



**Far North  
District Council**



**Te Kaunihera o Tai Tokerau ki te Raki**

# **AGENDA**

## **Ordinary Te Miromiro - Assurance, Risk and Finance Committee Meeting**

**Wednesday, 22 February 2023**

**Time: 9:30 am**  
**Location: Council Chambers**  
**Memorial Avenue**  
**Kaikohe**

**Membership:**

Kahika - Mayor Moko Tepania  
Kōwhai – Deputy Mayor Kelly Stratford  
Deputy Chairperson John Vujcich  
Cr Ann Court  
Cr Hilda Halkyard-Harawira  
Cr Steve McNally  
Cr Penetaui Kleskovic  
Cr Tāmami Rākena  
Cr Felicity Foy  
Cr Babe Kapa  
Cr Mate Radich



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**Far North District Council**  
**Ordinary Te Miromiro - Assurance, Risk and Finance Committee**  
**Meeting**  
**will be held in the Council Chambers, Memorial Avenue, Kaikohe on:**  
**Wednesday 22 February 2023 at 9:30 am**

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**Te Paeroa Mahi / Order of Business**

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**1 KARAKIA TIMATANGA / OPENING PRAYER**

**2 NGĀ WHAKAPĀHA ME NGĀ PĀNGA MEMA / APOLOGIES AND DECLARATIONS OF INTEREST**

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a Member thinks they may have a conflict of interest, they can seek advice from the Chief Executive Officer or the Team Leader Democracy Support (preferably before the meeting).

It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

**3 NGĀ TONO KŌRERO / DEPUTATIONS**

No requests for deputations were received at the time of the Agenda going to print.

**4 NGĀ KŌRERO A TE KAHIKA / MAYORAL ANNOUNCEMENTS**

## **5 REPORTS**

### **5.1 COUNCIL FINANCIAL REPORT FOR THE PERIOD ENDING 31 DECEMBER 2022**

**File Number:** A4062275

**Author:** Ajay Kumar, Acting Manager Accounting Services

**Authoriser:** Janice Smith, General Manager - Corporate Services

#### **TE TAKE PŪRONGO / PURPOSE OF THE REPORT**

To provide an overview and information on the current financial position and performance of the Far North District Council as at 31 December 2022.

#### **TE WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY**

This report provides a summary overview, Statement of Financial Performance, Capital Performance and Borrowing and Investment reports.

#### **NGĀ TŪTOHUNGA / RECOMMENDATION**

**That the Te Miromiro - Assurance, Risk and Finance Committee**

**receive the report Council Financial Report for the Period Ending 31 December 2022.**

**authorise to receive a quarterly financial report going forward as per the formal calendar.**

**authorise to receive a monthly financial report through a briefing paper outside the quarterly report.**

#### **TE TĀHUHU KŌRERO / BACKGROUND**

This report provides financial information as at quarter ending 31 December 2022.

#### **TE MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS**

The report is for information only.

#### **NGĀ PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

There are no financial implications or budgetary provisions required as a result of this report.

#### **NGĀ ĀPITIHINGA / ATTACHMENTS**

- 1. Council Financial Report Dec 2022 (Pd6) FINAL - A4065410**  



Far North District Council

# Council Financial Report

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for the period ending **31-December-2022**

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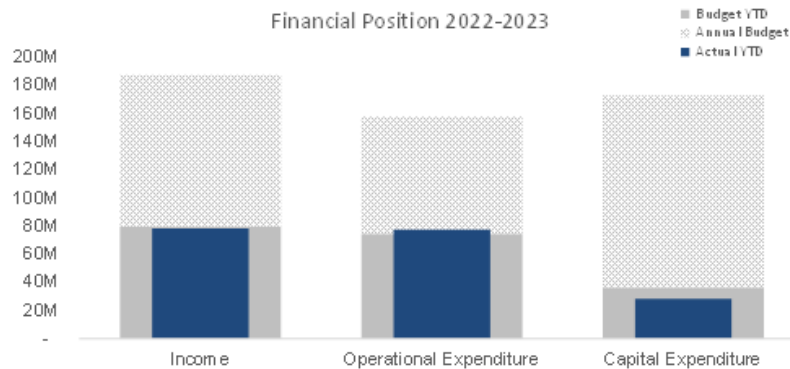
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## Financial Overview

Key financial metrics from the Statement of Financial Performance for the Far North District Council as at 31-December-2022.



