



Far North
District Council

Te Kaunihera o Tai Tokerau ki te Raki

**TE RĪPOATA
WHAKARAPOPOTO
A TAU**

**ANNUAL REPORT
SUMMARY**

2019/20

Te rīpoata whakarapopoto a tau | Annual report summary 2019/20

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As noted in its report, Audit New Zealand has reviewed this summary for consistency with the full Annual Report and has confirmed that it fairly and consistently represents the major matters dealt with in the full report for the year ended 30 June 2020.



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Cover photograph: Te Hononga, Hundertwasser Memorial Park, Kawakawa
Inside cover photograph: Hokianga Ferry 'Kohu Ra Tuarua' Kohukohu landing

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

Kia ora koutou

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

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

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

Remote working

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

Infrastructure projects

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

Water

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

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

Transport

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

Funding

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

Strategy

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

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

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

Ngā mihi.



John Carter QSO
Mayor



Shaun Clarke ONZM
Chief Executive Officer

Ngā Manu Mātārae

Civic Leadership

as at 30 June 2020



Hon John Carter
QSO
Mayor



Cr Ann Court
Deputy Mayor
Bay of Islands-
Whangaroa Ward



Cr Rachel Smith
Bay of Islands-
Whangaroa Ward



Cr David Clendon
Bay of Islands-
Whangaroa Ward



Cr Kelly Stratford
Bay of Islands-
Whangaroa Ward



Cr Moko Tepania
Kaikohe-Hokianga
Ward



Cr John Vujcich
Kaikohe-Hokianga
Ward



Cr Dave Collard
Te Hiku Ward



Cr Felicity Foy
Te Hiku Ward



Cr Mate Radich
Te Hiku Ward

Ngā Rāngai Hapori

Community Boards

as at 30 June 2020

Bay of Islands - Whangaroa Ward

Belinda Ward (Chair), *Paihia*

Manuwai Wells (Deputy Chair), *Kawakawa-Moerewa*

Lane Ayr, *Kerikeri*

Bruce Mills, *Whangaroa*

Manuela Gmuer-Hornell, *Russell-Opua*

Frank Owen, *Kerikeri*

Dave Hookway, *Kerikeri*

Kaikohe - Hokianga Ward

Mike Edmonds (Chair), *Kaikohe*

Emma Davis (Deputy Chair),
North Hokianga

Laurie Byers, *Kaikohe*

Kelly van Gaalen, *Kaikohe*

Alan Hessell, *South Hokianga*

Louis Toorenburg, *South Hokianga*

Te Hiku Ward

Adele Gardner (Chair), *Kaitaia*

Lawrie Atkinson, (Deputy Chair)
Whatuwhiwhi

Jackie Brown, *Kaitaia*

John Stewart, *Kaitaia*

Sheryl Bainbridge, *Doubtless Bay*

Darren Axe, *North Cape*

Ā mātou pitopito mahi | Our performance in brief

Overview

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

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

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

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

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

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

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

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

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

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

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

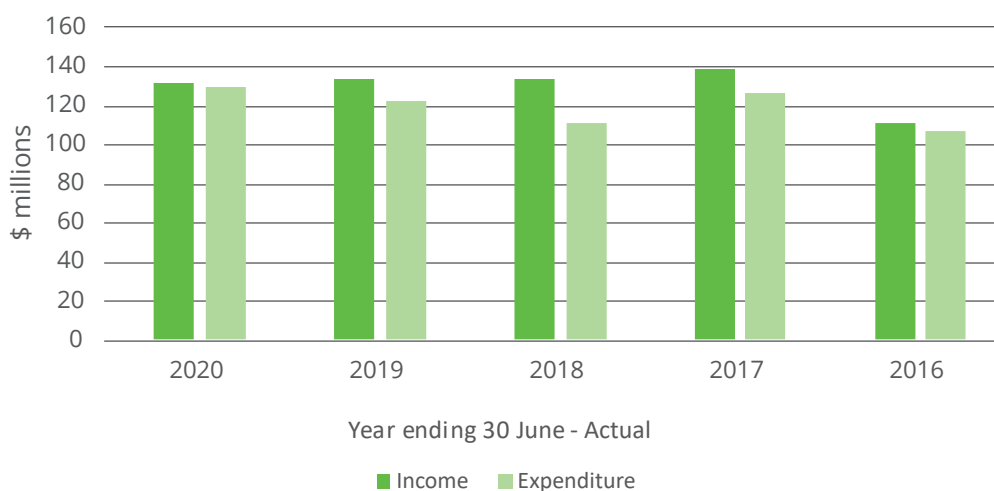
- Level 3 and 4 reduced service levels, these being, emergency customer service requests only, limited response times to emergency faults, limited availability or closure to public toilets, closure of all parks and children's playgrounds, withdrawal of recycling services service centres and libraries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

