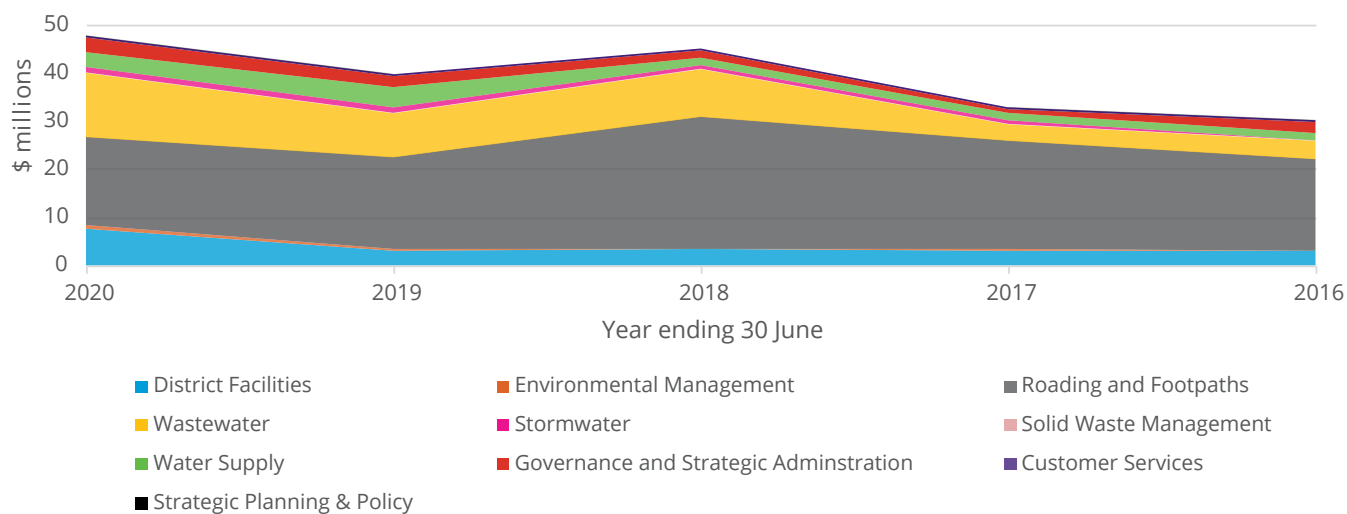
- The council ended the year with a strong cash position of \$10.3M due to prudent cash management.
- Debt remained at a steady level of \$70.5M (including short term borrowings of \$34M).

Capital expenditure

- Capital expenditure of \$47.9M for the year was lower than expected reflecting the result of the two major events during the year with capital works not being completed

	2020 Budget	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
Roading and Footpaths	27.4	18.5	19.1	27.6	22.7	19.0
Water Supply	3.8	3.0	4.2	1.6	1.5	1.5
Wastewater	9.4	13.5	9.2	9.7	3.6	3.7
Stormwater	1.8	1.0	1.1	0.8	0.7	0.2
Solid Waste Management	0.6	0.1	0.2	0.0	0.1	0.1
District Facilities	10.3	7.6	3.2	3.5	3.3	3.2
Customer Services	1.8	0.6	0.5	0.3	0.3	0.4
Environmental Management	2.1	0.7	0.3	0.0	0.1	0.0
Strategic Planning and Policy	0.0	0.0	0.0	0.0	0.0	0.2
Governance and Strategic Administration	6.7	2.9	2.0	1.6	0.9	2.1
Total	63.7	47.9	39.7	45.1	33.1	30.3

Capital works programme



Non financial overview

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

	Achieved	Not Achieved
Rooding and Footpaths	6	6
Water Supply	9	0
Wastewater	7	4
Stormwater	8	2
Solid Waste Management	5	2
District Facilities	4	12
Customer Service	1	2
I-SITEs	-	3
Libraries	2	2
Environmental Management	4	5
Strategic Planning and Policy	-	3
Governance and Strategic Administration	1	1
Total	45	43

Outlook

With the drought and water shortage in mind, Central Government has been able to assist financially. However, the impact of COVID-19 prompted the council to revise the current financial position for 2020/21 which ended with a rate increase of 2.23% instead of the intended 4% as forecast in the LTP 2018-28.

The 2020/21 year will allow work to be continued with our water supply resilience programme and work along side our partners to seek funding opportunities to keep costs to our ratepayers at a minimum.

Completing the renewal capital programme is still one of the primary focuses for the council in partnership with the continued asset condition assessments which will allow for better information of our assets and contribute towards a prudent capital programme.

**Ngā tūmahi a
te kaunihera**

Council activities











Toilet upgrade, Mitimiti

Mahinga whakarato | Statement of service provision

Community Outcomes

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

In the table below are our group of activities and their alignment with our community outcomes.

	Communities that are healthy, safe, connected and sustainable	Connected and engaged communities prepared for the unexpected	Proud, vibrant communities	Prosperous communities supported by a sustainable economy	A wisely managed and treasured environment that recognises the special role of tangata whenua as kaitiaki
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 targeted individuals, such as users of the libraries to gauge their satisfaction with particular the council services.

Resident opinion survey

The Far North District Council undertakes an annual telephone survey of 501 residents in the District to measure perceptions of the council and satisfaction with council services. The council also uses community feedback provided by the survey to gauge whether it has met 23 performance measures in the LTP 2018-28. Tauranga-based research company Key Research conducted this year's survey on behalf of the council between 3 and 18 June 2020. At an aggregate level the survey has an expected 95% confidence interval of (margin of error) $\pm 4.4\%$.

Summary dashboard

Resident satisfaction survey result comparisons 2019 to 2020

Service / facility / activity	2020 % very satisfied / satisfied	2019 % very satisfied / satisfied
Roads	56	37
Footpaths	51	35
Water Supply	65	60
Wastewater	74	80
Stormwater	49	48
Refuse transfer stations	81	77
Community recycling stations	86	82
Cemeteries	84	80
Kaikohe community pool	94	50
Kaitaia community pool	77	65
Kawakawa community pool	87	81
Kerikeri community pool	87	69
Libraries	96	93
Public toilets	59	55
Parks and reserves	70	60
Coastal access	63	51
Carparking facilities	51	41
Service received when contacting the council	65	65
Community board awareness in your area	89	78
Informed about the District Plan (land use)	22	18
Aware of changes to the District Plan	24	24
Informed about what the council is doing (all residents)	36	28
Informed about what the council is doing (Māori respondents)	37	26
Overall performance of the council	36	31

Community Wellbeing

Schedule 10 clause 23(d) of the Local Government (Community Well-being) Amendment Act 2019 (2019 No 17) states; describe any identified effects that any activity within the group of activities has had on the social, economic, environmental or cultural well-being.

What are the four aspects of wellbeing?



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



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



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



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

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

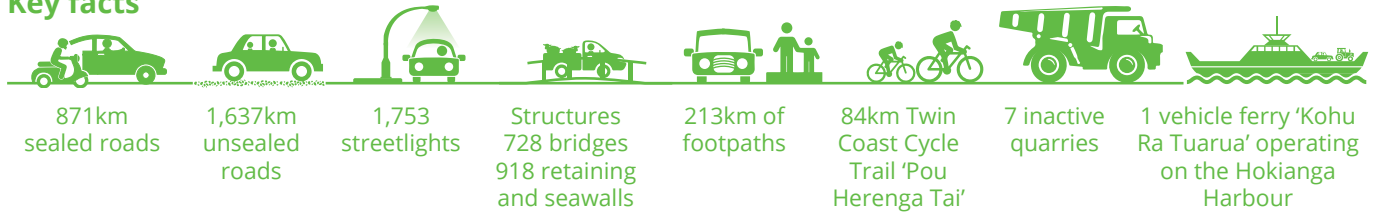
Activity	S	E	E	C	Narrative
1 Rooding and Footpaths	●	●	●		Rooding were unable to deliver their programmed improvements to Far North District's transport network. However, the benefit was to the environmental wellbeing with less vehicles on the road, less damage to roading infrastructure, no accidents and a significantly reduced carbon footprint. Road closures restricted access to support business continuity, and social contact was limited.
2 Water Supply	●	●	●	●	Drought caused major implications on all four well-being's across the Far North District. In managing water levels commissioning of the Rawene / Omanaia new water supply was delayed, water usage restrictions were implemented, and the effects were felt by households and businesses. The restrictions limited recreational activities for families and service delivery for businesses. The environment was impacted affecting water quality of raw water resources. Low water flows disturbed natural habitats of freshwater species that contribute to support healthy eco-systems. Benefits identified were increased partnerships with local iwi.

Activity	S	E	E	C	Narrative
3 Wastewater					Drought caused additional pressures on wastewater systems due to limited water resources. COVID-19 restrictions contributed to increased response times to service health and safety issues. Households and businesses in some areas were affected due to odour emissions from wastewater treatment plants. Delays to the Kerikeri wastewater treatment plant were experienced due to the re-prioritisation of programmed works.
4 Stormwater					There were no serious stormwater issues due to no flooding events, the council continues to work to improve in this activity.
5 Solid Waste Management					COVID-19 restrictions closed rubbish collection centres requiring households to dispose of rubbish either through private/town collections or holding onto recyclables until Level 2. An increase in illegal dumping was experienced and the increased response times negatively impacted environmental well-being with rubbish left out in the open and sometimes in or near water ways.
6 District Facilities					COVID-19 restrictions closed community facilities (halls, playgrounds, pools, public toilets) impacting access to public and recreational services for families, communities and essential service workers.
7 Customer Services					COVID-19 restrictions had a significant adverse economic impact to business and employment levels throughout the District heavily reliant on tourism and horticulture. Closure of libraries, I-sites and museums reduced connectivity especially for remote communities. Closure of service centres resulted in delays in receiving rates and water account payments with community assistance being delivered via the Call Centre. Restrictions to movement reduced the carbon footprint throughout the District.
8 Environmental Management					COVID-19 restrictions impacted animal control and monitoring with only essential services delivered. Health licensing was suspended while resource and building consenting continued with the suspension of those applications requiring physical inspections.
9 Strategic Planning and Policy					Māori engagement and relationships were strengthened to support additional services to meet whanau, hapu, iwi and community needs.
10 Governance and Strategic Administration					Rapid implementation of technology enabled Council governance and business to continue largely uninterrupted although at reduced levels. Embracing technologies has led to a shift in how Elected Members connect with each other, communities and council staff, as well as re-defining the council's operating model to promote efficiencies and wellbeing.

1. Ngā rori me ngā ara hīkoi | Roading and Footpaths

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

Key facts



Roading

The road network is a vital part of the District, enabling safe and comfortable access for employment, personal and social activities, recreation, and the movement of goods and the provision of services. The council maintains and manages the local network, including roads, street lighting and signage. Maintaining and improving over 2,508km of roads is regarded as one of the core functions of the council.

How we performed

Level of service

1.1 To maintain the District's 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.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
33 total 5 fatalities 28 serious injury crashes	24 total 1 fatalities 23 serious injury crashes**	No increase	30 total 4 fatalities 26 serious injury crashes**	Not achieved*
Actual decrease in serious injuries and fatalities is 3	Actual decrease in serious injuries and fatalities is 9		Actual increase in serious injuries and fatalities is 6	

Narrative

There has been a higher number of fatalities and serious crashes on our roads this year. Sadly 43% of these crashes have alcohol as a contributing factor.

* Measure achieved based on total number of crashes not the disaggregated values.

** For 2019/20, a revised method of categorisation for fatal/serious crashes was applied to ensure accurate reporting. We have applied the revised method to the 2018/19 results (previously 31 total, 1 fatal, 30 serious, actual decrease of 2). The 2017/18 result are consistent with the revised methodology.

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
92%	94%	≥87%	94%	Achieved

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
8.7%	4.8%	$\geq 9\%$	5.7%	Not achieved

Narrative

COVID-19 nationwide lockdown significantly impacted the delivery of programmed reseals across the District. Sites not completed have been carried forward to 2020/21.

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.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
91%	92.75%	$\geq 95\%$	93.6%	Not achieved

Due to COVID-19 lockdown the contractors were only attending to the emergency requests. Contractors have started attending to normal maintenance after Level 4 was lifted and are encouraged to contact customers within timeframes.

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	No crashes caused by road condition	< previous year	No crashes caused by road conditions	Achieved

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	97.0%	$\geq 95\%$ of planned work completed	88.7%	Not achieved

Narrative

As resurfacing is not an essential service COVID-19 restrictions prevented the delivery of works as planned.

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
98.9%	99.3%	$\geq 95\%$	99.4%	Achieved

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
91%	83.5%	$\geq 95\%$	99.7%	Achieved

Community feedback

Performance measure

The % of respondents indicating they are very satisfied / satisfied with the roading network.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
43%	37%	≥57%	56%	Not achieved

Narrative

There is a notable improvement in this score compared with previous years, however, there remains room for improvement which is our focus going forward. A project has been undertaken to review the survey questionnaires and the Request For Service system default categories and processes. This has identified the need for an overhaul of the system's datasets and has been reported to management for resourcing to achieve this.

Footpaths

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

How we performed

Level of service

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

Performance measure

1.2.1 Resurface and extend the footpath network as planned.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	96%	≥95% of planned work completed	100%	Achieved

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	Grade 1 (147 - 9%) Grade 2 (752 - 45%) Grade 3 (733 - 44%) Grade 4 (21 - 1%) Grade 5 (29 - 2%)	Maintain / increase	Grade 1 - 11.46% Grade 2 - 37.87% Grade 3 - 50.02% Grade 4 - 0.38% Grade 5 - 0.27%	Achieved

Narrative

Grade 1 (very good) – Grade 5 (very poor). After completing condition assessments a comprehensive programme of works is now in place specifically to maintain/increase the standard of footpaths throughout the District. This is expected to result in a significant lift in satisfaction levels over the next few years.

Community feedback

Performance measure

The % of respondents indicating they are very satisfied / satisfied with the footpath network.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
38%	35%	≥62%	51%	Not achieved

Narrative

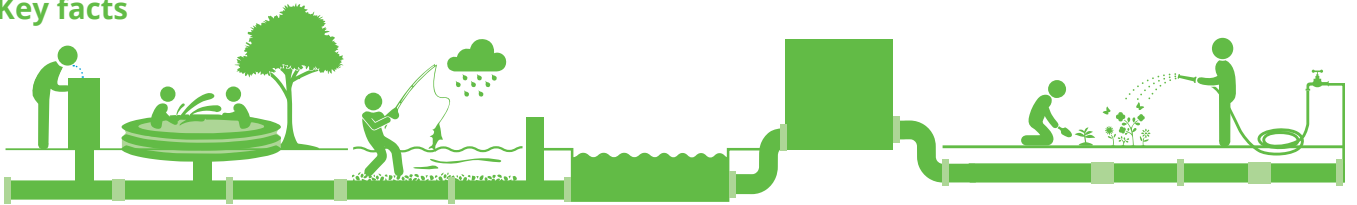
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2. Ngā wai tuku | Water Supply

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

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

Key facts



8 potable drinking water schemes that incorporate:
2 non-potable supply areas
9 water treatment plants

Water is sourced from:
2 dams
5 bore fields
7 stream intakes

26 treated water reservoirs

16 booster pump stations

346km water mains

10,180 properties are connected to the 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

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).

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
All schemes compliant	All schemes compliant	Each scheme continuously meets the required standards for drinking water	All schemes compliant	Achieved

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
All schemes compliant	All schemes compliant	Each scheme continuously meets the required standards for drinking water	All schemes compliant	Achieved

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
31.8% water loss	32.4%	<26%	25%	Achieved

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	2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
a.	0.9	2.3	< 2 hours	0.95	Achieved
b.	2.7	4.1	< 4 hours	2.78	Achieved
c.	0.1	0.2	< 2 working days	0.3	Achieved
d.	0.2	0.6	< 3 working days	0.8	Achieved

Narrative

New field devices were implemented at the end of last financial year, along with staff training on how to use the new systems correctly has resulted in faster response times.

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.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
71.1	91.7	<100 complaints per 1,000	78.11	Achieved

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
414L	443L	≤ 350L / day / resident	310.78L	Achieved

Narrative

The reduced consumption this year is a reflection of the impact of the severe water restrictions imposed across the District due to the drought. While this has led to achievement of this measure the imposition of restrictions is not ideal and work is on-going to address resilience across the District.

Community feedback

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
69%	60%	≥85%	65%	Not achieved

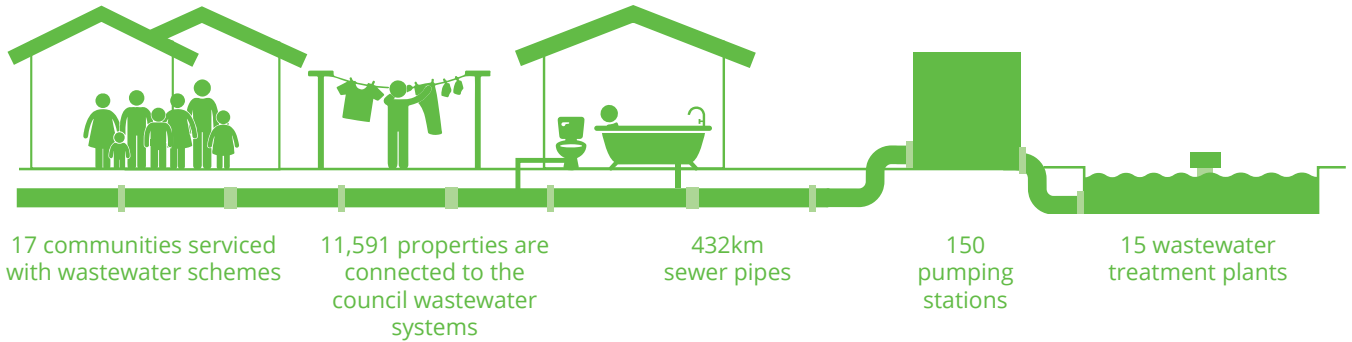
Narrative

Historically we have not achieved this measure. The main contributors are chlorine/unpleasant taste, low pressure and water restrictions. Drought response dominated this year and work is continuing towards improving resilience, including water pressures, across the District. Water quality is also to be addressed within the Far North Waters Alliance and improvement in customer satisfaction is expected.

3. Wai pakopako | Wastewater

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

Key facts



How we performed

Level of service

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

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
0.7	3.0 per 1,000 connections	≤12 per 1,000 connections	2.42	Achieved

Performance measure

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

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

Measure	2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
a.	2	0	1 or less	1	Achieved
b.	0	0	0	1	Not achieved
c.	0	0	0	0	Achieved
d.	0	0	0	0	Achieved

Narrative

Abatement Notice received from Northland Regional Council in February due to non-compliance with conditions of consent during the de-sludging operation at Kawakawa. Following the issue of the notice Northland Regional Council met with contractors on site and the non-compliance was resolved. An infringement notice was received from Northland Regional Council for a non-compliance with E.Coli for Russell Wastewater Treatment Plant. This has since been resolved.