### Year to Date

Actual Position as at 31-December-2022

	Actual YTD	Budget YTD	Variance to Budget YTD	% Variance Actual to Budget YTD
Total Income	78.3M	79.7M	- 1.4M	-2%
Operational Expenditure	77.5M	74.5M	3.0M	4%
<b>Net Operating Position</b>	<b>0.9M</b>	<b>5.2M</b>	<b>- 4.4M</b>	<b>-83%</b>
<b>Capital Expenditure</b>	<b>28.4M</b>	<b>36.5M</b>	<b>- 8.1M</b>	<b>-22%</b>

### Year End

Forecast Position as at 30-June-2023

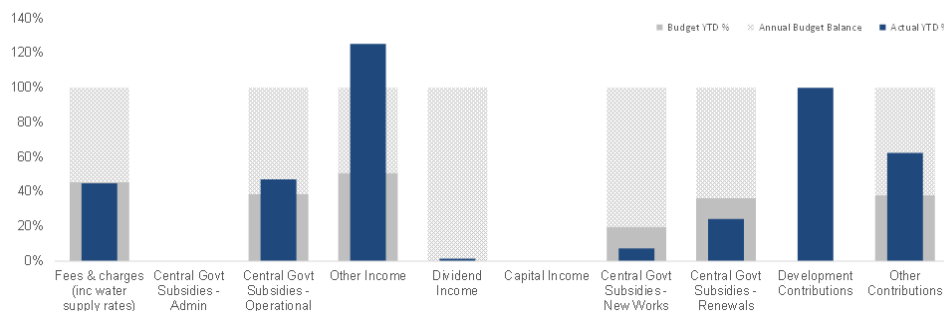
	Annual Forecast	Annual Budget	Forecast Variance to Budget	% Variance Forecast to Budget YTD
Total Income	176.6M	187.4M	- 10.7M	-6%
Operational Expenditure	156.7M	157.8M	- 1.2M	-1%
<b>Net Operating Position</b>	<b>20.0M</b>	<b>29.5M</b>	<b>- 9.6M</b>	<b>-32%</b>
<b>Capital Expenditure</b>	<b>133.0M</b>	<b>172.8M</b>	<b>- 39.8M</b>	<b>-23%</b>

*\*In the tables above and throughout this report, variances +/- 5% from budget are indicated as on track / green, anything outside this is red.*

## Council Financial Performance – Income

Please note these figures relate to the Statement of Financial Performance controllable costs only, which excludes general rates and rates penalties.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
28.9M	29.7M	- 0.8M	● -3%	87.5M	76.7M	- 10.7M	● -14%



### Highlights:

#### Fees & Charges

- Animal Control registration fees are over budget as the Animal Management team have been undertaking proactive dog registration follow ups to locate unknown and unregistered dogs.
- Resource Consents is behind budget due to the \$402K paid back to customers for not meeting statutory timeframes and the requirement to use a high number of consultants for processing.
- Building Consents applications received has been slowly declining, most likely due to inflation and rising interest rates.
- Income received from the Hokianga Ferry combined with the Government's reduced public transport fare scheme is funding the 50% shortfall.

#### Central Govt Subsidies – Operational

- Income has been received from Waka Kotahi (NZTA) for initial response repairs undertaken to damaged caused by the July and August 2022 storm. Waka Kotahi (NZTA) have approved funding to undertake design and investigations on the major repair works caused by the August 2022 storm and anticipate additional funding to be considered by Waka Kotahi (NZTA) once design have been approved.
- The TIF funded Paihia Wastewater Feasibility Study and Water Treatment Plant balance of funding has been accrued into this financial year 2022-23.

#### Other Income

- The balance of Grant funding for the Kawakawa Sewer Treatment Plant Creek Repairs and the Paihia Wastewater Feasibility Study, Moerewa Stormwater Improvements, Paihia Water Treatment Plant, Mayors Taskforce for Jobs project supporting the

displacement of employees due to Covid-19, and DIA funding for the Libraries van lease and APNK fees has been brought into this financial year 2022-23.