Financial overview

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

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

Operational performance



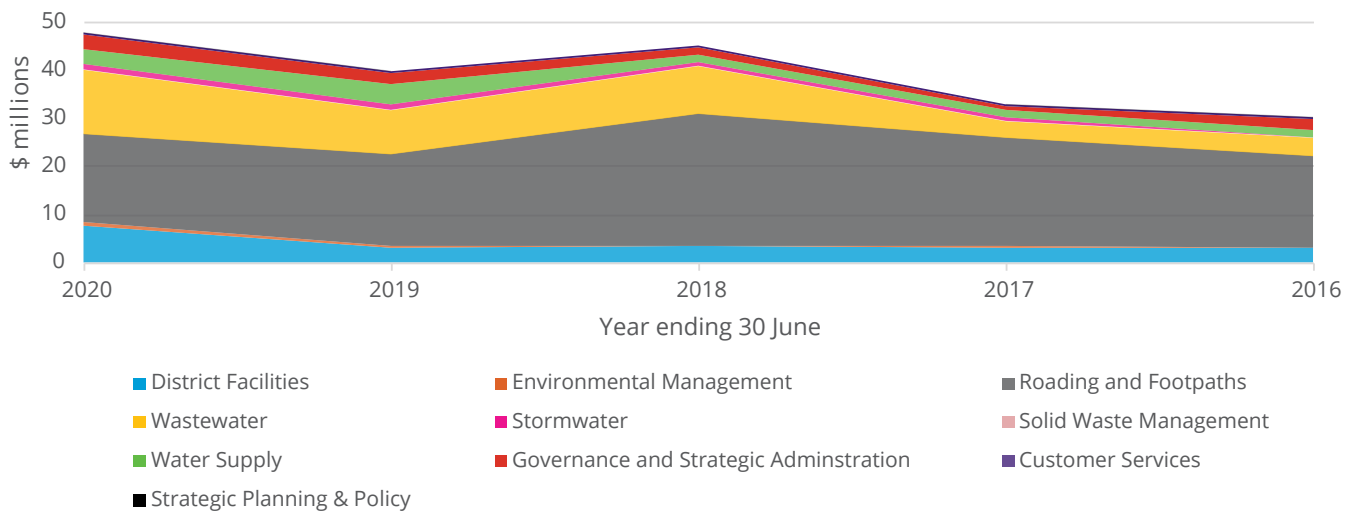
- The council ended a strong cash position of \$10.3M due to prudent cash management.
- Debt remained at a steady level of \$70.5M (including short term borrowings of \$34M).

Capital expenditure

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

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

Capital works programme



Non financial overview

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

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

Outlook

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











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

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

Mahinga whakarato | Statement of service provision

Community Outcomes

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

	Communities that are healthy, safe, connected and sustainable	Connected and engaged communities prepared for the unexpected	Proud, vibrant communities	Prosperous communities supported by a sustainable economy	A wisely managed and treasured environment that recognises the special role of tangata whenua as kaitiaki
Roading and Footpaths					
Water Supply					
Wastewater					
Stormwater					
Solid Waste Management					
District Facilities					
Customer Services					
Environmental Management					
Strategic Planning and Policy					
Governance and Strategic Administration					

Community Wellbeing

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

What are the four aspects of wellbeing?



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



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



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
















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

Summary dashboard

Resident satisfaction survey result comparisons 2019 to 2020

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

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

Activity	S	E	E	C	Narrative
1 Roading and Footpaths					Roading were unable to deliver their programmed improvements to Far North District's transport network. However, the benefit was to the environmental wellbeing with less vehicles on the road, less damage to roading infrastructure, no accidents and a significantly reduced carbon footprint. Road closures restricted access to support business continuity, and social contact was limited.
2 Water Supply					Drought caused major implications on all four well-being's across the Far North District. In managing water levels commissioning of the Rawene / Omanaia new water supply was delayed, water usage restrictions were implemented, and the effects were felt by households and businesses. The restrictions limited recreational activities for families and service delivery for businesses. The environment was impacted affecting water quality of raw water resources. Low water flows disturbed natural habitats of freshwater species that contribute to support healthy eco-systems. Benefits identified were increased partnerships with local iwi.
3 Wastewater					Drought caused additional pressures on wastewater systems due to limited water resources. COVID-19 restrictions contributed to increased response times to service health and safety issues. Households and businesses in some areas were affected due to odour emissions from wastewater treatment plants. Delays to the Kerikeri wastewater treatment plant were experienced due to the re-prioritisation of programmed works.
4 Stormwater					There were no serious stormwater issues due to no flooding events, the council continues to work to improve in this activity.