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), and

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
0.4	0.5 hours	2 hours	1.1	Achieved

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
2.9	4 hours	4 hours	3.16 hours	Achieved

Performance measure

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

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
18.2	21.9	≤ 50 per 1,000 connections	22.52	Achieved

Performance measure

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

- a. Attendance.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	80.6%	≥95% responded to within set timeframe	56.0%	Not achieved

- b. Resolution to prevent overflow.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	75.0%	≥95% responded to within set timeframe	41.1%	Not achieved

Narrative

The 2019/20 drought and COVID-19 had a negative effect on response times. The 2019/20 drought saw volumes of workload increase across the network to levels well above monthly averages and COVID-19 impacted response times and resolutions as extra Health and Safety measures were introduced to our operating rhythm.

Community feedback

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
56%	80%	≥85%	74%	Not achieved

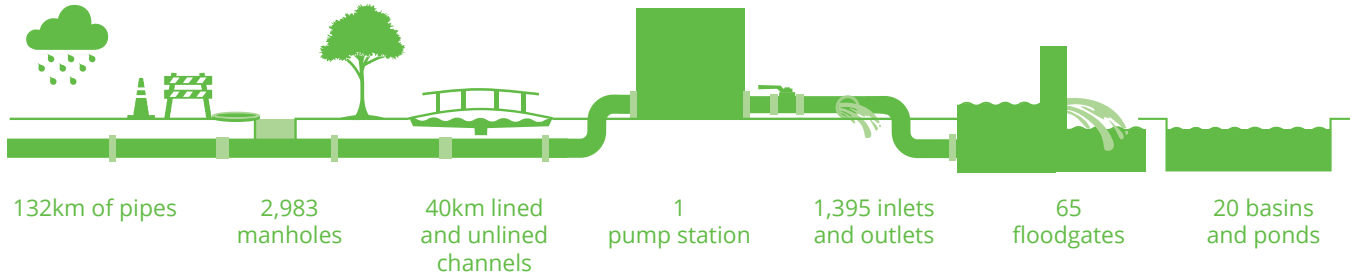
Narrative

The delay in commissioning the Kerikeri wastewater treatment plant, now scheduled for 20/21, is the main contributor to the lack of customer satisfaction. Odour is another significant issue highlighted and this is to be prioritised by the Far North Waters Alliance.

4. Wai āwhā | Stormwater

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

Key facts



How we performed

Level of service

4.1 To enable sustainable development through urban stormwater infrastructure.

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
1	0	0	0	Achieved

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
0.07	No events	0	No events	Achieved

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	2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
a.	0	0	1 or less	0	Achieved
b.	0	0	0	0	Achieved
c.	0	0	0	0	Achieved
d.	0	0	0	0	Achieved

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
<24 hours	No events	≤ 48 hours	No events	Achieved

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
33.77	26.6	0 RFS per 1,000 properties	16.42	Not achieved

Narrative

Although not achieved, the year on year trend sees a steady reduction in complaints received. Inclusion of stormwater services within the Far North Waters alliance is expected to produce further improvements.

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	No events	≥95% responded to within set timeframe	No events	Achieved

Community feedback

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
41%	48%	≥60%	49%	Not achieved

Narrative

Satisfaction levels have been increasing, but it is recognised that more work is required to achieve the target level. Updating stormwater catchment management plans will help improve the management of flood risk and support development of regular maintenance programmes.

5. Mana whakahaere para | Solid Waste Management

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

Key facts



15 refuse / recycling transfer stations

1 landfill at Russell

1 Resource Recovery Centre at Kaitaia

11 permanent and 1 seasonal community recycling centres

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.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
62.3%	63.7%	64%	64.3%	Achieved

Narrative

Recycling wasn't accepted at the council facilities during COVID-19 Level 4 lockdown and community recycling centres remained closed through to Level 2. This reduced the recycling percentage for the final quarter but the overall annual result was an improvement on previous years.

Performance measure

5.1.2 Add at least one new community recycling facility.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	2 potential sites in progress	Minimum of one per year	1	Achieved

Narrative

Rawhiti community recycling centre was opened in October 2019.

Performance measure

5.1.3 All refuse transfer stations will be open on time.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	99.7%	99.5%	99.97%	Achieved

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	75%	95% within set timeframes	100.0%	Achieved

Standard waste: pick up within four days.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	89.1%	95% within set timeframes	91.1%	Not achieved

Narrative

There were 382 incidents attended to, with 348 of these collected within the timeframe of the four days. The cause for the delays are with the difficulty locating and physically accessing the rubbish. Contractors try to maximise efficiency by combining rubbish pick ups with routine work.

Community feedback

Performance measure

Percentage of users satisfied with community recycling station services.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
85%	82%	≥84%	86%	Achieved

Narrative

Dissatisfaction relates to recycling bin servicing levels which are currently based on one hour per day tidying up by a caretaker. These concerns and other improvements will be included in the review of the Solid Waste Plan scheduled to be completed in 2020/21.

Performance measure

Percentage of users satisfied with refuse transfer station services.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
80%	77%	≥83%	81%	Not achieved

Narrative

The following significant factors contribute to the current level of dissatisfaction, cost, insufficient number of bins, inability to recycle more items, distance to facility, lack of recycling options/shops etc. These concerns and other improvements will be included in the review of solid waste plan scheduled to be completed in 2020/21.

6. Ngā whakaurunga o te rohe | District Facilities

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

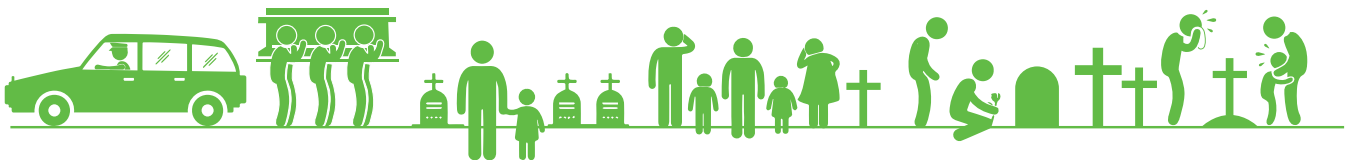
District Facilities include

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

Cemeteries

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

Key facts



11 cemeteries

Support 16 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 preparations are in place in time for the funeral services to take place (plots dug and in the right place etc.).

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	No complaints received	No complaints are received regarding the preparations for our funeral services	2%	Not achieved

Narrative

This year there have been two complaints. Both complaints received have been investigated and in consultation with the contractors, are not expected to recur.

Community feedback

Performance measure

Percentage of residents that are satisfied that facilities meet the needs of the district and ratepayers.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
86%	80%	≥62%	84%	Achieved

Narrative

Dissatisfaction relate to the need for more rubbish bins, better drainage and more care. These will be addressed in consultation with the contractors.

Civic and community buildings

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

Key facts



3 library buildings
(Kerikeri, Kaikohe and Paihia)

1 District office, archives and
publications building in Kaikohe

19 community halls, 14 buildings
and 1 grandstand

How we performed

Level of service

6.2 To provide buildings for public recreation and leisure.

Performance measure

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

Ward	2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
BOI - Whangaroa	2	2	1 hall per ward per annum	0	Not achieved
Kaikohe - Hokianga		3			
Te Hiku		1			

Narrative

No halls have been completed to improve disability access this financial year. Rawene Hall was planned for upgrades but this was delayed due to the COVID-19 lockdown. We are expecting this to be completed next financial year along with Mangonui Hall, and Lake Ohia Hall.

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	All buildings compliant	All buildings have appropriate certificates including BWOFF for those that require them	All buildings compliant	Achieved

Housing for the elderly

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

Key facts



147 units in 12 locations

How we performed

Level of service

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

Performance measure

6.3.1 Occupancy of available units.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
93%	96%	95%	94.1%	Not achieved

Narrative

Available units were unable to be accessed due to COVID-19 restrictions.

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
94%	77.6%	Emergency 100% Urgent 100% Non-urgent ≥95%	87.8%	Not achieved

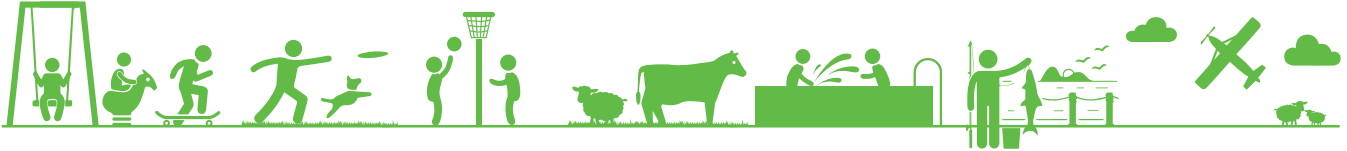
Narrative

COVID-19 impacted contractors ability to meet agreed timeframes. However we have improved on our score from last year and have measures in place to improve next year.

Recreation

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

Key facts



32 playgrounds and 3 skate parks

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

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

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

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

21 boat ramps
13 jetties
12 pontoons
10 wharves
1 tidal grid

1 recreational airport at Kaikohe

Community feedback

Performance measure

Percentage of residents that are satisfied with the range of reserves and parks available to the community.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
59%	60%	≥90%	70%	Not achieved

Narrative

The council continues to improve services within parks and reserves and this is reflected in the steady improvements towards our target.

Performance measure

Percentage of users are satisfied that swimming pool facilities meet their needs.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
86%	66%	≥70%	86%	Achieved

Narrative

This result is an average of scores for Kawakawa Pool (87%), Kerikeri Pool (87%), Kaitaia Pool (77%) and Kaikohe Pool (94%) with the percentage of satisfied users ranging from 94% (Kawakawa Pool) to 77% (Kaitaia Pool). It is important to note that survey samples ranged from 11 to 33 pool users, so the results may not give an accurate picture. It is also worth noting that only 4% of respondents were very dissatisfied/dissatisfied with the service at the Kawakawa Pool.

Performance measure

Percentage of community satisfied with coastal access.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
59%	51%	≥80%	63%	Not achieved

Narrative

As for 2018/19 19% of respondents were very dissatisfied or dissatisfied with access to the coast. Dissatisfaction included not enough options (46%), the need for better maintenance mowing / rubbish (12%) and other (55%) being no access, standard of work being carried out, accessibility (private ownership) no / limited disabled access and not enough information on line etc. This feedback will be considered together with a review of the online content about coastal access and park / reserve information when developing the Long Term Plan 2021-31.

Town maintenance, public toilets and carparks

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

Key facts



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.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
2	5	2	2	Achieved

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	72.2%	≥92%	90.9%	Not achieved

Narrative

During the first quarter four of the fifteen audits failed. This was brought to the contractors attention and was resolved successfully. No audits were able to be undertaken in the third quarter due to COVID-19 restrictions. Audits have resumed from May 2020 and are tracking at 100%.

6.5 The council will provide well maintained public carparks.

Performance measure

6.5.1 Provide additional disabled parking spaces in each ward.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
4	5	2 per ward per annum	0	Not achieved

Narrative

Work was awarded to Broadspectrum Limited and were in the construction stage at 30 June 2020. Expected completion is July 2020 .

Community feedback

Performance measure

Percentage of residents satisfied with the cleanliness of public toilets.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
63%	55%	≥62%	59%	Not achieved

Narrative

19% of respondents are very dissatisfied / dissatisfied with the cleanliness of public toilets. With the most dissatisfaction being in the Kaikohe - Hokianga ward. There is an identified need for a better level of cleaning as well as more frequent cleaning. Improved auditing of public toilets will be undertaken to ensure the contractor is achieving improvement standards.

Performance measure

Percentage of users that are satisfied that carpark facilities meet community needs.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
48%	41%	≥80%	51%	Not achieved

Narrative

18% of respondents are dissatisfied/very dissatisfied with the highest level of dissatisfaction being in the BOI-Whangaroa ward. Issues highlighted include too few options, maintenance levels and no trailer parking. Condition assessments are being undertaken from which a planned programme of works will be developed and this is expected to improve this measures outcome.

7. Wāhanga āwhina tangata | Customer Service

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

Key Facts



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).

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	20.8%	7%	14.6%	Not achieved

Narrative

The downward trend towards achieving this measure is encouraging and the target is expected to be reached in 2020/21.

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	100%	100%	100%	Achieved

Performance measure

7.1.3 Service Centre users' satisfaction.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	96.3%	96.2%	User satisfaction 89%	Not achieved

Narrative

COVID-19 impacted the result due to the closure of Service Centres from the end of March to mid May. Customer surveying was not conducted during this period.

i-SITES

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

Key facts



3 i-SITES in the following locations: Kaitaia, Opononi and Paihia

How we performed

Level of service

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

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	14.2%	≥1% increase	-14.6%	Not achieved

Narrative

During COVID-19 lockdown i-SITES were closed, resulting in no bookings in April and significantly reduced visitor numbers in May and June 2020.

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	1.8%	Retail sales net profit ≥1.5%	-0.07%	Not achieved

Narrative

This is a direct reflection of the COVID-19 lockdown which resulted in closure and reduced visitor numbers.

Performance measure

7.2.3 Customer / visitor satisfaction.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	99.0%	≥1% increase on previous year	99.3%	Not achieved

Narrative

Achievement of this measure this year required a perfect score. Although a one percent increase was not achieved the satisfaction leaves have been maintained with a slight increase. No customer satisfaction results for April 2020 due to the closure of i-SITES during lockdown Level 4 and three customer satisfaction results resumed from Level 2.

Libraries

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

Key facts



6 libraries in the following locations: Kaeo, Kaikohe, Kaitaia, Kawakawa, Kerikeri and Paihia

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.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	94.5%	Maintain / Increase	93.4%	Not achieved

Narrative

Users are generally satisfied with library services. The annual result is a reflection of library closures due to COVID-19 national lockdown.

Performance measure

7.3.2 Increase the percentage of online library service use.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
13%	4.1%	≥1% increase on previous year	25.9%	Achieved

Narrative

The new Online catalogue has made access to our resources easier, and combined with the provision of new content, has led to an increase in use. Library closures due to COVID-19 is also seen as positively contributing to this measure.

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	42.5%	Maintain / increase	41.6%	Not achieved

Narrative

Baseline was established in 2018/19 and there is good growth in memberships. The Kotui Library system now includes online registration and this allowed for new memberships over the COVID-19 period. This ensured that growth continued over the COVID-19 lockdown.

Community feedback

Performance measure

Percentage of users satisfied with public libraries.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
89%	93%	≥94%	96%	Achieved

Narrative

Results reflect the progress we are making following our Future Libraries strategy and continued efforts to listen and respond to library users feedback about our services.

8. Whakahaere Taiao | Environmental Management

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

Animal control

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

Key facts



10,000 dogs are registered each year

30-60 dogs on average impounded each month

260 responses to enquiries / complaints per month

35 responses to call outs per month for wandering stock

How we performed

Level of service

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

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
89% (recorded as one measure)	51.1%	≥91% within set timeframe	94.3%	Achieved

Non-urgent within 10 days.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
89% (recorded as one measure)	88.8%	≥91% within set timeframe	95.9%	Achieved

Narrative

Animal Management was an essential service during the lockdown period, where all urgent Request For Service were responded to. These were dog attacks, aggressive dogs and wandering stock. Non-urgent RFS were largely responded to remotely in Level 4 and followed up if necessary when Level 2 commenced.

Environmental health

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

Key facts



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.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
50%	93.4%	≥95% of all food control plans and national programmes assessed	74.6%	Not achieved

Narrative

Food verifications were unable to be conducted during COVID-19 Level 4 and 3 lockdowns. Verifications resumed from Level 2 on 26 May 2020.

Monitoring and enforcement

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

Key facts



How we performed

Level of service

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

Performance measure

8.3.1 Respond to noise complaints within the following timeframes:

In urban areas: one hour.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	78.6%	≥90% within set timeframe	74.4%	Not achieved

In rural areas: two hours.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	74.5%	≥90% within set timeframe	85.7%	Not achieved

Narrative

COVID-19 Alert Level 4 moved responsibility for noise complaint response to Police responsibility. The council regained responsibility from Level 3.

District Licensing

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

Key facts



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

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

Carry out host responsibility inspections of licenses premises

Report to the Alcohol and Regulatory Licensing Authority

How we performed

Level of service

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

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
26%	22.8%	≥25% of premises visited annually	55.2%	Achieved

Resource consent management

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

Key facts



Processing a variety of consents and permit applications

Provide advice

Offer a comprehensive duty planner service

How we performed

Level of service

8.5 To administer and enforce the Resource Management Act 1991.

Performance measure

8.5.1 Respond to compliance incidents within 10 working days.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	74.3%	≥92%	74.5%	Not achieved

Narrative

Response times were tracking well in the first half of the year but slowed during COVID-19 Levels 3 and 4 lockdown. Requests for Service that could be solved remotely were while more complex requests were followed up after the lockdown period.

Performance measure

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

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	57.0%	≥95%	65.5%	Not achieved

Narrative

No site visits were conducted during COVID-19 Level 3 and 4. However these did resumed in Level 2. COVID-19 lockdown Levels 3 and 4 necessitated the application of extensions of time beyond the 20 working days as no site visits could be undertaken. This has significantly contributed to delays in processing as well as an identified backlog of engineering visits and assessments.

Building consent management

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

Key facts



How we performed

Level of service

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

Performance measure

8.6.1 Process building consents within statutory timeframes.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
n/a	48.8%	≥95%	95%	Achieved

Narrative
 Building consents applications have remained high this year ranging from 61 to 149 per month with a total of 1,261 building consents applications over the past year. There has been a big focus on processing these within the timeframe and we are pleased with this years outcome.

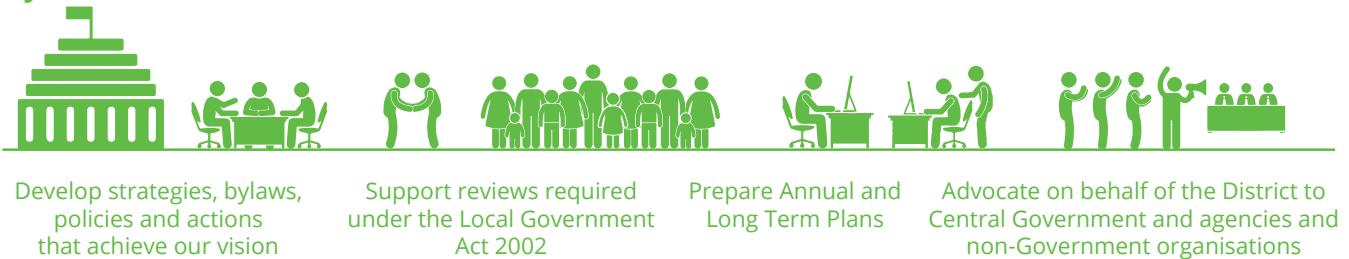
9. Rautaki me ngā kaupapa here | Strategic Planning and Policy

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

Strategic planning

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

Key facts



Community development

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

Key facts



Māori engagement, relationships and development

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

Key facts



Community feedback

Performance measure

Percentage of Māori who feel well informed about what the council is doing.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
24%	26%	≥80%	37%	Not achieved

Narrative

We are pleased to see a continued improving trend. We acknowledge that we still have a long way to go to achieve our 80% target and have set up a specialist Māori Unit called Te Hono to assist and support the organisation to engage and communicate better. The council has also created a Te Ao Māori portfolio to ensure that there is Governance oversight across the organisation.