- Further operational grant funding has been received for the Mayors Taskforce for Jobs.
- DIA Better Off funding has been received for the 3-Waters transition support and 3-Waters Reform funding has been received for Entity A's asset management working group.
- Insurance claim received last financial year 2021-22 for damage caused by a vessel at the Omapere wharf during a storm in November 2020.
- Operational grant received from the Ministry of Business, Innovation & Employment (MBIE) under the Provincial Growth Fund (PGF) to support capital works for the Ngapipito and Ruapekapeka road sealing projects.
- Grant received from Ministry of Business, Innovation & Employment (MBIE) under the freedom camping initiatives to assist with the transition from the existing freedom camping system to new rules and regulations / bylaws over the 2022-23 summer period across the district.

#### **Central Govt Subsidies – New Works**

- Income have not been claimed for the Waipapa Sports Hub and Te Hiku o te Ika (revitalisation) projects funded by the Provincial Growth Fund (PGF) as the milestones have not been met. Coupled with budget classification of the income from planned Provincial Growth Funds (PGF) road sealing projects at Ruapekapeka, Ngapipito and Peria Roads are recorded as other contributions.
- Offset by income received from Waka Kotahi (NZTA) for road-to-zero projects across the district and Aucks Road resilience slip projects ongoing from last financial year 2021-22, income received in the previous financial year from Ministry of Business, Innovation & Employment (MBIE) for public toilet upgrade and enhancements at Waipapa, Waitangi Boat Ramp, Lake Manuwai, Te Paki Stream, and temporary portable toilets across the district has been brought into this financial year 2022-23.

#### **Central Govt Subsidies – Renewals**

- Unsealed road metalling, sealed road resurfacing, drainage renewals and bridges & structures renewals program of works are behind schedule with resources prioritised to attend the July and August 2022 storm damage repairs.
- On the other hand, income has been received for pavement rehabilitation works which is ahead of schedule intime for the summer holidays.

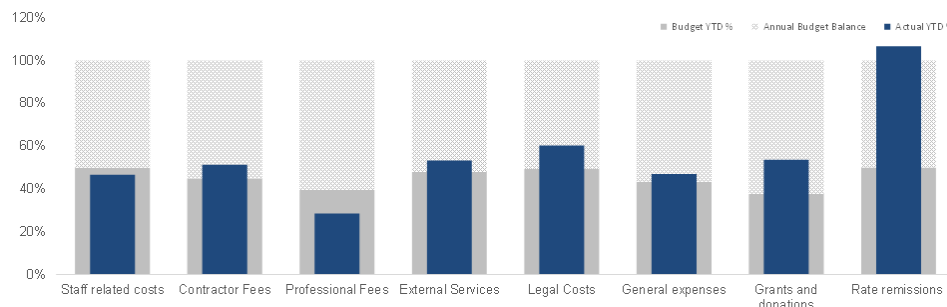
#### **Other Contributions**

- Planned Provincial Growth Funds (PGF) capital grant received for the road sealing projects at Ruapekapeka, Ngapipito and Peria Road which are classified as subsidies new works income in the 2022-23 budget.
- The balance of Grant funding for the Southern Animal Welfare Shelter has been accrued into this financial year.
- Income received for the round 6 Tourism Infrastructure Fund (TIF) from MBIE for Kaikohe Freedom Camping enhancement project.
- 3-Waters Reform projects are over budget, the final DIA claim has been received.

## Council Financial Performance – Operational Expenditure

Please note these figures relate to the Statement of Financial Performance controllable costs only, which excludes allocations, interest costs, depreciation and other asset costs and gain/loss on disposal.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
55.0M	52.6M	2.4M	5%	114.1M	113.0M	- 1.2M	-1%



### Highlights:

#### Staff related costs

- Resource Consents salaries are under budget due to staff vacancies.
- There have been some vacancies within Building Consents, as well as some internal staff movement, with staff 'acting up' in some roles. Roles have been filled internally with back-filling of vacated positions well underway.

