



Far North
District Council

Te Kaunihera o Tai Tokerau ki te Raki

**RIPOATA
Ā TAU**

**ANNUAL
REPORT**

2018/19

Tō tātou tirohanga, tāke, uara me ngā tū manakohanga | 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.

Wāriu | Our values

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

Tūmanako | Our expectations

- He wahi ataahua: Valuing the outstanding beauty of our District
- Oranga taiao, oranga tangata: Nurturing the environment so it nourishes us
- Oranga kainga: 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
- Whanau: A great place for our families to flourish
- Tangata whai ora: Happy, healthy, safe and purposeful people
- He waka hourua: Fit for purpose infrastructure underpinning success
- Kokiri tahi: Empowered communities, working collaboratively.

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Adopted 3 October 2019

Cover photograph: New playground equipment at Jaycee Park, Kaitaia

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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 Council's accomplishments in the financial year from 1 July 2018 to 30 June 2019. The Annual Report advises the Far North community of 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 Council's performance in year one 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.

Council 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 Council's Controlled Organisation - Far North Holdings Limited (FNHL).

Financial performance

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

Tikanga kōrero whaitake | Statement of compliance and responsibility

for the year ended 30 June 2019

Compliance

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 2019.

Responsibility

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.

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 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 2019 fairly reflect the financial position, performance and operations of the Far North District Council and Group.



Hon John Carter QSO

Mayor

3 October 2019



Shaun Clarke ONZM

Chief Executive Officer

3 October 2019

Te tīmatatanga



Introduction



Building consent inspection in Kerikeri

Ngā kārere o 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 2018/19. This is our opportunity to look back on what we have achieved on behalf of ratepayers over the past financial year.

A significant part of our ongoing work has been addressing historic infrastructure gaps. We made good progress upgrading and building new infrastructure across the district. In Te Hiku Ward, work continued on the Council-supported, multi-purpose sports hub. We also renovated a wetland at Ahipara's wastewater treatment plant, improving the effectiveness of the treatment process.

In Bay of Islands-Whangaroa Ward, we made good progress on our biggest infrastructure project, the Kerikeri Wastewater Project. We aim to have connected homes and businesses to the new scheme by July 2020. We also started to upgrade our Paihia wastewater treatment plant, which hasn't been fully compliant with a resource consent for years. In June, our commercial company Far North Holdings Ltd opened a new \$4.75 million terminal at Bay of Islands Airport. This project is one of a number of infrastructure projects in the District to benefit from Provincial Growth Fund money. We are proud to have been able to secure this investment for residents. In the Kaikohe-Hokianga Ward, we started building a new water treatment plant which will supply safe drinking water to Omanaia residents when it is finished in 2019/20.

The provision and renewal of vital infrastructure will always be a core activity. However, we also need to become a more strategy-driven organisation, so we are prepared for long-term challenges and opportunities. We started developing a draft long-range strategy for the district called Far North 2100 (or FN2100) which will identify transformational opportunities and guide decision-making. We will seek community feedback on this and a draft Integrated Transport Strategy in the first half of 2019/20.

Developing the Integrated Transport Strategy is among a number of roading achievements. We implemented new maintenance agreements with roading contractors that include remedial action plans when work fails to meet requirements. The goal is improved processes to make our roads safer and better to drive on. We improved pedestrian safety across the district by building 10 new footpaths. We also assessed and graded the condition of footpaths to allow us to prioritise maintenance and renewal works and eventually bring all footpaths up to best-practice standards.

We were pleased to receive no new abatement notices for breaches of wastewater consents. We recorded a 21 per cent decrease in stormwater-related requests for service, as well as higher community satisfaction levels for stormwater management.

Minimising the amount of waste the district produces is an important issue for residents and for Council. In 2018/19, we recycled or reused 63.7% of waste. This result was helped by the opening of a new refuse transfer station and community recycling facility in Waipapa. We are committed to making it easier for communities to recycle their waste and have identified sites at Rawhiti and Waitangi for community recycling stations.

We are a progressive council and pride ourselves on being involved in a number of projects that place us in a vanguard of local government leaders. To most effectively address the challenges and opportunities that confront our district, we aim to increase partnerships with Māori. The signing in February of an agreement between Northland Mayors and Iwi Chairs was a high point of this approach. To increase engagement with Māori further, our Strategic Planning and Policy Group established a Te Hono Team. This will ensure we more consistently consider Māori interests in our strategies, policies and day-to-day operations.

In 2017, we were one of the first councils to be assessed under Local Government New Zealand's excellence programme CouncilMARK™. We have since developed an extensive business improvement programme to address feedback ahead of our next assessment in April 2020. We have also established programmes to improve the customer experience and to reduce waiting times for building consents. These projects will remain high priorities in 2019/20.

We encourage you to read this report to get a fuller understanding of our achievements in 2018/19.

Ngā mihi.



John Carter QSO
Mayor



Shaun Clarke ONZM
Chief Executive Officer

Ngā Manu Mātārae

Civic Leadership

as at 30 June 2019



Hon John Carter
QSO
Mayor



Cr Tania McInnes
Deputy Mayor
Bay of Islands-
Whangaroa Ward



Cr Ann Court
Bay of Islands-
Whangaroa Ward



Cr Dave Hookway
Bay of Islands-
Whangaroa Ward



Cr Kelly Stratford
Bay of Islands-
Whangaroa Ward



Cr Sally Macauley
QSM
Kaikohe-Hokianga
Ward



Cr John Vujcich
Kaikohe-Hokianga
Ward



**Cr Colin 'Toss'
Kitchen MNZM**
Te Hiku Ward



Cr Felicity Foy
Te Hiku Ward



Cr Mate Radich
Te Hiku Ward

Ngā Rāngai Hapori

Community Boards

as at 30 June 2019

Bay of Islands - Whangaroa



Terry Greening
Chair
Russell-Opua



Belinda Ward
Deputy Chair
Paihia



Lane Ayr
Kerikeri



Mike Edmonds
Chair
Kaikohe



Emma Davis
Deputy Chair
North Hokianga



Shaun Reilly
Kaikohe



Adele Gardner
Chair
Kaitaia



Melanie Dalziel
Deputy Chair
North Cape



Laurie Atkinson
Whatuwhiwhi

Te Hiku



Rachel Smith
Kerikeri



Bruce Mills
Whangaroa



Manuwai Wells
Kawakawa-Moerewa



Martin Robinson
Kerikeri



Kelly van Gaalen
Kaikohe



Louis Tooreburg
South Hokianga



Alan Hessel
South Hokianga



Awhina Murupaenga
Kaitaia



Bronwyn Bauer-Hunt
Kaitaia



Nuū Ward
Doubtless Bay

Whakatakotoranga Whakahaere

Management Structure

as at 30 June 2019



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

Ā mātou pitopito mahi | Our performance in brief

Council has recorded a net surplus of \$10.79 million.

The net surplus is calculated using the formula:

- Total income – total expenses = net surplus

The main factors contributing to the variance against budget of \$1.35 million are detailed in Note 36 of the Annual Report.

Council budgeted for a surplus of \$12.14 million in the Long Term Plan 2018-28.

Understanding the Council's result for the year ended 30 June 2019

The underlying financial performance outlined below shows an adjusted surplus of \$15.0 million versus the budgeted surplus for the year after the exclusion of fair value movements and other unbudgeted items that are non-cash expenditure. There were five items which have had an impact on the adjusted surplus for the year.

The first item represents gains on the valuation of land that have been returned to the statement of comprehensive revenue and expense to offset past losses that have been expensed. The gain of \$5.5 million has been adjusted in the accounts as an expense reversal in line with accounting standard requirements.

The second item is a loss on disposal of property, plant and equipment of \$5.0 million. This item is a non-cash item and is therefore added back to the recorded surplus.

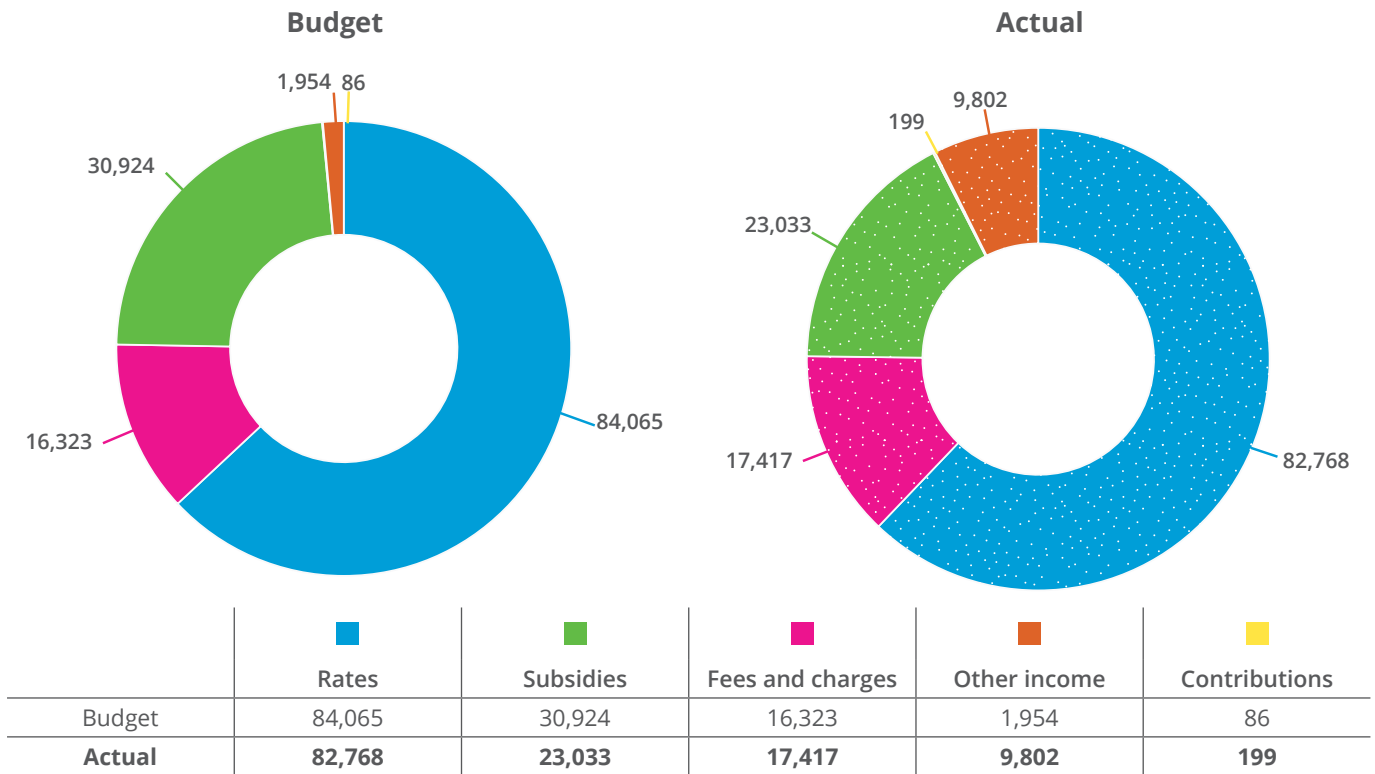
The third item is a write-down in the value of property available for sale of \$1.5 million. This is a non-cash item and is therefore added back to the recorded surplus.

The fourth item is an increase in the provision for bad debts of \$3.2 million. This movement in the provision is largely due to the impact of statute barred write-offs adjusted for during this financial year and reflects current outstanding debt levels.

The fifth item is a loss on derivatives due to an ineffectiveness charge of \$0.03 million. This is due to the timing difference between the start date of the debt and the swap.

	2019 \$000s
Reported council surplus	10,792
1. Gain on valuation through surplus / (deficit)	(5,523)
2. Loss on disposal on property, plant and equipment	5,002
3. Impairment on property available for sale	1,534
4. Increased provision for bad debts	3,206
5. Ineffectiveness of derivatives	27
Adjusted surplus	15,038
Budgeted surplus	12,139
Movement in surplus / (deficit)	2,899

Where our funds come from



Council receives income from a range of sources. These can be broken down into five main categories as shown in the graph above.

Rates

Rates income is the cumulative total that is charged to the ratepayers of the District. It encompasses the general rate, uniform annual general charges and targeted rates.

Fees and charges

Fees and charges cover a range of activities within Council. It includes building consent fees, resource consent fees, hire charges, bulk water purchases, water by meter charges and rents.

Subsidies

These are payments that Council receives largely from NZTA towards both operational and capital costs associated with the District's roading network. Other subsidies received for water and wastewater schemes, and tourism infrastructure are much smaller in value and variable in nature.

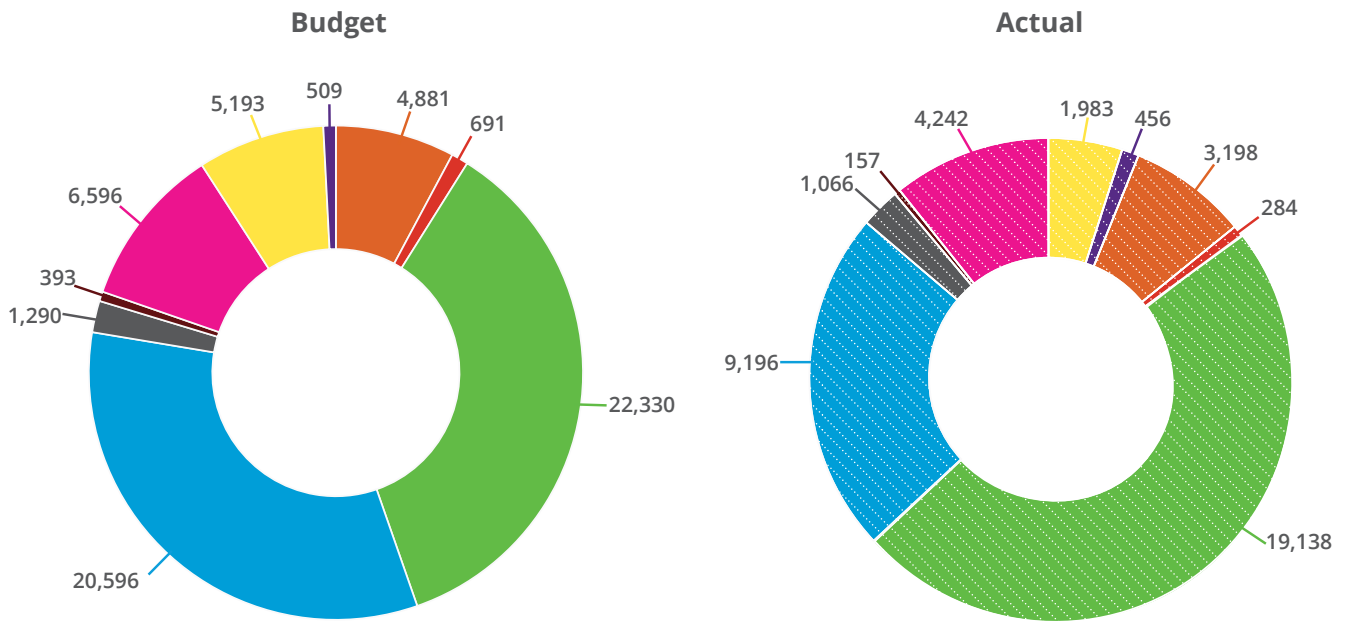
Contributions

These are mainly development contributions but also include other minor contributions.

Other income

Other income mainly relates to recoveries and vested assets. Vested assets are items of infrastructure that have been vested in Council by a developer and these are not budgeted for in any year. Dividends and petrol tax are also included in this group.

Building our assets (capital expenditure)



Capital expenditure for activity groups	Roading and footpaths	Water supply	Wastewater	Stormwater	Solid waste management	District facilities	Customer services	Environmental management	Governance and strategic administration
Budget	22,330	6,596	20,596	1,290	393	4,881	509	691	5,193
Actual	19,138	4,242	9,196	1,066	157	3,198	456	284	1,983

We spent \$22,758k less on capital projects than was budgeted. Our total expenditure for the year ended 30 June was \$39,721k compared to a budget of \$62,479k.

Groups under spent in capital expenditure were:

- District Facilities capital expenditure was under budget by \$1,683k. Projects identified as not deliverable by 30 June 2019 were reforecast to future years.
- Roading and Footpath projects were delayed due to prolonged dry weather and the late commencement of the structural renewal works programme.
- Wastewater capital expenditure was under budget by \$11,400k. Kerikeri and Paihia projects completions are now scheduled for the next financial year. Projects identified as not deliverable by 30 June 2019 were reforecast to future years.
- Water Supply capital expenditure was under budget by \$2,354k. Rawene/Omanaia, Kawakawa and Kerikeri Mawson Ave projects completions are now scheduled for the 19/20 financial year. Projects identified as not deliverable by 30 June 2019 were reforecast to future years.
- Governance and strategic administration capital expenditure was under budget by \$2,333k. Kaikohe Community Hub project has commenced behind expected timing. Various IT projects delivery have been delayed due to resourcing and those projects identified as not deliverable by 30 June 2019 were reforecast to future years

The above graph represents the capital expenditure for each activity less any vested assets recognised during the year.

Our non-financial highlights

Here is a short summary of what we achieved in 2018/19. For more detailed information please see pages 20 to 52.



Roading

- We are in the process of developing an integrated transport strategy that will prioritise road spending across the District.
- We have implemented new maintenance contracts this year and continue to work with our contractors and have put remedial action plans in place with contractors when roads fail to meet audit requirements.
- We continue to work on our improvement processes to make our roads safer and provide a better quality of ride.



Footpaths

- We completed 10 new footpaths across the district this year.
- A new grading baseline has been set for our measure to ensure that conditions of footpaths meets standards.



Water Supply

- We will be focusing on the Kaitaia scheme first to reduce unaccounted water loss.
- All our water schemes are compliant with the drinking water standards.
- Work has begun on a new treatment plant for the Omanaia-Rawene water scheme at a total cost of \$2.8 million, \$2.3 million of which is funded through a Ministry of Health subsidy.



Wastewater

- No abatement notices were issued by NRC during 2018/19 for wastewater.
- Work continues on the Kerikeri wastewater treatment plant with a revised completion date of July 2020.
- We continue to work towards attending and resolving wastewater issues in reasonable response timeframes.



Stormwater

- There has been no enforcement action taken in 2018/19. We will continue to work with NRC in the coming year as there are growing pressures to increase quality of catchments and ensure contaminants are being managed.
- There has been a 21% decrease in stormwater requests for service logged this year.

Solid Waste Management



- 63.7% of waste was recycled or reused. Waste minimisation levels have increased due to strong media coverage.
- We have opened an additional refuse transfer station and community recycling facility in Waipapa and identified two possible sites for community recycling in Rawhiti and Waitangi.



District Facilities

- Cemeteries: No complaints have been received this year.
- Civic and community buildings: Council continues to roll out modification of community halls across the District to meet disability compliance standards with six halls been improved this year.
- Housing for the elderly: We have modified our six-monthly inspections to ensure issues are addressed sooner.

- Recreation: We now have a Reserve Management Plan in place for Kerikeri Domain and we continue works on Lindvart Park and the Te Hiku sports hub.
- Town maintenance, public toilets and carparks: We have increased disabled access at five public toilets and increased disabled parking spaces by five across the district.

Customer Services



- Customer service: Council's service centres continue to consistently deliver high customer satisfaction. We continue to identify new opportunities for improvement through the customer experience programme.
- i-SITEs: The number of visitors increases and we continue to provide local knowledge to both international and domestic visitors at all three i-SITE's.
- Libraries: Users are very satisfied with the services on offer at the library. Online services continue to be well-utilised.