District planning

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

Key facts



The District Plan has been fully operative since 2009

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

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

Community feedback

Performance measure

Percentage of residents who feel either very well informed or well informed about the District Plan.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
23%	18%	≥50%	22%	Not achieved

Performance measure

Percentage of community members who are aware of plan change processes and opportunities for participation.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
29%	24%	≥30%	24%	Not achieved

Narrative

The District Plan is being reviewed and has had a public campaign to increase awareness, understanding and participation in the plan making process throughout 2018 to 2020. Further profile will be generated when a draft proposed plan is made available for public feedback at the end of 2020 and a proposed district plan is developed for notification in 2021. In addition, the operative plan, which will remain in effect whilst the new plan goes through public participation and decision making, is being reformatted into a integrated digital format. The new functionality of the plan will have a public campaign to increase awareness and is considered to further create benefit and awareness of plan and opportunities for participation in plan making.

10. Mana kāwanatanga | Governance and Strategic Administration

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

Key facts



Oversees the election and by-election processes

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

Community feedback

Performance measure

Percentage of residents aware of their community board.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
85%	78%	≥73%	89%	Achieved

Narrative

We are pleased that there was an increase in survey respondents who had heard of their community board. We continue to look for ways to promote the work of the Community Boards by way of provision of community grants, place-making funding and where possible, holding meetings within our communities to enable greater community engagement.

Performance measure

Percentage of residents who feel either very well informed or well informed about what the council is doing.

2017/18 Result	2018/19 Result	2019/20 Target	2019/20 Result	Status
26%	28%	≥80%	36%	Not achieved

Narrative

It is pleasing to see the council continue an improving trend it started in 2017. Hopefully, the additional investment we have made in newspaper advertising and direct communications with ratepayers about the council projects and services has helped to achieve this result. We are still a long way from reaching our target of 80%. However, we are encouraged by the fact that most respondents (68%) weren't dissatisfied with the council's communications.

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

Far North Holdings Limited

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

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

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

Objectives

FNHL manages a diverse range of District assets to boost investment and employment for the benefit of our communities. FNHL's Statement of Intent 2019 – 2022 provides:

As the council's commercial vehicle, FNHL facilitates and develops commercial and infrastructural assets, and business growth, in the Far North District. In doing so, it will:

- Operate under good governance
- Seek new business development opportunities
- Identify, collaborative or joint ventures opportunities
- Manage existing assets and bring commercial expertise in property management
- Create profits for its Shareholder and improve the Shareholder asset value.

FNHL leads the delivery of property and infrastructure assets in its ownership and under its management. These actions contribute to the development of the Far North District.

FNHL's primary roles are:

- To plan, manage, operate and develop land, maritime, aviation and public assets within its ownership, or under the terms of any management agreement entered into
- To plan, facilitate and secure commercial outcomes in its area of Influence that support the growth of the Far North District.

As a secondary role, FNHL may use its management skills and resources to assist both the council and third parties with consultancy services including project management, funding and business support/planning, on a commercial basis.

Three year work plan to deliver on strategic objectives

The table below shows the key capital projects and initiatives we plan to undertake in the 2018-21 SOI period to deliver on our strategic objectives. (Updated with status as at 30 June 2020).

Key Project / Initiative 1

Marina extension and boatyard

Completion of landscaping and associated amenities.

Contribution to strategic objectives

Increase and improve public and community benefits, whilst enhancing visitor experience.

Project status at 30 June 2020

Marina construction completed. This has exceeded expectation in terms of occupancy and financial performance. Landscaping and amenities continually improving.

Key Project / Initiative 2

Waitangi Wharf

Additional pontoon to cater for increased passenger numbers and tours.

Contribution to strategic objectives

This will further improve the infrastructure needed to support the growth in cruise ships numbers, and size, visiting the Bay of Islands, and the economic benefit that retail and tourist businesses benefit from the passengers that travel in this manner.

Project status at 30 June 2020

Final gangway for new inner pontoon has been completed.

Key Project / Initiative 3

Russell Wharf Kiosk redevelopment

To provide better public amenity and an improved, user-friendly environment on the Russell Wharf.

Contribution to strategic objectives

Increase passenger and terminal traffic on the wharf to enhance visitor experience.

Project status at 30 June 2020

This project has been delayed to align with the Kororareka-Russell Community Wharf Kaitiaki Trust future for the wharf.

Key Project / Initiative 4

Te Hononga Kawakawa

To provide a new interpretive Gallery co-governed by Ngati Hine / Hundertwasser Trust, relocate the FNDC library and provide new workshops.

Contribution to strategic objectives

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

Project status at 30 June 2020

The building will be completed August 2020 and the carpark will be completed by October 2020.

Key Project / Initiative 5

Ngawha Innovation and Enterprise Park

204ha Dairy Farm.

Contribution to strategic objectives

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

Project status at 30 June 2020

Funding agreement signed with Provincial Growth Fund for \$19m.

Key Project / Initiative 6**Manea**

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

Contribution to strategic objectives

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

Project status at 30 June 2019

Anticipated completion December 2020.

Key Project / Initiative 7**Russell Wharf**

To develop and repair the Russell Wharf.

Contribution to strategic objectives

To increase and improve public and community benefits from the facility under best ownership and management model. To enhance and increase the longevity and benefits from the structure.

Project status at 30 June 2020

Completed.

Key Project / Initiative 8**Opuia Wharf**

To develop an events pontoon / superyacht berth.

Contribution to strategic objectives

To provide an events facility for Cooks 250th anniversary celebrated in 2019. Thereafter to be used as a superyacht berth.

Project status at 30 June 2020

Completed

Key Project / Initiative 9**Paihia Wharf**

To develop and repair the Paihia Wharf.

Contribution to strategic objectives

To increase the capacity of the facility to allow continued growth in traffic and operators thus to function effectively and with pride from the facility.

Project status at 30 June 2020

Completed.

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

Performance measures

Financial performance results

Performance measure

Engage in successful commercial transactions

Measure	Target 2019/20	Actual 2019/20	2016/17	2017/18	2018/19
Growth in shareholders value	Shareholder funds increase by \$1.12 million after payment of dividend	Shareholder funds increase by \$8 million after payment of dividend	Achieved \$1.89 million	Achieved \$2.61 million	Achieved \$9.5 million

Narrative

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

Performance measure

Provide a commercial return to FNDC

Measure	Target 2019/20	Actual 2019/20	2016/17	2017/18	2018/19
Dividend returned to FNDC	Pay a minimum dividend of \$1.215 million for 2018/19	Not achieved. Proposed dividend of \$740,000	Achieved \$719,055	Achieved \$843,810	Achieved \$1,097,000

Narrative

Due to the economic impacts of COVID-19, operational profit was not as high as anticipated. The proposed dividend payable February 2021 will be dependent upon the ongoing effects of COVID-19 to the company balance sheet

Performance measure

Effective financial management

Measure	Target 2019/20	Actual 2019/20	2016/17	2017/18	2018/19
Annual operating profit after tax to exceed \$500,000	\$2.143 million	After tax operating profit of \$1,131,167	Achieved \$1,485,212	Achieved \$1,369,949	Achieved \$2,070,239

Narrative

Due to Covid-19 impacts FNHL did not meet the \$2.143 million target, however exceeded the measure of \$500,000.

Performance measure

To achieve a return on funds invested

Measure	Target 2019/20	Actual 2019/20	2016/17	2017/18	2018/19
Return on investment is higher than the average cost of borrowing on its commercial assets	ROI 8.79% Average cost of borrowings 4.83%	ROI 10.2% Average cost of borrowings 3.54%	Achieved ROI 6.69% ACoB 4.43%	Achieved ROI 8.63% ACoB 4.53%	Achieved ROI 12% ACoB 4.38%

Narrative

Average cost of borrowings is decreasing as interest rates fall. The high return on investment is due to a revaluation of assets that have received Provincial Growth Funds.

Performance measure

Asset growth and development

Measure	Target 2019/20	Actual 2019/20	2016/17	2017/18	2018/19
Capital expenditure	\$7.086 million	Achieved \$14.5 million	Achieved \$11 million	Achieved \$9 million	Achieved \$19 million

Narrative

Spend is due to obtaining Provincial Growth Funds.

Performance measure

Effective governance and financial control

Measure	Target 2019/20	Actual 2019/20	2016/17	2017/18	2018/19
Clean audit sign-off each year from Audit NZ		To achieve	Achieved	Achieved	Achieved
Annual Board review with appointed Audit NZ representative	To be held	To be held	Not undertaken	Achieved	Not undertaken
To remain within banking covenants	To achieve	To achieve	Achieved	Achieved	Achieved
Quarterly audit and review by BDO	To achieve	To perform	Achieved	Achieved	Achieved
Board Audit and Finance committee meetings to be conducted semi-annually	To achieve	To be held	30 Mar 2020	14 May 2018	25 Feb 2019

Council Controlled Organisation Initiatives

Performance measure

Enhancing the Far North as a visitor destination

Measure	Target 019/20	Actual 019/20	2016/17	2017/18	2018/19
Each year complete at least one customer and airline industry survey that demonstrates satisfaction levels with facilities and services at either Kerikeri or Kaitiāia Airports	85%	Not undertaken	Not achieved	Not achieved	Not achieved

Narrative

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

Performance measure

Enhancing and development a maritime economy

Measure	Target 019/20	Actual 2019/20	2016/17	2017/18	2018/19
Each year complete at least one marina user or maritime services customer survey that demonstrates satisfaction levels with facilities and services available	94%	87% of respondents said that facilities and customer services were excellent or good. Another 11% said they were ok	Not undertaken	95%	Winner of best international Marina South Pacific

Performance measure

Enhancing the Far North as a destination

Measure	Target 019/20	Actual 2019/20	2016/17	2017/18	2018/19
Complete biennial customer satisfaction survey's with cruise ship industry that demonstrates satisfaction levels with FNHL as security authority and provider of disembarking infrastructure	86%	Due to Covid-19 and the subsequent interruption to cruise ship services no survey was undertaken	86%	Not undertaken	Not undertaken

Arotake pūtea Financial performance



Artificial turf sports field at Maromaku Domain

Statement of comprehensive revenue and expense

For the year ended 30 June 2020

	Note	Council			Group	
		Actual 2020 \$000s	Budget 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
Operations						
Revenue						
Rates revenue (excluding water by meter rates)	2	86,134	87,394	82,768	85,839	82,549
Fees, charges and water by meter rates	3a	15,724	16,213	17,417	15,649	17,158
Development and financial contributions		58	-	199	58	199
Subsidies and grants	3b	25,218	25,178	23,033	32,861	24,784
Other revenue	3	4,656	2,349	9,802	13,951	22,003
Rental revenue from investment properties		-	-	-	3,806	3,745
Total revenue		131,789	131,134	133,219	152,164	150,438
Expenses						
Personnel costs	4	28,800	29,610	26,443	32,542	29,412
Depreciation and amortisation expense	14	32,623	36,153	32,239	33,731	33,203
Finance costs	6	2,089	2,253	2,367	3,707	3,889
Other expenses	5	65,993	58,044	61,378	72,247	67,974
Total expenses		129,504	126,062	122,427	142,227	134,478
Surplus / (deficit) before tax		2,285	5,072	10,792	9,936	15,960
Tax expense / (benefit)	7	-	-	-	452	227
Surplus / (deficit) after tax		2,285	5,072	10,792	9,484	15,733
Surplus / (deficit) attributable to:						
Far North District Council		2,285	5,072	10,792	9,484	15,733
Items that could be reclassified to surplus						
Financial assets at fair value through equity	24	(57)	-	14	(67)	(135)
Cash flow hedges	24	171	-	151	171	151
Items that will not be reclassified to surplus						
Gain / (loss) on asset revaluations	16/24	54,599	44,850	102,160	52,008	103,279
Movement to retained earnings		-	-	-	(580)	-
Tax on revaluation		-	-	-	100	(34)
Total other comprehensive revenue and expense		54,713	44,850	102,326	51,632	103,261
Total comprehensive revenue and expense		56,998	49,922	113,118	61,116	118,998

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

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

Statement of changes in equity

For the year ended 30 June 2020

	Note	Council			Group	
		Actual 2020 \$000s	Budget 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
Opening balance 1 July		1,878,026	1,837,646	1,764,908	1,929,082	1,810,084
Total comprehensive revenue and expense for the year		56,998	49,922	113,118	61,116	118,998
Closing balance 30 June		1,935,023	1,887,567	1,878,026	1,990,198	1,929,082

Statement of financial position

as at 30 June 2020

	Note	Council			Group	
		Actual 2020 \$000s	Budget 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
Public equity						
Other reserves	24	496,721	527,017	517,726	499,514	522,454
Restricted reserves	24	8,003	12,946	12,778	9,506	14,281
Retained earnings	24	1,430,299	1,347,604	1,347,521	1,481,178	1,392,347
Public equity		1,935,023	1,887,567	1,878,026	1,990,198	1,929,082
represented by:						
Current assets						
Cash and cash equivalents	8	10,673	19,619	7,424	11,310	7,991
Receivables	9	40,268	37,899	35,692	41,018	36,876
Other financial assets	11	-	-	-	571	744
Properties available for sale	34	31	-	230	31	230
Biological assets	17a	-	-	-	1,604	2,404
Inventories	10	127	90	102	1,709	1,368
Current assets		51,100	57,608	43,449	56,244	49,613
Less:						
Current liabilities						
Payables and deferred revenue	20	23,234	25,926	22,172	29,986	27,858
Borrowings and other financial liabilities	23	34,000	10,000	22,000	35,764	28,961
Provisions	21	207	255	325	207	325
Financial guarantee liabilities	27b	-	1,216	1,103	-	1,103
Derivative financial instruments	35	47	-	27	47	27
Employee benefits	22	2,339	2,673	2,592	2,609	2,818
Current liabilities		59,826	40,069	48,218	68,613	61,092
Working capital		(8,727)	17,538	(4,769)	(12,370)	(11,478)
Non-current assets						
Other financial assets	11	823	1,082	776	823	776
Forestry assets	17b	701	742	785	701	785
Intangible assets	13	10,594	10,353	10,431	3,356	3,117
Investment properties	18	-	-	-	87,451	76,666
Investments in subsidiaries	19	18,000	18,000	18,000	-	-
Derivative financial instruments	35	-	-	-	-	-
Property, plant and equipment	12	1,951,794	1,915,597	1,883,600	1,998,385	1,932,877
Non-current assets		1,981,913	1,945,775	1,913,593	2,090,719	2,014,221
Non-current liabilities						
Borrowings and other financial liabilities	23	36,500	74,749	30,000	73,678	60,552
Payables and deferred revenue	20	981	-	-	10,942	9,671
Derivative financial instruments	35	322	477	501	322	501
Deferred tax liability	7	-	-	-	2,849	2,640
Provisions	21	361	520	297	361	297
Non-current liabilities		38,164	75,745	30,798	88,150	73,661
Net assets		1,935,023	1,887,567	1,878,026	1,990,198	1,929,082

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

Statement of cash flows

For the year ended 30 June 2020

	Note	Council			Group	
		Actual 2020 \$000s	Budget 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
Operating activities						
Cash was provided from						
Rates		88,257	94,979	85,235	87,962	85,016
Subsidies and grants received		25,218	33,933	23,033	36,986	24,783
Development contributions received		58	-	199	58	199
Fees and charges received		15,724	-	17,417	15,649	17,144
Interest and dividends		1,761	1,370	1,718	674	895
Other revenue		(419)	-	4,947	13,830	20,371
		130,597	130,282	132,549	155,159	148,408
Cash was applied to						
Payment for goods and services		67,197	62,953	60,593	74,614	65,583
Payments made to employees		29,005	29,610	26,324	32,713	29,246
Interest paid		2,089	2,253	2,367	3,708	3,888
GST (net)		(432)	-	1,842	(800)	1,648
Income and fringe benefit tax paid		52	48	48	252	48
		97,911	94,864	91,174	110,487	100,413
Net cash inflows from operating activities		32,687	35,418	41,375	44,672	47,994
Financing activities						
Cash was provided from						
Borrowing		18,500	32,927	4,000	25,126	8,741
		18,500	32,927	4,000	25,126	8,741
Cash was applied to						
Borrowing		-	6,911	113	2,610	113
Dividends paid		-	-	-	-	-
		-	6,911	113	2,610	113
Net cash inflows / (outflows) from financing activities		18,500	26,016	3,887	22,516	8,629
Cash flow from investing activities						
Cash was provided from:						
Sale of property, plant and equipment, investment properties and properties intended for sale		-	-	-	4,005	2,285
Cash provided from maturing investments		-	-	-	202	-
		-	-	-	4,207	2,285
Cash was applied to						
Purchase and development of intangibles		788	-	205	827	996
Purchase and development of property, plant and equipment, investment property and biological assets		47,151	63,792	39,562	64,640	60,252
Cash applied to replace investments		-	-	-	21	76
Cash applied to Investment in subsidiary		-	-	6,000	-	-
		47,939	63,792	45,767	65,488	61,324
Net cash inflows / (outflows) from investing activities		(47,939)	(63,792)	(45,767)	(61,281)	(59,038)
Net cash		3,249	(2,357)	(505)	5,906	(2,415)
Opening balances 1 July						
Cash and cash equivalents		7,424	21,977	7,929	5,404	7,818
		7,424	21,977	7,929	5,404	7,818
Less balances 30 June						
Cash and cash equivalents	8	10,673	19,619	7,424	11,310	5,404
		10,673	19,619	7,424	11,310	5,404
Cash movements for the year		3,249	(2,357)	(505)	5,906	(2,415)

Reconciliation of surplus / (deficit) after tax to net cash flow from operating activities	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Reported surplus / (deficit) after tax	2,285	10,792	9,484	15,733
Add non-cash items / (less) non-cash items				
Depreciation and amortization	32,623	32,239	33,731	33,203
Vested assets revenue	(1,519)	(877)	(1,519)	(877)
Change in deferred taxation	-	-	214	261
Loss on disposal of property, plant and equipment	3,217	4,537	2,732	4,537
Valuation (gains) / losses recognised in surplus / (deficit)	84	(3,989)	2,865	(5,116)
Non cash dividend	517	(307)	-	(307)
Ineffective derivative expense	171	26	171	26
Add / (less) movements in other working capital items				
(Increase) / decrease in receivables	(4,576)	843	(4,142)	307
(Increase) / decrease in other financial assets	-	(28)	173	(618)
(Increase) / decrease in inventories	(25)	(14)	(341)	(1,064)
Increase / (decrease) in provisions	(118)	28	(118)	65
Increase / (decrease) in financial guarantee liabilities	(1,103)	(113)	(1,103)	(113)
Increase / (decrease) in employee benefits	(334)	28	(209)	70
Increase / (decrease) in payables	1,062	(2,821)	2,128	464
Increase / (decrease) in derivative financial instruments	20	125	20	(149)
Items classed as investing activities	383	905	586	1,572
Net cash inflows from operating activities	32,687	41,375	44,672	47,994

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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for the year ended 30 June 2020

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Statement of accounting policies

Reporting entity

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

The group consists of a 100% owned council controlled trading organisation Far North Holdings Limited (FNHL) and its 50% equity shareholding of its associate Far North Skincare Limited, the council controlled organisations Pou Herenga Tai Twin Coast Cycle Trail Charitable Trust (Pou Herenga) and Roland's Wood Trust, and council organisations Northern Adventure Experience Limited (NAX), Te Ahu Charitable Trust (TACT) and Far North Regional Museum Trust (FNRMT).