#### Contractor Fees

- Resource Consents contract professional fees is over budget due to vacancies and increased application numbers, the team is largely dependent on contractors to undertake the work. This is partially offset by an income recovery account.
- Wastewater contractor fees were higher than expected, this is largely driven by multiple extreme weather events during July and August 2022.
- Maintenance works ongoing across the roading network mainly for the initial response repairs work caused by the July and August 2022 storm damage. Furthermore, delivery of bike skill program under the community programme category is also underway across the district.
- Economic Planning is under budget. The contribution to Northland Inc. for development of economic strategy has not been paid yet.

#### Professional Fees

- Stormwater Asset Condition Assessments are under budget, the contract was awarded in July and work has commenced in August, the budget is fully committed.
- Professional fees have not been utilised across Wastewater, however, commitments have been raised.

- Water Schemes professional fees are under budget but commitments have been raised. The Infrastructure professional fees have not been utilised.
- Professional fees are under budget for Climate Change. Spending is especially low due to staffing changes in 2022, although plans are in place to utilise the remaining budget, contracts are yet to be negotiated.
- These are offset by under recovery of the Northland Transport Alliance (NTA) professional services unit time charges and unbudgeted professional fees paid for infrastructure planning and consultants engaged for external funding applications.

#### **External Services**

- Wastewater Sludge Management spend is currently under budget. Works were planned to commence over the spring period, however, de-sludging has been delayed while we await consents from the NRC. Work is now expected to commence mid-January.
- Urban Stormwater is under budget. Costs are mainly reactive/unplanned and therefore budget timing is a factor for reporting purposes.
- Initial response repairs work is being undertaken caused by the July and August 2022 storm damage for which funding were approved by Waka Kotahi (NZTA).

#### **Grant and Donations**

- Community board grants released as per the resolutions. The unpredictable nature of this activity makes it difficult to set and time budgets accurately.

#### **Rate Remissions**

- Rate Remissions are primarily transacted in the first month for the whole year where ongoing remissions have been approved. Additional remissions are received during the year but the timing of these is unpredictable. The unpredictable nature of this activity makes it difficult to set and time budgets accurately.

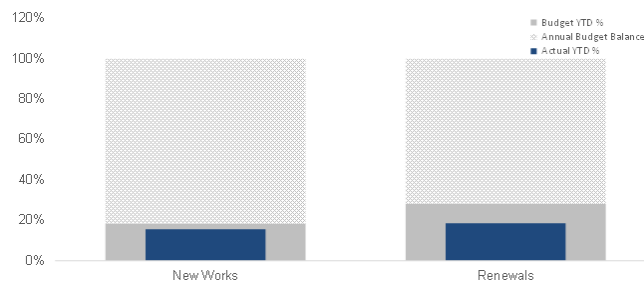
#### **General expenses**

- Insurance costs are over following renewal of the Council insurance policies.

## Council Financial Performance – Capital Expenditure

These figures are direct from the Statement of Capital Performance.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
28.4M	36.5M	- 8.1M	● -22%	172.8M	133.0M	- 39.8M	● -30%



### Highlights:

#### New Works

- Kerikeri Domain revitalisation, Waipapa Sports Hub and Te Hiku o te Ika (revitalisation) projects are ongoing from last financial year 2021-22.
- Planned Provincial Growth Funds (PGF) road sealing projects at Ruapekapeka, and Peria Road, Road-to-Zero (road safety) projects across the district and Resilience slip projects at Aucks Road, Manawaora Road, and Gills Road.
- Strategic properties were acquired for the Kerikeri Central Business District Bypass project as per the agenda item 8.6 public excluded Council resolution 2022/61 pursuant to its meeting dated 11 August 2022 and is unbudgeted.
- The Southern Animal Welfare Centre is ahead of budget. Cladding, roofing and joinery is all completed on the administration block. Prefabricated walls are up for the kennels. Onsite wastewater system installation has begun, and perimeter fence is nearing completion. The estimated completion date for the project is by the end of May this year.
- Monument Hill Drought Impact project is under budget, bore headworks and works on the treatment Plant occurred during October. Landowner agreements are currently being finalised. Covid lockdown and approval from the iwi have delayed the project delivery stage.
- Kaitaia New Source (Sweetwater) is under budget. Commissioning of bores are in process with investigations underway to determine solutions for turbidity and sand issues being experienced. The agreement to grant easement is being finalised.
- The MN10 Matawii Dam shares has not been paid.
- Kaikohe discharge Consent is under budget. Internal work is underway, external work is less than expected to date but will pick up later in the financial year.