Environmental Management



- Animal control: We continue to work on educational programmes and addressing issues as they arise. There has been a decrease as a result of dogs that are impounded from 100 per month to between 30-60 per month.
- Environmental health: We continue our audit programmes ensuring they are completed as scheduled with a result of 93.4% for this year.
- Monitoring and enforcement: We continue to work with our contractor to meet the response timeframes for noise complaints. We are on track for further improvements in the coming year.
- District Licensing Committee: There has been an increased number of licence applications this year and have responded to this by a change in workflow to address this demand which has seen a positive response in the final quarter of the year.
- Resource consent management: Council continues to receive large volumes of applications and is in the process of recruiting with the goal of delivering greater levels of legislative compliance.
- Building consent management: Application numbers have remained high this year and work carried out through a process of addressing non-compliance has seen a reversal of the downward trend.

Strategic Planning and Policy



- 2018/19 saw the completion of the Annual Plan 2019/20 and capital works programme.
- Council consulted on and adopted the Dog Management Bylaw and Policy.
- We continue to work and strengthen our relationships with key stakeholders and Māori and have restructured this department to focus on this work with a separate unit called Te Hono.
- Work has begun on an 80-year strategy for the Far North called FN2100 that we will use to guide the future provision of support and services to our District.
- In 2018, we released the Draft District Plan and invited communities to give their feedback. We are analysing the feedback we received and using this to inform zone maps and rules for the Proposed District Plan.
- We are undertaking a revenue review for all our revenue streams.

Governance and Strategic Administration



- Council staff continue to provide support for all elected members and provide sound and legally correct advice. We have introduced new software (Infocouncil) to standardise our reporting.
- The Communications Team launched a multi-media information campaign that is designed to ensure that communities are better-informed about projects that help to make the Far North a great place to live and visit.
- The Communications Team started to build a new, more customer-focused Council website which will be ready for public use in the second quarter of 2019/20.

**Ngā tūmahi o te
Kaunihera**

Council activities



Mahinga whakarato | Statement of service provision

Introduction

Key activities

Council's work is grouped into 10 key activities.

Group of activities	Activity	Page number
Roading and Footpaths	Roading	20
	Footpaths	22
Water Supply	Water supply	24
Wastewater	Wastewater	27
Stormwater	Stormwater	30
Solid Waste Management	Solid waste management	32
District Facilities	Cemeteries	34
	Civic and community buildings	35
	Housing for the elderly	36
	Recreation	37
	Town maintenance, toilets and carparks	38
Customer Services	Customer services	40
	i-SITES	41
	Libraries	42
Environmental Management	Animal control	43
	Environmental health	44
	Monitoring and enforcement	45
	District Licensing Committee	46
	Resource consent management	47
	Building consent management	48
Strategic Planning and Policy	Strategic planning	49
	Community development	49
	Māori engagement, relationships and development	50
	District planning	51
Governance and Strategic Administration	Governance and Strategic Administration	52

Section information

The information provided about each of the activities includes:

- What we do
- Key facts
- How we performed - performance measure results
- Community feedback - resident opinion survey result

For more detailed information on the performance measures, the associated targets and background information on the levels of service, please refer to the relevant sections of the LTP 2018-28.

Our community outcomes

The work and activities that 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.

- 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.

Service delivery

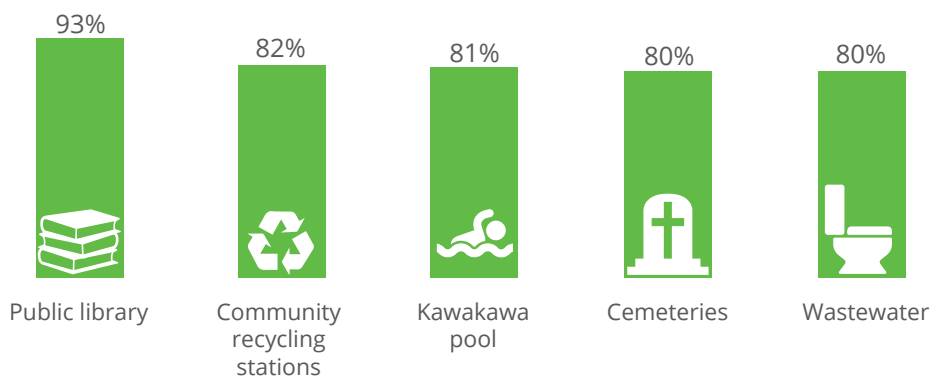
This details levels of service with associated performance measures and targets. Of these measures, some are obtained through surveying the community through a resident satisfaction survey or specifically targeted individuals, such as users of the libraries to gauge their satisfaction with particular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

2018/19 Resident opinion survey

The Far North District Council undertakes an annual telephone survey of 500 residents in the District to measure perceptions of 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 2 May and 8 June 2019. At an aggregate level the survey has an expected 95% confidence interval of (margin of error) ±4.3%.

Top five best performing areas

(% satisfied – scoring 7 to 10)

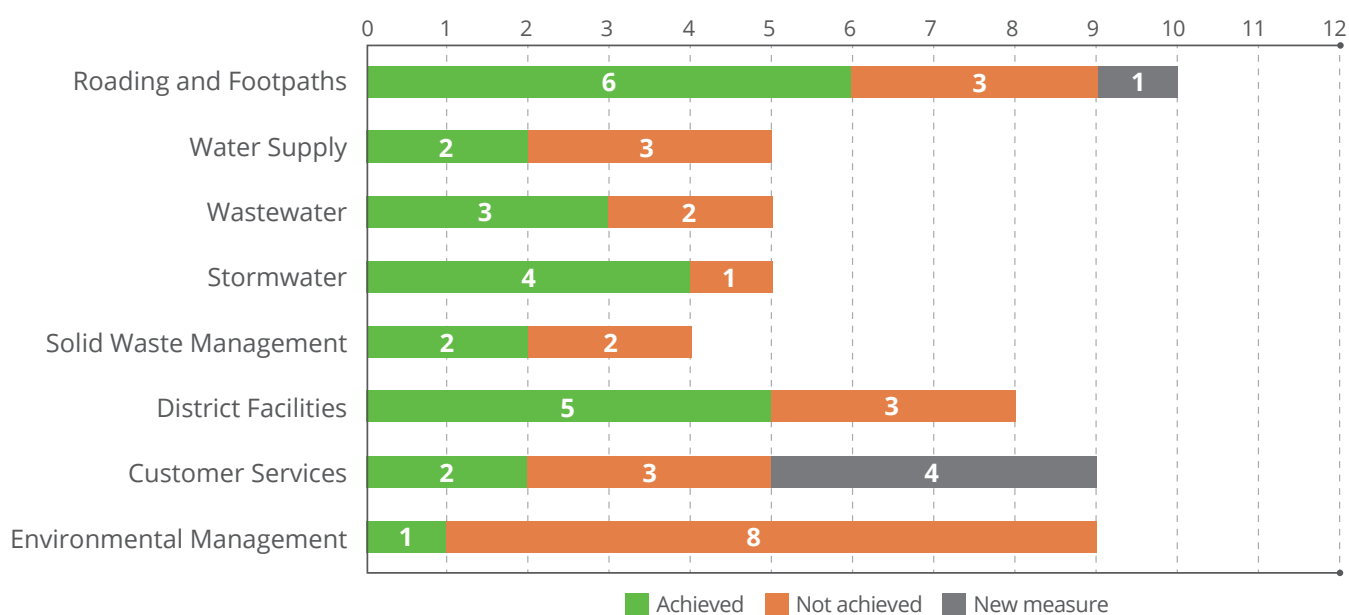


Summary dashboard

Resident satisfaction survey result comparisons 2018 to 2019

Service / facility / activity	2019 % very satisfied / satisfied	2018 % very satisfied / satisfied
Roads	37	43
Footpaths	35	38
Water Supply	60	69
Wastewater	80	80
Stormwater	48	41
Refuse transfer stations	77	80
Community recycling stations	82	85
Cemeteries	80	86
Kaikohe community pool	50	92
Kaitaia community pool	65	75
Kawakawa community pool	81	88
Kerikeri community pool	69	88
Libraries	93	89
Public toilets	55	63
Parks and reserves	60	59
Coastal access	51	59
Carparking facilities	41	48
Service received when contacting Council (2018: by Council frontline staff)	65	68
Community board awareness in your area	78	85
Informed about the District Plan (land use)	18	23
Aware of changes to the District Plan	24	29
Informed about what the Council is doing (all residents)	28	26
Informed about what the Council is doing (Māori respondents)	26	24
Overall performance of Council	31	38

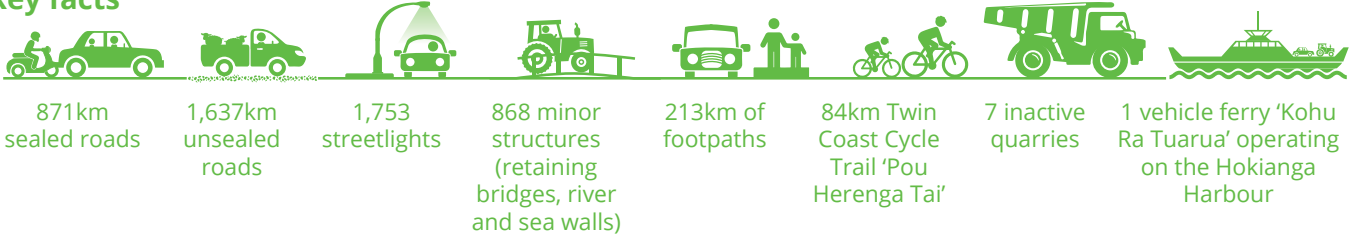
Key level of service performance targets by activity area



1. Ngā rori me ngā āra hikoi | Roading and Footpaths

By developing and maintaining a safe and affordable transport network to enable access to, from, and within the District, 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. 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 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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
36 total 8 fatalities, 28 serious injury crashes	33 total 5 fatalities 28 serious injury crashes	No increase	31 total 1 fatalities 30 serious injury crashes	Achieved*	This is a decrease of 2 in total, although there may be contributing factors, generally there is a correlation between higher petrol prices resulting in less unnecessary road travel.

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

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status
95%	92%	≥87%	94%	Achieved

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
8.2%	8.7%	≥9%	4.8%	Not achieved	The programmed reseals were completed throughout the district to meet available budgets. The target of 9% is not achievable due to funding.

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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
95%	91%	≥95%	92.75%	Not achieved	New plans are being looked at to streamline this and will continue to motivate and encourage the team and contractors to respond as soon as possible to the client. However, we did not receive any customer service requests for emergency/urgent repairs required to footpaths.

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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	< previous year	No crashes caused by road condition	Achieved	New measure.

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	≥95% of planned work completed	97%	Achieved	New measure. The programmed reseals were completed to meet available budget.

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status
99%	98.9%	≥95%	99.3%	Achieved

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
88%	91%	≥95%	83.5%	Not achieved	16.5% of the sealed network roads on average that Council has audit inspected, the contractors work has failed. Remedial action plans have been put in place with contractors for roads that have failed. When a road fails inspection it does not necessarily mean the level of service hasn't been met, it may be due to scheduled works not completed due to weather.

Community feedback

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
21%	43%	≥57%	37%	Not achieved	We are disappointed that the Council did not achieve its target. However, lower satisfaction levels in this year's resident survey reflect a higher percentage of neutral responses than last year, rather than higher dissatisfaction levels. Thirty-three percent of respondents had no strong opinion in 2018/19, compared with 27% in 2017/18. Thirty percent of respondents this year were dissatisfied/very dissatisfied, compared with 31% last year. There was also no change in the percentage of respondents who were 'very satisfied', 'satisfied' or had no strong opinion ('neutral'). Seventy percent of respondents were in this category last year and this figure didn't change this year, so we take some comfort from this result.

Footpaths

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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	≥95% of planned work completed	96%	Achieved	New measure. New footpaths completed across the district were: Horeke Road, Arnold Rae Park, Pukepoto Road, Mill Bay Road, Thorpe Road, Recreation Road, Memorial Avenue, Cobham Road, Landing Road Bridge and Riddell Road.

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).

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	Year 1: Baseline to be established and targets established	Grade 1 (147 - 9%) Grade 2 (752 - 45%) Grade 3 (733 - 44%) Grade 4 (21 - 1%) Grade 5 (29 - 2%)	n/a	New measure. Condition assessments on footpaths for both maintenance and renewals has been completed. Initial findings of what roads are categorised as a 1 (Very Poor) through to 5 (Very Good) is done and will inform a baseline measurement for 2019/20.

Community feedback

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
34%	38%	≥62%	35%	Not achieved	We recognise that the provision of footpaths is important to our communities and are disappointed that satisfaction with the availability of footpaths was lower in 2018/19 than in 2017/18, despite the Council completing 10 new footpaths. We will ensure that this feedback is considered when we start preparing our Long Term Plan 2021-31. We also acknowledge lower satisfaction levels with footpath maintenance. We have completed condition assessments of footpaths and will use this data to prioritise maintenance and renewal works so footpaths meet designated standards.

2. Ngā wai tuku | Water Supply

Safe drinking water is essential to the health and well-being of our communities. 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 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:
3 dams
4 bore fields
7 stream intakes

32 treated water reservoirs

17 booster pump stations

346km water mains

10,133 properties are connected to council water systems. All schemes have universal water metering

How we performed

Levels 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).

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 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).

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 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).

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
30%	31.8%	<26%	32.4%	Not achieved	Kaitaia and Paihia water schemes have been identified as the poorest scheme for water loss. Reports have been received on how to reduce water loss in both schemes and the Kaitaia scheme will be focused on first to reduce the unaccounted loss.

Performance measure

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

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

Measure	2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
a.	1.2 hours	0.9 hours	< 2 hours	2.3	Not achieved	Staffing levels impacted service level in the final quarter of the year. Recruitment was completed in May. New field devices and systems were implemented in May - June. It was acknowledged that service levels would be temporarily impacted due to training and upskilling.
b.	2.3 hours	2.7 hours	< 4 hours	4.1	Not achieved	
c.	0.1 working days	0.1 working days	< 2 working days	0.2	Achieved	
d.	0.2 working days	0.2 working days	< 3 working days	0.6	Achieved	

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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status
74.5	71.1	< 100	91.7 complaints per 1,000	Achieved

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
379L	414L	≤350L	443L	Not achieved	This KPI is regarded as an advisory. This measure is a guidance figure only of average water usage by residents.

Community feedback

Performance measure

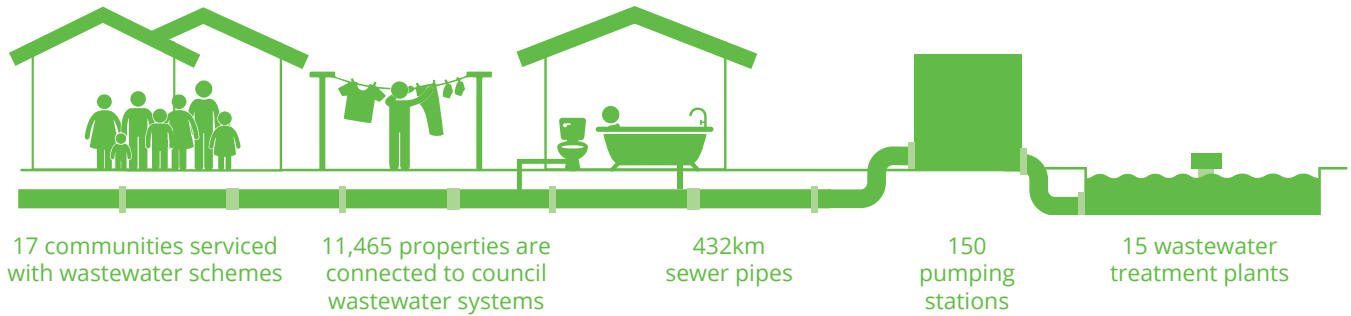
The % of respondents indicating they are very satisfied / satisfied with urban water.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
69%	69%	≥85%	60%	Not achieved	We are disappointed that we weren't able to sustain the improved satisfaction levels recorded in our previous two resident surveys. Satisfaction levels were lower this year across five areas measured (continuity of supply, water pressure, water clarity, water odour, water taste). We will discuss these results with our alliance partner Far North Waters and look for improvement opportunities. While we didn't achieve our overall satisfaction target of 85%, we note that only 16% of respondents were 'very dissatisfied' or 'dissatisfied'. Twenty-four percent had no strong opinion. Also, all of our water supplies will meet New Zealand Drinking Water Standards when we commission a new treatment plant at our Omanaia-Omapere water supply in 2019/20.

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. Council manages and maintains reticulated sewerage schemes and services, providing new or updated infrastructure as the demand arises. 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

Levels 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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status
1.3	0.7	≤ 12 per 1,000 connections	3.0 per 1,000 connections	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	2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
a.	3	2	1 or less%	0	Achieved	
b.	4	0	0	1	Not achieved	The Kerikeri Sports Complex is leased to the local community and the infringement notice related to non-compliance with the discharge flow amount. This was due to plumbing issues and has since been rectified with no further non-compliance issues experienced in the last six months.
c.	0	0	0	1	Not achieved	The Paihia Wastewater Treatment Plant has faced ongoing non-compliance for a number of years without any successful upgrade being completed. This resulted in NRC taking Environmental Court action, this subsequently prioritised the upgrade project which is now underway.
d.	0	0	0	0	Achieved	

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status
.97 hours	0.4	2 hours	0.5 hours	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)

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status
2.42 hours	2.9	4 hours	4 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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status
24.5	18.2	≤ 50 per 1,000 connections	21.9	Achieved

Performance measure

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

- a. Attendance.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	≥95% responded to within set timeframe	80.6%	Not achieved	New measure. We had very few incidences over the last year. Although we did not achieve this target, it was due to time delays to one incident caused by the large geographically nature of the district.

- b. Resolution to prevent overflow.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	≥95% responded to within set timeframe	75.0%	Not achieved	New measure. Again, this was not achieved based on delays in travel getting to one event.

Community feedback

Performance measure

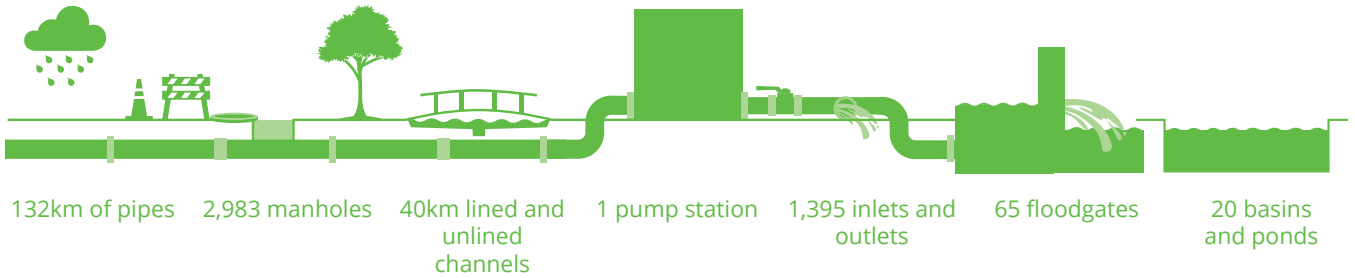
The % of respondents indicating they are very satisfied / satisfied with urban wastewater.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
70%	80%	≥85%	80%	Not achieved	We are pleased to see that a high percentage of survey respondents remain satisfied with the Council's wastewater services. Only 9% of respondents were very dissatisfied/dissatisfied in 2018/19, compared to 10% in 2017/18. We hope to achieve our 85% satisfaction target as more households and business enjoy the benefits of sewerage upgrades that are currently underway or planned.