The council's primary objective is to provide local infrastructure, goods and services for community or social benefit and any equity has been provided with a view to supporting that primary objective rather than for a financial return.

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

The financial statements of the council and group are for the year ended 30 June 2020 and were authorised for issue by the council on 10 December 2020.

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. The Council have considered the impact of COVID-19 on the organisation and have determined that the use of the going concern basis of accounting continues to be appropriate. Council managed ongoing operational costs within the current budgets by slowing down planned works and work not being done by our current service providers and contractors. There has been no significant implications on cashflows as the organisation ended with a strong cash position and debt remained at a steady level, however, Council will continue to monitor this in the coming months.

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.

Impairment of Revalued Assets (amendments to PBE IPSAS 21 and 26)

In April 2017, the XRB issued Impairment of Revalued Assets, which clearly scopes revalued property, plant and equipment into the impairment accounting standards. Previously, only property, plant and equipment measured at cost were scoped into the impairment accounting standards.

Under the amendment, a revalued asset can be impaired without having to revalue the entire class-of-asset to which the asset belongs. This standard has been applied in the preparation of the 30 June 2020 financial statements.

Interests in Other Entities - PBE IPSAS 34-38

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 - 38). These new standards replaced

the existing standards for interests in other entities (PBE IPSAS 6 - 8) and are effective for annual periods beginning on or after 1 January 2019. These standards have been applied in the preparation of the 30 June 2020 financial statements.

PBE IPSAS 34 Separate Financial Statements prescribes how to account for investments in controlled entities, joint ventures and associates in separate financial statements.

Adoption of this new standard has not resulted in material changes as group entities have prepared separate financial statements as follows:

- FNHL is a Tier 2 For-profit entity that has prepared separate financial statements that comply with Tier 2 For-profit Accounting Requirements and has elected to apply New Zealand International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR) utilising several disclosure concessions.
- Pou Herenga and TACT are Tier 3 entities that have prepared separate financial statements that comply with PBE Simple Format Reporting – Accrual (Public Sector).
- Roland's Wood Trust and FNRMT are a Tier 4 entities that have prepared separate financial statements that comply with PBE Simple Format Reporting - Cash (Not For Profit).
- Separate financial statements have not been prepared for NAX as this company had not commenced operations.

PBE IPSAS 35 Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

Adoption of this new standard has not resulted in material changes to the presentation and preparation of the group consolidated financial statements.

PBE IPSAS 36 Investments in Associates and Joint Ventures prescribes the accounting for investments in associates and joint ventures and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

Adoption of this new standard has not resulted in any change in the group consolidated result as FNHL's associate had not traded.

PBE IPSAS 37 Joint Arrangements introduces new accounting requirements for joint arrangements. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed, and joint assets are eliminated to now only differentiate between joint operations and joint ventures.

Adoption of this new standard has not resulted in the group consolidated result as the sole joint operation had not commenced operations.

PBE IPSAS 38 Disclosure of Interests in Other Entities requires information to be disclosed in an entity's financial statement that will enable users of those statements to evaluate the nature of, and risks associated with, the entity's interest in controlled entities, unconsolidated controlled entities, joint arrangement and associates, and structured entities that are not consolidated, and the effects of those interest on its financial position, financial performance and cash flows.

Adoption of this new standard has not resulted in material changes to disclosures required.

Employee Benefits - PBE IPSAS 39

In May 2017, the XRB issued PBE IPSAS 39 – Employee Benefits which supersedes PBE IPSAS 25 – Employee Benefits, effective for annual periods beginning on or after 1 January 2019. This standard has been applied in the preparation of the 30 June 2020 financial statements.

This new standard prescribes the accounting and disclosure for employee benefits, including short-term benefits (wages, annual leave, sick leave, bonuses, profit-sharing and non-monetary benefits); pensions, post-employment life insurance and medical benefits; termination benefits, and other long-term employee benefits (long-service leave, disability, deferred compensation, and bonuses and long-term profit-sharing), except for share-based transactions and employee retirement benefit plans.

Adoption of this new standard has not resulted in any material accounting or disclosure changes.

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

Amendment to PBE IPSAS 2 Statement of Cash Flows

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

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

Financial instruments - PBE IPSAS 41

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

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

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

Service Performance Reporting – PBE IPSAS 48

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

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

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

Summary of significant accounting policies

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

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

Basis of consolidation

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

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

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

Revenue

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

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

Development contributions

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

Building and resource consent revenue

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

Third party / agency revenue

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

Grant expenditure

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

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

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Development costs

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

Financial assets

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

- i. Financial assets at fair value through surplus or deficit
This category has two sub categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The council does not have any financial assets that meet this definition.
- ii. Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an

active market. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

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

iii. Held to maturity investments

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

iv. Fair value through equity financial assets

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

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

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

Impairment of financial assets

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

i. Loans and receivables

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

ii. Financial assets at fair value through surplus or deficit

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

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

iv. If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

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

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

Statement of cash flows

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

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

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

Critical judgments in applying the council's accounting policies

Management has exercised the following critical judgments in applying the council accounting policies for the year ended 30 June 2020:

- Classification of property – see Note 12.

1. Summary revenue and expenditure for groups of activities

Accounting policy

Cost allocation

The council has derived the net cost of service for each significant activity of the 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

	Actual 2020 \$000s	Council Budget 2020 \$000s	Actual 2019 \$000s
Revenue			
Roading and Footpaths	41,084	44,075	40,871
Water Supply	11,695	9,216	10,117
Wastewater	14,038	12,480	13,618
Stormwater	5,205	5,183	4,161
Solid Waste Management	5,392	5,649	5,074
District Facilities	16,193	15,913	21,421
Environmental Management	14,683	14,233	13,774
Strategic Planning and Policy	7,204	7,268	6,294
Customer Services	10,451	10,555	10,938
Governance and Strategic Administration	5,844	6,562	6,951
Total activity revenue	131,789	131,134	133,219
Total revenue	131,789	131,134	133,219
Expenditure			
Roading and Footpaths	15,124	40,332	38,114
Water Supply	9,912	9,208	9,200
Wastewater	41,404	13,549	13,686
Stormwater	13,229	4,698	3,657
Solid Waste Management	2,869	5,649	6,021
District Facilities	4,417	15,732	17,399
Environmental Management	12,227	14,233	14,072
Strategic Planning and Policy	20,559	7,318	5,330
Customer Services	5,247	9,755	10,059
Governance and Strategic Administration	4,518	5,588	4,888
Total activity expenditure	129,504	126,062	122,427
Total expenditure	129,504	126,062	122,427

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 the 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	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Rates - general	56,753	53,146	56,458	52,927
Targeted rates attributable to activities				
Roading	4,548	5,078	4,548	5,078
Water, excluding water by meter rates	2,865	2,712	2,865	2,712
Wastewater	11,864	11,731	11,864	11,731
Stormwater	654	662	654	662
District Facilities	11,053	11,585	11,053	11,585
Rates - penalties	1,172	1,261	1,172	1,261
Less remissions	(2,775)	(3,407)	(2,775)	(3,407)
Total rates, excluding targeted water supply rates	86,134	82,768	85,839	82,549

The 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 the council for which those other Local Authorities rate. The annual rates income of council for the year ended 30 June 2020 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council	
	2020 \$000s	2019 \$000s
Rates, excluding water by meter rates	88,908	86,175
Water by meter rates	5,811	6,298
Less remissions	(2,775)	(3,407)
Total annual rates revenue	91,944	89,066

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 2019 was 38,217

The land value of these units was \$8,147,176,150 and the capital value was \$15,982,728,600

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 the 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	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Interest and dividends	1,244	1,718	674	1,725
Vested and previously unrecognised assets	1,519	877	1,519	877
Gain on revaluation (Note 16)	-	5,523	(1,572)	6,549
Other revenue	1,893	1,683	13,330	12,852
Total other revenue	4,656	9,802	13,951	22,003

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	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Roading	483	667	483	667
Water services	6,155	6,511	6,155	6,511
Wastewater services	118	239	118	239
Refuse / landfill services	1,000	1,449	1,000	1,449
Community services	1,233	1,266	1,233	1,266
Regulatory services	5,322	5,488	5,322	5,488
Customer services	513	684	513	684
Other fees and charges	900	1,114	825	854
Total fees, charges and targeted water supply rates	15,724	17,417	15,649	17,158

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 IFRS 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	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
NZTA Roothing subsidies	19,280	20,269	19,280	20,269
MBIE - Cycleway subsidy	300	16	300	16
MBIE - Tourism Infrastructure Fund (TIF)	757	234	8,373	234
MBIE - Provincial Growth Fund (PGF)	1,200	-	1,200	1,750
Sundry grants & donations	151	-	156	1
Ministry of Social Development	48	-	70	-
Ministry of Health - Water Subsidy	1,450	892	1,450	892
Ministry of Health - Wastewater Subsidy	2,032	1,622	2,032	1,622
Total subsidies and grants	25,218	23,033	32,861	24,784

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	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Salaries and wages	28,088	25,788	31,718	28,675
Plus / (less) capitalised salaries	-	4	-	4
Salaries and wages expense	28,088	25,792	31,718	28,679
Kiwi saver contributions	712	648	796	711
Increase / (decrease) in employee benefit liabilities	-	3	28	22
Total personnel costs	28,800	26,443	32,542	29,412

5. Other expenses

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Fees paid to the principal auditor				
Audit of financial statements	178	174	256	266
Other assurance engagements	22	-	22	-
Debenture Trust Deed assurance engagement	7	7	7	7
LTP Audit	-	-	-	-
Donations	-	-	57	64
Inventory expenses in year	25	14	1,543	2,486
Loss on disposal of property, plant and equipment	3,217	4,537	3,217	4,537
Impairment of intangible assets	-	-	-	-
Impairment of property, plant and equipment	-	1,534	-	1,534
Impairment of rates receivables (note 9)	3,658	3,100	3,658	3,100
Impairment of other receivables (note 9)	(48)	106	(21)	126
Direct expenses from investment property	-	-	1,169	1,703
Minimum lease payments - operating leases	793	767	849,595	829
Other expenses	58,141	51,139	61,489	53,322
Total other expenses	65,993	61,378	72,247	67,974

6. Finance costs

Accounting policy

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

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Interest expense on borrowings	2,041	2,320	3,659	3,842
Interest unwind - landfill aftercare	48	47	48	47
Total finance costs	2,089	2,367	3,707	3,889

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	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Components of tax expense				
Current tax expense - continuing operations	-	-	143	114
Deferred tax expense - continuing operations	-	-	309	113
Income tax expense	-	-	452	227
Relationship between tax expenses and accounting profit				
Continuing operations	2,285	10,792	9,936	15,733
Discontinued operations	-	-	-	-
Profit before taxation and share of profit of associate	2,285	10,792	9,936	15,733
Taxation at 28% (2019 -28%)	640	3,022	2,782	4,405
Plus (less) tax effect of				
Non taxable income	(640)	(3,022)	(1,109)	(3,371)
Group loss offset	-	-	-	(171)
Deferred tax adjustment	-	-	(1,221)	(636)
Taxation expense / (benefit)	-	-	452	227

Group

	Property plant and equipment \$000s	Investment properties \$000s	Biological assets \$000s	Employee entitlements \$000s	Tax losses \$000s	Total \$000s
Deferred tax						
Balance at 1 July 2018	1,136	1419	-	(63)	(107)	2,385
Charged to statement of comprehensive revenue and expense	(13)	60	78	(11)	-	114
Charged to equity	34	-	-	-	107	141
Balance at 30 June 2019	1,157	1,479	78	(74)	-	2,640
Charged to statement of comprehensive revenue and expense	(362)	786	-	(12)	-102	309
Charged to equity	(100)	-	-	-	-	(100)
Balance at 30 June 2020	695	2,265	78	(86)	-102	2,849

From 1 July 2007 the 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 the council. The council has not recognised a deferred tax asset in relation to tax losses of \$nil (2019 nil). However, these losses have been recognised in the group accounts.

8. Cash and cash equivalents

Accounting policy

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

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Cash at bank and on hand				
Various (subsidiaries, community facilities, etc)	5	5	5	5
General fund (unsecured)	10,668	2,746	11,305	3,313
Term deposits with maturities less than 3 months at acquisition	-	4,673	-	4,673
Total cash and cash equivalents	10,673	7,424	11,310	7,991

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	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Cash at bank and on hand	10,673	2,751	11,310	3,318
Term deposits with maturities less than 3 months at acquisition	-	4,673	-	4,673
Bank overdrafts (Note 23)	-	-	-	(2,587)
Total	10,673	7,424	11,310	5,404

The council has an overdraft facility of \$10m (2019 \$3m).

9. Receivables

Accounting policy

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

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

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Rates and penalties	40,757	38,124	40,757	38,124
Sundry debtors (including postponed rates debtors)	20,392	17,258	20,469	18,197
Prepayments	1,540	1,170	1,626	1,256
Related party receivables	-	-	614	185
Gross debtors and other receivables	62,689	56,552	63,466	57,762
Less provision for impairment - rates	22,163	20,552	22,163	20,552
Less provision for impairment - sundry debts	258	308	285	334
Current debtors and other receivables	40,268	35,692	41,018	36,876

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. The 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:

	2020			2019		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
Council						
Not past due	12,654	-	12,654	8,772	-	8,772
Past due 1 – 60 days	11,530	2,672	8,858	11,280	2,650	8,630
Past due 61 – 90 days	17	-	17	1,091	-	1,091
Past due over 90 days	38,487	19,749	18,738	35,409	18,210	17,199
Total	62,689	22,421	40,268	56,552	20,860	35,692
Group						
Not past due	13,237	-	13,237	9,738	-	9,738
Past due 1 – 60 days	11,560	2,699	8,861	11,300	2,650	8,650
Past due 61 – 90 days	40	-	40	1,104	-	1,104
Past due over 90 days	38,628	19,749	18,879	35,620	18,236	17,384
Total	63,466	22,448	41,018	57,762	20,886	36,876

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

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Impairment of rates				
At 1 July	20,552	23,711	20,552	23,711
Additional provisions made during the year	3,658	3,100	3,658	3,100
Receivables written off during period	(2,047)	(6,259)	(2,047)	(6,259)
At 30 June	22,163	20,552	22,163	20,552
Impairment of sundry debts				
At 1 July	308	223	334	249
Additional provisions made during the year	(48)	106	(39)	126
Receivables written off during period	(2)	(21)	(10)	(41)
At 30 June	258	308	285	334

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

10. Inventories

Accounting policy

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

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

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

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Consumable stocks and materials	127	102	1,697	1,347
Marina berths	-	-	-	-
Chandlery and boatyard	-	-	12	21
Total inventories	127	102	1,709	1,368

There are no inventory items held for distribution.

11. Other financial assets

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Current portion				
Loans and receivables				
Short-term deposits maturity 4 - 12 months	-	-	-	202
Fair value through equity				
Listed Fonterra shares	-	-	571	542
Total current portion	-	-	571	744
Non-current portion				
Fair value through equity				
LGNZ shares	79	136	79	136
LGFA borrower notes	744	640	744	640
Total non-current portion	823	776	823	776

There are no impairment provisions for other financial assets.

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

Maturity analysis and interest rates

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Loans and receivables				
Short term loan 4 - 12 months	-	-	-	202
Short term deposits 4 - 12 months	-	-	-	-
Maturing within 4 - 12 months	-	-	-	202

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 the 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 the council. Each asset type includes all items that are required for the network to function; for example, sewer reticulation includes reticulation piping and sewer pump stations.

Revaluations

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

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

- Roading infrastructural assets;
- Stormwater infrastructural assets;
- Water and wastewater infrastructural assets;
- Stormwater infrastructural assets;
- Maritime assets;
- Footpaths and footbridges;
- Carparks;
- Refuse transfer stations;
- Library books;
- Ferry assets;
- 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.

Land under roads was valued based on fair value provided by previous valuations in 2019 of the Roading Network. This valuation was carried out by QV Asset & Advisory. The council elected to use the fair value of land under roads as at 30 June 2019 as the deemed cost. Land under roads is no longer revalued.

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

Subsequent costs

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

Assets under construction

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

Disposals

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

Depreciation

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

Operational assets

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

Infrastructural assets**Roads**

Top surface (seal)	5 - 50 years	2 – 20%
Pavement (base course) sealed	35 years	2.85%
Culverts, cesspits	15 - 100 years	1 – 6.7%
Footpaths	30 – 60 years	1.6 – 3.3%
Kerbs	50 – 80 years	1.25 – 2%
Street lights	8– 60 years	1.67 – 12.5%
Signs	20 years	5%
Bridges	50 – 100 years	1 – 2%
Railings	30 – 50 years	2 – 3.3%

Water Reticulation

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

Sewerage Reticulation

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

Stormwater Systems

Pipes	40 – 100 years	1 – 2.5%
Manholes	100 years	1%

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 assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's 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).

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. The 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 the 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 the 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 April 2019.

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

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

Buildings (operational and restricted)

Buildings have been valued on a depreciated replacement cost basis in most cases. Buildings were valued by QV Asset & Advisory with an effective date of 31 March 2019

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	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Operational buildings				
Roading strategic buildings	2,055	1,986	2,055	1,986
Investment property	-	-	86,402	79,457
Restricted buildings				
Restricted buildings	-	-	-	-
Total	2,055	1,986	88,457	81,443

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

Sewerage, water, stormwater and roading are valued at depreciated replacement cost by Fraser Campbell of Campbell Consulting and SPM Consultants. The sewerage and water valuations (excluding land) have an effective date as at 31 May 2020. The stormwater valuations have an effective date of 30 April 2019. Some of the smaller roading asset classes have an effective date as at 30 April 2019. The larger roading asset classes such as pavement, drainage and bridges have an effective date as at 31 May 2020. Refuse is valued at depreciated replacement cost by Fraser Campbell of Campbell Consulting and SPM Consultants. Refuse valuations have an effective date as at 30 April 2019.

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

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

Library collections

Library collections are valued at depreciated replacement cost and valuations are performed by the in-house systems librarian and the fixed asset accountant. These valuations have been peer reviewed by SPM Consultants. The last valuation was effective as at 31 December 2018.