- Kaitaia Resource Recovery Centre project for the extension of the transfer station building, has experienced initial delay in resourcing. However, contract has been awarded and funds are committed for completion in autumn.
- Various maritime projects are behind schedule:
  - Mill Bay which is out to tender and construction expected to start in April 2023
  - Omapere has completed however awaiting final invoicing
  - Additional work at Te Karaka jetty underway with no claims received as yet
  - Rangitane boat ramp project is on hold awaiting confirmation from the environmental court on the definition of what constitutes a wetland under the National Environmental Standards for Freshwater (NES-F) before consenting process can commence
  - Waipapa Landing carpark sealing project has complete however awaiting final invoicing
  - Mangonui boardwalk extension project is in tender process now with construction expected to commence in April 2023.
- Offset by land purchase at Opononi for public car and boat trailer park with the relocation of budget from Ratcliff Bay, Whangaroa as per Council resolution.

#### **Renewals**

- Unsealed road metalling, sealed road resurfacing, drainage renewals and bridges & structures renewals works are behind schedule with resources prioritised to attend the storm damage repairs, however pavement rehabilitation works is ahead of schedule for the summer holiday periods.
- The Rawene Resource Consent and Russell Wastewater Treatment Plant Pond Liner Replacement projects are under budget but fully committed.
- Renewal project for the Lake Ohia Hall in Taipa has been deferred to next financial year 2023-24.
- ICT server and storage renewals project is being scoped in view of the proposed realignment at FNDC with the option of moving into the cloud infrastructure.



























## **6 INFORMATION REPORTS**

### **6.1 PEOPLE AND CAPABILITY QUARTERLY UPDATE: 1 OCTOBER - 31 DECEMBER 2022**

**File Number:** A4064275

**Author:** Mia Haywood, People and Capability Data and Systems Specialist

**Authoriser:** Jill Coyle, Chief People Officer

#### **TAKE PŪRONGO / PURPOSE OF THE REPORT**

The purpose of this report is to present the Audit, Risk and Finance Committee with the quarterly update for People and Capability.

#### **WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY**

Included in the report is information on:

- Staff Turnover.
- Exit Interviews and Analysis.
- Personal Grievances; and
- Disciplinary Actions and Costs.

#### **TŪTOHUNGA / RECOMMENDATION**

**That the Te Miromiro - Assurance, Risk and Finance Committee receive the report People and Capability Quarterly Update: 1 October - 31 December 2022**

#### **TĀHUHU KŌRERO / BACKGROUND**

This report will be presented to the Audit, Risk and Finance Committee on a quarterly basis.

#### **MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS**

This report is Information only.

#### **ĀPITIHINGA / ATTACHMENTS**

1. **People Capability Turnover Report 1 October - 31 December 2022 - A4064269** [↓](#) 













## 6.2 REVENUE RECOVERY REPORT

**File Number:** A4070190

**Author:** Margriet Veenstra, Manager - Transaction Services

**Authoriser:** Janice Smith, General Manager - Corporate Services

### TAKE PŪRONGO / PURPOSE OF THE REPORT

The purpose of this report is to provide quarterly reporting to the Far North District Council Assurance, Risk, and Finance Committee.

### WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

This is the first report for the financial year 2022-23 and provides information on action taken to collect the arrears balances for rates, water and sundry debt this year, and to provide information on how collection is tracking against targets.

#### TŪTOHUNGA / RECOMMENDATION

**That the Te Miromiro - Assurance, Risk and Finance Committee receive the report Revenue recovery report.**

### TĀHUHU KŌRERO / BACKGROUND

This document has been prepared to outline the arrears balances for rates, water and Sundry debt as of 31 December 2022 and the actions taken by the debt management team for the collection of the General Title rates and water, and sundry debt.

This information is part of the standing items reported to the Committee on a regular basis.

### MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

The data provided is for General Title and Māori Freehold Land rates and water accounts with sundry debtors shown in a separate table. Since the 1<sup>st</sup> of July 2022, the General Title rates total arrears balance has been reduced by 21.4% and water rates by 39.7%.

#### General Title rates and water debt

Key actions since the last report:

- Legal services team sent application to the courts for financial assessment for 10 properties where owners reside at the property, and no payments have been received since council received judgment. One of the properties has since been sold and another to be sold in February.
- Legal services team served statutory demand against one business and owner of many properties for overdue rates totalling \$211,312.70. Payment arrangement now in place and debt to be cleared by end of March 2023. A further business paid before statutory demand was served. *A statutory demand is notice demanding payment from a debtor where there is no reasonable dispute about the amount of the debt, or the fact that it is due. The debtor can either apply to set the demand aside, pay or come to an arrangement, if not the company is presumed insolvent and liquidation proceedings may be filed by the creditor.*
- Mortgage demand reporting and reviews of accounts completed. Pre-mortgage demand calling commenced for small financial institutions.
- Recruitment to replace two revenue recovery officers who moved to other positions in council at the start of the rating year. One new officer started 9 January and interviews for second officer to be completed by the end of January.

Next actions:

- Prepare and pass a further list of businesses with rates arrears to Legal Services team to serve statutory demand.
- Commence pre-mortgage demand calling 16 January 2023, one bank per week over a 5-week period, finishing 17 February 2023. Mortgage demand will be issued to the relevant bank at the end of each week.

For the total number of General Title rates accounts marked as 'Debt recovery action to commence':

- These are properties where there is no mortgage, and we do not have a payment arrangement or direct debit set up on the account.
- 46% of properties only have last year's rates in arrears and 22% have 2 years of arrears. Debt management will be contacting these owners by phone, email, or letter. Any water arrears will be picked up at the same time.
- 30% of these accounts have arrears of 3 or more rating years. Debt management will start the final demand process for these which can result in referral to Council's legal services team to commence legal proceedings.

Comparing Q2 last year to this year, arrears collection was up this quarter compared to the previous year, but we have seen a drop of current rates collected, similar to Q1 of this year. The number of properties receiving penalty notices this quarter increased by 15% compared to last year. Revenue recovery did make post instalment due date calls in November to owners who had not paid Q1 and Q2 instalments and majority had forgotten and subsequently paid. There appeared to be several businesses in the tourism sector with unpaid rates and we successfully trialled issuing statutory demand which we will continue with this year. We will continue to monitor rates accounts for businesses within the tourism sector for the next couple instalments, as it has been widely publicised that the industry is facing challenges due to staff shortage and recent bad weather events.

### **Maori Freehold Land rates and water debt**

The rates debt has reduced by 2.08% since the start of the year of which 25% was for write-offs for properties which are non-rateable since the introduction of the Whenua Māori rating amendment law came in to affect. The water rates were reduced by 2.98% since the start of the year.

### **Sundry debtors debt**

The total sundry debtors aged debt balance has increased since the start of the year due to a delay in payment for Ministry of Business, Innovation and Employment sundry invoices for which payment is expected by the end of January 2023.

The resource consent and building debt have remained at the same balance since 30 June 2022. The revenue recovery team continue to work with both teams to reduce this.

## **PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

Provision is made annually for doubtful debts in relation to the arrears owed to council. A higher provision for Maori Freehold land rates and water is made in comparison to General Title rates and water due to the difference in collection options available to Council.

## **ĀPITIHINGA / ATTACHMENTS**

1. **31 December 2022 ARF Revenue recovery Report attachment - A4070132**  







### 6.3 MAYORAL DISCRETIONARY FUND

**File Number:** A4072810

**Author:** Rhonda-May Whiu, Democracy Advisor

**Authoriser:** Jacine Warmington, Manager - Community and Customer Services

#### TAKE PŪRONGO / PURPOSE OF THE REPORT

For Te Miromiro - Assurance, Risk and Finance Committee to note the quarterly expenditure from the Mayoral Discretionary Fund.

#### WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

Council policy requires the reporting from the Mayoral Discretionary Fund to the Committee. This report covers the quarterly period of 1 October to 31 December 2022.