Activity	S	E	E	C	Narrative
5 Solid Waste Management	●	●	●	●	COVID-19 restrictions closed rubbish collection centres requiring households to dispose of rubbish either through private/town collections or holding onto recyclables until Level 2. An increase in illegal dumping was experienced and the increased response times negatively impacted environmental well-being with rubbish left out in the open and sometimes in or near water ways.
6 District Facilities	●	●	●	●	COVID-19 restrictions closed community facilities (halls, playgrounds, pools, public toilets) impacting access to public and recreational services for families, communities and essential service workers.
7 Customer Services	●	●	●		COVID-19 restrictions had a significant adverse economic impact to business and employment levels throughout the District heavily reliant on tourism and horticulture. Closure of libraries, I-sites and museums reduced connectivity especially for remote communities. Closure of service centres resulted in delays in receiving rates and water account payments with community assistance being delivered via the Call Centre. Restrictions to movement reduced the carbon footprint throughout the District.
8 Environmental Management	●	●			COVID-19 restrictions impacted animal control and monitoring with only essential services delivered. Health licensing was suspended while resource and building consenting continued with the suspension of those applications requiring physical inspections.
9 Strategic Planning and Policy	●		●	●	Māori engagement and relationships were strengthened to support additional services to meet whanau, hapu, iwi and community needs.
10 Governance and Strategic Administration	●	●		●	Rapid implementation of technology enabled Council governance and business to continue largely uninterrupted although at reduced levels. Embracing technologies has led to a shift in how Elected Members connect with each other, communities and council staff, as well as re-defining the council's operating model to promote efficiencies and wellbeing.

Arotake pūtea | Financial Performance

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

Audit New Zealand has audited Council's full Annual Report and has issued an unmodified report. As part of the audit, the auditors looked at whether the financial statements fairly reflect Council's financial performance and position and comply with generally accepted accounting practice. Additionally they looked at Council's non-financial performance and how fairly it has monitored and reported on its activities. The summary cannot be expected to provide as complete an understanding of the financial and non-financial performance of Council as the full Annual Report. The full Annual Report for the year ended 30 June 2020 was adopted by the Council on 10 December 2020.

These summary financial statements for the Far North District Council and Group are summarised from the full financial statements. The consolidated financial statements reflect the operations of Far North District Council and its subsidiaries, Far North Holdings Limited (100% owned), and Pou Herenga Tai Twin Coast Cycle Trail Charitable Trust. The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete understanding as provided in the full financial statements.

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

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year. The Council have considered the impact of COVID-19 on the organisation and have determined that the use of the going concern basis of accounting continues to be appropriate. Council managed ongoing operational costs within the current budgets by slowing down planned works and work not being done by our current service providers and contractors. There has been no significant implications on cashflows as the organisation ended with a strong cash position and debt remained at a steady level, however, Council will continue to monitor this in the coming months. All Property, Plant & Equipment is revalued on a regular basis and recent valuations have taken COVID-19 into account if necessary.

Summary statement of comprehensive revenue and expense

For the year ended 30 June 2020

	Council			Group	
	Actual 2020 \$000s	Budget 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
Total revenue	131,789	131,134	133,219	152,164	150,438
Expenses					
Personnel costs	28,800	29,610	26,443	32,542	29,412
Depreciation and amortisation expense	32,623	36,153	32,239	33,731	33,203
Finance costs	2,089	2,253	2,367	3,707	3,889
Other expenses	65,993	58,044	61,378	72,247	67,974
Total expenses	129,504	126,062	122,427	142,227	134,478
Surplus / (deficit) before tax	2,285	5,072	10,792	9,936	15,960
Items that could be reclassified to surplus					
Financial assets at fair value through equity	(57)	-	14	(67)	(135)
Cash flow hedges	171	-	151	171	151
Items that will not be reclassified to surplus					
Gain / (loss) on asset revaluations	54,599	44,850	102,160	52,008	103,279
Movement to retained earnings	-	-	-	(580)	-
Tax on revaluation	-	-	-	100	(34)
Total other comprehensive revenue and expense	54,713	44,850	102,326	51,632	103,261
Total comprehensive revenue and expense	56,998	49,922	113,118	61,116	118,998