Maritime assets

Maritime assets were valued at depreciated replacement cost by Telfer Young (Northland) Ltd. The last valuation was effective as at 31 May 2020. The following assumptions were used in determining the depreciated replacement cost:

- Replacement costs are derived from recent contract information, indexed cost increases, historical cost data and in-house advice from engineers
- Remaining lives have been applied as per advice from Far North Holdings engineers as a result of a full data collection exercise carried out in May 2018 and an updated condition report in March 2019. In addition work has been carried out by asset managers within FNDC and this advice has also been incorporated into the valuation.

Heritage assets

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

Operational assets

Ferry assets were valued at depreciated replacement cost by Emtech, engineering and marine consultants, effective as at 30 April 2019. 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

The 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

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

2019	Cost / revaluation 30 June 2018	Accumulated depreciation and impairment charges 30 June 2018	Carrying amount 30 June 2018	Current year additions	Current year vested assets
Land	377,272	-	377,272	120	-
Vehicles and plant	4,710	(1,340)	3,370	1,070	-
Leasehold improvements	2,449	(1,279)	1,170	29	-
Wharves, ramps, moorings	4,963	-	4,963	442	-
Furniture, fitting and office equipment	7,874	(1,820)	6,054	1,018	-
Information systems	3,343	(2,476)	867	882	-
*Work in progress	974	-	974	1,978	-
Total operational assets	401,586	(6,916)	394,670	5,539	-
Roading and footpaths	1,051,218	(2,584)	1,048,633	17,289	-
Water – treatment plants and facilities	19,662	(29)	19,633	532	-
Water - other	42,270	-	42,270	753	-
Wastewater – treatment plants and facilities	38,788	-	38,788	3,170	-
Wastewater - other	64,864	-	64,863	2,573	-
Stormwater	57,528	(833)	56,695	406	-
Refuse	4,966	(385)	4,581	103	-
Community facilities	55,434	(5,616)	49,818	4,490	877
Work in progress	25,304	-	25,304	37,743	-
Total infrastructural assets	1,360,033	(9,447)	1,350,586	67,061	877
Council restricted assets					
Land	28,760	-	28,760	-	-
Total restricted assets	28,760	-	28,760	-	-
Total property, plant and equipment	1,790,380	(16,363)	1,774,017	72,600	877

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

Current year disposals (at book value)	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus / (deficit)	Cost / revaluation 30 June 2019	Accumulated depreciation and impairment charges 30 June 2019	Carrying amount 30 June 2019
-	(48)	-	(230)	38,232	415,346	-	415,346
(109)	-	(438)	-	(114)	5,041	(1,263)	3,779
(480)	-	(162)	(7)	5	982	(426)	555
-	(1,486)	(342)	26	515	4,181	(63)	4,118
(105)	-	(909)	4	1,799	9,186	(1,325)	7,861
(11)	-	(439)	-	-	4,082	(2,783)	1,299
(2,590)	-	-	-	-	363	-	362
(3,295)	(1,534)	(2,291)	(207)	40,438	439,181	(5,861)	433,321
(2,381)	-	(17,869)	-	27,515	1,078,509	(5,322)	1,073,187
(86)	-	(1,084)	-	-	20,102	(1,106)	18,996
(253)	-	(1,298)	-	-	42,755	(1,282)	41,473
(409)	-	(2,270)	-	-	41,520	(2,238)	39,282
(2)	-	(1,766)	-	-	67,434	(1,766)	65,668
(34)	-	(908)	-	32,609	88,977	(208)	88,769
(282)	-	(625)	-	515	4,333	(42)	4,291
(943)	-	(3,547)	3	3,830	57,627	(3,100)	54,527
(30,494)	-	-	-	-	32,553	-	32,553
(34,884)	-	(29,366)	3	64,469	1,433,810	(15,063)	1,418,747
-	-	-	-	2,773	31,533	-	31,533
-	-	-	-	2,773	31,533	-	31,533
(38,178)	(1,534)	(31,657)	(204)	107,681	1,904,524	(20,924)	1,883,601

12. Property, plant and equipment - Group

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

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

12. Property, plant and equipment - Group continued

2019	Cost / revaluation 30 June 2018	Accumulated depreciation and impairment charges 30 June 2018	Carrying amount 30 June 2018	Current year additions	Current year vested assets
Land	384,134	-	384,134	3,671	-
Buildings	19,365	(349)	19,017	4,887	-
Vehicles and plant	6,510	(2,558)	3,952	1,291	-
Leasehold improvements	2,536	(1,294)	1,242	29	-
Wharves, ramps, moorings	6,704	(67)	6,638	450	-
Furniture, fittings and office equipment	11,430	(2,855)	8,574	1,843	-
Information systems	3,343	(2,476)	867	882	-
Runways	3,991	147	3,844	-	-
Site works	22	(2)	20	-	-
Heritage	859	-	859	-	-
Work in progress	1747	-	1747	1,997	-
Total operational assets	440,642	(9,748)	430,893	15,050	-
Roading and footpaths	1,051,218	(2,584)	1,048,634	17,289	-
Water - treatment plants and facilities	19,662	(29)	19,633	532	-
Water - other	42,270	-	42,270	753	-
Wastewater - treatment plants and facilities	38,788	-	38,788	3,170	-
Wastewater - other	64,864	-	64,864	2,573	-
Stormwater	57,528	(833)	56,695	406	-
Refuse	4,966	(385)	4,581	103	-
Community facilities	55,434	(5,616)	49,818	4,490	877
Work in progress	25,304	-	25,304	37,743	-
Total infrastructural assets	1,360,034	(9,447)	1,350,587	67,059	877
Council restricted assets					
Land	28,760	-	28,760	-	-
Heritage	-	-	-	-	-
Total restricted assets	28,760	-	28,760	-	-
Total property, plant and equipment	1,829,436	(19,195)	1,810,240	82,109	877

Current year disposals (at book value)	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus / (deficit)	Cost / revaluation 30 June 2019	Accumulated depreciation and impairment charges 30 June 2019	Carrying amount 30 June 2019
-	(48)	-	(230)	39,212	426,739	-	426,739
-	-	(395)	3,041	(280)	26,901	(631)	26,270
(109)	-	(531)	(170)	(114)	6,071	(1,752)	4,319
(480)	-	(167)	(13)	5	1,063	(447)	616
-	(1,486)	(394)	125	635	6,100	(132)	5,968
(105)	-	(1,320)	316	1,799	14,703	(3,596)	11,107
-11	-	(439)	-	-	4,082	(2,783)	1,299
-	-	(154)	308	(515)	3,637	(154)	3,483
-	-	(2)	1	-	22	(3)	19
-	-	-	-	-	859	-	859
(3,390)	-	-	1,562	-	1,916	-	1,916
(4,095)	(1,534)	(3,403)	4,940	40,742	492,094	(9,498)	482,595
(2,381)	-	(17,869)	-	27,515	1,078,509	(5,322)	1,073,187
(86)	-	(1,084)	-	-	20,102	(1,106)	18,996
(253)	-	(1,298)	-	-	42,755	(1,282)	41,473
(409)	-	(2,270)	-	-	41,520	(2,238)	39,282
(2)	-	(1,766)	-	-	67,434	(1,766)	65,668
(34)	-	(908)	-	32,609	88,977	(208)	88,769
-282	-	(625)	-	515	4,333	(42)	4,291
(943)	3	(3,547)	-	3,830	57,627	(3,100)	54,527
(30,494)	-	-	-	-	32,553	-	32,553
(34,884)	3	(29,367)	-	64,469	1,433,810	(15,064)	1,418,746
-	-	-	-	2,773	31,533	-	31,533
-	-	-	-	-	-	-	-
-	-	-	-	2,773	31,533	-	31,533
(38,979)	(1,531)	(32,769)	4,940	107,984	1,957,437	(24,562)	1,932,877

Appendum to Note 12

Changes between the 2018/19 annual report closing balance and the reported opening balance for the 2019/20 Financial year were made as follows:

PPE note category	Closing balance 2018/19 \$000s	Opening balance 2019/20 \$000s	Difference
Furniture, fittings and office equipment	7,861	795	(\$7,066)
Community assets	54,527	59,203	4,676
Roading and Footpaths	1,073,187	1,073,126	(\$62)
Heritage	-	2,452	2,452

This change is as a result of re-classifying heritage as its own PPE category. Previously heritage was spread over PPE categories Roothing and Footpaths and Community Assets.

In addition any fixtures and fittings associated with facilities which are community assets have been re-classified out of PPE category Fixtures and Fittings and into Community Assets.

The most recent valuation of land was performed by an independent registered valuer at QV Asset & Advisory. This valuation was effective as at 30 April 2019.

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

All buildings have been valued on either a fair market or depreciated replacement cost basis depending on the type and use of the building. Buildings were valued by QV Asset & Advisory with an effective date of 31 March 2019.

Disposals

The majority of disposals were carried out during the year as part of the council's on-going renewal programmes. Other disposals include:

- Disposal of the Kerikeri domain rugby club pavilion which was demolished in the 19/20 financial year.

Write-off of the Russell wharf as per the sale and purchase agreement between Far North District Council and Far North Holdings Limited

Work in progress

* Note to table 12, page 83 – includes work in progress (WIP) for intangible assets \$1.418m (\$0.653m 2018/19)

The total amount of property, plant and equipment in the course of construction is \$44,895,274 (2019 \$32,934,069).

	2020 \$000s	2019 \$000s
Land	-	16
Vehicles and plant	26	81
Leasehold improvements	222	-
Wharves, ramps, moorings	149	108
Runways	27	19
Furniture, fittings and office equipment	5	8
Information systems	21	24
Roothing and footpaths	12,953	11,834
Water - treatment plants and facilities	4,665	3,510
Water - other	761	282
Wastewater - treatment plants and facilities	14,219	8,903
Wastewater - other	6,469	5,341
Refuse	36	58
Stormwater	1,222	777
Community facilities	2,702	1,320
Intangible assets	1,418	653
Total work in progress	44,895	32,934

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	Asset Class	Most recent estimate of replacement cost \$000s	Date of estimate
Roading and footpaths	Roading pavement, walls, drainage, bridges, traffic services.	1,050,413	May 2020
	Roading streetlights, quarries	3,352	April 2019
	Roading road marking	1,554	May 2020
	Roading traffic services	9,919	May 2020
	Strategic Land	2,624	May 2020
	Footpaths	22,085	April 2019
Water	Treatment plans and facilities	20,391	May 2020
	Other	48,014	May 2020
	Land	1,711	April 2019
Wastewater	Treatment plans and facilities	39,503	May 2020
	Other	72,041	May 2020
	Land	3,193	April 2019
Stormwater		88,604	April 2019

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 the 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 the 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		
	2020	\$000s	2019 \$000s	2020 \$000s	2019 \$000s
Computer software					
Cost		5,604	5,614	5,784	5,853
Accumulated amortisation and impairment		(4,931)	(4,963)	(4,931)	(5,183)
Year ended 30 June 2019		673	651	684	670
Opening carrying amount		673	651	684	670
Additions		383	193	383	193
Amortisation charges		(180)	(171)	(180)	(179)
Balance at 30 June 2020		876	673	887	684
Resource consents / easements					
Cost		3,484	3,472	3,484	3,472
Accumulated amortisation and impairment		(1,477)	(1,293)	(1,477)	(1,293)
Year ended 30 June 2019		2,007	2,179	2,007	2,179
Opening carrying amount		2,007	2,179	2,007	2,179
Additions		405	12	405	12
Amortisation charges		(191)	(184)	(191)	(184)
Disposals (at book value) / adjustments		-	-	-	-
Balance at 30 June 2020		2,220	2,007	2,221	2,007
Goodwill					
Balance 1 July 2019		-	-	200	100
Additions		-	-	-	100
Asset written off/impairment		-	-	(100)	-
Balance 30 June 2020		-	-	100	200
Public access rights					
Cost		9,641	9,641	1,599	1,599
Accumulated amortisation and impairment		(1,889)	(1,636)	(1,372)	(1,295)
Year ended 30 June 2019		7,751	8,004	227	304
Opening carrying amount		7,751	8,004	227	304
Additions		-	-	-	-
Amortisation charges		(253)	(253)	(79)	(77)
Disposals (at book value) / adjustments		-	-	-	-
Balance at 30 June 2020		7,498	7,751	148	227
Total intangible assets		10,594	10,431	3,356	3,117

Easements and resource consents are not cash generating in nature, instead they give the 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.

The 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	
	2020 \$000s	2019 \$000s
Directly attributable depreciation and amortisation by activity		
Roading and Footpaths	18,088	18,059
Water Supply	2,452	2,466
Wastewater	4,270	4,144
Stormwater	1,268	920
Solid Waste Management	274	631
District Facilities	4,287	4,034
Environmental Management	137	184
Strategic Planning and Policy	30	33
Customer services	765	759
Total directly attributable depreciation and amortisation by group of activities	31,571	31,230
Depreciation and amortisation not directly related to group of activities	1,052	1,010
Total depreciation and amortisation expense	32,623	32,239

15. Interest expense by activity

	Council	
	2020 \$000s	2019 \$000s
Directly attributable interest by activity		
Roading and Footpaths	616	639
Water Supply	362	353
Wastewater	1,074	1,006
Stormwater	146	135
Solid Waste Management	120	136
District Facilities	452	459
Environmental Management	12	5
Strategic Planning and Policy	9	11
Governance and Strategic Administration	(701)	(377)
Total interest attributable to activities	2,089	2,367

16. Gain on asset revaluations

	Council	
	2020 \$000s	2019 \$000s
Revaluation gain reported in PPE note	56,511	107,681
Credited to:		
Revaluation reserves (Note 24)	56,511	102,157
Recognised in surplus / (deficit)		
Reserves land (Note 3)	-	5,524
Gain on asset revaluations	56,511	107,681

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	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Balance at 1 July	-	-	2,404	-
Purchases of Bees & Hives	-	-	-	2,226
Fair value gains/(losses) on valuation	-	-	(800)	178
Balance at 30 June	-	-	1,604	2,404

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	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Balance at 1 July	785	763	785	763
Disposal of Forestry Asset under Treaty settlement	-	-	-	-
Gains/(losses) arising from changes in value	(84)	22	(84)	22
Balance at 30 June	701	785	701	785

The council owns 52 hectares of forest which are of harvestable age. No forests have been harvested during the period (2019 - nil). There are no restrictions over the title of forestry assets and no forests are pledged as security for liabilities. Independent registered valuer's Woodlands Pacific Consulting Limited have valued the forestry assets as at 30 June 2020. The following assumptions were used:

- A discount rate of 9% (2019 9%) has been used in discounting the present value of expected cash flows
- Notional land rental costs have been included for freehold land
- No allowance for inflation has been made
- Costs are forest costs (which in this case are confined to costs associated with protection and maintenance), administration and land rental and production (harvesting) costs
- Log prices assume delivery either at the mill gate or wharf gate and
- Export log prices have been adjusted to include the relevant port costs

Financial risk management strategies

The council is exposed to financial risks arising from the changes in timber prices. The 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 council measures all investment properties at fair value determined annually by an independent valuer. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

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

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

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Balance at 1 July	-	-	76,666	69,755
WIP transfers	-	-	-	-
Additions / WIP	-	-	4,951	7,130
Disposals	-	-	(3,497)	(1,890)
Reclassification as PPE movement	-	-	(1,000)	-
Subsidy offset adjustment	-	-	5,462	373
Fair value gains / (losses) on valuation	-	-	4,869	1,298
Balance at 30 June	-	-	87,451	76,666

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 2020.

Rental revenue

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Rental revenue	-	-	3,806	3,745
Expenses from investment property generating revenue	-	-	1,169	2,050
Expenses from investment property not generating revenue	-	-	-	-

19. Investment in subsidiaries

Accounting policy

The 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	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Far North Holdings Ltd	18,000	18,000	-	-
Total investment in subsidiaries	18,000	18,000	-	-

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

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

20. Creditors and other payables

Accounting policy

A liability is recognised when the service has been received or the goods received or when it has been established that the rewards of ownership have been transferred from the seller / provider to the 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	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Current portion				
Payables and deferred revenue under exchange transactions				
Creditors	439	1,576	1,683	5,082
Related party payables	-	-	98	117
Accruals	12,647	11,298	13,231	11,302
Deposits	5,814	5,939	5,814	5,939
Revenue in advance	4,416	3,921	8,775	5,862
Total	23,316	22,734	29,601	28,302
Payables and deferred revenue under non-exchange transactions				
Income tax and ACC payable	846	798	1,312	918
Other taxes payable (e.g.GST and FBT)	(928)	(1,360)	(927)	(1,361)
Total	(82)	(562)	385	(443)
Total current portion	23,234	22,172	29,986	27,858
Non-current portion				
Creditors	981	-	981	-
Revenue in advance	-	-	9,961	9,671
Total non-current portion	981	-	10,942	9,671

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 the 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

The 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.

The 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 the council.

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Provision for weather-tight homes				
Current	-	27	-	27
Non-current	-	-	-	-
Total provision weather-tight homes	-	27	-	27
Balance 1 July	27	-	27	-
Plus provision added	-	27	-	27
Provision utilised	(27)	-	(27)	-
Balance 30 June	-	27	-	27
Provision for Landfill aftercare liability				
Current provisions	207	298	207	298
Non-current provisions	361	297	361	297
Total provisions landfill aftercare	568	595	568	595
This is represented by:				
Ahipara				
Opening balance 1 July	351	351	351	351
Plus provision added	-	-	-	-
Less amount utilised	(86)	-	(86)	-
Closing balance 30 June	265	351	265	351
Kaikohe				
Opening balance 1 July	6	6	6	6
Plus provision added	-	-	-	-
Less amount utilised	-	-	-	-
Closing balance 30 June	6	6	6	6
Russell				
Opening balance 1 July	218	215	218	215
Plus provision added	58	3	58	3
Less amount utilised	-	-	-	-
Closing balance 30 June	276	218	276	218
Whangae				
Opening balance 1 July	20	22	20	22
Plus provision added	1	-	1	-
Less amount utilised	-	(2)	-	(2)
Closing balance 30 June	21	20	21	20
Total landfill aftercare provisions	568	595	568	595
Total current provisions	207	325	207	325
Total non-current provisions	361	297	361	297
Total provisions	568	622	568	622

Landfill aftercare provisions

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

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

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

Post closure responsibilities:

- Treatment and monitoring of leachate;
- Ground water and surface water monitoring;
- Gas monitoring and flaring if required;
- Implementation of remedial measures such as needed for settlement and cracking of capping layer;
- Ongoing site maintenance for drainage systems, final cover and vegetation; and

Ensure closed landfill is suitable for intended future use.