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

Key facts



How we performed

Levels 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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status
2	1	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).

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status
0.12	0.07	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	2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
a.	0	0	1 or less	0	Achieved	No enforcement action taken in 2018/19.
b.	0	0	0	0	Achieved	Increased efforts will be applied to this area in 2019/20 by both FNDC and NRC as there is increasing pressure to increase quality of catchments and ensure contaminants are being managed.
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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status
2 events report, median response time was 1 hour	<24 hours	≤ 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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
41.2 out of 50	33.77	0	26.6 RFS per 1,000 properties	Not achieved	There has been a 21% decrease in stormwater requests logged this year. Additional stormwater work has been completed, raising the performance of the services.

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	≥95% responded to within set timeframe	No events	Achieved	New measure.

Community feedback

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
28%	41%	≥60%	48%	Not achieved	We are pleased to see higher satisfaction levels in this year's resident survey. This corresponds to a 21% decrease in storm water-related requests for service and may reflect the effectiveness of drainage works in areas with historic stormwater issues. We hope to continue this improving trend in 2019/20 as we address stormwater issues in other areas.

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. 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



16 refuse / recycling transfer stations

1 landfill at Russell

1 Resource Recovery Centre at Kaitaia

14 community recycling stations

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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
63%	62.3%	63%	63.7%	Achieved	This was a good result largely due to large amounts of stockpiled scrap metal being moved in May. Despite reducing the range of plastics that can now be recycled overall awareness of waste minimisation has increased recently due to strong media coverage.

Performance measure

5.1.2 Add at least one new community recycling facility.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	Minimum of one per year	2 potential sites in progress	Not achieved	New measure. We have succeeded in opening one additional refuse transfer station in Waipapa which is available to the community to drop off recycling. We are planning for and identified two potential sites for community recycling in Rawhiti and Waitangi.

Performance measure

5.1.3 All refuse transfer stations will be open on time.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	99.5%	99.7%	Achieved	New measure.

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	95% within set timeframes	75%	Not achieved	New measure. One incidence during the final quarter of the year took two days as it required a digger to remove a cow carcass. Offensive waste in urban areas is addressed promptly. Rural offensive waste is generally animal carcasses which require some planning.

Standard waste: pick up within four days.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	95% within set timeframes	89.1%	Not achieved	New measure. There were 130 incidents attended to, with 117 of these collected with the timeframe of four days. Three delayed due to difficulty with physical access to the rubbish and two due to difficulty locating rubbish. Contractors try to maximise efficiency by combining rubbish pick ups with routine work. Large dumps down remote gulleys need planning and specialist equipment to remove.

Community feedback

Performance measure

Percentage of users satisfied with community recycling station services.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
90%	85%	≥84%	82%	Not achieved	It is disappointing that satisfaction levels were slightly lower than in 2018/19 and short of the 84% target, particularly as the Council opened a new recycling facility at Waipapa, giving Kerikeri residents a long-awaited alternative to kerbside recycling services. We will review our public information about these services. Only 18% of respondents had used a community recycling station during the year and one of those complained that a recycling station wasn't open at the advertised times on a number of occasions.

Performance measure

Percentage of users satisfied with refuse transfer station services.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
78%	80%	≥83%	77%	Not achieved	We are pleased to see high levels of satisfaction with refuse transfer station services. While these were lower than in 2017/18 and we did not meet the 83% target, the percentage of very dissatisfied/dissatisfied respondents (9%) did not change. We also note that critical feedback was about kerbside refuse services operated by private companies. Further, one respondent wasn't aware that there was a refuse transfer station in Kaitaia and another wrongly believed that most plastics can't be recycled. We will review our public information about refuse and recycling services, so people are well-informed about these services.

6. Ngā whakaurunga o te rohe | District Facilities

Throughout the District there are a many facilities managed by 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.

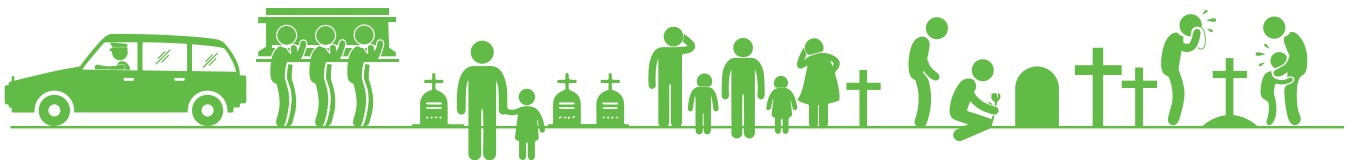
District Facilities include

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

Cemeteries

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.).

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	No complaints are received regarding the preparations for our funeral services	No complaints received	Achieved	New measure. Gravediggers are preparing the graves as per the contract. No issues or complaints received this year.

Community feedback

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
77%	86%	≥62%	80%	Achieved	We are pleased to have achieved this goal. While satisfaction levels were lower than in 2017/18, there were fewer very dissatisfied/dissatisfied respondents - only 3% compared with 8% last year.

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 2 grandstands

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	2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
BOI - Whangaroa	1	2	1 hall per ward per annum	2	Achieved	Whangaroa Hall Maromaku Hall
Kaikohe - Hokianga				3	Achieved	Kaikohe Lions Hall RAD Centre Rawene Hall
Te Hiku				1	Achieved	Herekino Hall

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	All buildings have appropriate certificates including BWOFF for those that require them	All buildings compliant	Achieved	New measure. Council buildings have current BWOFF certificates. Oruru Hall has been closed since 21 February as it requires significant refurbishment and upgrades, as a result certification is not relevant for this site.

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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status
93%	99.3%	95%	96%	Achieved

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
93%	94%	Emergency 100% Urgent 100% Non-urgent ≥95%	77.6%	Not achieved	An evenly distributed six-monthly inspection programme next year will assist the team to respond to all requests within the target timeframe.

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 Council.

Key facts



32 playgrounds and 3 skate parks

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

27 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

3 swimming pools at Kaitaia, Kerikeri 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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
56%	59%	≥90%	60%	Not achieved	We are pleased that only 11% of survey respondents were very dissatisfied/dissatisfied with the range of reserves and parks, compared with 13% last year. We have noted respondents' feedback about the need for more options, more play areas and better maintenance. We will consider this and other feedback when we start developing our Long Term Plan 2021-31.

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
68%	86%	≥70%	66%	Not achieved	This result is the average of scores for Kawakawa Pool, Kerikeri Pool, Kaitaia Pool and Kaikohe Pool with the percentage of satisfied users ranging from 81% (Kawakawa Pool) to 50% (Kaikohe Pool). It is important to note that survey samples ranged from 38 to 17 pool users, so the results may not give an accurate picture. It is also worth noting that no respondents were very dissatisfied/dissatisfied with the service at Kaikohe and Kawakawa Pools and only 6% of respondents were dissatisfied with the service at Kerikeri Pool. Nine percent of respondents were dissatisfied with the service at Kerikeri Pool.

Performance measure

Percentage of community satisfied with coastal access.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
56%	59%	≥80%	51%	Not achieved	We didn't achieve our target again this year. However, only 19% of respondents were very dissatisfied or dissatisfied with access to the coast. Reasons for being dissatisfied with coastal access included not enough options, the need for better maintenance and lack of car parking. We will consider this feedback when we start developing our Long Term Plan 2021-31 and review our public information about Council reserves on the coast, so people know where these are located.

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. 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 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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
3	2	2	5	Achieved	We have increased disabled access for public toilets at Taupo Bay, Pehipe and Ohaeawai.

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	≥90%	72.2%	Not achieved	New measure. 6/14 audits not met. 'Not Met' audits have been issued to the contractor. Further work to ensure the contractors meet the requirements is ongoing.

6.5 Council will provide well maintained public car parks.

Performance measure

6.5.1 Provide additional disabled parking spaces in each ward.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
1	4	2 per ward per annum	5	Not achieved	We identified and provided three additional parking spaces in Melba Street, Te Ahu Road and North Road, Kaitaia. We also achieved this measure in Kent Bay and Kaeo with two additional spaces being provided for. However, through our condition assessment we did not identify any additional requirements for disabled parking spaces in the Kaikohe-Hokianga ward. This will continued to be reviewed as part of the condition assessment programme.

Community feedback

Performance measure

Percentage of residents satisfied with the cleanliness of public toilets.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
56%	63%	≥62%	55%	Not achieved	We are disappointed that satisfaction levels were lower than in 2017/18 and short of our 62% goal. Respondents who weren't satisfied with the cleanliness of public toilets wanted the Council to increase the frequency and level of cleaning. We will consider this feedback when we start developing our Long Term Plan 2021-31 and discuss more specific concerns with contractor Recreational Services which cleans public toilets on behalf of the Council.

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
44%	48%	≥80%	41%	Not achieved	We are aware that population and visitor growth puts pressure on parking facilities in some areas. This may partly account for lower satisfaction levels in this year's survey. We will consider this feedback when we start developing our Long Term Plan 2021-31.

7. Wāhanga āwhina tangata | Customer Service

Connecting with our communities and providing excellent customer service is important to Council. Our customer service team is the first point of contact for people in our district, 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



7 Service Centres around the District and
1 Contact Centre

Service Centres handled
approximately 58,500 face to
face interactions

Contact Centre
offered over 98,000 calls

How we performed

Level of service

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

Performance measure

7.1.1 Percentage of abandoned calls (Contact Centre).

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	8%	20.8%	Not achieved	New measure. Resourcing has been an issue this year, however with the new recruitment process completed in March we are now starting to see a positive impact. Abandoned calls are tracking down in volume compared to previous quarters and this will remain a focus for our team going forward, we have also implemented the remedial action plans to help improve results.

Performance measure

7.1.2 Percentage of Ask.Us emails processed within five working days.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	Year 1: Baseline to be established and targets established	100%	n/a	New measure.

Performance measure

7.1.3 Service Centre users' satisfaction.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	Year 1: Baseline to be established from current data and targets established maintain / increase	User satisfaction 96.2%	n/a	New measure.

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

Levels 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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	≥2.5%	14.2%	Achieved	New measure. Number of bookings are up due to good visitor numbers in the Bay of Islands. i-SITES remain relevant to domestic and international visitors who prefer local knowledge over online / self-help options.

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	Retail sales net profit ≥1.5%	1.8%	Achieved	New measure. Changes have been made at Paihia i-SITE due to space constraints however target achieved as retail sales at Hokianga and Kaitaia continue to increase.

Performance measure

7.2.3 Customer / visitor satisfaction.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	≥1% increase on previous year	99.0%	Not achieved	New measure. This survey commenced in July 2017. Comments received from customers completing the user satisfaction surveys indicate that they are very satisfied with i-SITE services. No results for 2017/18 FY due to no completed survey returns.

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

Levels 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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	Year 1: Baseline and targets to be established	94.5%	n/a	New measure. Users are satisfied with library services. Feedback received through customer survey responses are being used to continually improve our offering.

Performance measure

7.3.2 Increase the percentage of online library service use.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
2.2%	13%	≥1% increase on previous year	4.1%	Not achieved	Online services continue to be well utilised and services are appreciated by users.

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	Year 1: Baseline and targets to be established	42.5%	n/a	New measure from the LTP 2018-28 and the baseline and target is now established.

Community feedback

Performance measure

Percentage of users satisfied with public libraries.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
90%	89%	≥95%	93%	Not achieved	We are delighted to have nearly achieved our target this year and pleased that none of the survey respondents were 'very dissatisfied' or 'dissatisfied' compared with 10% last year.

8. Whakahaere Taiao | Environmental Management

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. Council understands the economic and social benefits of animals but 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

Levels 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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
87%	89% (recorded as one measure)	≥90% within set timeframe	51.1%	Not achieved	Process improvements introduced in December 2018 are now accurately reflecting the response times of urgent calls. This along with the completed Request for Service recoding project now provides a true indication of the levels of service which have not previously been captured. The second half of the year results are a reflection of these improvements which will continue to improve with better reporting into the 2019/20 reporting year.

Non-urgent within 10 days.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
87%	89% (recorded as one measure)	≥90% within set timeframe	88.8%	Not achieved	Again the benefits of the recently completed Request for Service recoding project are now accurately reflecting the response times of non-urgent calls. This now provides a true indication of the levels of service which have not previously been captured. The final quarter of the year results are pleasing and represent a true reflection of the improvements which will continue to improve with better reporting.

Environmental health

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

Key facts



How we performed

Levels 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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
73%	50%	≥85% of all food control plans and national programmes assessed	93.4%	Achieved	Completed process improvements are now taking effect which is reflected through the increased levels of services expressed in the performance indicators. Positive results in the second half of the year are pleasing resulting in the teams efforts in outperforming previous years.

Monitoring and enforcement

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

Levels 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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	≥85% within set timeframe	78.6%	Not achieved	This is a new measure from the LTP 2018-28 and we continue to work to improving our relationship with the contractor.

In rural areas: two hours.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	≥85% within set timeframe	74.5%	Not achieved	New measure. Improved response times are a reflection of the continuous improvement and working relationship with the contracted service provider. We are on track for further improvements going into the 2019/20 reporting year.

District Licensing Committee

The District Licensing Committee (DLC) carries out Council’s responsibilities for the sale, supply, and consumption of alcohol, to minimise alcohol-related harm in our District. The DLC processes and issues liquor licenses and manager’s certificates, and conducts related hearings as required.

Key facts



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

Levels 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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
26%	26%	≥25% of premises visited annually	22.8%	Not achieved	During the 2018/19 year there has been an increase in the number of license applications. Responding to this we have implemented a change in workflow to address the demand. This has resulted in a positive result for the final quarter of the year.

Resource consent management

A critical function of Council is enabling the sustainable use, development and protection of the natural and physical resources in our District. This is underpinned by the obligations imposed on us by the Resource Management Act 1991. 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

Levels 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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	≥91%	74.3%	Not achieved	New measure. Response times for Monitoring Officers have seen positive improvements in the second half of the year and are tracking well going into the new financial year. We have brought in consultant planners to undertake some of the more complex applications in order to uphold our service timeframes. Going forward into the new year we will be recruiting with the goal of delivering greater levels of legislative compliance within the targeted dates.

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	≥95%	57.0%	Not achieved	New measure. Again, we are working toward delivering better levels of compliance within the targeted dates and continue to monitor and improve this process.

Building consent management

Safe and healthy buildings are vitally important to safe and healthy communities, and as such Council is bound by the Building Act 2004. The consenting, inspection and issuing of Code Compliance Certificates by 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

Levels 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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
n/a	n/a	≥95%	48.8%	Not achieved	New measure. Building consent application numbers have remained high throughout the year (ranging between 87 and 177 consents per month, with a total of 1,573 building consent applications over the past 12 months). Volumes have been consistently above the 4-year average. Using a process of continuous improvement and by addressing key non-compliances with the building accreditation regulations a reversal of the downward trend has been achieved. It is expected that statutory compliance will be achieved during the coming year.

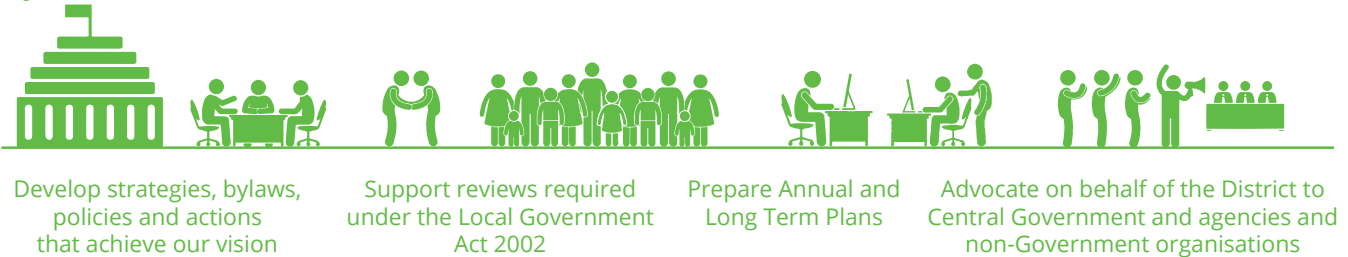
9. Rautaki me ngā kaupapa here | Strategic Planning and Policy

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 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 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

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

Key facts

Support iwi / hapū management plans

Want to develop a close working relationship with Māori

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

Support the development and relationship opportunities from Treaty Settlements

Community feedback

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
17%	24%	≥80%	26%	Not achieved	We are pleased that we continued an improving trend which started in 2017. We believe this may be partly due to an extensive publicity campaign that is designed to inform communities about Council projects. While we have a long way to go before we achieve our 80% target, we are encouraged by the fact that 63% of respondents were not dissatisfied with Council communications. We also feel it is relevant to point out that only 25% of survey respondents said they made an effort to stay informed about the Council.

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.



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 new National Policy Statements and a new Regional Policy Statement

Community feedback

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
20%	23%	≥50%	18%	Not achieved	We are disappointed that fewer respondents felt well-informed about the District Plan, given the extensive community engagement exercise and publicity campaign the District Plan Review Team conducted in 2018/19. Clearly, we need to rethink our communications approach if we want to reduce the number of people who are uninformed about the plan. We will consider this feedback when we plan our communications programme for the new triennium.

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
21%	29%	≥30%	24%	Not achieved	We are disappointed that only 24% of survey respondents were aware of the District Plan Review, given the extensive community engagement exercise and publicity campaign the District Plan Review Team conducted in 2018/19. While we were close to achieving our 30% target, we consider this to be a low bar, given the strong public interest in land use issues. We will rethink our communications approach in the new triennium.

10. Mana kāwanatanga | Governance and Strategic Administration

Elected representatives of the community that form the governance function of our 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.

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
83%	85%	≥73%	78%	Achieved	We are pleased that most survey respondents had heard of their community board. However, we are disappointed that 22% of respondents hadn't heard of their board compared with 15% in 2018. We also consider this target a low bar and would like to increase the percentage of respondents who know what their board does and how it affects them. We will consider this feedback when we plan our publicity campaign in the new triennium.

Performance measure

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

2016/17 Result	2017/18 Result	2018/19 Target	2018/19 Result	Status	Narrative
17%	26%	≥80%	28%	Not achieved	We are pleased that we continued an improving trend which started in 2017. We believe this may be partly due to an extensive publicity campaign that is designed to inform communities about Council projects. While we have a long way to go before we achieve our 80% target, we are encouraged by the fact that 64% of respondents were not dissatisfied with Council communications. We also feel it is relevant to point out that only 25% of survey respondents said they made an effort to stay informed about the Council.

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 Council. Council maintains a shareholding in FNHL, which manages a diverse range of district assets to boost investment and employment for the benefit of our communities. Council's return on its investment in FNHL is by way of annual dividends.

The Council's Long-Term Plan for 2018-28 provides general guidance on the strategic direction of the Company in the following areas as per the following extract: Far North Holdings Limited (FNHL) is a Council Controlled Trading Organisation (CCTO) that manages assets and commercial trading on behalf of Council. Council maintains a shareholding in FNHL, which manages a diverse range of district assets to boost investment and employment for the benefit of our communities. Council's return on its investment in FNHL is by way of annual dividends.

Objectives

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

Activities

FNHL forms the focus of Councils interface with its commercial investments and ensure uniformity in approach and reporting. FNHL activities include:

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

These directives as well as the Councils, 'Our Voices, Our District Vision' were incorporated into the Company's Statement of Intent (SOI), for the three years to the 30 June 2021, from which the following relevant extract are: 'As the Council's commercial vehicle, FNHL facilitates and creates commercial and infrastructural assets 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; and 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 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; and
- To plan, facilitate and secure commercial outcomes in its area of Influence that support the growth of the Far North District.