#### TŪTOHUNGA / RECOMMENDATION

**That the Te Miromiro - Assurance, Risk and Finance Committee receive the report Mayoral Discretionary Fund.**

#### TĀHUHU KŌRERO / BACKGROUND

The Mayoral Discretionary Fund was established as a response to ongoing requests for financial assistance that are not eligible under existing funding avenues within Council, or are of an emergency assistance nature.

All decisions on funding are at the discretion of the Mayor.

In the interests of transparency for ratepayers, Council policy requires that the grants made are reported publicly.

#### MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

This report is for information only.

#### PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

The total fund is in the amount of \$20,000 excluding GST. The fund is to be included as a recurrent item in Council's annual operational budget.

#### ĀPITIHINGA / ATTACHMENTS

1. **Mayoral Discretionary Fund 1 October -31 December 2022 - A4077976**  



## 6.4 FNHL REPORTS 2022 – FINANCE, HEALTH & SAFETY AND RISK

**File Number:** A4087258

**Author:** Julia Lee, Senior Financial Accountant

**Authoriser:** Janice Smith, Group Manager - Corporate Services

### TAKE PŪRONGO / PURPOSE OF THE REPORT

To present the Far North Holdings Limited (FNHL) first quarter financial report, Risk Report Nov 2022 and H&S Quarterly Report 4<sup>th</sup> quarter 2022

### WHA KARĀPOPOTO MATUA / EXECUTIVE SUMMARY

- These reports are for the first quarter for the financial year 2022/23.

### TŪTOHUNGA / RECOMMENDATION

**That the Te Miromiro - Assurance, Risk and Finance Committee receive the reports for FNHL Reports 2022 – Finance, Health & Safety and Risk.**

- i) Management accounts.
- ii) Risk report.
- iii) H&S quarterly report.

### 1) TĀHUHU KŌRERO / BACKGROUND

The September 2022 first quarter financial report is the first report received for the current financial year.

The Risk and H&S quarterly reports are the first to be received by Council, in line with Letter of Expectation dated Dec 2021 and outlined in Statement of Intent 2022-25.

### 2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

#### Commentary on first quarter management accounts:

FNHL's financial performance is below budget primarily from the ongoing impacts of the global economy and resulting rapid rise of inflation and interest rates.

This is seen in the interest rate cover ratio. This ratio represents how many times the company can pay its obligations using earnings – it declined from 3.59 at 30 September 2021 to 1.45 at 30 September 2022, minimum ratio being 1.1.

Further, equity/asset ratio illustrates how the company pays for its assets, so the lower it is, the more debt the company has used to pay for them – it deteriorated slightly from 54.28% at 30 September 2021 to 53.4% as at 30 September 2022, permissible ratio of 50%.

Covid continues to hinder tourism in Northland, so rent relief is still being provided to the effected tenants, and further support is expected to be provided to those tenants that continue to be affected.

Building continues to progress well with the Ngawha Innovation and Enterprise Park, with:

- NorthTec internal linings currently at 75% complete, estimated completion is mid-December.
- Regent internal fit-out is 95%, with the inside of the building due to be completed mid-October, and external works expected end of September.
- Innovation Hub is progressing well, and is currently on schedule, with some external works having commenced.



- Corrections site has two building platforms completed, with slab construction due to start early October.

Community Housing Projects are progressing well, with three units having been completed and delivered to site at Te Hau Ora a Ngapuhi Kaikohe and framing for the next six units has commenced. At Ranfurly Street, Dargaville, resource consent has been lodged for stage one.

The Kaitaia Masterplan is due to be finalised and presented to Kaitaia Business Association and community Board in mid-November.

Other projects include the Merlin Labs Hangar at Kerikeri Airport to provide a new facility for an aviation software company.