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

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

- The remaining cubic capacity of refuse, cleanfill and cover of the council's two current sites as at 30 June 2020 are:
 - Ahipara - nil
 - Russell - 12,250 cubic meters
- The estimated remaining lives are:
 - Ahipara - nil
 - Kaikohe - nil
 - Russell - 7 years
 - Whangae - nil

Estimates of the remaining lives have been made by the 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 2020 and 2035. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The future cashflows have been estimated taking into account existing technology. Risk-free Discount Rates published by the Treasury have been used to discount the estimated future cashflows. <https://treasury.govt.nz/publications/guidance/reporting/accounting/discount rates>

Weather-tight homes provision

The council has no provision in 2020 (2019 - \$27,000) in response to nil (2019 - one) weather-tight homes claim currently lodged with the Weather-tight Homes Resolution Service.

22. Employee benefits

Accounting policy

Short-term employee entitlements

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

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

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

Presentation of employee entitlements

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

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Accrued pay	112	727	185	791
Annual leave entitlement	2,025	1,613	2,223	1,775
Other entitlements	201	253	201	253
Total employee benefits	2,339	2,592	2,609	2,818
Comprising				
Current	2,339	2,592	2,609	2,818
Non-current	-	-	-	-
Total employee benefits	2,339	2,592	2,609	2,818

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 the council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Current				
Bank overdraft (Note 8)	-	-	-	2,587
Secured loans	34,000	22,000	35,764	26,374
Finance lease liability	-	-	-	-
Total current borrowings	34,000	22,000	35,764	28,961
Non-current				
Secured loans	36,500	30,000	73,678	60,552
Finance lease liability	-	-	-	-
Total non-current borrowings	36,500	30,000	73,678	60,552

The council's loans are secured over rating revenue. FNHL has loans of \$38,942,532 (2019 - \$34,926,638). Land and buildings to a value of \$60,782,000 (\$59,797,000 in 2019) have been given as security for the term loans. The council has an overdraft limit of \$10 million (2019 - \$3m) which is not secured.

The council has a short term loan facility of \$30 million as at 30 June 2020 (2019 - \$20m) and \$14.0m was drawn against this facility as at 30 June (\$5.5m - 2019).

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Maturity periods				
Payable no later than 1 year	34,000	22,000	72,942	59,513
Later than 1, not later than 2 years	10,000	20,000	10,000	20,000
Later than 2, not later than 5 years	16,500	-	16,500	-
Later than 5 years	10,000	10,000	10,000	10,000
	70,500	52,000	109,442	89,513

The carrying amount of borrowings approximates their fair value.

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

	2020	2019
Secured loans and debentures	1.70%	3.35%

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

Ratio	Target	Achievement 2019/20
Net debt as % total revenue	Debt not greater than 175% of revenue	46%
Gross annual interest to total revenue	Less than 20%	1.62%
Current ratio (liquidity ratio)	Equal to or greater than 110%	161%

24. Equity

Accounting policy

Equity is the community's interest in the 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 the 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 the 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 the council and which may not be revised by the 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.

The council created reserves are reserves established by the council's decision. The council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the 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	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Retained earnings				
As at 1 July	1,347,521	1,330,603	1,390,547	1,366,654
Transfer from / (to) restricted reserves	4,775	(900)	4,775	(900)
Transfer from revaluation reserves on disposal	2,026	7,026	2,680	9,060
Transfer from Revaluation Reserve for land under road adjustment	73,692	-	73,692	-
Surplus / (deficit) for the year	2,285	10,792	9,484	15,733
Balance as at 30 June	1,430,299	1,347,521	1,481,178	1,390,547
Restricted reserves				
As at 1 July	12,778	11,878	14,281	13,381
Transfer (to) / from retained earnings	(4,775)	900	(4,775)	900
Balance as at 30 June	8,003	12,778	9,506	14,281
Restricted reserves consists of:				
Community - district	(724)	1,003	(724)	1,003
Drainage	158	127	158	127
BOI Recreation Centre	-	-	-	-
Stormwater separate rate	4,403	3,875	4,403	3,875
Sewerage	1,566	3,268	1,566	3,268
Water	(2,527)	(1,016)	(2,527)	(1,016)
Special funds	4,859	4,762	4,859	4,762
Kerikeri main street reserve	278	278	278	278
Economic development reserve	10	10	10	10
Paihia central business district development	-	3	-	3
Kaitaia BID	(5)	(5)	(5)	(5)
Hupara Road improvements	(88)	(98)	(88)	(98)
BOI-Whangaroa community reserve	-	105	-	105
Te Hiku community reserve	5	85	5	85
Kaikohe-Hokianga community reserve	-	57	-	57
Carpark funds	68	324	68	324
Subsidiary assets	-	-	1,503	1,503
Total restricted reserves	8,003	12,778	9,506	14,281
Other reserves consist of:				
Asset revaluation reserves				
As at 1 July	515,481	420,347	526,927	430,666
Revaluation gains	56,511	102,157	52,693	103,284
Transfer to retained earnings on disposal	(2,117)	(7,023)	(2,117)	(7,023)
Adjustment from WIP	(1,821)	-	(1,821)	-
Transfer to Retained Earnings for land under road adjustment	(73,692)	-	(73,692)	-
Balance as at 30 June	494,362	515,481	501,989	526,927
Asset revaluation reserve consists of:				
Land	3,388	76,918	3,388	76,918
Vehicles and plant	798	798	798	798
Leasehold improvements	23	23	23	19
Wharves, ramps, moorings	3,672	3,525	3,672	3,528
Furniture, fitting and office equipment	17	2,268	17	7,729
Roading and footpaths	320,957	291,922	320,957	291,936
Water - treatment plants and facilities	6,722	4,446	6,722	4,446
Water - other	24,719	17,350	24,719	17,350
Wastewater - treatment plants and facilities	13,401	9,447	13,401	9,438

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Wastewater - other	31,731	21,249	31,731	21,249
Refuse	2,968	2,896	2,968	2,896
Drainage	54,418	54,459	54,418	54,459
Community facilities	30,724	29,310	38,595	31,415
Council restricted assets	824	870	-	-
FNHL – land	-	-	904	1,069
FNHL – runways	-	-	(541)	(208)
FNHL – buildings	-	-	(1,533)	241
Total asset revaluation reserve	494,362	515,481	500,239	523,283
Fair value through equity reserve				
LGNZ shares revaluation movements				
As at 1 July	91	77	(58)	77
Fair value gains / (losses)	(57)	14	(67)	(135)
Total LGNZ shares valuation reserve	34	91	(125)	(58)
Cash flow hedge equity reserve				
As at 1 July	(543)	(694)	(771)	(922)
Fair value gains / (losses)	171	151	171	151
Balance 30 June	(372)	(543)	(600)	(771)
Capital reserve				
As at 1 July	2,697	2,697	-	-
Balance as at 30 June	2,697	2,697	-	-
Total other reserves	496,721	517,726	499,514	522,454

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

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

The capital reserve pertains to profit of \$1,630,000 on the sale of the 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	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Capital commitments approved and contracted				
Roading and footpaths	42,074	44,590	42,074	44,590
District Facilities	267	234	267	234
Wastewater	2,944	10,987	2,944	10,987
Water Supply	293	714	293	714
Governance and Strategic Administration	-	-	-	-
Investment Property	-	-	616	2,486
Maritime / Airport	-	-	1,870	5,631
Total capital commitments	45,578	56,525	48,064	64,642

The Roothing commitments will attract subsidy of \$31.75 million (2019 - \$29.34 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

The council has operating lease agreements for the provision of property.

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Operating leases				
Lease payments made:	790	767	847	829
Lease payments due:				
Not later than 1 year	355	460	376	513
Later than 1 year and not later than 2 years	350	354	350	380
Later than 2 years and not later than 5 years	844	986	844	986
Later than 5 years	760	963	760	963
Total operating leases	2,309	2,763	2,330	2,842

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	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Non-cancellable operating leases lessor				
Not later than 1 year	479	484	2,410	2,910
Later than 1 and not later than 5 years	1,373	1,557	5,429	6,321
Later than 5 years	3,272	3,570	7,886	8,929
Total non-cancellable operating leases	5,124	5,611	15,725	18,160

27a. Contingencies

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Building Act claims	10	40	10	40
Other legal proceedings	165	540	165	540
Roading legalisation claims	140	-	140	-
Total contingent liabilities	315	580	315	580

Litigation

There are 8 claims involving possible future costs totalling an estimated value of \$315,000. These claims are contingent and have not been accrued in the financial statements. (Last year there were 12 possible claims at an estimated value of \$580,000). 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 the council. The number of buildings affected by those claims is unknown. Claims lodged prior to July 2007 will be substantially covered by insurance and those from July 2008 will be subject to an excess of \$50k per claim. From July 2009 no further claims will be covered by Riskpool.

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 councils, including the council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 44 of which are located within Auckland. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

Guarantees

Houhora Big Game Sports and Fishing Club \$50,000 (2019 \$50,000) and the Kawakawa Bowling Club of \$45,500 (2019 \$45,500). The 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 2019 outstanding balance of \$1,102,649). 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 Fitch Ratings and Standard & Poor's of AA+ and a foreign currency rating of AA. The council is a borrower guarantor (not a shareholder) and is one of 30 local authority shareholders and 15 local authority guarantors of the NZLGFA. The uncalled capital of shareholders is \$20 million and is available in the event that an imminent default is identified. Also, together with the shareholders and guarantors, the council is a guarantor of all of NZLGFA's borrowings. At 30 June 2020, NZLGFA had borrowings totalling \$11,908 million (2019: \$9,531 million). Financial reporting standards require the council to recognise the guarantee liability at fair value. However, the council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. 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.

27b. Financial guarantee liabilities

Accounting policy

Financial guarantee contracts

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

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

Financial guarantee are subsequently measured at the higher of:

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

The council has guaranteed a bank loan for the Kerikeri Civic Centre Trust. At balance date the council has recognised a Nil liability for the outstanding loan balance as the Trust is in receipt of funds sufficient to meet the loan balance outstanding (June 2020 outstanding balance of \$1,102,649).

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	
	2020 \$000s	2019 \$000s
Councillor's remuneration	860	711
Community board remuneration	327	300
Senior management team (Inc. CEO)	1,193	1,205
Total salaries - key management personnel	2,380	2,216

Full time equivalents

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

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

29. Remuneration

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$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:				
CEO (from April 19)				
Salary	343	330	343	330
Total CEO costs	343	330	343	330

Elected representatives

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Mayor Carter - honorarium	153	140	153	140
Mayor Carter - mileage and other expenses	15	19	15	19
Other elected representatives				
Court A - honorarium	93	60	93	60
Court A - mileage and other expenses	9	11	9	11
Collard D - honorarium	45	-	45	-
Collard D - mileage and other expenses	5	-	5	-
Clendon D - honorarium	45	-	45	-
Clendon D - mileage and other expenses	3	-	3	-
Foy F - honorarium	72	48	72	48
Foy F - mileage and other expenses	9	8	9	8
Hookway D - honorarium	17	49	17	49
Hookway D - mileage and other expenses	1	3	1	3
Kitchen C - honorarium	17	48	17	48
Kitchen C - mileage and other expenses	3	16	3	16
Macauley S - honorarium	17	48	17	48
McInnes T - honorarium	27	78	27	78
McInnes T - mileage and other expenses	2	8	2	8
Radich M - honorarium	62	48	62	48
Radich M - mileage and other expenses	2	-	2	-
Smith R - honorarium	54	-	54	-
Smith R - mileage and other expenses	4	-	4	-
Stratford K - honorarium	72	48	72	48
Stratford K - mileage and other expenses	9	9	9	9
Tepania M - honorarium	45	-	45	-
Tepania M - mileage and other expenses	3	-	3	-
Vujcich J - honorarium	76	60	76	60
Vujcich J - mileage and other expenses	-	10	-	10
Total elected representatives	860	711	860	711

Elected members

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Bay of Islands-Whangaroa Community Board				
Ayr L - honorarium	15	12	15	12
Ayr L - mileage and other expenses	2	2	2	2
Gmuer-Hornell M - honorarium	11	-	11	-
Gmuer-Hornell M - mileage and other expenses	1	-	1	-
Greening T - honorarium	10	31	10	31
Greening T - mileage and other expenses	2	8	2	8
Hookway D - honorarium	6	-	6	-
Mills B - honorarium	16	12	16	12
Mills B - mileage and other expenses	2	3	2	3
Owen F - mileage	11	-	11	-
Robinson M - honorarium	5	12	5	12
Smith R - honorarium	6	12	6	12
Smith R - mileage and other expenses	1	2	1	2
Ward B - honorarium	26	12	26	12
Ward B - mileage and other expenses	2	1	2	1
Wells M -	16	12	16	12
Wells M - mileage and other expenses	1	2	1	2
Kaikohe-Hokianga Community Board				
Davis E - honorarium	13	10	13	10
Davis E - mileage and other expenses	4	5	4	5
Byers L - honorarium	9	-	9	-
Edmonds M - honorarium	26	26	26	26
Edmonds M - mileage and other expenses	5	4	5	4
Hessell A - honorarium	13	8	13	8
Hessell A - mileage and other expenses	2	2	2	2
Reilly S - honorarium	4	10	4	10
Toorenburg L - honorarium	13	10	13	10
Toorenburg L - mileage and other expenses	3	4	3	4
Van Gaalen K - honorarium	13	10	13	10
Van Gaalen K - mileage and other expenses	2	-	2	-
Te Hiku Community Board				
Atkinson S - honorarium	13	10	13	10
Atkinson S - mileage and other expenses	2	3	2	3
Brown J - honorarium	9	-	9	-
Brown J - mileage and other expenses	2	-	2	-
Dalziel M - honorarium	4	10	4	10
Dalziel M - mileage and other expenses	1	-	1	-
Gardner K - honorarium	27	27	27	27
Gardner K - mileage and other expenses	6	8	6	8
Hunt B - honorarium	4	10	4	10
Murupaenga A - honorarium	4	10	4	10
Murupaenga A - mileage and other expenses	-	1	-	1
Stewart J - honorarium	9	-	9	-
Stewart J - mileage and other expenses	1	-	1	-
Ward F - honorarium	5	10	5	10
Ward F - mileage and other expenses	-	1	-	1

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Bainbridge S - honorarium	9	-	9	-
Bainbridge S - mileage and other expenses	1	-	1	-
Axe D - honorarium	9	-	9	-
Axe D - mileage and other expenses	2	-	2	-
Total Community Board costs	348	300	348	300
Total remuneration costs	1,551	1,341	1,551	1,341

	Council 2019 Number
Total annual remuneration by band of employee as at 30 June	
< \$60,000	148
\$60,000 to \$79,999	88
\$80,000 to \$99,999	61
\$100,000 to \$119,999	27
\$120,000 to \$139,999	12
\$140,000 to \$179,999	12
\$180,000 to \$349,999	4
Total employees	352

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

Total remuneration includes non-financial benefits provided to employees.

At balance date, the council employed 320 (2018/19 - 306) full time employees, with the balance of staff representing 31.40 (2018/19 - 30.88) full time equivalent employees. A full time employee is determined on the basis of a 40 hour week.

30. Severance payments

There were five severance payments made in 2019/20. The values of the payments were \$4,500, \$8,500, \$10,000, \$42,726 and \$5,730 totalling \$71,456 (2018/19 – one totalling \$5,000)

31. Events after balance sheet date

After balance sheet date there were two significant events. In July 2020 Northland was hit by one of the worst flooding events since records began and in August 2020 the COVID-19 Alert Level was raised from Level 1 to Level 3 for Auckland and Level 2 for the rest of the country (2018/19 – Nil).

32. Financial instrument risk

32a Financial instrument categories

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Financial assets				
Derivatives that are cash flow hedge accounted				
Derivative financial instrument assets	-	-	-	-
Total derivatives that are in a cash flow hedge relationship	-	-	-	-
Loans and receivables				
Cash and cash equivalents	10,673	7,424	11,310	7,991
Other financial assets				
Short term deposits	-	-	-	-
Debtors and other receivables (excluding prepayments)	38,728	34,522	39,972	35,620
Total loans and receivables	49,401	41,946	51,282	43,611
Fair value through equity				
LGNZ shares	79	136	79	136
LGFA borrower notes	744	640	744	640
Total fair value through equity	823	776	823	776
Financial liabilities				
Derivatives that are cash flow hedge accounted				
Derivative financial instrument liabilities				
Current	47	27	47	27
Non-current	322	501	322	501
Total derivatives that are in a cash flow hedge relationship	369	528	369	528
Financial liabilities at amortised cost				
Creditors and other payables	18,900	18,813	20,246	22,440
Borrowings				
Bank overdraft	-	-	-	2,587
Secured loans	70,500	52,000	109,442	86,926
Total financial liabilities at amortised cost	89,400	70,813	129,688	111,953

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. The 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 two interest rate swap agreements in place at 30 June 2020 (2019 - three). The 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. The 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. The 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, the council does not require any collateral or security to support the financial instruments with organisations it deals with.

Fair value

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

Cash flow interest rate risk

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

Fair value interest risk

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

Maximum exposure to credit risk

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Cash at bank and term deposits	10,673	7,424	11,310	7,991
Debtors and other receivables	38,728	34,522	39,972	35,620
Other financial assets	-	-	-	-
LGNZ shares	79	136	79	136
LGFA borrower notes	744	640	744	640
Guarantee (Civic Trust)	207	325	207	325
Total credit risk	50,431	43,047	52,312	44,712

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	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Counterparties with credit ratings				
Cash at bank and term deposits				
AA-	10,673	7,424	11,310	7,991
Total cash at bank and term deposits	10,673	7,424	11,310	7,991
Fair value through equity				
A+	823	776	823	776
Total fair value through equity	823	776	823	776

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

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that the 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. The council aims to maintain flexibility in funding by keeping committed credit lines available. In meeting its liquidity requirements, the council maintains a loan profile, in accordance with its funding and financial policies, which includes a treasury management policy. The council has a maximum amount that can be drawn against its overdraft facility of \$10,000,000 (2019 - \$3,000,000). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities

The table below analyses the 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 2020						
Creditors and other payables	18,900	18,900	18,900	-	-	-
Bank overdraft	-	-	-	-	-	-
Net settled derivative liabilities	369	369	47	-	322	-
Secured loans	70,500	74,411	34,123	10,342	18,588	11,358
Guarantee (Civic Trust)	-	-	-	-	-	-
Total	89,769	93,680	53,070	10,342	18,910	11,358
Group 2020						
Creditors and other payables	20,246	20,246	20,246	-	-	-
Bank overdraft	-	-	-	-	-	-
Net settled derivative liabilities	369	369	47	-	322	-
Secured loans	109,442	74,411	34,123	10,342	18,588	11,358
Guarantee (Civic Trust)	-	-	-	-	-	-
Total	130,057	95,026	54,416	10,342	18,910	11,358
Council 2019						
Creditors and other payables	18,813	18,813	18,813	-	-	-
Bank overdraft	-	-	-	-	-	-
Net settled derivative liabilities	528	528	27	-	501	-
Secured loans	52,000	55,817	22,549	21,222	-	12,046
Guarantee (Civic Trust)	1,103	1,103	-	1,103	-	-
Total	72,444	76,261	41,389	22,325	501	12,046
Group 2019						
Creditors and other payables	22,440	22,440	22,440	-	-	-
Bank overdraft	2,587	2,587	2,587	-	-	-
Net settled derivative liabilities	528	528	27	-	501	-
Secured loans	86,926	90,743	26,923	51,774	-	12,046
Guarantee (Civic Trust)	1,103	1,103	-	1,103	-	-
Total	113,584	117,401	51,977	52,877	501	12,046

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

Interest rate risk

Council	2020 \$000s		2019 \$000	
	Profit - 100 bps	Profit + 100 bps	Profit - 100 bps	Profit + 100 bps
Financial assets				
Cash and cash equivalents	6	(6)	6	(6)
Derivative financial assets				
Derivative financial instruments	(79)	77	(180)	179
Financial liabilities				
Borrowings				
Credit lines	-	-	-	-
Total sensitivity to interest rate risk	(73)	71	(174)	173

Explanation of sensitivity analysis

1. Cash and cash equivalents

Cash and cash equivalents are \$10,328,166 (2019 \$7,424,398) which are at a floating rate. A movement of plus or minus 1% has an effect on interest revenue of \$5,922. (2019 \$5,675)

2. Credit lines

The balance on the credit lines was \$14.0m at 30 June 2020 (2019 \$5.5m) at a floating rate. A movement in interest rates of plus or minus 1% has an effect on interest payable of \$148. (2019 \$135)

FNHL does not have any significant interest rate risk.