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 2019)

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 2019

Marina construction completed. This has exceeded expectation in terms of occupancy and financial performance. Landscaping and amenities installed over summer of 2019/20.

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 2019

Final gangway for new inner pontoon to be completed December 2019.

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 2019

Delayed whilst the Russell Wharf Trust was established.

Key Project / Initiative 4

R Tucker Thompson

To develop new workshop and offices on Opuia Wharf.

Contribution to strategic objectives

Provides infrastructure to ensure the longevity of the Trust and R Tucker Thompson operations in the Bay of Islands.

Project status at 30 June 2019

Completed October 2018.

Key Project / Initiative 5

Bay of Islands Airport Terminal

The development of a new terminal building, and new rental facilities.

Contribution to strategic objectives

Reflecting the investment made by Air NZ in the apron / taxiway to accommodate larger aircraft, and more frequent flights, a new terminal is needed to accommodate this passenger growth.

Project status at 30 June 2019

Completed June 2019.

Key Project / Initiative 6**Ngawha Innovation and Enterprise Park**

To purchase the property from Top Energy, and Fonterra Dairy Company shares and to commence process to provide for future use as commercial hub.

Contribution to strategic objectives

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

Project status at 30 June 2019

Ongoing with the objective that within three years all necessary planning requirements will be approved and potential tenants secured. Currently utilised as a dairy farm.

Key Project / Initiative 7**Russell Wharf**

To develop and repair the Russell Wharf.

Contribution to strategic objectives

Ongoing with the objective that within three years all necessary planning requirements will be approved and potential tenants secured. Currently utilised as a dairy farm.

Project status at 30 June 2019

Under construction and due to complete August 2019.

Key Project / Initiative 8**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 2019

Anticipated completion to be in stages, with the first stage, being the ferry and charter pontoons being handed over in October 2019.

In February 2019 FNHL completed a statement of intent for 2019–22 which included additional key capital projects and initiatives. These are tabled below, with updated status at 30 June 2019.

Key Project / Initiative 9**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 2019

Anticipated completion October 2019.

Key Project / Initiative 10**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 Māori, will be a major tourism attraction and provide economic benefit to the Hokianga.

Project status at 30 June 2019

Anticipated completion September 2020.

Key Project / Initiative 11**Te Hononga Kawakawa**

To provide a new interpretive gallery co-governed by Ngāti Hine and 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 2019

April 2020 completion.

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 objective	Measure	Target 2018/19	Actual 2018/19
Engage in successful commercial transactions	Growth in shareholders value	Shareholders' funds increase by \$1.0 million after payment of dividend	Shareholders' funds increased by \$9.5 million after payment of dividend
2015/16	2016/17	2017/18	Comments
Achieved	Achieved	Shareholders funds increased by \$2.61 million after the payment of a dividend	Includes equity investment from council of \$6 million

Performance objective	Measure	Target 2018/19	Actual 2018/19
Provide a commercial return to FNDC	Dividend returned to FNDC	Pay a minimum dividend of \$1.097 million for 2018/19	Proposed dividend of \$1.097 million
2015/16	2016/17	2017/18	Comments
Declared dividend of \$594,000 paid February 2017	Declared dividend of \$719,000 paid February 2018	Declared dividend of \$843,810 paid February 2019	Proposed dividend in accordance with the SOI to be paid February 2020

Performance objective	Measure	Target 2018/19	Actual 2018/19
Effective financial management	Annual operating profit to exceed \$500,000	Shareholders' funds increase by \$1.985 million	Operating profit before asset revaluations \$2.197
2014/15	2015/16	2016/17	Comments
Target: \$1.143 million Achieved: \$1,222,078 million	Target: \$1.017 million Achieved: \$1.438 million	Target: \$1.516 million Achieved: \$1.687 million	

Performance objective	Measure	Target 2018/19	Actual 2018/19
To achieve a return on funds invested	Return on Investment (ROI) is higher than the average cost of borrowing on its commercial assets	ROI: 9.7% Average cost of borrowing: 4.5%	ROI: 12% Average cost of borrowing: 4.38%
2015/16	2016/17	2017/18	Comments
Target: ROI 5.78% Average cost of borrowing 5.5%	Target: ROI 4.80% Average cost of borrowing 4.05%	Target: ROI 8.24% Average cost of borrowing 5.0%	The high ROI is due to investment being based on opening balance and therefore excludes \$6 million investment from Council during this financial year
Achieved: ROI 5.889% Average cost of borrowing 4.95%	Achieved: ROI 6.90% Average cost of borrowing 4.43%	Achieved: ROI 8.63% Average cost of borrowing 4.53%	

Performance objective	Measure	Target 2018/19	Actual 2018/19
Asset growth and development	Capital expenditure	Target: \$9.30 million	Spent \$19 million
2015/16	2016/17	2017/18	Comments
Target: \$.926 million Achieved: \$10.26 million	Target: \$.840 million Achieved: \$11.012 million	Target: \$4.43 million Achieved: \$9.103 million	Spend is due to obtaining Provisional Growth Funds

Performance objective	Measure	Target 2018/19	Actual 2018/19	Actual 2017/18
Effective governance and financial control	Clean audit sign off each year from Audit NZ	To achieve	Achieved	Achieved
	Annual Board review with appointed Audit NZ representative	To be held	5 Nov 2018 with K. McKenzie	Not undertaken
	To remain within banking covenants	To achieve	Achieved	Achieved
	Quarterly audit review by BDO	To perform	Achieved	Achieved
	Board Audit and Finance committee meetings to be conducted semi-annually	To be held	25 February 2019	14 May 2018

Council Controlled Organisation initiatives

Performance objective	Measure	Target 2018/19	Actual 2018/19
Ensure that the Bay of Islands Airport operates within regulatory requirements	CAA Certification	To achieve	Achieved
2015/16	2016/17	2017/18	
Achieved	Achieved	Achieved	

Non-financial performance results

Performance objective	Measure	Target 2018/19	Actual 2018/19
Enhancing the Far North as a visitor destination	Each year complete at least one customer and airline industry survey that demonstrates satisfaction levels with facilities and services at either Kerikeri or Kaitia Airports	85%	No survey undertaken as FNHL only completed works in June 2019
2015/16	2016/17	2017/18	Comments
Survey not undertaken, FNHL worked with BOI Marketing group and Air NZ Safety video to enhance visitor numbers	No survey undertaken as FNHL works with Air NZ on new terminal design	No survey undertaken as FNHL works on new terminal construction	Passenger numbers through BOI airport increased to 119, 153 in 2019. (2018; 110,115)

Performance objective	Measure	Target 2018/19	Actual 2018/19
Enhancing and developing a maritime economy	Each year complete at least one marina user or maritime services customer satisfaction survey that demonstrates satisfaction levels with facilities and services available	94%	Winner of best International Marina South Pacific
2015/16	2016/17	2018/19	Comments
Biosecurity procedures reviewed with MPI, processes approved and satisfaction certificate for facilities issued	Addition of new facilities and additional berths, new facilities extremely well received. As new marina was in 'construction mode' no survey undertaken	Marina customers were surveyed over the 2017/18 summer period. 95% were satisfied or very satisfied	Ongoing customer feedback and judged internationally for award

Performance objective	Measure	Target 2018/19	Actual 2018/19
Enhancing the Far North as a destination	Complete bi-annual customer satisfaction surveys with cruise ship industry that demonstrates satisfaction levels with FNHL as security authority and provider of disembarking infrastructure	86%	Only every second year
2015/16	2016/17	2018/19	Comments
Survey completed in prior year	Survey completed with one operator with two brands average rating across all areas monitored was 86%	No survey required this year	Ship and passenger numbers continue to increase each year

Arotake pūtea **Financial Performance**



Animal Management staff and friend in Kaikohe.

Statement of comprehensive revenue and expense

For the year ended 30 June 2019

	Note	Council			Group	
		Actual 2019 \$000s	Budget 2019 \$000s	Actual 2018 \$000s	Actual 2019 \$000s	Actual 2018 \$000s
Operations						
Revenue						
Rates revenue (excluding water by meter rates)	2	82,768	84,525	79,465	82,549	79,126
Fees, charges and water by meter rates	3a	17,417	15,863	17,027	17,158	16,917
Development and financial contributions		199	-	48	199	48
Subsidies and grants	3b	23,033	30,924	27,855	24,784	27,855
Other revenue	3	9,802	1,954	8,305	22,003	18,522
Other Contributions		-	86	-	-	-
Rental revenue from investment properties		-	-	-	3,745	3,382
Total revenue		133,219	133,351	132,700	150,438	145,850
Expenses						
Personnel costs	4	26,443	27,596	25,867	29,412	28,016
Depreciation and amortisation expense	14	32,239	34,076	32,023	33,203	33,043
Finance costs	6	2,367	2,594	2,365	3,889	3,736
Other expenses	5	61,378	56,947	50,442	67,974	56,437
Total expenses		122,427	121,212	110,697	134,478	121,231
Surplus / (deficit) before tax		10,792	12,139	22,003	15,960	24,620
Tax expense / (benefit)	7	-	-	-	227	318
Surplus / (deficit) after tax		10,792	12,139	22,003	15,733	24,301
Surplus / (deficit) attributable to:						
Far North District Council		10,792	12,139	22,003	15,733	24,301
Items that could be reclassified to surplus						
Financial assets at fair value through equity	24	14	-	(9)	(135)	(9)
Cash flow hedges	24	151	-	228	151	228
Items that will not be reclassified to surplus						
Gain / (loss) on asset revaluations	16/24	102,160	36,247	14,408	103,279	14,766
Tax on revaluation		-	-	-	(34)	(124)
Total other comprehensive revenue and expense		102,326	36,247	14,627	103,261	14,862
Total comprehensive revenue and expense		113,118	48,386	36,630	118,998	39,163

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 2019

	Note	Council			Group	
		Actual 2019 \$000s	Budget 2019 \$000s	Actual 2018 \$000s	Actual 2019 \$000s	Actual 2018 \$000s
Opening balance 1 July		1,764,908	1,786,080	1,728,278	1,810,084	1,770,921
Total comprehensive revenue and expense for the year		113,118	48,386	36,630	118,998	39,163
Closing balance 30 June		1,878,026	1,834,466	1,764,908	1,929,082	1,810,084

Statement of financial position

as at 30 June 2019

	Note	Council			Group	
		Actual 2019 \$000s	Budget 2019 \$000s	Actual 2018 \$000s	Actual 2019 \$000s	Actual 2018 \$000s
Public equity						
Other reserves	24	517,726	481,318	422,427	522,454	430,049
Restricted reserves	24	12,778	7,877	11,878	14,281	13,381
Retained earnings	24	1,347,521	1,345,271	1,330,603	1,392,347	1,366,654
Public equity		1,878,026	1,834,466	1,764,908	1,929,082	1,810,084
represented by:						
Current assets						
Cash and cash equivalents	8	7,424	23,675	7,929	7,991	8,250
Receivables	9	35,692	34,512	36,535	36,876	37,183
Other financial assets	11	-	-	-	744	126
Properties available for sale	34	230	-	-	230	-
Inventories	10	102	72	88	1,368	304
Current assets		43,449	58,259	44,552	47,209	45,863
Less:						
Current liabilities						
Payables and deferred revenue	20	22,172	22,725	24,993	27,858	26,550
Borrowings and other financial liabilities	23	22,000	16,500	1,500	28,961	1,931
Provisions	21	325	255	260	325	260
Financial guarantee liabilities	27b	1,103	1,329	1,216	1,103	1,216
Derivative financial instruments	35	27	-	176	27	176
Employee benefits	22	2,592	2,623	2,564	2,818	2,748
Current liabilities		48,218	43,432	30,709	61,091	32,881
Working capital		(4,770)	14,827	13,843	(13,882)	12,982
Non-current assets						
Other financial assets	11	776	931	762	776	762
Biological assets		-	-	-	2,404	-
Forestry assets	17	785	734	763	785	763
Intangible assets	13	10,431	10,984	10,834	3,117	3,252
Investment properties	18	-	-	-	76,666	69,756
Investments in subsidiaries	19	18,000	18,000	12,000	-	-
Derivative financial instruments	35	-	-	-	-	-
Property, plant and equipment	12	1,883,600	1,853,959	1,774,017	1,932,877	1,810,240
Non-current assets		1,913,593	1,884,608	1,798,376	2,016,625	1,884,773
Non-current liabilities						
Borrowings and other financial liabilities	23	30,000	63,610	46,500	60,552	76,685
Payables and deferred revenue	20	-	-	-	9,671	7,790
Derivative financial instruments	35	501	839	477	501	477
Deferred tax liability	7	-	-	-	2,640	2,385
Provisions	21	297	520	334	297	334
Non-current liabilities		30,798	64,969	47,311	73,661	87,671
Net assets		1,878,026	1,834,466	1,764,908	1,929,082	1,810,084

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 2019

	Note	Council			Group	
		Actual 2019 \$000s	Budget 2019 \$000s	Actual 2018 \$000s	Actual 2019 \$000s	Actual 2018 \$000s
Operating activities						
Cash was provided from						
Rates		85,235	92,287	75,067	85,016	74,728
Subsidies and grants received		23,033	30,924	27,855	24,783	27,855
Development contributions received		199	-	48	199	48
Fees and charges received		17,417	-	17,477	17,144	17,368
Interest and dividends		1,718	1,052	1,019	895	1,022
Other revenue		4,947	8,412	(1,330)	20,371	14,295
		132,549	132,675	120,136	148,408	135,316
Cash was applied to						
Payment for goods and services		60,593	54,017	37,590	65,583	44,007
Payments made to employees		26,324	27,596	25,456	29,246	27,575
Interest paid		2,367	2,594	2,912	3,888	4,284
GST (net)		1,842	-	6,715	1,648	6,679
Income and fringe benefit tax paid		48	48	56	48	55
		91,174	84,255	72,729	100,413	82,601
Net cash inflows from operating activities		41,375	48,419	47,407	47,994	52,715
Financing activities						
Cash was provided from						
Borrowing		4,000	24,855	-	8,741	3,593
		4,000	24,855	-	8,741	3,593
Cash was applied to						
Borrowing		113	6,621	2,500	113	2,500
Dividends paid		-	-	-	-	-
		113	6,621	2,500	113	2,500
Net cash inflows / (outflows) from financing activities		3,887	18,235	(2,500)	8,629	1,093
Cash flow from investing activities						
Cash was provided from:						
Sale of property, plant and equipment, investment properties and properties intended for sale		-	-	-	2,285	-
Cash provided from maturing investments		-	-	-	-	-
		-	-	-	2,285	-
Cash was applied to						
Purchase and development of intangibles		205	-	182	996	182
Purchase and development of property, plant and equipment, investment property and biological assets		39,562	62,479	44,896	60,252	54,392
Cash applied to replace investments		-	-	-	76	-
Cash applied to Investment in subsidiary		6,000	6,000	-	-	126
		45,767	68,479	45,078	61,324	54,700
Net cash inflows / (outflows) from investing activities		(45,767)	(68,479)	(45,078)	(59,038)	(54,700)
Net cash		(505)	(1,823)	(171)	(2,415)	(891)
Opening balances 1 July						
Cash and cash equivalents		7,929	25,499	8,100	7,818	8,710
		7,929	25,499	8,100	7,818	8,710
Less balances 30 June						
Cash and cash equivalents	8	7,424	23,675	7,929	5,404	7,819
		7,424	23,675	7,929	5,404	7,819
Cash movements for the year		(505)	(1,823)	(171)	(2,415)	(891)

Reconciliation of surplus / (deficit) after tax to net cash flow from operating activities	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Reported surplus / (deficit) after tax	10,792	22,003	15,733	24,301
Add non-cash items / (less) non-cash items				
Depreciation and amortization	32,239	32,023	33,203	33,024
Vested assets revenue	(877)	-	(877)	-
Change in deferred taxation	-	-	261	316
Loss on disposal of property, plant and equipment	4,537	1,865	4,537	1,865
Valuation (gains) / losses recognised in surplus / (deficit)	(3,989)	(5,766)	(5,116)	(6,081)
Non cash dividend	(307)	(162)	(307)	(162)
Ineffective derivative expense	26	42	26	42
Add / (less) movements in other working capital items				
(Increase) / decrease in receivables	843	(3,168)	307	(794)
(Increase) / decrease in other financial assets	(28)	(151)	(618)	(151)
(Increase) / decrease in inventories	(14)	(17)	(1,064)	(188)
Increase / (decrease) in provisions	28	(2,494)	65	(2,494)
Increase / (decrease) in financial guarantee liabilities	(113)	(113)	(113)	(113)
Increase / (decrease) in employee benefits	28	40	70	70
Increase / (decrease) in payables	(2,821)	3,021	464	3,090
Increase / (decrease) in derivative financial instruments	125	-	(149)	-
Items classed as investing activities	905	284	1,572	(9)
Net cash inflows from operating activities	41,375	47,407	47,994	52,715

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.

Notes to the Financial Statements

for the year ended 30 June 2019

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Statement of accounting policies

Reporting entity

The Far North District Council is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002. The consolidated financial statements reflect the operations of Far North District Council and its subsidiaries, Far North Holdings Limited (100% owned), Te Ahu Charitable Trust and Pou Herenga Tai Twin Coast Cycle Trail Charitable Trust.

Far North District Council has designated itself to be a Tier 1 public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice. Far North District 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.

These financial statements are for the year ended 30 June 2019 and were authorised by Far North District Council for issue on 3 October 2019.

Basis of preparation

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

Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, and the Local Government (Financial Reporting and Prudence) Regulations 2014, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

These financial statements have been prepared in accordance with and comply with the PBE International Public Sector Accounting Standards (IPSAS).

Presentation currency

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

Changes in accounting policies

There have been no changes in accounting policies.

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

Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 - 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 - 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted. The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council and group has not yet assessed the effects of these new standards.

Financial instruments

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.

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

Revenue

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

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

Development contributions

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

Building and resource consent revenue

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

Third party / agency revenue

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

Grant expenditure

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

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

Goods and Services Tax (GST)

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

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed exclusive of GST.

Development costs

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

Financial assets

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

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

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

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

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

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

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

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

Impairment of financial assets

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

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

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

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

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the

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

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

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

Statement of cash flows

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

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

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

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

Non-current assets held for sale

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

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

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

Critical accounting estimates and assumptions

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

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

Critical judgments in applying Council's accounting policies

Management has exercised the following critical judgments in applying the Council accounting policies for the year ended 30 June 2019:

- Classification of property – see Note 12.

1. Summary revenue and expenditure for groups of activities

Accounting policy

Cost allocation

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

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

Criteria for direct and indirect costs

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

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

Breakdown of revenue and expenditure by group of activities

	Actual 2019 \$000s	Council Budget 2019 \$000s	Actual 2018 \$000s
Revenue			
Roading and Footpaths	40,871	41,523	47,648
Water Supply	10,117	10,551	9,528
Wastewater	13,618	18,810	15,602
Stormwater	4,161	4,256	3,376
Solid Waste Management	5,074	5,482	5,450
District Facilities	21,421	15,535	26,620
Environmental Management	13,774	13,076	12,846
Strategic Planning and Policy	6,294	6,247	5,727
Customer Services	10,938	11,012	-
Governance and Strategic Administration	6,951	6,861	5,903
Total activity revenue	133,219	133,351	132,700
Total revenue	133,219	133,351	132,700
Expenditure			
Roading and Footpaths	38,114	38,862	35,875
Water Supply	9,200	8,608	8,404
Wastewater	13,686	14,050	12,032
Stormwater	3,657	3,763	2,810
Solid Waste Management	6,021	5,482	5,313
District Facilities	17,399	15,565	24,955
Environmental Management	14,072	13,076	11,860
Strategic Planning and Policy	5,330	6,247	5,128
Customer Services	10,059	10,212	-
Governance and Strategic Administration	4,888	5,349	4,320
Total activity expenditure	122,427	121,212	110,697
Total expenditure	122,427	121,212	110,697

2. Rates revenue

Accounting policy

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Revenue arising from late payment penalties is recognised as revenue when rates become overdue.
- Rates postponement applies where ratepayers meet the postponement policy criteria. Rates are shown as income in the year of postponement and recognised as an asset when it is probable that future economic benefits or service potential associated with the asset will flow to Council.
- Rates remissions are recognised as a reduction in rate revenue when the Council has received an application that satisfies its rate remission policy.
- Rates collected on behalf of the Northland Regional Council (NRC) are not recognised in the financial statements, as the Council is acting as an agent for the NRC.