Summary statement of changes in equity

For the year ended 30 June 2020

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

Summary statement of financial position

as at 30 June 2020

	Council			Group	
	Actual 2020 \$000s	Budget 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
Public equity	1,935,023	1,887,567	1,878,026	1,990,198	1,929,082
Assets					
Current assets	51,100	57,608	43,449	56,244	49,613
Non-current assets	1,981,913	1,945,775	1,913,593	2,090,719	2,014,221
Liabilities					
Current liabilities	59,826	40,069	48,218	68,613	61,092
Non-current liabilities	38,164	75,745	30,798	88,150	73,661
Net assets	1,935,023	1,887,567	1,878,026	1,990,198	1,929,082

Summary statement of cash flows

For the year ended 30 June 2020

	Council			Group	
	Actual 2020 \$000s	Budget 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
Net cash inflows from operating activities	32,687	35,418	41,375	44,672	47,994
Net cash inflows / (outflows) from financing activities	18,500	26,016	3,887	22,516	8,629
Net cash inflows / (outflows) from investing activities	(47,939)	(63,792)	(45,767)	(61,281)	(59,038)
Net cash	3,249	(2,357)	(505)	5,906	(2,415)
Opening balances 1 July					
Cash and cash equivalents	7,424	21,977	7,929	5,404	7,818
	7,424	21,977	7,929	5,404	7,818
Less balances 30 June					
Cash and cash equivalents	10,673	19,619	7,424	11,310	5,404
	10,673	19,619	7,424	11,310	5,404
Cash movements for the year	3,249	(2,357)	(505)	5,906	(2,415)

Variations to Annual Plan

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

Significant variances to Annual Plan budget - statement of financial position

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

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

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

Financial prudence benchmarks

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

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

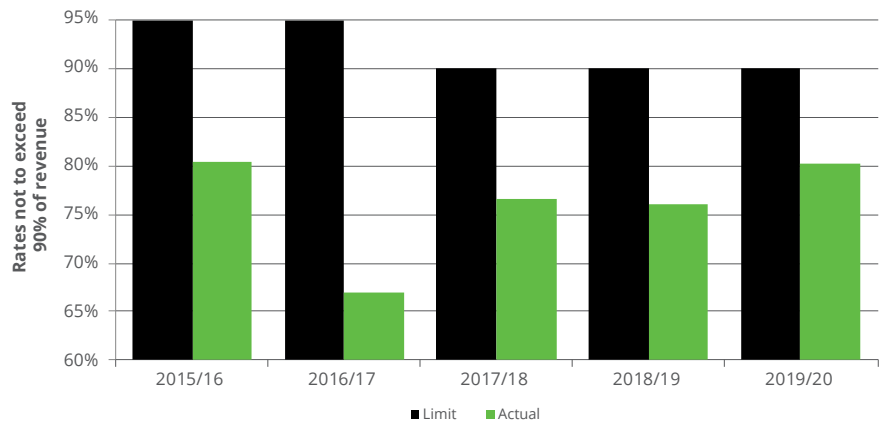
Rates affordability benchmarks

The council meets the rates affordability benchmark if:

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

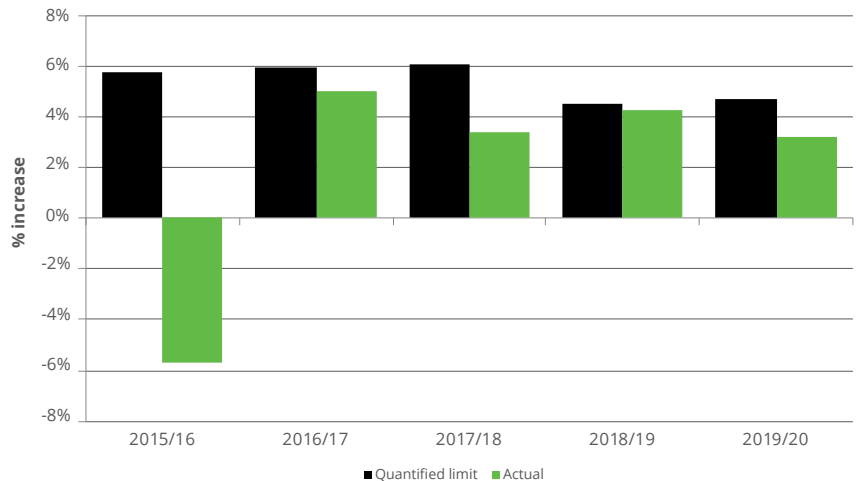
Rates (income) affordability

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



Rates (increases affordability)