33. Capital management

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

The 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	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Non-current assets held for sale are:				
Land	31	230	31	230
Wharves	-	-	-	-
Total non-current assets held for sale	31	230	31	230

The council has one (2019 - one) parcel of land that has been declared surplus to requirement and marketed for sale with a market value of \$35,000 and expected sale costs of approx \$3,000. This council-owned property on Horeke Road, Horeke has been presented as held for sale following the approval by the council on 29th August 2019. The completion date of the sale is expected to be by September 2020. FNHL have no property for sale (2019 - no property for sale).

35. Derivative financial instruments

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Non-current asset - cash flow hedge	-	-	-	-
Current liability - cash flow hedge	47	27	47	27
Non-current liability - cash flow hedge	322	501	322	501
Total derivative financial instrument liabilities	369	528	369	528

Fair value

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

Interest rate swap

The notional principal amount of the outstanding interest rate swap contracts with the council was \$10,000,000 (June 2019 \$15,000,000). At June 30 the fixed interest rates of the cash flow hedges ranged from 3.89% to 3.97% with maturity dates ranging from August 2020 to March 2022. (2019 – 3.88% to 3.97%) There was a loss of \$12,174 recognised in the statement of comprehensive revenue and expense. (2019 loss \$26,599)

36. Variances to Annual Plan

	Council 2020 \$000s
Statement of comprehensive revenue and expense	
Annual Plan surplus	5,072
Annual Report surplus / (deficit)	2,285
Net operating surplus / (deficit) variance	2,787
Variance represented by:	
Variance area	
Rates	1,260
Other	(1,915)
Total revenue variance	(655)
Variance represented by:	
Variance area	
Personnel costs	810
Depreciation and amortisation expense	3,530
Finance costs	164
Other expenses	(7,946)
Total expenditure variance	(3,442)
Net operating surplus variance	2,787

Significant variances to Annual Plan budget - statement of financial position

The major variances to long term plan budget arise mainly because the budgeted figures were based upon the audited closing balances for June 2018, adjusted for activity that was expected to occur during the 2018/19 financial year. The closing balances for June 2019 were not known at the time the budgets were approved.

Other reserves were \$43m higher than expected as a result of actual asset revaluation information. Cash and cash equivalents were \$9.3m less than predicted as cash was used in lieu of borrowing.

In total, borrowings were \$28.1m less than expected due to capital work not being completed as expected.

Funding impact statements

Movements in general rates, debt and reserves

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

Funding impact statement

Whole of Council

	Annual Plan 2018/19 \$000s	Actual 2018/19 \$000s	Annual Plan 2019/20 \$000s	Actual 2019/20 \$000s
Sources of operational funding				
General rates, uniform annual general charges, rates penalties	55,541	51,000	58,313	55,150
Targeted rates	31,149	31,768	31,289	30,984
Subsidies and grants for operating purposes	9,396	8,912	10,020	10,772
Fees and charges	15,749	17,328	16,101	15,725
Interest and dividends from investments	1,052	1,753	1,370	1,244
Local authority fuel tax, fines, infringement fees and other receipts	977	1,676	1,052	1,882
Total operating funding	113,864	112,437	118,146	115,757
Applications of operating funding				
Payments to staff and suppliers	86,708	80,417	89,863	91,489
Finance costs	2,594	2,367	2,253	2,089
Other operating funding applications	-	868	-	-
Total applications of operating funding	89,301	83,653	92,117	93,578
Surplus / (deficit) of operating funding	24,563	28,784	26,029	22,179
Sources of capital funding				
Subsidies and grants for capital expenditure	21,566	14,238	15,197	14,445
Development and financial contributions	-	122	-	38
Increase (decrease) in debt	18,235	4,000	26,016	18,500
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	86	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	39,886	18,359	41,213	32,983
Applications of capital funding				
Capital expenditure to meet:				
- Additional demand	-	-	-	-
- Improved levels of service	32,725	18,786	33,618	30,615
- Replacement of existing assets	29,754	20,934	30,175	17,324
Increase (decrease) in reserves	(4,029)	1,387	3,449	7,259
Increase (decrease) in investments	6,000	6,036	-	(37)
Total applications of capital funding	64,450	47,143	67,242	55,162
Surplus / (deficit) of capital funding	(24,563)	(28,784)	(26,029)	(22,179)
Funding balance	-	-	-	-

Funding impact statement

Roading and Footpaths

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	12,086	13,193	13,485
Targeted rates	5,548	5,681	5,490
Subsidies and grants for operating purposes	9,358	9,672	9,271
Fees and charges	689	689	483
Internal charges and overheads recovered	2	2	31
Local authority fuel tax, fines, infringement fees and other receipts	600	600	585
Total operating funding	28,282	29,837	29,345
Applications of operating funding			
Payments to staff and suppliers	20,576	21,839	21,297
Finance costs	769	845	616
Internal charges and overheads applied	(926)	(935)	(3,432)
Other operating funding applications	-	-	-
Total applications of operating funding	20,419	21,749	18,480
Surplus / (deficit) of operating funding	7,864	8,088	10,864
Sources of capital funding			
Subsidies and grants for capital expenditure	13,155	15,941	10,405
Development and financial contributions	-	-	7
Increase (decrease) in debt	1,277	1,778	1,787
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	86	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	14,517	17,720	12,199
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	5,207	6,530	6,253
- Replacement of existing assets	17,122	19,902	12,283
Increase (decrease) in reserves	51	(624)	4,526
Increase (decrease) in investments	-	-	-
Total applications of capital funding	22,381	25,808	23,062
Surplus / (deficit) of capital funding	(7,864)	(8,088)	(10,864)
Funding balance	-	-	-

Funding impact statement

Water Supply

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	225	225	-
Targeted rates	2,662	2,863	2,865
Subsidies and grants for operating purposes	-	-	1,200
Fees and charges	5,789	5,858	6,155
Internal charges and overheads recovered	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	8,676	8,946	10,221
Applications of operating funding			
Payments to staff and suppliers	4,524	4,540	9,308
Finance costs	403	498	362
Internal charges and overheads applied	1,337	1,356	1,897
Other operating funding applications	-	-	-
Total applications of operating funding	6,264	6,394	11,567
Surplus / (deficit) of operating funding	2,412	2,552	(1,346)
Sources of capital funding			
Subsidies and grants for capital expenditure	1,875	-	1,450
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,987	1,552	(316)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	3,862	1,552	1,134
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	4,435	2,431	2,083
- Replacement of existing assets	2,161	1,534	896
Increase (decrease) in reserves	(322)	139	(3,191)
Increase (decrease) in investments	-	-	-
Total applications of capital funding	6,274	4,104	(212)
Surplus / (deficit) of capital funding	(2,412)	(2,552)	1,346
Funding balance	-	-	-

Funding impact statement

Wastewater

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	320	320	-
Targeted rates	11,712	13,343	11,864
Subsidies and grants for operating purposes	-	-	-
Fees and charges	242	242	118
Internal charges and overheads recovered	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	5
Total operating funding	12,274	13,905	11,987
Applications of operating funding			
Payments to staff and suppliers	7,477	6,537	7,708
Finance costs	1,043	1,893	1,074
Internal charges and overheads applied	1,546	1,564	2,171
Other operating funding applications	-	-	-
Total applications of operating funding	10,066	9,994	10,953
Surplus / (deficit) of operating funding	2,208	3,911	1,034
Sources of capital funding			
Subsidies and grants for capital expenditure	6,536	-	2,032
Development and financial contributions	-	-	19
Increase (decrease) in debt	10,475	11,976	8,120
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	17,011	11,976	10,171
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	16,418	4,125	12,941
- Replacement of existing assets	4,178	3,524	510
Increase (decrease) in reserves	(1,377)	8,238	(2,245)
Increase (decrease) in investments	-	-	-
Total applications of capital funding	19,219	15,887	11,206
Surplus / (deficit) of capital funding	(2,208)	(3,911)	(1,034)
Funding balance	-	-	-

Funding impact statement

Stormwater

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	3,594	3,704	4,472
Targeted rates	662	657	654
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	19
Local authority fuel tax, fines, infringement fees and other receipts	-	-	19
Total operating funding	4,256	4,361	5,164
Applications of operating funding			
Payments to staff and suppliers	1,439	1,419	1,417
Finance costs	159	200	146
Internal charges and overheads applied	1,274	1,297	1,940
Other operating funding applications	-	-	-
Total applications of operating funding	2,872	2,916	3,503
Surplus / (deficit) of operating funding	1,383	1,445	1,661
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	848	1,512	484
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	848	1,512	484
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	1,240	1,954	935
- Replacement of existing assets	50	102	68
Increase (decrease) in reserves	941	901	1,142
Increase (decrease) in investments	-	-	-
Total applications of capital funding	2,231	2,957	2,145
Surplus / (deficit) of capital funding	(1,383)	(1,445)	(1,661)
Funding balance	-	-	-

Funding impact statement

Solid Waste Management

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	3,508	3,618	4,134
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,755	1,745	995
Internal charges and overheads recovered	-	-	30
Local authority fuel tax, fines, infringement fees and other receipts	220	220	263
Total operating funding	5,482	5,583	5,422
Applications of operating funding			
Payments to staff and suppliers	4,147	4,233	4,023
Finance costs	105	100	120
Internal charges and overheads applied	604	605	733
Other operating funding applications	-	-	-
Total applications of operating funding	4,856	4,938	4,875
Surplus / (deficit) of operating funding	626	645	546
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(180)	(193)	(300)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(180)	(193)	(300)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	147	138	24
- Replacement of existing assets	246	542	120
Increase (decrease) in reserves	53	(227)	103
Increase (decrease) in investments	-	-	-
Total applications of capital funding	446	453	246
Surplus / (deficit) of capital funding	(626)	(645)	(546)
Funding balance	-	-	-

Funding impact statement

District Facilities

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	3,633	3,522	3,756
Targeted rates	10,565	10,730	10,111
Subsidies and grants for operating purposes	-	-	237
Fees and charges	1,324	1,329	1,233
Internal charges and overheads recovered	12	12	113
Local authority fuel tax, fines, infringement fees and other receipts	-	-	115
Total operating funding	15,535	15,594	15,565
Applications of operating funding			
Payments to staff and suppliers	8,499	8,307	9,105
Finance costs	269	340	240
Internal charges and overheads applied	2,630	2,645	3,706
Other operating funding applications	-	-	-
Total applications of operating funding	11,398	11,292	13,052
Surplus / (deficit) of operating funding	4,136	4,302	2,513
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	557
Development and financial contributions	1,637	-	12
Increase (decrease) in debt	-	3,856	5,393
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,637	3,856	5,962
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	1,932	4,352	6,589
- Replacement of existing assets	2,949	4,230	1,049
Increase (decrease) in reserves	893	(424)	837
Increase (decrease) in investments	-	-	-
Total applications of capital funding	5,774	8,158	8,475
Surplus / (deficit) of capital funding	(4,136)	(4,302)	(2,513)
Funding balance	-	-	-

Funding impact statement

Customer Services

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	10,481	10,497	9,871
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	1
Fees and charges	506	513	496
Internal charges and overheads recovered	-	-	66
Local authority fuel tax, fines, infringement fees and other receipts	24	24	83
Total operating funding	11,012	11,034	10,517
Applications of operating funding			
Payments to staff and suppliers	5,493	5,466	4,207
Finance costs	286	272	212
Internal charges and overheads applied	3,595	3,634	3,118
Other operating funding applications	-	-	-
Total applications of operating funding	9,375	9,372	7,537
Surplus / (deficit) of operating funding	1,637	1,662	2,980
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(480)	(396)	(277)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(480)	(396)	(277)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	42	74	127
- Replacement of existing assets	466	1,318	506
Increase (decrease) in reserves	648	(126)	2,069
Increase (decrease) in investments	-	-	-
Total applications of capital funding	1,156	1,266	2,703
Surplus / (deficit) of capital funding	(1,637)	(1,662)	(2,980)
Funding balance	-	-	-

Funding impact statement

Environmental Management

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	8,472	8,413	8,777
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	4,508	4,598	5,346
Internal charges and overheads recovered	8	8	26
Local authority fuel tax, fines, infringement fees and other receipts	87	89	562
Total operating funding	13,076	13,109	14,711
Applications of operating funding			
Payments to staff and suppliers	8,672	8,553	9,764
Finance costs	6	35	12
Internal charges and overheads applied	4,055	4,149	4,085
Other operating funding applications	-	-	-
Total applications of operating funding	12,733	12,737	13,860
Surplus / (deficit) of operating funding	342	372	851
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	666	(46)	679
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	666	(46)	679
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	678	-	702
- Replacement of existing assets	13	-	-
Increase (decrease) in reserves	317	326	829
Increase (decrease) in investments	-	-	-
Total applications of capital funding	1,008	326	1,531
Surplus / (deficit) of capital funding	(342)	(372)	(851)
Funding balance	-	-	-

Funding impact statement

Strategic Planning and Policy

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	6,247	6,316	7,125
Targeted	-	-	-
Subsidies and grants for operating purposes	-	-	15
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	63
Local authority fuel tax, fines, infringement fees and other receipts	-	-	63
Total operating funding	6,247	6,316	7,267
Applications of operating funding			
Payments to staff and suppliers	4,792	4,832	4,479
Finance costs	12	11	9
Internal charges and overheads applied	1,402	1,432	1,281
Other operating funding applications	-	-	-
Total applications of operating funding	6,207	6,275	5,769
Surplus / (deficit) of operating funding	40	41	1,499
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(23)	(23)	(23)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(23)	(23)	(23)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	-	-	-
- Replacement of existing assets	-	19	1,476
Increase (decrease) in reserves	18	-	-
Increase (decrease) in investments	-	-	-
Total applications of capital funding	18	19	1,476
Surplus / (deficit) of capital funding	(40)	(41)	(1,499)
Funding balance	-	-	-

Funding impact statement

Governance and Strategic Administration

	LTP 2018/19 \$000s	LTP 2019/20 \$000s	Actual 2019/20 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	6,976	7,112	3,530
Targeted rates	-	-	-
Subsidies and grants for operating purposes	38	38	48
Fees and charges	936	936	899
Internal charges and overheads recovered	24	24	891
Local authority fuel tax, fines, infringement fees and other receipts	1,052	1,058	187
Total operating funding	9,026	9,168	5,556
Applications of operating funding			
Payments to staff and suppliers	21,089	21,067	20,182
Finance costs	(458)	(400)	(701)
Internal charges and overheads applied	(15,520)	(15,746)	(15,498)
Other operating funding applications	-	-	-
Total applications of operating funding	5,111	4,920	3,983
Surplus / (deficit) of operating funding	3,915	4,248	1,573
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,027	4,870	2,953
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	2,027	4,870	2,953
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	2,626	5,619	957
- Replacement of existing assets	2,568	2,029	1,891
Increase (decrease) in reserves	(5,251)	1,469	1,714
Increase (decrease) in investments	6,000	-	(37)
Total applications of capital funding	5,943	9,118	4,526
Surplus / (deficit) of capital funding	(3,915)	(4,248)	(1,573)
Funding balance	-	-	-

Financial prudence benchmarks

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

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

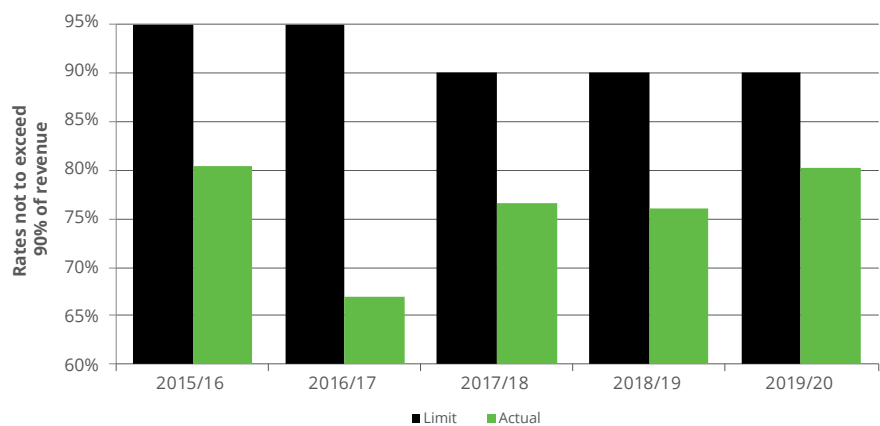
Rates affordability benchmarks

The council meets the rates affordability benchmark if:

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

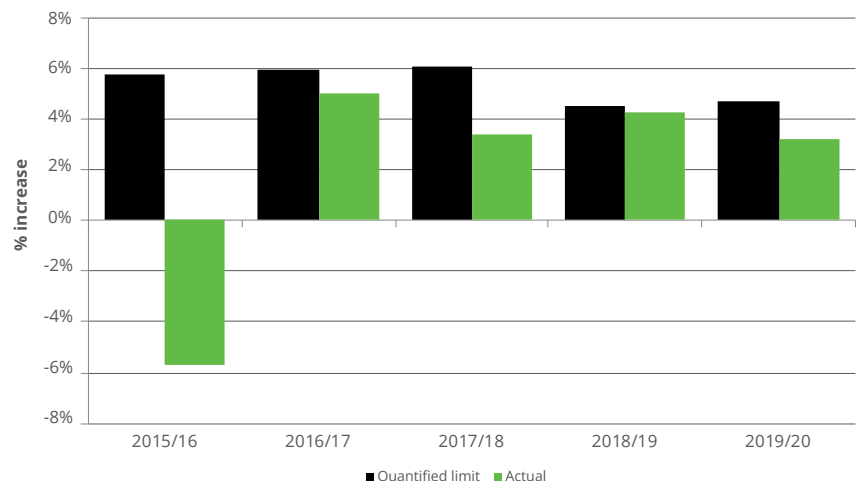
Rates (income) affordability

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



Rates (increases affordability)