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Rates - general	53,146	50,623	52,927	50,284
Targeted rates attributable to activities				
Roading	5,078	4,428	5,078	4,428
Water, excluding water by meter rates	2,712	2,780	2,712	2,780
Wastewater	11,731	11,588	11,731	11,588
Stormwater	662	665	662	665
District Facilities	11,585	11,506	11,585	11,506
Rates - penalties	1,261	1,084	1,261	1,084
Less remissions	(3,407)	(3,209)	(3,407)	(3,209)
Total rates, excluding targeted water supply rates	82,768	79,465	82,549	79,126

Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other Local Authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of Council for the year ended 30 June 2019 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council	
	2019 \$000s	2018 \$000s
Rates, excluding water by meter rates	86,175	82,673
Water by meter rates	6,298	6,449
Less remissions	(3,407)	(3,209)
Total annual rates revenue	89,066	85,913

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 Council's rates remission policy.

The number of rating units at 30 June 2018 was 37,989

The land value of these units was \$8,117,979,250 and the capital value was \$15,767,437,550.

3. Other revenue

Accounting policy

Interest and dividends

Interest revenue is recognised using the effective interest method.

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

Vested or donated physical assets

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

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

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Interest and dividends	1,718	1,071	1,725	1,074
Vested and previously unrecognised assets	877	-	877	-
Gain on revaluation	5,523	5,766	6,549	6,182
Other revenue	1,683	1,468	12,852	11,266
Total other revenue	9,802	8,305	22,003	18,522

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	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Roading	667	631	667	631
Water services	6,511	6,612	6,511	6,612
Wastewater services	239	176	239	176
Refuse / landfill services	1,449	1,576	1,449	1,576
Community services	1,266	1,258	1,266	1,258
Regulatory services	5,488	5,038	5,488	5,038
Customer services	684	589	684	589
Other fees and charges	1,114	1,147	854	1037
Total fees, charges and targeted water supply rates	17,417	17,027	17,158	16,917

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.

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
NZTA Roothing subsidies	20,269	24,200	20,269	24,200
MBIE - Cycleway subsidy	16	-	16	-
MBIE - Tourism Infrastructure Fund (TIF)	234	-	1,985	-
Ministry of Health - Water Subsidy	892	-	892	-
Ministry of Health - Wastewater Subsidy	1,622	3,655	1,622	3,655
Total subsidies and grants	23,033	27,855	24,784	27,855

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	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Salaries and wages	25,788	25,243	28,675	27,344
Less capitalised salaries	4	(39)	4	(39)
Salaries and wages expense	25,792	25,204	28,679	27,305
Kiwi saver contributions	648	639	711	687
Increase / (decrease) in employee benefit liabilities	3	24	22	24
Total personnel costs	26,443	25,867	29,412	28,016

5. Other expenses

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Fees paid to the principal auditor				
Audit of financial statements	174	172	266	238
Other assurance engagements	-	-	-	-
Debenture Trust Deed assurance engagement	7	7	7	7
LTP Audit	-	113	-	113
Donations	-	-	64	32
Inventory expenses in year	14	17	2,486	2,547
Loss on disposal of property, plant and equipment	4,537	1,865	4,537	1,865
Impairment of intangible assets	-	-	-	101
Impairment of property, plant and equipment	1,534	-	1,534	385
Impairment of rates receivables (note 9)	3,100	3,450	3,100	3,450
Impairment of other receivables (note 9)	106	(17)	126	(22)
Devaluation of property, plant and equipment	-	-	-	-
Direct expenses from investment property	-	-	1,703	782
Minimum lease payments - operating leases	767	693	829	755
Other expenses	51,139	44,141	53,322	46,184
Total other expenses	61,378	50,441	67,974	56,437

6. Finance costs

Accounting policy

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

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Interest expense on borrowings	2,320	2,308	3,842	3,679
Interest unwind - landfill aftercare	47	57	47	57
Total finance costs	2,367	2,365	3,889	3,736

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	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000
Components of tax expense				
Current tax expense - continuing operations	-	-	114	-
Deferred tax expense - continuing operations	-	-	113	318
Income tax expense	-	-	227	318
Relationship between tax expenses and accounting profit				
Continuing operations	10,792	22,003	15,733	24,619
Discontinued operations	-	-	-	-
Profit before taxation and share of profit of associate	10,792	22,003	15,733	24,619
Taxation at 28% (2018 -28%)	3,022	6,161	4,405	6,893
Plus (less) tax effect of				
Non taxable income	(3,022)	(6,161)	(3,371)	(6,575)
Group loss offset	-	-	(171)	-
Deferred tax adjustment	-	-	(636)	-
Taxation expense / (benefit)	-	-	227	318

Group

Deferred tax	Property plant and equipment \$000s	Investment properties \$000s	Biological Assets \$000s	Employee entitlements \$000s	Tax losses \$000s	Total \$000s
Balance at 1 July 2017	1,116	994	-	(59)	(357)	1,694
Charged to statement of comprehensive revenue and expense	(104)	425	-	(4)	-	317
Charged to equity	124	-	-	-	250	374
Balance at 30 June 2018	1,136	1,419	-	(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

From 1 July 2007 Council and FNHL have formed a consolidated group for tax purposes. Tax profits in Far North Holdings Ltd are automatically offset against tax losses in Council. Council has not recognised a deferred tax asset in relation to tax losses of \$nil (2018 \$216,000). 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	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Cash at bank and in hand				
Various (subsidiaries, community facilities, etc)	5	5	5	5
General fund (unsecured)	2,746	3,381	3,313	3,702
Term deposits with maturities less than 3 months at acquisition	4,673	4,543	4,673	4,543
Total cash and cash equivalents	7,424	7,929	7,991	8,250

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	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Cash at bank and on hand	2,751	3,386	3,318	3,707
Term deposits with maturities less than 3 months at acquisition	4,673	4,543	4,673	4,543
Bank overdrafts (Note 23)	-	-	(2,587)	(431)
	7,424	7,929	5,404	7,819

Council has an overdraft facility of \$3m (2018 \$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	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Rates and penalties	38,124	39,766	38,124	39,766
Sundry debtors (including postponed rates debtors)	17,258	20,037	18,197	20,616
Prepayments	1,170	666	1,256	728
Related party receivables	-	-	185	33
Gross debtors and other receivables	56,552	60,469	57,762	61,143
Less provision for impairment - rates	20,552	23,711	20,552	23,711
Less provision for impairment - sundry debts	308	223	334	249
Current debtors and other receivables	35,692	36,535	36,876	37,183

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

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

	2019			2018		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
Council						
Not past due	8,772	-	8,772	11,548	-	11,548
Past due 1 – 60 days	11,280	2,650	8,630	10,458	3,030	7,428
Past due 61 – 90 days	1,091	-	1,091	54	-	54
Past due over 90 days	35,409	18,210	17,199	38,409	20,904	17,505
Total	56,552	20,860	35,692	60,469	23,934	36,535
Group						
Not past due	9,738	-	9,738	12,003	-	12,003
Past due 1 – 60 days	11,300	2,650	8,650	10,528	3,030	7,498
Past due 61 – 90 days	1,104	-	1,104	105	-	105
Past due over 90 days	35,620	18,236	17,384	38,507	20,930	17,577
Total	57,762	20,886	36,876	61,143	23,960	37,183

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

	Council		Group	
	2019 \$000s	2018 \$008	2019 \$000s	2018 \$000s
Impairment of rates				
At 1 July	23,711	20,411	23,711	20,411
Additional provisions made during the year	3,100	3,450	3,100	3,450
Receivables written off during period	(6,259)	(150)	(6,259)	(150)
At 30 June	20,552	23,711	20,552	23,711
Impairment of sundry debts				
At 1 July	223	305	249	345
Additional provisions made during the year	106	(17)	126	(26)
Receivables written off during period	(21)	(65)	(41)	(70)
At 30 June	308	223	334	249

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	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Consumable stocks and materials	102	88	1,347	241
Marina berths	-	-	-	39
Chandlery and boatyard	-	-	21	24
Total inventories	102	88	1,368	304

There are no inventory items held for distribution.

11. Other financial assets

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Current portion				
Loans and receivables				
Short-term deposits maturity 4 - 12 months	-	-	202	126
Fair value through equity				
Listed Fonterra shares			542	
Total current portion	-	-	744	126
Non-current portion				
Fair value through equity				
LGNZ shares	136	122	136	122
LGFA borrower notes	640	640	640	640
Total non-current portion	776	762	776	762

There are no impairment provisions for other financial assets.

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

Maturity analysis and interest rates

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Loans and receivables				
Short term loan 4 - 12 months	-	-	202	126
Short term deposits 4 - 12 months	-	-	-	-
Maturing within 4 - 12 months	-	-	202	126

12. Property, plant and equipment - Council and group

Accounting policy

Property, plant and equipment

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

Property, plant and equipment consists of:

i. Operational assets

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

ii. Restricted assets

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

iii. Infrastructural assets

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

Revaluations

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

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

Roading infrastructural assets;

Stormwater infrastructural assets;

Water and wastewater infrastructural assets;

Stormwater infrastructural assets;

Maritime assets;

Footpaths and footbridges;

Carparks;

Refuse transfer stations;

Library books;

Ferry assets;

Heritage assets;

Parks & reserves;

Land;

Community facilities buildings.

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

Additions

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

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

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

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

The costs of day to day maintenance of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Assets under construction

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

Disposals

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

Depreciation

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

Operational assets

Runways	10 years	10%
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)	12 - 50 years	2 – 8.33%
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 - 25 years	4 - 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 – 120 years	0.83 – 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. Council may be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, such as stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing physical inspections and assessments;
 - Estimating any obsolescence or surplus capacity of an asset; and
 - Estimates are made when determining the remaining useful lives over which the asset will be depreciated. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense.
- To minimise this risk, 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 Council's infrastructural asset revaluations.

Critical judgments in applying Council's accounting policies

Classification of property

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

12. Property, plant and equipment - Council

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

2018	Cost / revaluation 30 June 2017	Accumulated depreciation and impairment charges 30 June 2017	Carrying amount 30 June 2017	Current year additions	Current year vested assets
Land	377,462	-	377,462	-	-
Vehicles and plant	4,246	(987)	3,260	624	-
Leasehold improvements	2,449	(1,091)	1,358	-	-
Wharves, ramps, moorings	4,515	-	4,516	517	-
Furniture, fitting and office equipment	7,694	(1,096)	6,598	404	-
Information systems	3,136	(2,064)	1,071	276	-
*Work in progress	122	-	122	1,604	-
Total operational assets	399,624	(5,238)	394,386	3,425	-
Roading and footpaths	1,019,283	(1,801)	1,017,482	33,463	-
Water – treatment plants and facilities	20,389	(1,026)	19,363	664	-
Water - other	46,160	(1,166)	44,995	792	-
Wastewater – treatment plants and facilities	38,414	(2,139)	36,275	1,803	-
Wastewater - other	66,229	(1,601)	64,629	101	-
Stormwater	56,698	-	56,698	1,010	-
Refuse	4,909	-	4,909	4	-
Community facilities	53,372	(2,135)	51,237	2,474	-
Work in progress	23,644	-	23,644	43,474	-
Total infrastructural assets	1,329,098	(9,868)	1,319,232	83,785	-
Council restricted assets					
Land	28,760	-	28,760	-	-
Total restricted assets	28,760	-	28,760	-	-
Total property, plant and equipment	1,757,482	(15,106)	1,742,378	87,210	-

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)	3,778
(480)	-	(162)	(7)	5	982	(426)	556
-	(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	-	363
(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

Current year disposals (at book value)	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus / (deficit)	Cost / revaluation 30 June 2018	Accumulated depreciation and impairment charges 30 June 2018	Carrying amount 30 June 2018
-	-	-	-	(191)	377,272	-	377,271
(59)	-	(455)	-	-	4,710	(1,340)	3,370
-	-	(189)	-	-	2,449	(1,279)	1,170
(15)	-	(444)	-	390	4,963	-	4,963
(53)	-	(895)	-	-	7,874	(1,820)	6,054
-	-	(481)	-	-	3,343	(2,476)	867
(752)	-	-	-	-	974	-	974
(878)	-	(2,463)	-	199	401,586	(6,916)	394,670
(595)	-	(17,926)	-	16,209	1,051,218	(2,584)	1,048,633
(97)	-	(1,040)	-	744	19,662	(29)	19,633
(99)	-	(1,179)	-	(2,239)	42,270	-	42,270
(382)	-	(2,201)	-	3,293	38,788	-	38,788
(21)	-	(1,598)	-	1,752	64,864	-	64,863
(176)	-	(837)	-	-	57,528	(833)	56,695
-	-	(587)	-	255	4,966	(385)	4,581
(330)	-	(3,563)	-	-	55,434	(5,616)	49,818
(41,563)	-	-	(251)	-	25,304	-	25,304
(43,262)	-	(28,931)	(251)	20,014	1,360,033	(9,447)	1,350,586
-	-	-	-	-	28,760	-	28,760
-	-	-	-	-	28,760	-	28,760
(44,140)	-	(31,394)	(251)	20,214	1,790,380	(16,363)	1,774,017

12. Property, plant and equipment - Group

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, boat transporters 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 assets	859	-	859	-	-
Work in progress	1,747	-	1,747	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	2573	-
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	-	-
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)	(3,402)	4,940	40,742	492,093	(9,498)	482,595
(2,381)	-	(17,869)	-	27,515	1,078,509	(5,322)	1,073,188
(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)	65,669
(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)	54,528
(30,494)	-	-	-	-	32,553	-	32,553
(34,884)	3	(29,367)	-	64,469	1,433,810	(15,064)	1,418,749
-	-	-	-	2,773	31,533	-	31,533
-	-	-	-	-	28,760	-	31,533
(38,979)	(1,531)	(32,769)	4,940	105,211	1,954,663	(24,562)	1,932,877

12. Property, plant and equipment - Group continued

2018	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	384,223	-	384,223	-	-
Buildings	21,390	(1,398)	19,992	715	-
Vehicles and plant	5,402	(1,901)	3,501	772	-
Leasehold improvements	2,501	(1,104)	1,397	28	-
Wharves, ramps, moorings	5,921	(16)	5,905	528	-
Furniture, fittings and office equipment	11,645	(3,196)	8,449	436	-
Information systems	3,136	(2,064)	1,072	276	-
Runways	3,681	-	3,681	-	-
Boat transporters	449	(190)	259	-	-
Site works	31	(18)	13	-	-
Heritage assets	859	-	859	-	-
Work in progress	122	-	122	2,223	-
Total operational assets	439,360	(9,887)	429,473	4,978	-
Roading and footpaths	1,019,285	(1,801)	1,017,484	33,463	-
Water - treatment plants and facilities	20,389	(1,026)	19,363	664	-
Water - other	46,160	(1,166)	44,994	792	-
Wastewater - treatment plants and facilities	38,414	(2,139)	36,275	1,803	-
Wastewater - other	66,229	(1,601)	64,628	101	-
Stormwater	56,698	-	56,698	1,010	-
Refuse	4,909	-	4,909	4	-
Community facilities	53,372	(2,135)	51,237	2,474	-
Work in progress	23,644	-	23,644	43,474	-
Total infrastructural assets	1,329,100	(9,868)	1,319,232	83,785	-
Council restricted assets					
Land	28,760	-	28,760	-	-
Total restricted assets	28,760	-	28,760	-	-
Total property, plant and equipment	1,797,220	(19,755)	1,777,465	88,763	-

Current year disposals (at book value)	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus / (deficit)	Cost / revaluation 30 June 2018	Accumulated depreciation and impairment charges 30 June 2018	Carrying amount 30 June 2018
-	-	-	(124)	36	384,134	-	384,134
(385)	-	(350)	(1,029)	75	19,365	(349)	19,016
(59)	-	(551)	48	-	6,061	(2,350)	3,711
-	-	(191)	7	-	2,536	(1,294)	1,242
(15)	-	(495)	267	447	6,704	(67)	6,637
-	(53)	(1,219)	962	-	11,430	(2,855)	8,575
-	-	(481)	-	-	3,343	(2,476)	867
-	-	(147)	-	310	3,991	(147)	3,844
-	-	(18)	-	-	449	(208)	241
-	-	(2)	9	-	22	(2)	20
-	-	-	154	-	859	-	859
(752)	-	-	-	-	1747	-	1,747
(1,264)	-	(3,455)	294	868	440,642	(9,748)	430,893
(595)	-	(17,926)	-	16,209	1,051,218	(2,584)	1,048,634
(97)	-	(1,040)	-	744	19,662	(29)	19,633
(99)	-	(1,179)	-	(2,239)	42,270	-	42,270
(382)	-	(2,201)	-	3,293	38,788	-	38,788
(21)	-	(1,598)	-	1,752	64,864	-	64,864
(176)	-	(837)	-	-	57,528	(833)	56,695
-	-	(587)	-	255	4,966	(385)	4,581
(330)	-	(3,563)	-	-	55,434	(5,616)	49,818
(41,563)	-	-	(251)	-	25,304	-	25,304
(43,263)	-	(28,931)	(251)	20,014	1,360,034	(9,447)	1,350,587
-	-	-	-	-	28,760	-	28,760
-	-	-	-	-	28,760	-	28,760
(44,527)	-	(32,386)	43	20,882	1,829,436	(19,195)	1,810,240

Valuation

* Note to table 12, page 105 – Includes work in progress (WIP) for intangible assets \$0.653m (\$0.433m 2017/18)

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)

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.

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.

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 30 June 2018. 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 June 2018. The larger roading asset classes such as pavement, drainage and bridges have an effective date as at 30 April 2019. 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 30 April 2019. 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.

Disposals

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

- Disposal of the assets associated with the Ahipara landfill which closed during the 18/19 financial year

Work in progress

The total amount of property, plant and equipment in the course of construction is \$32,915,016 (2018 \$26,278,246).