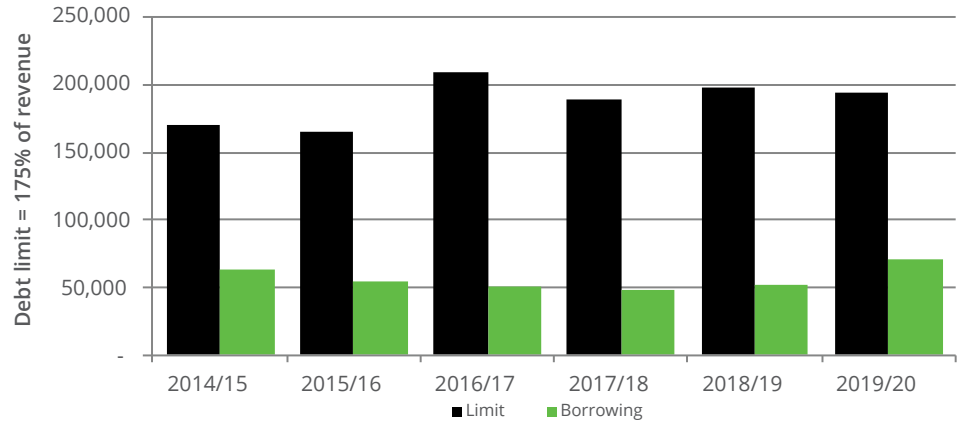
This graph compares the council’s actual rate increases with a quantified limit on rates increases included in the financial strategy included in the council’s LTP 2018-28. The quantified limit is that total rates increase should not exceed LGCI (Local Government Cost Index) plus 2.5%. The graph shows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



Debt affordability benchmark

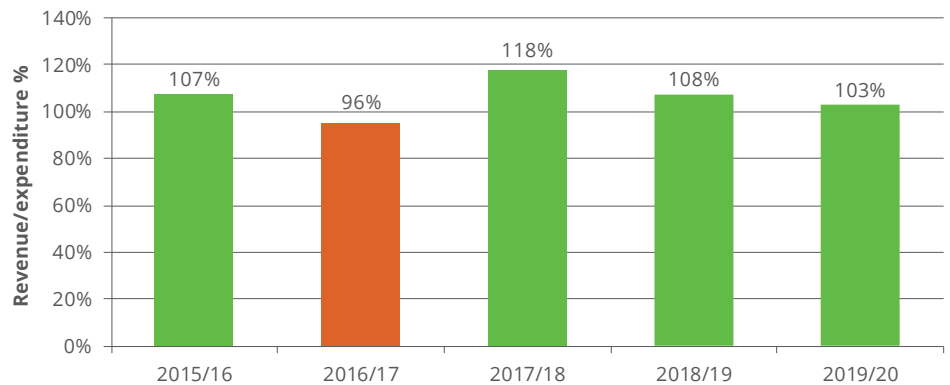
The council meets the debt affordability benchmark if its actual borrowing is within the quantified limit on borrowing.

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



Balanced budget benchmark

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



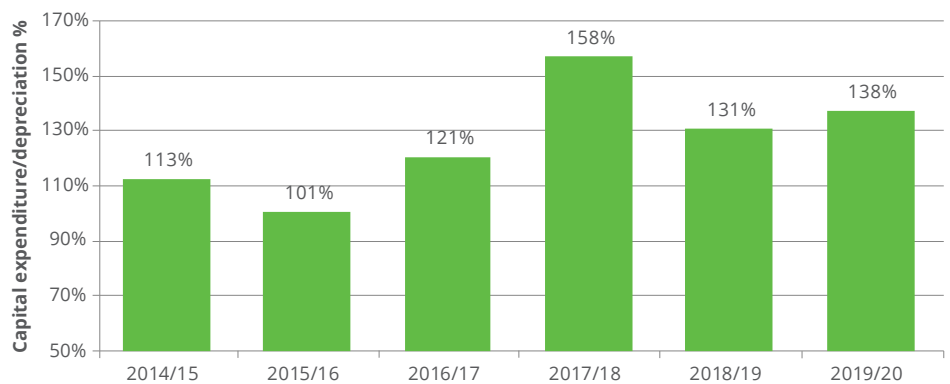
The council meets this benchmark if its revenue equals or is greater than its operating expenses. The council has achieved this benchmark except for 2016/17 when there was a large loss on disposal of two roads transferred to NZTA of \$21.27m and 2014/15.