Operating loss is double what was originally budgeted for, with \$365k loss actual versus \$123k budget. This is due to:

- Increase in Goods Sold, \$390k actual versus \$345k budget, an increase in 13% - due to higher-than-expected sales for fuel and boatyard operations.
- Increase in Inventories, \$378k actual versus \$326k budget, 16% - due to increased fuel costs, but this offsets the increase in Goods Sold above.
- Honey income is lower than expected \$14k actual versus \$22k, 35% decrease – reflects the wind down of the business due to ongoing adverse performance.
- Rental income is performing well against budget, \$1,030k actual versus \$904k budget, 14% increase – reflects increases in CPI adjustments to commercial properties, together with the Kamo Road property which has exceeded budgeted estimate.
- Employee benefit expenses are lower than budgeted, \$1,009k versus \$1,046k, 4% decrease - due to capitalisation of staff costs related to development projects, together with the current tight employment market causing difficulty in securing staff.
- Corporate overheads are significantly above budget, \$216k versus \$51k, 320% increase - multiple expenses being incurred during the first quarter which should level out throughout the year. These include Health & Safety, reflecting ongoing commitment to improving the work environment for staff and the public, Consulting and Computer costs due to structural and tax advice, and the pending relocation to Ngawha Innovation Park.
- Direct expenses from investment property, \$724k versus \$522k, 39% increase - primarily due to recruiting a temporary airport manager and 30% increase in insurance costs, and delays for repairs & maintenance from last year have now begun to catch up.
- Finance expenses, \$565k versus \$733k, 23% decrease – reflects delayed drawdown of financing facilities related to the Corrections and RSA projects. These will increase significantly as progress is made with these projects and the drawdown facilities utilised.

### 3) PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

The are no financial implications arising from these reports, they are information only reports.

### ĀPITIHINGA / ATTACHMENTS

1. FNHL First Quarter Report 22.23 - A4087240 [↓](#) 
2. FNHL HS Qtrly Report 4th qtr 2022 draft v01 - A4087292 [↓](#) 
3. FNHL Risk Report Nov 22 - A4087291 [↓](#) 

**Hōtaka Take Ōkawa / Compliance Schedule:**

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
  - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
  - b) Assess the options in terms of their advantages and disadvantages; and
  - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

He Take Ōkawa / Compliance Requirement	Aromatawai Kaimahi / Staff Assessment
State the level of significance (high or low) of the issue or proposal as determined by the <a href="#">Council's Significance and Engagement Policy</a>	Not significant
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Schedule 8 (3) of Local Government Act 2002
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	NA
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.  State the possible implications and how this report aligns with Te Tiriti o Waitangi / The Treaty of Waitangi.	NA
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	NA
State the financial implications and where budgetary provisions have been made to support this decision.	NA
Chief Financial Officer review.	CFO has reviewed these reports.





















**7 TE WĀHANGA TŪMATAITI / PUBLIC EXCLUDED**

**RESOLUTION TO EXCLUDE THE PUBLIC**

**RECOMMENDATION**

THAT THE PUBLIC BE EXCLUDED FROM THE FOLLOWING PARTS OF THE PROCEEDINGS OF THIS MEETING.

THE GENERAL SUBJECT MATTER OF EACH MATTER TO BE CONSIDERED WHILE THE PUBLIC IS EXCLUDED, THE REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER, AND THE SPECIFIC GROUNDS UNDER SECTION 48 OF THE LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT 1987 FOR THE PASSING OF THIS RESOLUTION ARE AS FOLLOWS:

<b>GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED</b>	<b>REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER</b>	<b>GROUND(S) UNDER SECTION 48 FOR THE PASSING OF THIS RESOLUTION</b>
<p><b>7.1 - CURRENT LEGAL PROCEEDINGS AND POTENTIAL LIABILITY CLAIMS</b></p>	<p>S7(2)(G) - THE WITHHOLDING OF THE INFORMATION IS NECESSARY TO MAINTAIN LEGAL PROFESSIONAL PRIVILEGE</p>	<p>S48(1)(A)(I) - THE PUBLIC CONDUCT OF THE RELEVANT PART OF THE PROCEEDINGS OF THE MEETING WOULD BE LIKELY TO RESULT IN THE DISCLOSURE OF INFORMATION FOR WHICH GOOD REASON FOR WITHHOLDING WOULD EXIST UNDER SECTION 6 OR SECTION 7</p>

**8 KARAKIA WHAKAMUTUNGA / CLOSING PRAYER**

**9 TE KAPINGA HUI / MEETING CLOSE**