	2019 \$000s	2018 \$000s
Land	16	28
Vehicles and plant	81	1
Leasehold improvements	-	10
Wharves, ramps, moorings	108	108
Furniture, fittings and office equipment	8	28
Information systems	24	16
Roading and footpaths	11,834	10,702
Water - treatment plants and facilities	3,510	716
Water - other	282	127
Wastewater - treatment plants and facilities	8,903	2,023
Wastewater - other	5,341	8,777
Refuse	58	4
Stormwater	777	213
Community facilities	1,320	3,092
Intangible assets	653	433
Total work in progress	32,915	26,278

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	1,022,606	April 2019
	Roading streetlights, quarries	3,352	April 2019
	Roading road marking	1,474	June 2018
	Roading traffic services	9,386	June 2018
	Land	371,889	April 2019
	Footpaths	22,085	April 2019
Water	Treatment plans and facilities	19,454	June 2018
	Other	41,797	June 2018
	Land	1,711	April 2019
Wastewater	Treatment plans and facilities	38,908	June 2018
	Other	64,862	June 2018
	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 Council, excluding easements which are not amortised, are stated at cost less accumulated amortisation and impairment losses. The useful lives and associated amortisation classes of intangible assets have been estimated as follows:

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

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

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

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

Subsequent expenditure

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

Amortisation

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

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

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Computer software				
Cost	5,614	5,491	5,853	5,671
Accumulated amortisation and impairment	(4,963)	(4,841)	(5,183)	(5,003)
Year ended 30 June 2018	651	650	670	668
Opening carrying amount	651	650	670	668
Additions	193	182	193	182
Amortisation charges	(171)	(180)	(179)	(180)
Balance at 30 June 2019	673	651	684	670
Resource consents / easements				
Cost	3,472	3,472	3,472	3,472
Accumulated amortisation and impairment	(1,293)	(1,097)	(1,293)	(1,097)
Year ended 30 June 2018	2,179	2,375	2,179	2,375
Opening carrying amount	2,179	2,375	2,179	2,375
Additions	12	-	12	-
Amortisation charges	(184)	(196)	(184)	(196)
Disposals (at book value) / adjustments	-	-	-	-
Balance at 30 June 2019	2,007	2,179	2,007	2,179
Goodwill				
Balance 1 July 2018	-	-	100	201
Additions	-	-	100	-
Asset written off/impairment	-	-	-	(101)
Balance 30 June 2019	-	-	200	100
Public access rights				
Cost	9,641	9,641	1,599	1,599
Accumulated amortisation and impairment	(1,636)	(1,383)	(1,295)	(1,210)
Year ended 30 June 2018	8,004	8,257	304	389
Opening carrying amount	8,004	8,257	304	389
Additions	-	-	-	168
Amortisation charges	(253)	(253)	(77)	(253)
Disposals (at book value) / adjustments	-	-	-	-
Balance at 30 June 2019	7,751	8,004	227	304
Total intangible assets	10,431	10,834	3,117	3,252

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

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

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

14. Depreciation and amortisation expense by activity

	Council	
	2019 \$000s	2018 \$000s
Directly attributable depreciation and amortisation by activity		
Roading and Footpaths	18,059	18,089
Water Supply	2,466	2,299
Wastewater	4,144	3,919
Stormwater	920	849
Solid Waste Management	631	594
District Facilities	4,793	4,897
Environmental Management	184	223
Strategic Planning and Policy	33	33
Total directly attributable depreciation and amortisation by group of activities	31,230	30,903
Depreciation and amortisation not directly related to group of activities	1,010	1,120
Total depreciation and amortisation expense	32,239	32,023

15. Interest expense by activity

	Council	
	2019 \$000s	2018 \$000s
Directly attributable interest by activity		
Roading and Footpaths	639	613
Water Supply	353	350
Wastewater	1,006	866
Stormwater	135	125
Solid Waste Management	136	157
District Facilities	459	418
Environmental Management	5	6
Strategic Planning and Policy	11	14
Governance and Strategic Administration	(377)	(184)
Total interest attributable to activities	2,367	2,365

16. Gain on asset revaluations

	Council	
	2019 \$000s	2018 \$000s
Revaluation gain reported in PPE note	107,681	20,214
Credited to:		
Revaluation reserves (Note 24)	102,157	14,490
Recognised in surplus / (deficit)		
Roading	-	5,724
Utilities land	-	-
Reserves land	5,524	-
Gain on asset revaluations	107,681	20,214

17. 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	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Balance at 1 July	763	720	763	720
Disposal of Forestry Asset under Treaty settlement	-	-	-	-
Gains/(losses) arising from changes in value	22	43	22	43
Balance at 30 June	785	763	785	763

Council owns 52 hectares of forest which are of harvestable age. No forests have been harvested during the period (2018 - 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 2019. The following assumptions were used:

- A discount rate of 9% (2018 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 current average costs; and
- Log prices are based on a 5 year export log price index series.

Financial risk management strategies

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

18. Investment property

Accounting policy

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

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

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

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

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Balance at 1 July	-	-	69,755	61,787
WIP transfers	-	-	-	-
Additions / WIP	-	-	7,130	7,552
Disposals	-	-	(1,890)	-
Reclassification as PPE	-	-	373	-
Fair value gains / (losses) on valuation	-	-	1,298	416
Balance at 30 June	-	-	76,666	69,755

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 valuation was performed by T S Baker ANZIV, of the firm Telfer Young (Northland) Ltd, a valuer with extensive market knowledge in the types of investment properties owned by the group.

Rental revenue

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Rental revenue	-	-	3,745	3,382
Expenses from investment property generating revenue	-	-	2,050	782
Expenses from investment property not generating revenue	-	-	-	-

19. Investment in subsidiaries

Accounting policy

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

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Far North Holdings Ltd	18,000	12,000	-	-
Total investment in subsidiaries	18,000	12,000	-	-

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

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

20. Creditors and other payables

Accounting policy

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

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Current portion				
Payables and deferred revenue under exchange transactions				
Creditors	1,576	3,608	5,082	4,751
Related party payables	-	-	117	66
Accruals	11,298	10,763	11,302	10,763
Deposits	5,939	6,090	5,939	6,090
Revenue in advance	3,921	3,344	5,862	3,692
Total	22,734	23,805	28,302	25,362
Payables and deferred revenue under non-exchange transactions				
Income tax and ACC payable	798	707	918	707
Other taxes payable (e.g.GST and FBT)	(1,360)	482	(1,361)	482
Total	(562)	1,189	(443)	1,189
Total current portion	22,172	24,993	27,858	26,550
Non-current portion				
Revenue in advance	-	-	9,671	7,790
Total non-current portion	-	-	9,671	7,790

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

21. Provisions

Accounting policy

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

Landfill post – closure costs

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

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

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

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

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Provision for weather-tight homes				
Current	27	-	27	-
Non-current	-	-	-	-
Total provision weather-tight homes	27	-	27	-
Balance 1 July		2,385	-	2,385
Plus provision added	27	-	27	-
Provision utilised	-	(2,385)		(2,385)
Balance 30 June	27	-	27	-
Provision for Landfill aftercare liability				
Current provisions	298	260	298	260
Non-current provisions	297	334	297	334
Total provisions landfill aftercare	595	594	595	594
This is represented by:				
Ahipara				
Opening balance 1 July	351	477	351	477
Plus provision added	-	-	-	-
Less amount utilised	-	(126)	-	(126)
Closing balance 30 June	351	351	351	351
Kaikohe				
Opening balance 1 July	6	8	6	8
Plus provision added	-	-	-	-
Less amount utilised		(2)	-	(2)
Closing balance 30 June	6	6	6	6
Russell				
Opening balance 1 July	215	197	215	197
Plus provision added	3	18	3	18
Less amount utilised	-	-	-	-
Closing balance 30 June	218	215	218	215
Whangae				
Opening balance 1 July	22	24	22	24
Plus provision added	-	-	-	-
Less amount utilised	(2)	(2)	(2)	(2)
Closing balance 30 June	20	22	20	22
Total landfill aftercare provisions	595	594	595	594
Total current provisions	325	260	325	260
Total non-current provisions	297	334	297	334
Total provisions	622	594	622	594

Landfill aftercare provisions

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

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

- Final cover and vegetation;
- Drainage control features to minimise infiltration of stormwater;
- Completing facilities for leachate collection and treatment;
- Ongoing monitoring as per discharge consent conditions; and

Completing facilities for monitoring of landfill gas and ensuring no hazard exists.

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

Ensure closed landfill is suitable for intended future use.

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

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

- The remaining cubic capacity of refuse, cleanfill and cover of Council's two current sites as at 30 June 2019 are:
Ahipara - nil

Russell - 14,000 cubic meters

- The estimated remaining lives are:

Ahipara - nil

Kaikohe - nil

Russell - 8 years

Whangae - nil

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

The future cash flows for the landfill post closures are expected to occur for the years between 2019 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. A discount rate of 8% has been used to discount the estimated future cashflows.

Weather-tight homes provision

Council has a provision of \$27,000 in 2019 (2018 - nil) in response to one (2018 - one) weather-tight homes claim currently lodged with the Weather-tight Homes Resolution Service. This claim is not proved to be the responsibility of Council so it has not been deemed prudent to make any further provision as it is unlikely that Council will be required to settle the claim.

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	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Accrued pay	727	702	791	743
Annual leave entitlement	1,613	1,589	1,775	1,732
Other entitlements	253	273	253	273
Total employee benefits	2,592	2,564	2,818	2,748
Comprising				
Current	2,592	2,564	2,818	2,748
Non-current	-	-	-	-
Total employee benefits	2,592	2,564	2,818	2,748

23. Borrowings and other financial liabilities

Accounting policy

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

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Current				
Bank overdraft (Note 8)	-	-	2,587	431
Secured loans	22,000	1,500	26,374	1,500
Finance lease liability	-	-	-	-
Total current borrowings	22,000	1,500	28,961	1,931
Non-current				
Secured loans	30,000	46,500	60,552	76,685
Finance lease liability	-	-	-	-
Total non-current borrowings	30,000	46,500	60,552	76,685

Council loans are secured over rating revenue. FNHL has loans of \$34,926,638 (2018 - \$30,185,200). Land and buildings to a value of \$59,767,000 (\$52,832,000 in 2018) have been given as security for the term loans. Council has an overdraft limit of \$3 million (2018 - \$3m) which is not secured.

Council has a short term loan facility of \$20 million as at 30 June 2019 (2018 - \$20m) and \$5.5m was drawn against this facility as at 30 June (\$1.5m - 2018).

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Maturity periods				
Payable no later than 1 year	22,000	1,500	59,513	2,281
Later than 1, not later than 2 years	20,000	16,500	20,000	16,500
Later than 2, not later than 5 years	-	20,000	-	49,835
Later than 5 years	10,000	10,000	10,000	10,000
	52,000	48,000	89,513	78,616

The carrying amount of borrowings approximates their fair value.

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

	2019	2018
Secured loans and debentures	3.35%	3.61%

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

Ratio	Target	Achievement 2018/19
Net debt as % total revenue	Debt not greater than 175% of revenue	33%
Gross annual interest to total revenue	Less than 20%	1.80%
Current ratio (liquidity ratio)	Equal to or greater than 110%	148%

24. Equity

Accounting policy

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

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

Restricted reserves

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

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

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

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

Property revaluation reserves

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

Fair value through equity reserves

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

Cash flow hedge reserves

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

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Retained earnings				
As at 1 July	1,330,603	1,310,976	1,366,654	1,344,711
Transfer from / (to) restricted reserves	(900)	(5,223)	(900)	(5,205)
Transfer from revaluation reserves on disposal	7,026	2,847	9,060	2,847
Surplus / (deficit) for the year	10,792	22,003	15,733	24,301
Balance as at 30 June	1,347,521	1,330,603	1,392,347	1,366,654
Restricted reserves				
As at 1 July	11,878	6,655	13,381	8,158
Transfer (to) / from retained earnings	900	5,223	900	5,223
Balance as at 30 June	12,778	11,878	14,281	13,381
Restricted reserves consists of:				
Community – district	1,003	486	1,003	486
Drainage	127	125	127	125
BOI Recreation Centre	-	-	-	-
Stormwater separate rate	3,875	3,348	3,875	3,348
Sewerage	3,268	3,774	3,268	3,774
Water	(1,016)	(1,324)	(1,016)	(1,324)
Special funds	4,762	4,617	4,762	4,617
Kerikeri main street reserve	278	278	278	278
Economic development reserve	10	10	10	10
Paihia central business district development	3	2	3	2
Kaitaia BID	(5)	(19)	(5)	(19)
Tanekaha Lane	-	22	-	22
Hupara Road improvements	(98)	-	(98)	-
BOI-Whangaroa community reserve	105	105	105	105
Te Hiku community reserve	85	72	85	72
Kaikohe-Hokianga community reserve	57	57	57	57
Carpark funds	324	324	324	324
Subsidiary assets	-	-	1,503	1503
Total restricted reserves	12,778	11,878	14,281	13,381
Other reserves consist of:				
Asset revaluation reserves				
As at 1 July	420,347	408,789	430,666	418,888
Revaluation gains	102,157	14,490	103,284	14,710
Transfer to retained earnings on disposal	(7,023)	(2,932)	(7,023)	(2,932)
Balance as at 30 June	515,481	420,347	526,927	430,666
Asset revaluation reserve consists of:				
Land	76,918	41,436	76,918	41,436
Vehicles and plant	798	937	798	937
Leasehold improvements	19	14	19	14
Wharves, ramps, moorings	3,528	3,012	3,528	3,012
Furniture, fitting and office equipment	7,729	6,226	7,729	6,226
Information systems	-	-	-	-
Roading and footpaths	291,936	268,242	291,936	268,242
Water - treatment plants and facilities	4,446	4,484	4,446	4,484
Water - other	17,350	17,649	17,350	17,649
Wastewater - treatment plants and facilities	9,438	9,643	9,438	9,643
Wastewater - other	21,249	21,249	21,249	21,249

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Refuse	2,896	4,119	2,896	4,119
Drainage	54,459	21,893	54,459	21,893
Community facilities	24,715	21,443	31,415	26,694
Council restricted assets	-	-	-	-
FNHL – land	-	-	1,069	2,732
FNHL – runways	-	-	(208)	1,090
FNHL – buildings	-	-	241	1,246
Total asset revaluation reserve	515,481	420,347	523,283	430,666
Fair value through equity reserve				
LGNZ shares revaluation movements				
As at 1 July	77	86	77	86
Fair value gains / (losses)	14	(9)	(135)	(9)
Total LGNZ shares valuation reserve	91	77	(58)	77
Cash flow hedge equity reserve				
As at 1 July	(694)	(922)	(922)	(922)
Fair value gains / (losses)	151	228	151	228
Balance 30 June	(543)	(694)	(771)	(694)
Capital reserve				
As at 1 July	2,697	2,697	-	-
Balance as at 30 June	2,697	2,697	-	-
Total other reserves	517,726	422,427	522,454	430,049

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

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

25. Capital commitments

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Capital commitments approved and contracted				
Roading and footpaths	44,590	2,800	44,590	2,800
District Facilities	234	20	234	20
Wastewater	10,987	12,880	10,987	12,880
Water Supply	714	-	714	-
Governance and Strategic Administration	-	113	-	113
Investment Property	-	-	2,486	-
Maritime / Airport	-	-	5,631	5,000
Total capital commitments	56,525	15,813	64,642	20,813

The Roothing commitments will attract subsidy of \$29.34 million 2019-2022 (\$1.71 million 2017-18). Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

26a. Operating leases as lessee

Accounting policy

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

Operating leases as lessee

Council has operating lease agreements for the provision of property.

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Operating leases				
Lease payments made:	767	693	829	755
Lease payments due:				
Not later than 1 year	460	436	513	486
Later than 1 year and not later than 2 years	354	425	380	-
Later than 2 years and not later than 5 years	986	918	986	989
Later than 5 years	963	1,179	963	-
Total operating leases	2,763	2,958	2,842	1,475

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	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Non-cancellable operating leases lessor				
Not later than 1 year	484	395	2,910	2,826
Later than 1 and not later than 5 years	1,557	1,349	6,321	6,399
Later than 5 years	3,570	2,167	8,929	7,540
Total non-cancellable operating leases	5,611	3,911	18,160	16,765

27a. Contingencies

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Building Act claims	40	660	40	660
Other legal proceedings	540	100	540	100
Roading legalisation claims	-	-	-	-
Total contingent liabilities	580	760	580	760

Litigation

There are 12 claims involving possible future costs totalling an estimated value of \$580,000. These claims are contingent and have not been accrued in the financial statements. (Last year there were 10 possible claims at an estimated value of \$760,000). 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 1 claim in relation to Council. The number of buildings affected by those claims is unknown. Claims lodged prior to July 2007 will be substantially covered by insurance and those from July 2008 will be subject to an excess of \$50k per claim. From July 2009 no further claims will be covered by Riskpool. In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 councils, including Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 44 of which are located within Auckland. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

Guarantees

Houhora Big Game Sports and Fishing Club \$50,000 (2017 \$50,000) and the Kawakawa Bowling Club of \$45,500 (2018 \$40,000). Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. NZLGFA has a local currency rating from Fitch Ratings and Standard & Poor's of AA+ and a foreign currency rating of AA. Council is a borrower guarantor (not a shareholder) and is one of 30 local authority shareholders and 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, Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2019, NZLGFA had borrowings totalling \$9,531 million (2018: \$8,272 million). Financial reporting standards require Council to recognise the guarantee liability at fair value. However, Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

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

27b. Financial guarantee liabilities

Accounting policy

Financial guarantee contracts

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

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

Financial guarantee are subsequently measured at the higher of:

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

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 \$1,102,649. (June 2018 outstanding balance of \$1,215,709)

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	
	2019 \$000s	2018 \$000s
Councillor's remuneration	711	647
Community board remuneration	300	295
Senior management team (Inc. CEO)	1,205	1,188
Total salaries - key management personnel	2,216	2,130

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	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$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 17)				
Salary	330	327	330	327
Total CEO costs	330	327	330	327

Elected representatives

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Mayor Carter - honorarium	140	131	140	131
Mayor Carter - mileage and other expenses	19	32	19	32
Other elected representatives				
Court A - honorarium	60	54	60	54
Court A - mileage and other expenses	11	11	11	11
Foy F - honorarium	48	43	48	43
Foy F - mileage and other expenses	8	8	8	8
Hookway D - honorarium	49	43	49	43
Hookway D - mileage and other expenses	3	3	3	3
Kitchen C - honorarium	48	43	48	43
Kitchen C - mileage and other expenses	16	16	16	16
Macauley S - honorarium	48	43	48	43
Macauley S - mileage and other expenses	-	1	-	1
McInnes T - honorarium	78	71	78	71
McInnes T - mileage and other expenses	8	10	8	10
Prime WJ - honorarium	-	13	-	13
Prime WJ - mileage and other expenses	-	-	-	-
Radich M - honorarium	48	43	48	43
Radich M - mileage and other expenses	-	1	-	1
Stratford K - honorarium	48	16	48	16
Stratford K - mileage and other expenses	9	4	9	4
Vujcich J - honorarium	60	54	60	54
Vujcich J - mileage and other expenses	10	7	10	7
Total elected representatives	711	647	711	647

Elected members

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Bay of Islands-Whangaroa Community Board				
Ayr L - honorarium	12	12	12	12
Ayr L - mileage and other expenses	2	2	2	2
Greening T - honorarium	31	30	31	30
Greening T - mileage and other expenses	8	10	8	10
Mills B - honorarium	12	12	12	12
Mills B - mileage and other expenses	3	2	3	2
Robinson M - honorarium	12	12	12	12
Smith R - honorarium	12	12	12	12
Smith R - mileage and other expenses	2	1	2	1
Stratford K - honorarium	-	7	-	7
Stratford K - mileage and other expenses	-	2	-	2
Ward B - honorarium	12	12	12	12
Ward B - mileage and other expenses	1	2	1	2
Wells M -	12	-	12	-
Wells M - mileage and other expenses	2	-	2	-
Kaikohe-Hokianga Community Board				
Cassidy R - honorarium	-	10	-	10
Cassidy R - mileage and other expenses	-	2	-	2
Davis E - honorarium	10	10	10	10
Davis E - mileage and other expenses	5	3	5	3
Edmonds M - honorarium	26	26	26	26
Edmonds M - mileage and other expenses	4	6	4	6
Hessell A - honorarium	8	-	8	-
Hessell A - mileage and other expenses	2	-	2	-
Reilly S - honorarium	10	10	10	10
Reilly S - mileage and other expenses	-	1	-	1
Toorenburg L - honorarium	10	10	10	10
Toorenburg L - mileage and other expenses	4	3	4	3
Van Gaalen K - honorarium	10	10	10	10
Van Gaalen K - mileage and other expenses	-	-	-	-

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Te Hiku Community Board				
Atkinson S - honorarium	10	10	10	10
Atkinson S - mileage and other expenses	3	2	3	2
Dalziel M - honorarium	10	10	10	10
Dalziel M - mileage and other expenses	-	2	-	2
Gardner K - honorarium	27	26	27	26
Gardner K - mileage and other expenses	8	5	8	5
Hunt B - honorarium	10	10	10	10
Hunt B - mileage and other expenses	-	1	-	1
Murupaenga A - honorarium	10	10	10	10
Murupaenga A - mileage and other expenses	1	1	1	1
Ward F - honorarium	10	-	10	-
Ward F - mileage and other expenses	1	-	1	-
Ward M - honorarium	-	10	-	10
Ward M - mileage and other expenses	-	1	-	1
Total Community Board costs	300	295	300	295
Total remuneration costs	1,341	1,269	1,341	1,269

	Council 2018 Number
Total annual remuneration by band of employee as at 30 June	
< \$60,000	154
\$60,000 to \$79,999	83
\$80,000 to \$99,999	61
\$100,000 to \$119,999	24
\$120,000 to \$139,999	10
\$140,000 to \$179,999	12
\$180,000 to \$259,999	5
Total employees	349

	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 \$329,999	4
Total employees	352

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 306 (2017/18 - 310) full time employees, with the balance of staff representing 30.88 (2017/18- 26.4) full time equivalent employees. A full time employee is determined on the basis of a 40 hour week.