Essential services benchmark

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

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

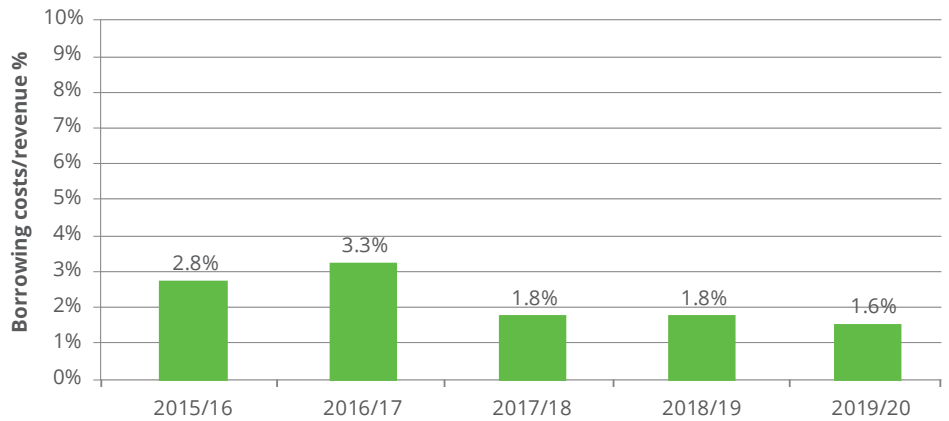
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. The council has achieved this benchmark.



Debt servicing benchmark

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

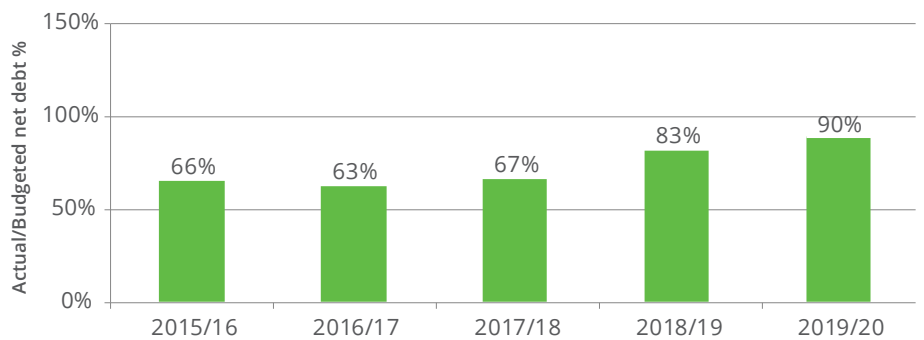
Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue. The council has achieved this benchmark.



Debt control benchmark

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

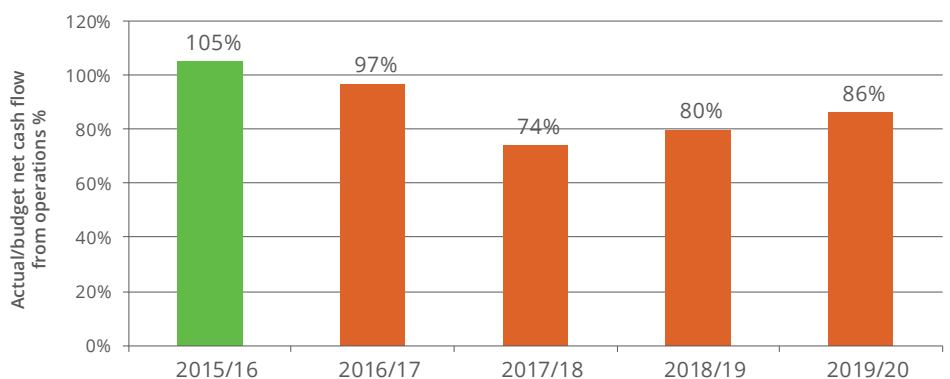
The council meets the debt control benchmark if its actual net debt is equal or is less than its planned net debt. The council has achieved this benchmark.



Operations control benchmark

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

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



Rīpoata Arotake | Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa



Artificial turf sports field at Maromaku Domain

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

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