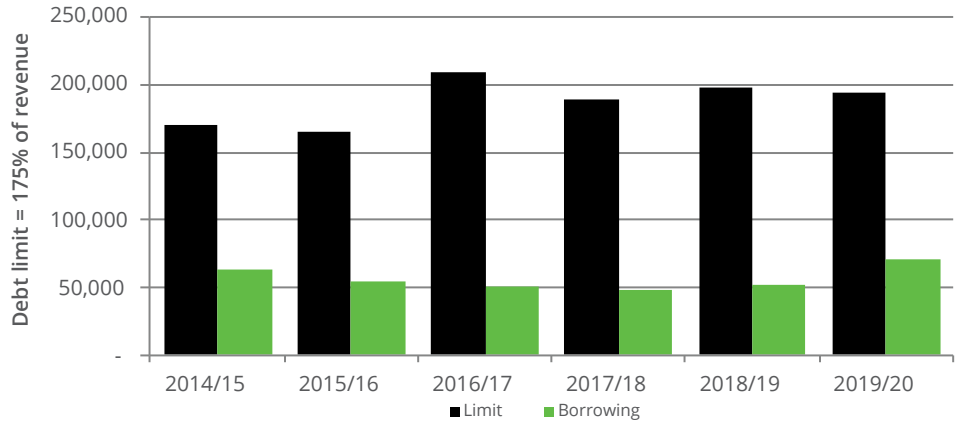
This graph compares the council's actual rate increases with a quantified limit on rates increases included in the financial strategy included in the council's LTP 2018-28. The quantified limit is that total rates increase should not exceed LGCI (Local Government Cost Index) plus 2.5%. The graph shows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



Debt affordability benchmark

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

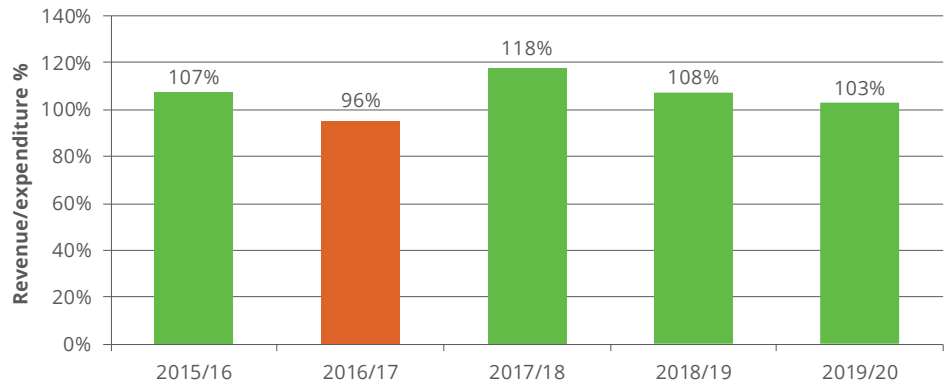
This graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's LTP 2018-28. The quantified limit is that debt be no higher than 175% of total revenue (excluding subsidies and capital income). The graph shows the actual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



Balanced budget benchmark

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

The council meets this benchmark if its revenue equals or is greater than its operating expenses. The council has achieved this benchmark except for 2016/17 when there was a large loss on disposal of two roads transferred to NZTA of \$21.27m and 2014/15.

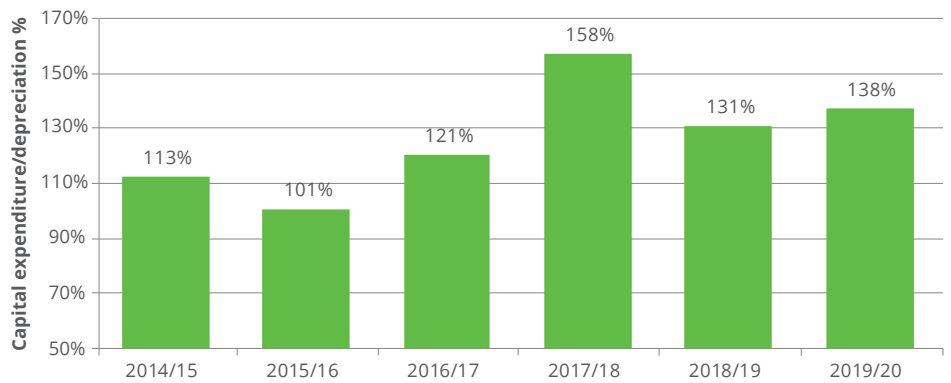


Essential services benchmark

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

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

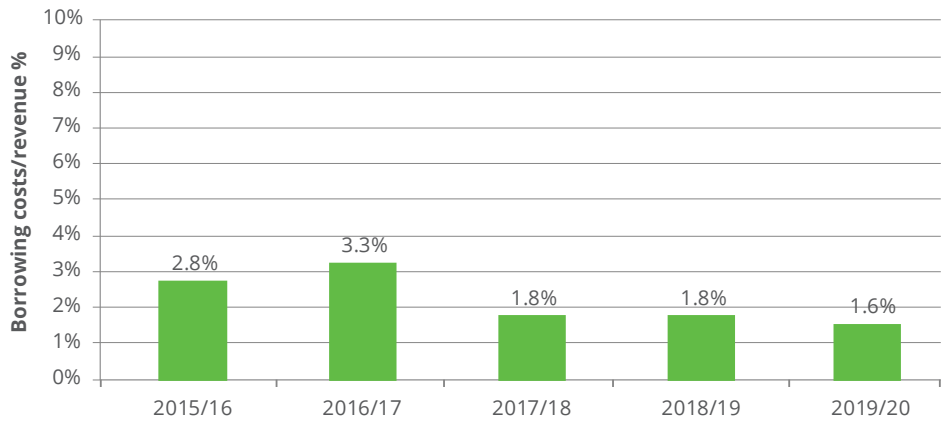
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. The council has achieved this benchmark.



Debt servicing benchmark

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

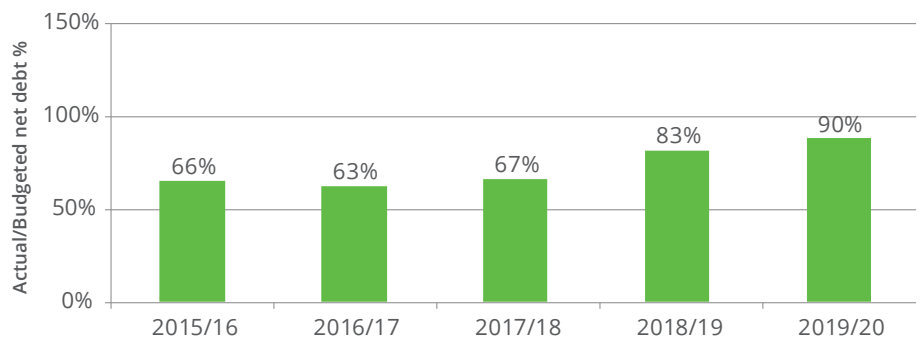
Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue. The council has achieved this benchmark.



Debt control benchmark

This graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

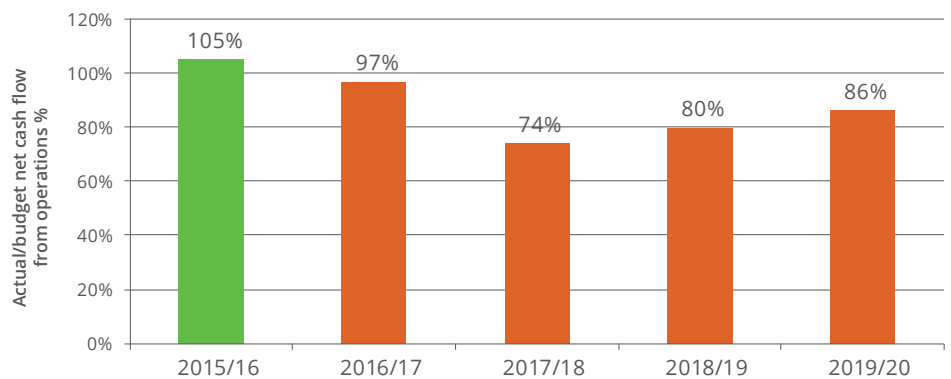
The council meets the debt control benchmark if its actual net debt is equal or is less than its planned net debt. The council has achieved this benchmark.



Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. The council has not achieved this benchmark since 2015/16. In 2019/20 this is due to the impact of a reduction in subsidies and grants of \$13m as some projects were not completed at balance sheet date.



Reserve report

The LGA, Schedule 10, requires the Annual Report to include information on each reserve fund set aside by the 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 the council maintains.

Reserve balance purposes

Other reserves

Revaluation reserves

These reserves represent the movement in the valuation of the 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, carpark 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 the council arising from the accumulation of prior year's surpluses or deficits from general rate funded operations.

Development contributions

Contributions received in line with the 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 the 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

The 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 the 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 2019/20 \$000s	Additions 2019/20 \$000s	Withdrawals 2019/20 \$000s	Closing Balance 2019/20 \$000s
Other reserves				
Revaluation reserves	515,481	54,289	(1,716)	568,054
LGNZ share valuation reserve	91	-	(57)	34
Cash flow hedge reserve	(543)	156	-	(387)
Capital reserve	2,697	-	-	2,697
Total other reserves	517,726	54,445	(1,773)	570,398
Restricted reserves				
Community services reserves	1,003	13,340	(15,066)	(723)
General separate funds (drainage, stormwater, water, wastewater)	6,254	24,223	(26,878)	3,599
Special funds	4,762	-	97	4,859
General separate funds (Kerikeri mainstreet, economic development, CBD rates, car parks)	512	120	(369)	263
General separate funds (footpaths)	247	5	(247)	5
Total restricted reserves	12,778	37,688	(42,463)	8,003
Retained earnings				
Retained earnings	1,293,791	6,158	-	1,299,949
Development contributions	(16,940)	6	-	(16,934)
Open spaces development contributions	(3,734)	13	-	(3,721)
Depreciation reserves	72,379	1,892	-	74,271
Emergency event reserve	1,776	-	-	1,776
Property disposal reserve	198	164	-	362
Mineral survey reserve	50	-	-	50
Total retained earnings	1,347,521	8,233	-	1,355,754

Insurance

Insurance on assets

Water, wastewater and drainage assets

These assets have a total asset value for insurance purposes of \$112,472,173. The net book value of these assets at 30 June 2020 was \$68,463,236. The insurance cover in this group relates to over ground assets. The council's underground assets are not insured. The council has undertaken a risk assessment for insurance purposes and this has shown that these assets are not at significant risk from earthquake. No provision for self-insurance of these assets has been made.

Roading and footpath assets

The vehicle ferry - Kohu Ra, Pakaraka stock effluent facility, strategic property and the 100% NZTA subsidy funded footbridge in Kerikeri are specifically insured with an asset value of \$11,951,186. The net book value of these assets is \$5,753,409. The remaining \$1,098,901,995 of assets within this group are considered to be uninsured. No provision has been made to self insure these assets as they are deemed to be subject to NZTA subsidy support of at least 60%.

Waste management assets

These assets have a total asset value for insurance purposes of \$2,151,965. The net book value of these assets at 30 June 2020 was \$2,130,049. The remaining assets valued at \$1,851,783 are considered to be uninsured. No provision is made to self insure these assets.

Heritage assets

These assets have a total value for insurance purposes of \$5,615,236. The net book value of these assets was \$2,497,478 at 30 June 2020. There are no uninsured assets in this group.

Community assets

These assets have a total asset value for insurance purposes of \$123,488,326. The net book value of these assets at 30 June 2020 was \$42,075,536. The remaining assets valued at \$15,406,268 are considered to be uninsured. No provision is made to self insure these assets. Of the insured assets, the largest values are held within community centres, libraries and Housing for the Elderly with an insurance value of \$82,718,157 and a net book value of \$28,014,635.

Leasehold improvements, plant and equipment and vehicle assets

These assets have a total asset value for insurance purposes of \$2,550,659. The net book value of these assets at 30 June 2020 was \$1,544,213.

The 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. The council rates to cover one claim per annum arising from weather events and in years where significant claims are not made, this funding is used to support any additional funding requirements on roading arising from weather related emergency works.

Rīpoata Arotake | Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of Far North District Council's annual report for the year ended 30 June 2020

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

We are also required to report on:

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

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

We completed our work on 10 December 2020. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 56 to 113:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2020; and
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 114, 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 15 to 55:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2020, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand;

- the statement about capital expenditure for each group of activities on pages page 115 to 124, 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 page 115 to 124, 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 125 to 127, 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.

Emphasis of matter - Impact of COVID-19

Without modifying our opinion, we draw attention to the disclosures about the impact of COVID-19 on the District Council as set out in the Statement of accounting policies under Basis of preparation to the financial statements and throughout the statement of service provision on pages 15 to 55, in particular the impacts of COVID-19 on pages 19 and 20.

Basis for our opinion on the audited information

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

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

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

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

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

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

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

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

- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

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

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 14, 128 to 130 and 135 to 140, but does not include the audited information and the disclosure requirements.

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

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

Independence

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

In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed and over the tender process for the swimming pool operators.

Other than these engagements, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities



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

**Mōhiohio
whānui**

**General
information**



WHANGAROA VILLAGE HALL

St. Pauls Chapel
CHURCH OF ENGLAND
BUILT 1874

574

Upgraded historic hall at Whangaroa

Ko tō tātou rohe | Our District

Far North District
with Whangārei and Kaipara form the Northland region

7,324km²
land area
2,347km
coastline

KAITAIA
KERIKERI
KAIKOHE

The district area covers

54%
of Northland
and makes up

37.5%
of the regions' population

40
diverse towns and villages
across the District

3 wards
Bay of Islands - Whangaroa
Kaikohe - Hokianga
Te Hiku

68,500
estimated resident
population, 2019

50.5%
identify as being of
Māori descent*

**9 iwi and
250+ hapū**

38,217
rating units
at 30 June 2019

\$420,475
average house price in
the District, 2019

25,103
filled jobs
in 2019

3,511
employed in agriculture,
forestry and fishing
industries in 2019

2,167
average sunshine
hours annually
(base in Kaitaia)

\$503m
tourism spend in the
District in 2019

33%
of families are
couples with children

44%
of families are
couples without children

23%
of families are one
parent with children

2.5 people
average household size
(national average 2.7)

Sources: .idnz community profile 2019, Infometrics economic profiles 2019/20, Niwa Annual Climate Summary 2019

Rārangi kupu | Glossary

Activity

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

Activity Management Plans (AMPS)

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

Allocated costs

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

Annual Plan

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

Annual Report

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

Appropriation

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

Assets

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

AWPT

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

BERL

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

BKBM

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

Capital Value (CV)

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

Capital expenditure (CAPEX)

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

CBEC

Abbreviation for Community Business and Environment Centre.

CP

Abbreviation for commercial paper.

Community

The people of the area covered by the council.

Community Board

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

Community Development (CD)

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

Community outcomes

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

Constituency

An electoral area within district boundaries.

Council Controlled Organisation (CCO)

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

Council Controlled Trade Organisation (CCTO)

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

Council

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

Development contributions

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

Depreciation

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

Deighton Total Infrastructure Management System (dTIMS)

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

Far North Holdings Limited (FNHL)

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

Fees and Charges

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

FNDC

Abbreviation for Far North District Council.

FRAs

Abbreviation for Forward Rate Agreements.

Infrastructure

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

Internal recoveries

Recovery of costs by support departments from other council departments.

ISDA

Abbreviation for International Swaps and Derivatives Agreement.

Land Value (LV)

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

Levels of service (LOS)

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

LGA

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

LGCI

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

Liabilities

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

Loan funds

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

Local Government Statement

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

Long Term Plan (LTP)

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

NTA

Northland Transportation Alliance.

New Zealand Transport Strategy

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

NZ GAAP

New Zealand Generally Accepted Accounting Practices.

Operating expenditure

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

Performance indicators

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

Private benefit

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

Public benefit

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

Rates

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

Regional Council

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

Renewal expenditure

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

Reserve contribution

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

Resource Consent

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

Restricted assets

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

Reticulation

When water is supplied from a main source and distributed within a defined area, for a cost. Also a means of wastewater disposal where sewage is discharged to a main source where it is treated for disposal.

Revenue and financing policy

This is a statement about who should pay for the services provided by the council. The policy outlines who will benefit from each activity and who should pay for it, taking into account fairness and what is practical.

RFS

Request for Service. This is the council's system for tracking all public requests such as maintenance requests, questions or complaints.

Service levels

Defined service parameters or requirements for a particular activity or service against which service performance may be measured.

Significance

The degree of importance of an issue, proposal, decision or matter, as assessed by the authority, in terms of its likely impact on and likely consequences for:

- The current and future well-being of the District or Region
- Any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter
- The capacity of the council to perform its role and the financial and other costs of doing so.

Special Consultative Procedure (SCP)

A formal consultation process defined in legislation, setting out a series of steps that must be followed when the councils consult on particularly types of decisions.

Special funds / Reserve funds

Money set aside for a specific purpose. Some uses are legally restricted and others created by the council.

Stormwater Catchment Management Plans

SCMPs are designed for the sustainable management of stormwater runoff within a defined catchment utilising piped networks and overland flows giving consideration to current and future development, climate change, system capacity and condition, water quality, financial affordability and the environment.

Sustainability

Sustainability focuses on improving the quality of life for all people without increasing the use of natural resources beyond the capacity of the environment to supply them indefinitely. Sustainable activities utilise resources and build capacity in a way that ensures the activity can be safely maintained over time.

Sustainable development

Sustainable Development has many definitions. Most interpretations share the fundamental idea that it is development that maintains or enhances economic opportunity and community well-being while protecting and restoring the natural environment upon which people and economies depend. Sustainable Development meets the needs of the present without compromising the ability of future generations to meet their own needs.

Territorial Authority

A city or district council.

Triennial agreement

An agreement entered into by all of the local authorities within a region that sets out the basis for community and coordination between authorities.

Uniform Annual General Charge (UAGC)

The fixed component of rates levied in respect of every separately rateable property as a contribution to the costs of activities, works or services, the costs of which are not otherwise recovered from separate rates and charges. This amount does not vary with the value of the property.

Utilities (Utility assets)

Utilities are items of network infrastructure that provide mechanisms for the delivery of services. In a local government context, utilities are commonly public water supply, wastewater, sewerage and solid waste.

Waka Kotahi - NZTA

Wakia Kotahi - New Zealand Transport Agency. Waka Kotahi -NZTA is a Crown entity established under the Land Transport Management Act 2003. The objective of the Agency is to undertake its functions in a way that contributes to an affordable, integrated, safe, responsive and sustainable land transport system. Each year the Agency funds innovative and relevant research that contributes to this objective.

Ward

An area within the District administered by the council.

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

WHAKAPĀ MAI | CONTACT US

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Te Kaunihera o Tai Tokerau ki te Raki

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