30. Severance payments

There was one severance payment made in 2018/19. The value of this payment was \$5,000. (2017-18 – 2 totalling \$12,124)

31. Events after balance sheet date

No events occurred after balance sheet date that require adjustments to be made to the financial statements or disclosure. (2017/18 – Nil)

32. Financial instrument risk

32a Financial instrument categories

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$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	7,424	7,929	7,991	8,250
Other financial assets				
Short term deposits	-	-	-	-
Debtors and other receivables (excluding prepayments)	34,522	35,869	35,620	36,455
Total loans and receivables	41,946	43,798	43,611	44,705
Fair value through equity				
LGNZ shares	136	122	136	122
LGFA borrower notes	640	640	640	640
Total fair value through equity	776	762	776	762
Financial liabilities				
Derivatives that are cash flow hedge accounted				
Derivative financial instrument liabilities				
Current	27	176	27	176
Non-current	501	477	501	477
Total derivatives that are in a cash flow hedge relationship	528	653	528	653
Financial liabilities at amortised cost				
Creditors and other payables	18,813	20,461	22,440	21,670
Borrowings				
Bank overdraft	-	-	2,587	431
Secured loans	52,000	48,000	86,926	78,185
Total financial liabilities at amortised cost	70,813	68,461	111,953	100,286

32b Financial instrument risks

Management policies with respect to financial instruments

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

Price risk

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

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return on investment. The interest rates on the Group's borrowings are disclosed in Note 23. There are three interest rate swap agreements in place at 30 June 2019 (2018 - four). Council manages its interest rate risk by varying financing terms of its public debt.

Currency risk

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

Credit risk

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

Fair value

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

Cash flow interest rate risk

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

Fair value interest risk

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

Maximum exposure to credit risk

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Cash at bank and term deposits	7,424	7,929	7,991	8,250
Debtors and other receivables	34,522	35,869	35,620	36,455
Other financial assets	-	-	-	-
LGNZ shares	136	122	136	122
LGFA borrower notes	640	640	640	640
Guarantee (Civic Trust)	325	260	325	260
Total credit risk	43,047	44,820	44,712	45,727

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	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Counterparties with credit ratings				
Cash at bank and term deposits				
AA-	7,424	7,929	7,991	8,250
Total cash at bank and term deposits	7,424	7,929	7,991	8,250
Fair value through equity				
A+	776	762	776	762
Total fair value through equity	776	762	776	762

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

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Council aims to maintain flexibility in funding by keeping committed credit lines available. In meeting its liquidity requirements, Council maintains a loan profile, in accordance with its funding and financial policies, which includes a treasury management policy. Council has a maximum amount that can be drawn against its overdraft facility of \$3,000,000 (2018- \$3,000,000). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities

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

	Carrying amount \$000s	Contractual cash flows \$000s	Less than 1 year \$000s	1-2 years \$000s	2- 5 years \$000s	More than 5 years \$000s
Council 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
Council 2018						
Creditors and other payables	20,461	20,461	20,461	-	-	-
Bank overdraft	-	-	-	-	-	-
Net settled derivative liabilities	653	653	176	-	477	-
Secured loans	48,000	53,447	1,506	28,532	11,043	12,366
Guarantee (Civic Trust)	1,216	1,216	-	1,216	-	-
Total	70,330	75,777	22,143	29,748	11,520	12,366
Group 2018						
Creditors and other payables	21,670	21,670	21,670	-	-	-
Bank overdraft	431	431	431	-	-	-
Net settled derivative liabilities	653	653	176	-	477	-
Secured loans	78,185	86,663	1,864	59,181	13,252	12,366
Guarantee (Civic Trust)	1,216	1,216	-	1,216	-	-
Total	102,155	110,633	24,141	60,397	13,729	12,366

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 Council's financial instrument exposures at the balance date.

Interest rate risk

Council	2019 \$000s		2018 \$000s	
	Profit - 100 bps	Profit + 100 bps	Profit - 100 bps	Profit + 100 bps
Financial assets				
Cash and cash equivalents	6	(6)	2	(2)
Derivative financial assets				
Derivative financial instruments	(180)	179	(351)	339
Financial liabilities				
Borrowings				
Credit lines	-	-	-	-
Total sensitivity to interest rate risk	(174)	173	(349)	337

Explanation of sensitivity analysis

1. Cash and cash equivalents

Cash and cash equivalents are \$4,988,026 (2018 \$7,929,461) which are at a floating rate. A movement of plus or minus 1% has an effect on interest revenue of \$5,675. (2018 \$1,903)

2. Credit lines

The balance on the credit lines was \$5.5m at 30 June 2019 (2018 \$1.5m) at a floating rate. A movement in interest rates of plus or minus 1% has an effect on interest payable of \$135. (2018 \$37)

FNHL does not have any significant interest rate risk.

33. Capital management

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

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

34. Property available for sale

Accounting policy

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

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

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

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

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

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Non-current assets held for sale are:				
Land	230	-	230	-
Wharves	-	-	-	-
Total non-current assets held for sale	230	-	230	-

Council has one (2018 - one) parcel of land that has been declared surplus to requirement and marketed for sale with a market value of \$240,000 and expected sale costs of approx \$10,000. This Council-owned property on Oneroa Road, Russell has been presented as held for sale following the approval by the Council on 1st May 2008. The completion date of the sale is expected to be by October 2019. FNHL have no property for sale (2018 - no property for sale).

The Russell Wharf has been presented as held for sale to Far North Holdings Limited for \$1, following the approval by the Council on 24th May 2018. This sale will not occur until the specified conditions have been met. This is expected to occur in the 19/20 financial year.

35. Derivative financial instruments

	Council		Group	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Non-current asset - cash flow hedge	-	-	-	-
Current liability - cash flow hedge	(27)	(176)	(27)	(176)
Non-current liability - cash flow hedge	(501)	(477)	(501)	(477)
Total derivative financial instrument liabilities	(528)	(653)	(528)	(653)

Fair value

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

Interest rate swap

The notional principal amount of the outstanding interest rate swap contracts with Council was \$15,000,000 (June 2018 \$20,000,000). At June 30 the fixed interest rates of the cash flow hedges ranged from 3.88% to 3.97% with maturity dates ranging from August 2019 to March 2022. (2018 – 3.74% to 3.97%) There was a loss of \$26,599 recognised in the statement of comprehensive revenue and expense. (2018 loss \$42,229)

36. Variances to Annual Plan

	Council 2019 \$000s
Statement of comprehensive revenue and expense	
Annual Plan surplus	12,139
Annual Report surplus / (deficit)	10,792
Net operating surplus / (deficit) variance	1,347
Variance represented by:	
Variance area	
Rates	1,757
Other	(1,625)
Total revenue variance	132
Variance represented by:	
Variance area	
Personnel costs	1,153
Depreciation and amortisation expense	1,837
Finance costs	227
Other expenses	(4,431)
Total expenditure variance	(1,215)
Net operating surplus variance	1,347

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 2017, adjusted for activity that was expected to occur during the 2017/18 financial year. The closing balances for June 2018 were not known at the time the budgets were approved.

Other reserves were \$36.4m higher than expected as a result of actual asset revaluation information and restricted reserves were \$4.9m higher than expected due to reductions in reserve deficits from prior years.

Cash and cash equivalents were \$16.2m less than predicted as cash was used to 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 2017/18 \$000s	Actual 2017/18 \$000s	Annual Plan 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operational funding				
General rates, uniform annual general charges, rates penalties	52,603	48,498	55,541	51,000
Targeted rates	30,813	30,967	31,149	31,768
Subsidies and grants for operating purposes	7,624	7,798	9,396	8,912
Fees and charges	15,677	16,920	15,749	17,328
Interest and dividends from investments	563	1,091	1,052	1,753
Local authority fuel tax, fines, infringement fees and other receipts	971	1,509	977	1,676
Total operating funding	108,251	106,783	113,865	112,437
Applications of operating funding				
Payments to staff and suppliers	77,540	73,656	86,708	80,417
Finance costs	3,531	2,365	2,594	2,367
Other operating funding applications	-	788	-	868
Total applications of operating funding	81,071	76,809	89,301	83,653
Surplus / (deficit) of operating funding	27,180	29,974	24,563	28,784
Sources of capital funding				
Subsidies and grants for capital expenditure	23,032	20,103	21,566	14,238
Development and financial contributions	5,025	48	-	122
Increase (decrease) in debt	19,066	(2,500)	18,235	4,000
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	86	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	47,123	17,651	39,886	18,359
Applications of capital funding				
Capital expenditure to meet:				
- Additional demand	-	-	-	-
- Improved levels of service	35,526	17,418	32,725	18,786
- Replacement of existing assets	33,163	27,660	29,754	20,934
Increase (decrease) in reserves	5,614	2,352	(4,029)	1,387
Increase (decrease) in investments	-	194	6,000	6,036
Total applications of capital funding	74,303	47,624	64,450	47,143
Surplus / (deficit) of capital funding	(27,180)	(29,974)	(24,563)	(28,784)
Funding balance	-	-	-	-

Funding impact statement

Roading and Footpaths

	LTP 2017/18 \$000s	LTP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	14,673	12,086	12,987
Targeted rates	5,088	5,548	6,070
Subsidies and grants for operating purposes	7,123	9,358	8,731
Fees and charges	797	689	667
Internal charges and overheads recovered	158	2	159
Local authority fuel tax, fines, infringement fees and other receipts	596	600	624
Total operating funding	28,435	28,282	29,238
Applications of operating funding			
Payments to staff and suppliers	17,628	20,576	17,367
Finance costs	1,405	769	639
Internal charges and overheads applied	247	(926)	(334)
Other operating funding applications	-	-	-
Total applications of operating funding	19,280	20,419	17,673
Surplus / (deficit) of operating funding	9,155	7,864	11,565
Sources of capital funding			
Subsidies and grants for capital expenditure	13,937	13,155	11,554
Development and financial contributions	-	-	78
Increase (decrease) in debt	2,122	1,277	710
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	86	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	16,059	14,517	12,343
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	9,238	5,207	4,255
- Replacement of existing assets	14,315	17,122	14,883
Increase (decrease) in reserves	1,661	51	4,770
Increase (decrease) in investments	-	-	-
Total applications of capital funding	25,214	22,381	23,908
Surplus / (deficit) of capital funding	(9,155)	(7,864)	(11,565)
Funding balance	-	-	-

Funding impact statement

Water Supply

	LTP 2017/18 \$000s	LTP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	225	225	-
Targeted rates	3,050	2,662	2,712
Subsidies and grants for operating purposes	-	-	-
Fees and charges	6,254	5,789	6,511
Internal charges and overheads recovered	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	9,529	8,676	9,223
Applications of operating funding			
Payments to staff and suppliers	4,265	4,524	4,608
Finance costs	886	403	353
Internal charges and overheads applied	1,476	1,337	1,434
Other operating funding applications	-	-	-
Total applications of operating funding	6,627	6,264	6,396
Surplus / (deficit) of operating funding	2,902	2,412	2,827
Sources of capital funding			
Subsidies and grants for capital expenditure	320	1,875	892
Development and financial contributions	-	-	2
Increase (decrease) in debt	(541)	1,987	1,050
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(221)	3,862	1,944
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	683	4,435	2,942
- Replacement of existing assets	1,028	2,161	1,300
Increase (decrease) in reserves	970	(322)	529
Increase (decrease) in investments	-	-	-
Total applications of capital funding	2,681	6,274	4,771
Surplus / (deficit) of capital funding	(2,902)	(2,412)	(2,827)
Funding balance	-	-	-

Funding impact statement

Wastewater

	LTP 2017/18 \$000s	LTP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	814	320	-
Targeted rates	12,265	11,712	11,731
Subsidies and grants for operating purposes	-	-	-
Fees and charges	169	242	239
Internal charges and overheads recovered	-	-	10
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	13,248	12,274	11,980
Applications of operating funding			
Payments to staff and suppliers	6,526	7,477	6,486
Finance costs	2,173	1,043	1,006
Internal charges and overheads applied	1,264	1,546	1,640
Other operating funding applications	-	-	-
Total applications of operating funding	9,963	10,066	9,133
Surplus / (deficit) of operating funding	3,285	2,208	2,847
Sources of capital funding			
Subsidies and grants for capital expenditure	-	6,536	1,622
Development and financial contributions	-	-	16
Increase (decrease) in debt	9,643	10,475	4,230
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	9,643	17,011	5,868
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	15,976	16,418	8,151
- Replacement of existing assets	1,051	4,178	1,045
Increase (decrease) in reserves	(4,099)	(1,377)	(481)
Increase (decrease) in investments	-	-	-
Total applications of capital funding	12,928	19,219	8,715
Surplus / (deficit) of capital funding	(3,285)	(2,208)	(2,847)
Funding balance	-	-	-

Funding impact statement

Stormwater

	LTP 2017/18 \$000s	LTP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	2,249	3,594	3,495
Targeted rates	658	662	662
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	2,907	4,256	4,157
Applications of operating funding			
Payments to staff and suppliers	894	1,439	1,329
Finance costs	209	159	135
Internal charges and overheads applied	549	1,274	1,240
Other operating funding applications	-	-	-
Total applications of operating funding	1,652	2,872	2,703
Surplus / (deficit) of operating funding	1,255	1,383	1,454
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	4
Increase (decrease) in debt	(93)	848	630
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(93)	848	634
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	263	1,240	1,061
- Replacement of existing assets	4	50	6
Increase (decrease) in reserves	895	941	1,021
Increase (decrease) in investments	-	-	-
Total applications of capital funding	1,162	2,231	2,088
Surplus / (deficit) of capital funding	(1,255)	(1,383)	(1,454)
Funding balance	-	-	-

Funding impact statement

Solid Waste Management

	LTP 2017/18 \$000s	LTP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	4,575	3,508	3,355
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	722	1,755	1,447
Internal charges and overheads recovered	-	-	26
Local authority fuel tax, fines, infringement fees and other receipts	180	220	246
Total operating funding	5,477	5,482	5,074
Applications of operating funding			
Payments to staff and suppliers	4,383	4,147	4,293
Finance costs	162	105	136
Internal charges and overheads applied	599	604	678
Other operating funding applications	-	-	-
Total applications of operating funding	5,144	4,856	5,108
Surplus / (deficit) of operating funding	333	626	(34)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(220)	(180)	(294)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(220)	(180)	(294)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	5	147	30
- Replacement of existing assets	201	246	127
Increase (decrease) in reserves	(94)	53	(486)
Increase (decrease) in investments	-	-	-
Total applications of capital funding	112	446	(328)
Surplus / (deficit) of capital funding	(333)	(626)	34
Funding balance	-	-	-

Funding impact statement

District Facilities

	LTP 2017/18 \$000s	LTP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	12,399	3,633	3,337
Targeted rates	9,958	10,565	10,593
Subsidies and grants for operating purposes	14	-	142
Fees and charges	2,060	1,324	1,266
Internal charges and overheads recovered	16	12	200
Local authority fuel tax, fines, infringement fees and other receipts	26	-	146
Total operating funding	24,473	15,535	15,685
Applications of operating funding			
Payments to staff and suppliers	13,808	8,499	7,587
Finance costs	919	269	213
Internal charges and overheads applied	4,775	2,630	-
Other operating funding applications	-	-	2,817
Total applications of operating funding	19,502	11,398	10,617
Surplus / (deficit) of operating funding	4,971	4,136	5,068
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	169
Development and financial contributions	5,025	1,637	21
Increase (decrease) in debt	3,207	-	1,309
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	8,232	1,637	1,500
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	9,485	1,932	1,192
- Replacement of existing assets	6,366	2,949	2,008
Increase (decrease) in reserves	(2,646)	893	3,368
Increase (decrease) in investments	-	-	-
Total applications of capital funding	13,205	5,774	6,568
Surplus / (deficit) of capital funding	(4,971)	(4,136)	(5,068)
Funding balance	-	-	-

Funding impact statement

Customer Services

	LTP 2017/18 \$000s	LTP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	-	10,481	10,171
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	2
Fees and charges	-	506	662
Internal charges and overheads recovered	-	-	81
Local authority fuel tax, fines, infringement fees and other receipts	-	24	22
Total operating funding	-	11,012	10,938
Applications of operating funding			
Payments to staff and suppliers	-	5,493	5,199
Finance costs	-	286	246
Internal charges and overheads applied	-	3,595	-
Other operating funding applications	-	-	3,799
Total applications of operating funding	-	9,375	9,244
Surplus / (deficit) of operating funding	-	1,637	1,694
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	(480)	(492)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	(480)	(492)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	-	42	20
- Replacement of existing assets	-	466	435
Increase (decrease) in reserves	-	648	748
Increase (decrease) in investments	-	-	-
Total applications of capital funding	-	1,156	1,203
Surplus / (deficit) of capital funding	-	(1,637)	(1,694)
Funding balance	-	-	-

Funding impact statement

Environmental Management

	LTP 2017/18 \$000s	LTP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	6,338	8,472	8,247
Targeted rates	-	-	-
Subsidies and grants for operating purposes	26	-	-
Fees and charges	3,948	4,508	5,423
Internal charges and overheads recovered	11	8	40
Local authority fuel tax, fines, infringement fees and other receipts	92	87	65
Total operating funding	10,415	13,076	13,774
Applications of operating funding			
Payments to staff and suppliers	7,713	8,672	9,763
Finance costs	20	6	5
Internal charges and overheads applied	2,470	4,055	4,121
Other operating funding applications	-	-	-
Total applications of operating funding	10,203	12,733	13,888
Surplus / (deficit) of operating funding	212	342	(114)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(22)	666	201
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(22)	666	201
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	-	678	284
- Replacement of existing assets	-	13	-
Increase (decrease) in reserves	189	317	(197)
Increase (decrease) in investments	-	-	-
Total applications of capital funding	189	1,008	87
Surplus / (deficit) of capital funding	(212)	(342)	114
Funding balance	-	-	-

Funding impact statement

Strategic Planning and Policy

	LTP 2017/18 \$000s	LTP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	6,599	6,247	6,096
Targeted	-	-	-
Subsidies and grants for operating purposes	-	-	37
Fees and charges	-	-	(11)
Internal charges and overheads recovered	-	-	83
Local authority fuel tax, fines, infringement fees and other receipts	-	-	89
Total operating funding	6,599	6,247	6,294
Applications of operating funding			
Payments to staff and suppliers	5,187	4,792	3,844
Finance costs	13	12	11
Internal charges and overheads applied	1,381	1,402	1,443
Other operating funding applications	-	-	-
Total applications of operating funding	6,581	6,207	5,297
Surplus / (deficit) of operating funding	18	40	997
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(20)	(23)	(23)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(20)	(23)	(23)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	-	-	-
- Replacement of existing assets	-	-	-
Increase (decrease) in reserves	(2)	18	974
Increase (decrease) in investments	-	-	-
Total applications of capital funding	(2)	18	974
Surplus / (deficit) of capital funding	(18)	(40)	(997)
Funding balance	-	-	-

Funding impact statement

Governance and Strategic Administration

	LTP 2017/18 \$000s	LTP 2018/19 \$000s	Actual 2018/19 \$000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	5,722	6,976	3,311
Targeted rates	-	-	-
Subsidies and grants for operating purposes	79	38	-
Fees and charges	648	936	1,125
Internal charges and overheads recovered	14	24	30
Local authority fuel tax, fines, infringement fees and other receipts	309	1,052	1,608
Total operating funding	6,772	9,026	6,074
Applications of operating funding			
Payments to staff and suppliers	15,596	21,089	19,941
Finance costs	867	(458)	(378)
Internal charges and overheads applied	(12,761)	(15,520)	(15,970)
Other operating funding applications	-	-	-
Total applications of operating funding	3,702	5,111	3,593
Surplus / (deficit) of operating funding	3,071	3,915	2,481
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(276)	2,027	(3,321)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(276)	2,027	(3,321)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	53	2,626	850
- Replacement of existing assets	5,315	2,568	1,132
Increase (decrease) in reserves	(2,572)	(5,251)	(8,858)
Increase (decrease) in investments	-	6,000	6,036
Total applications of capital funding	2,796	5,943	(840)
Surplus / (deficit) of capital funding	(3,071)	(3,915)	(2,481)
Funding balance	-	-	-

Financial prudence benchmarks

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

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

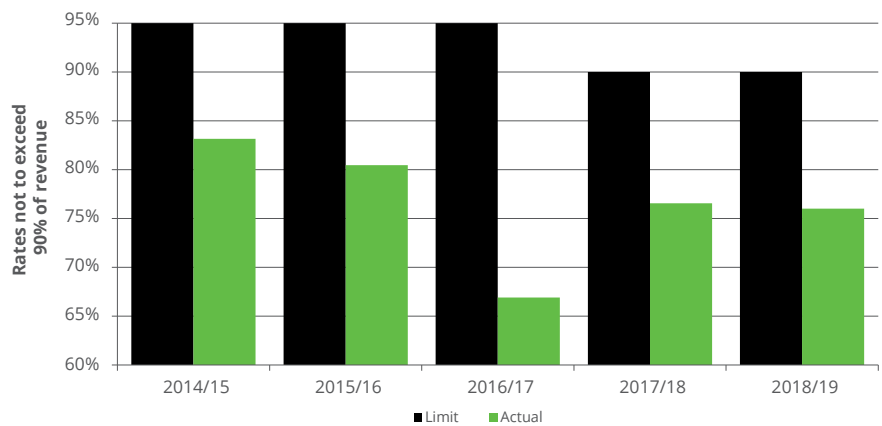
Rates affordability benchmarks

Council meets the rates affordability benchmark if:

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

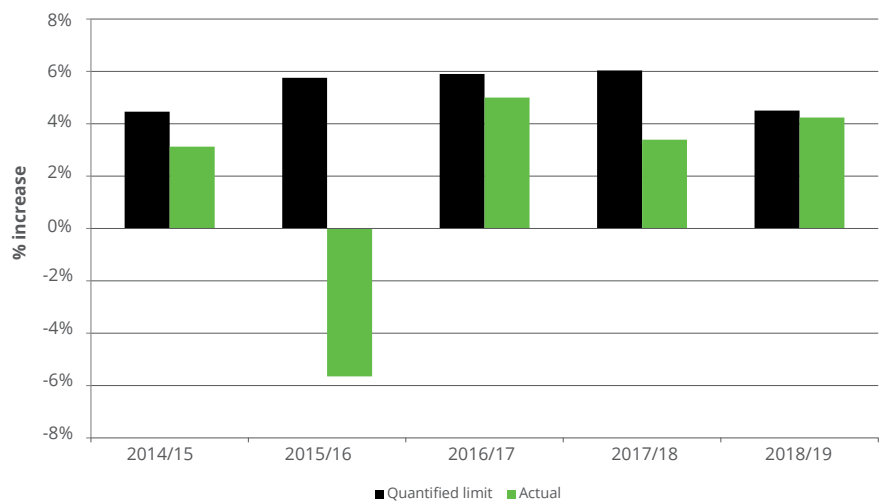
Rates (income) affordability

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



Rates (increases affordability)

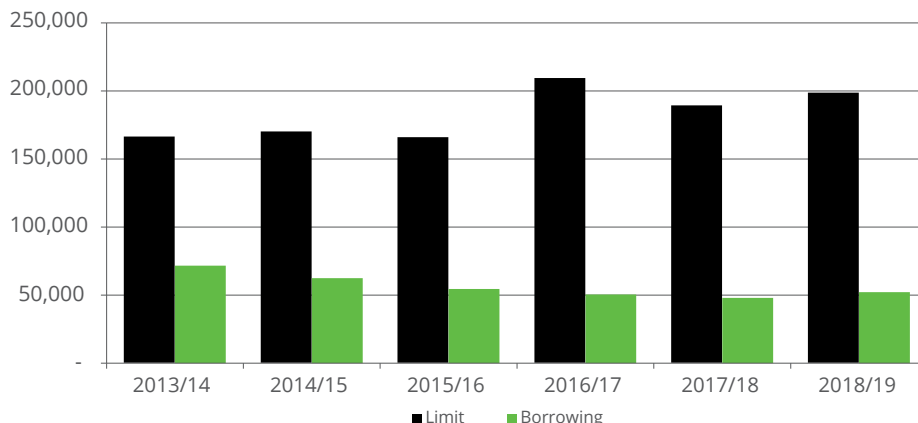
This graph compares the Council's actual rate increases with a quantified limit on rates increases included in the financial strategy included in the Council's LTP 2018-28. The quantified limit is that total rates increase should not exceed LGCI (Local Government Cost Index) plus 2.5%. The graph shows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



Debt affordability benchmark

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

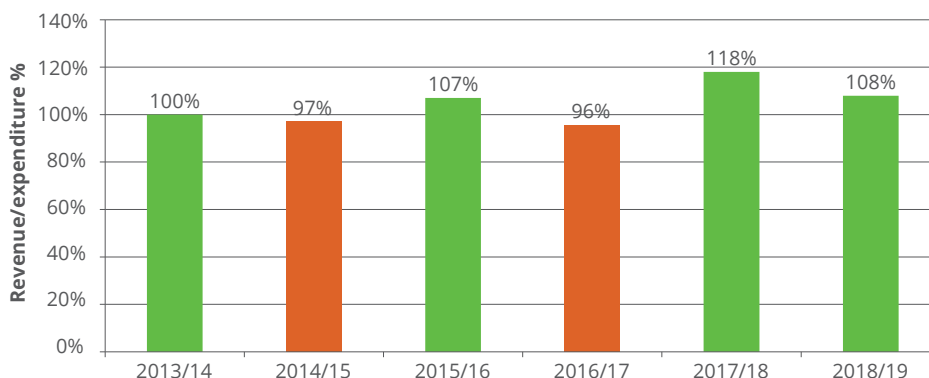
This graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's LTP 2018-28. The quantified limit is that debt be no higher than 175% of total revenue (excluding subsidies and capital income). The graph shows the actual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



Balanced budget benchmark

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

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

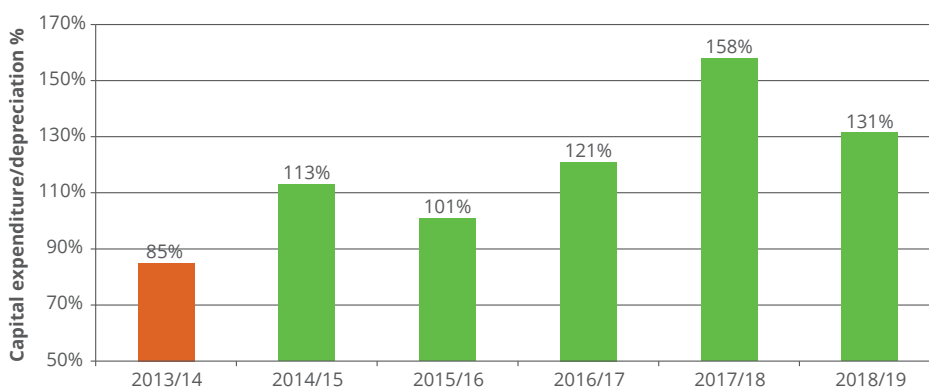


Essential services benchmark

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

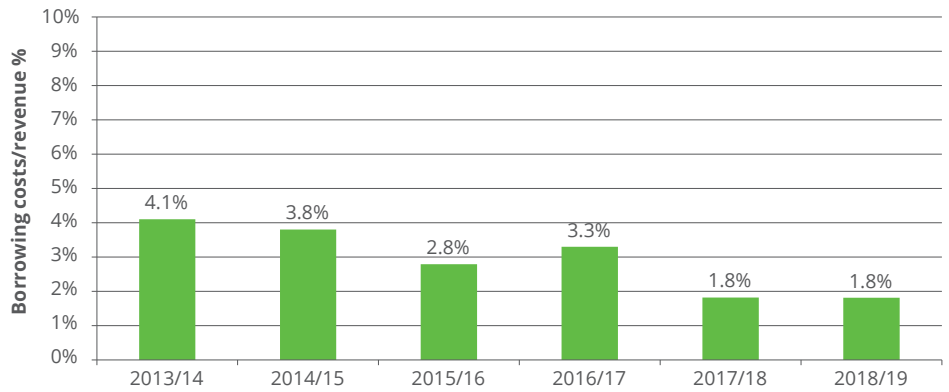
Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Council has achieved this benchmark.



Debt servicing benchmark

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).

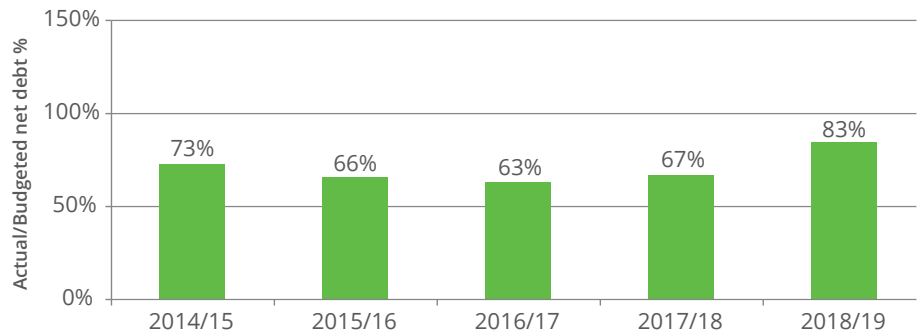
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue. Council has achieved this benchmark.



Debt control benchmark

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

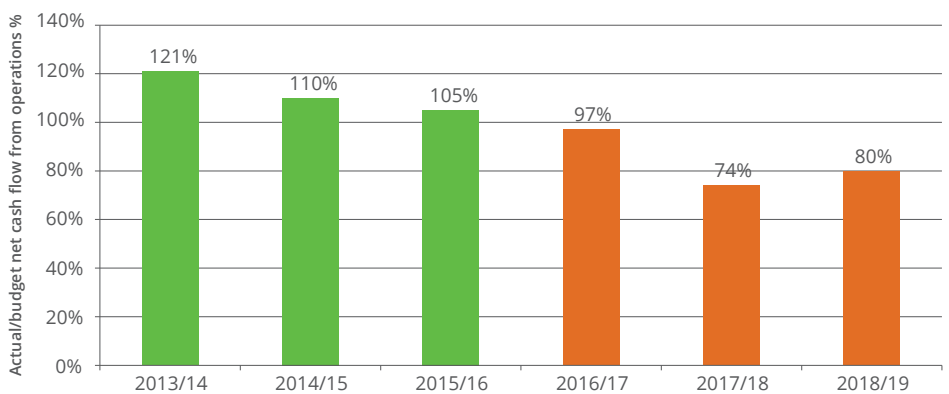
Council meets the debt control benchmark if its actual net debt is equal or is less than its planned net debt. Council has achieved this benchmark.



Operations control benchmark

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

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. Council has not achieved this benchmark since 2015/16. In 2018/19 this is due to the impact of an increase in the rates impairment, a reduction in accounts payable and GST not being included in the original cash flow measure.



Reserve report

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

Reserve balance purposes

Other reserves

Revaluation reserves

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

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

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

Restricted reserves

Community services fund

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

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

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

Special funds

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

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

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

General separate funds (Community footpath reserves)

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

Retained earnings

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

Development contributions

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

Open spaces development contributions

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

Depreciation reserves

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

Emergency event reserve

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

Property disposal reserve

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

Mineral survey reserve

Reserve to investigate the mineral potential of the Northland region.

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

Reserves

	Opening Balance 2018/19 \$000s	Additions 2018/19 \$000s	Withdrawals 2018/19 \$000s	Closing Balance 2018/19 \$000s
Other reserves				
Revaluation reserves	420,347	98,781	(3,647)	515,481
LGNZ share valuation reserve	77	14	-	91
Cash flow hedge reserve	(694)	151	-	(543)
Capital reserve	2,697	-	-	2,697
Total other reserves	422,427	98,946	(3,647)	517,726
Restricted reserves				
Community services reserves	486	12,766	(12,249)	1,003
General separate funds (drainage, stormwater, water, wastewater)	5,924	23,321	(22,991)	6,254
Special funds	4,616	146	-	4,762
General separate funds (Kerikeri mainstreet, economic development, CBD rates, car parks)	617	168	(273)	512
General separate funds (footpaths)	234	13	-	247
Total restricted reserves	11,878	36,414	(35,513)	12,778
Retained earnings				
Retained earnings	1,280,230	13,561		1,293,791
Development contributions	(16,981)	41		(16,940)
Open spaces development contributions	(3,758)	24		(3,734)
Depreciation reserves	68,327	32,239	(28,187)	72,379
Emergency event reserve	2,497		(721)	1,776
Property disposal reserve	237	-	(39)	198
Mineral survey reserve	50	-	-	50
Total retained earnings	1,330,603	45,865	(28,947)	1,347,521

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 2019 was \$58,358,199. The insurance cover in this group relates to over ground assets. Council's underground assets are not insured. Council has undertaken a risk assessment for insurance purposes and this has shown that these assets are not at significant risk from earthquake. No provision for self-insurance of these assets has been made.

Roading and footpath assets

The vehicle ferry - Kohu Ra, Pakaraka stock effluent facility, strategic property and the 100% NZTA subsidy funded footbridge in Kerikeri are specifically insured with an asset value of \$11,951,186. The net book value of these assets is \$5,751,983. The remaining \$1,070,008,070 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 2019 was \$2,076,951. The remaining assets valued at \$1,995,538 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 \$2,422,574 at 30 June 2019. There are no uninsured assets in this group.

Community assets

These assets have a total asset value for insurance purposes of \$125,390,984. The net book value of these assets at 30 June 2019 was \$44,730,579. The remaining assets valued at \$17,758,681 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 \$82,670,500 and a net book value of \$29,547,484.

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 2019 was \$1,695,284. The remaining assets valued at \$4,952 are considered to be uninsured. No provision is made to self insure these assets.

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

Rīpoata Arotake | Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of Far North District Council's annual report for the year ended 30 June 2019

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 3 October 2019. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 58 to 112:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2019; 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 Standards;
- the funding impact statement on page 113, 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 57:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, 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 114 to 123, 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 114 to 123, 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 124 to 126, 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.

Basis for our opinion on the audited information

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

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

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

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

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

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

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

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

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

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 14 and 136 to 139, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

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

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 in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *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. Other than this engagement, 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

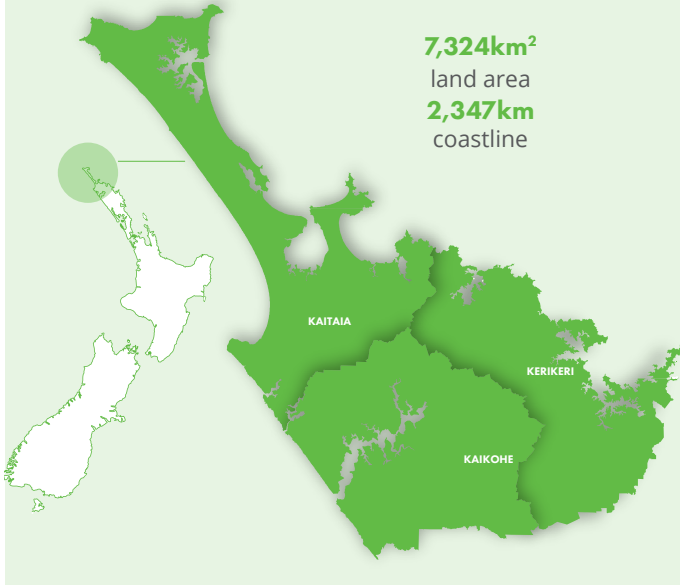


Recreation Services contractor carries out maintenance at Hone Heke Memorial Park, Kaikohe

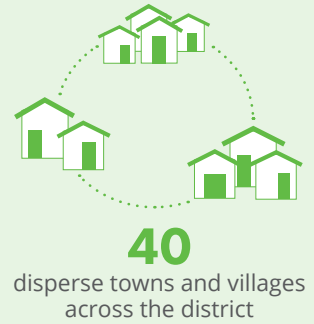
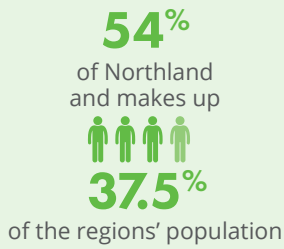
Ko tō tātou rohe | Our District

Far North District

with Whāngarei and Kaipara form the Northland region



The district area covers



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



41%
identify as being of
Māori descent



38,217
rating units
at 30 June 2019



\$430,511
average house price in
the District, 2018



24,185
filled jobs
in 2018



3,312
employed in agriculture,
forestry and fishing industries
in 2018



2,000
average sunshine
hours annually



70,000+
tourists visit in
January each year



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: Statistic NZ 2013 Census, .idnz community profile 2019, Infometrics economic profiles 2018, Niwa 2019

Rāranga 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 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 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 Council plans to fund it. Every third year it is part of the Long Term Plan).

Annual Report

A document that 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 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 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 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 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 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 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, '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 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 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 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 Council.

NTA

Northland Transportation Alliance.

NZTA

New Zealand Transport Agency. 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 NZ Transport Agency funds innovative and relevant research that contributes to this objective.

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 Council. This also includes depreciation, interest on loans, and allocated costs.

Performance indicators

Performance indicators are used by 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 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 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 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 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 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 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 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.

Ward

An area within the District administered by Council.

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

WHAKAPĀ MAI | CONTACT US

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