



**Far North  
District Council**



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

# **AGENDA**

## **Ordinary Council Meeting**

**Thursday, 16 December 2021**

**Time: 10.00 am**

**Location: Virtually via Microsoft Teams**

**Membership:**

Mayor John Carter - Chairperson  
Cr Ann Court  
Cr David Clendon  
Cr Dave Collard  
Cr Felicity Foy  
Cr Mate Radich  
Cr Rachel Smith  
Cr Kelly Stratford  
Cr Moko Tepania  
Cr John Vujcich

**COUNCIL MEMBERS REGISTER OF INTERESTS**

<b>Name</b>	<b>Responsibility (i.e. Chairperson etc)</b>	<b>Declaration of Interests</b>	<b>Nature of Potential Interest</b>	<b>Member's Proposed Management Plan</b>
<b>Hon Mayor John Carter QSO</b>	Board Member of the Local Government Protection Programme	Board Member of the Local Government Protection Program		
	Carter Family Trust			
<b>Deputy Mayor Ann Court</b>	Waipapa Business Association	Member		Case by case
	Warren Pattinson Limited	Shareholder	Building company. FNDC is a regulator and enforcer	Case by case
	Kerikeri Irrigation	Supplies my water		No
	District Licensing	N/A	N/A	N/A
	Ann Court Trust	Private	Private	N/A
	Waipapa Rotary	Honorary member	Potential community funding submitter	Declare interest and abstain from voting.
	Properties on Onekura Road, Waipapa	Owner Shareholder	Any proposed FNDC Capital works or policy change which may have a direct impact (positive/adverse)	Declare interest and abstain from voting.
	Property on Daroux Dr, Waipapa	Financial interest	Any proposed FNDC Capital works or policy change which may have a direct impact (positive/adverse)	Declare interest and abstain from voting.
	Flowers and gifts	Ratepayer 'Thankyou'	Bias/ Pre-determination?	Declare to Governance
	Coffee and food	Ratepayers sometimes 'shout' food and beverage	Bias or pre-determination	Case by case
	Staff	N/A	Suggestion of not being impartial or pre-determined!	Be professional, due diligence, weigh the evidence. Be thorough, thoughtful, considered impartial and balanced. Be fair.
	Warren Pattinson	My husband is a builder and may do work for Council staff		Case by case

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
<b>Ann Court - Partner</b>	Warren Pattinson Limited	Director	Building Company. FNDC is a regulator	Remain at arm's length
	Air NZ	Shareholder	None	None
	Warren Pattinson Limited	Builder	FNDC is the consent authority, regulator and enforcer.	Apply arm's length rules
	Property on Onekura Road, Waipapa	Owner	Any proposed FNDC capital work in the vicinity or rural plan change. Maybe a link to policy development.	Would not submit. Rest on a case by case basis.
<b>David Clendon</b>	Chairperson – He Waka Eke Noa Charitable Trust	None		Declare if any issue arises
	Member of Vision Kerikeri	None		Declare if any issue arises
	Joint owner of family home in Kerikeri	Hall Road, Kerikeri		
<b>David Clendon – Partner</b>	Resident Shareholder on Kerikeri Irrigation			
<b>David Collard</b>	Snapper Bonanza 2011 Limited	45% Shareholder and Director		
	Trustee of Te Ahu Charitable Trust	Council delegate to this board		
<b>Felicity Foy</b>	Flick Trustee Ltd	I am the director of this company that is the company trustee of Flick Family Trust that owns properties Seaview Road – Cable Bay, and Allen Bell Drive - Kaitaia.		
	Elbury Holdings Limited	This company is directed by my parents Fiona and Kevin King.	This company owns several dairy and beef farms, and also dwellings on these farms. The Farms and dwellings are located in the Far North at Kaimaumau, Bird Road/Sandhills Rd, Wireless Road/ Puckey Road/Bell Road, the Awanui Straight and Allen Bell Drive.	

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Foy Farms Partnership	Owner and partner in Foy Farms - a farm on Church Road, Kaingaroa		
	Foy Farms Rentals	Owner and rental manager of Foy Farms Rentals for 7 dwellings on Church Road, Kaingaroa and 2 dwellings on Allen Bell Drive, Kaitaia, and 1 property on North Road, Kaitaia, one title contains a cell phone tower.		
	King Family Trust	This trust owns several titles/properties at Cable Bay, Seaview Rd/State Highway 10 and Ahipara - Panorama Lane.	These trusts own properties in the Far North.	
	112 Commerce Street Holdings Ltd	Owner of commercial property in Commerce Street Kaitaia.		
	Foy Property Management Ltd	Owner of company that manages properties owned by Foy Farms Rentals and Flick Family Trust.		
	Previous employment at FNDC 2007-16	I consider the staff members at FNDC to be my friends		
	Shareholder of Coastline Plumbing NZ Limited			
<b>Felicity Foy - Partner</b>	Director of Coastal Plumbing NZ Limited			
	Friends with some FNDC employees			
<b>Mate Radich</b>	No form received			
<b>Rachel Smith</b>	Friends of Rolands Wood Charitable Trust	Trustee		
	Mid North Family Support	Trustee		
	Property Owner	Kerikeri		
	Friends who work at Far North District Council			
	Kerikeri Cruising Club	Subscription Member		
	Vision Kerikeri	Financial Member		
<b>Rachel Smith (Partner)</b>	Property Owner	Kerikeri		
	Friends who work at Far North District Council			
	Kerikeri Cruising Club	Subscription Member and Treasurer		
	Vision Kerikeri	Financial Member		

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Town and General Groundcare Limited	Director, Shareholder		
<b>Kelly Stratford</b>	KS Bookkeeping and Administration	Business Owner, provides book keeping, administration and development of environmental management plans	None perceived	Step aside from decisions that arise, that may have conflicts
	Waikare Marae Trustees	Trustee	Maybe perceived conflicts	Case by case basis
	Bay of Islands College	Parent Elected Trustee	None perceived	If there was a conflict, I will step aside from decision making
	Karetu School	Parent Elected Trustee	None perceived	If there was a conflict, I will step aside from decision making
	Māori title land – Moerewa and Waikare	Beneficiary and husband is a shareholder	None perceived	If there was a conflict, I will step aside from decision making
	Sister is employed by Far North District Council			Will not discuss work/governance matters that are confidential
	Gifts - food and beverages	Residents and ratepayers may 'shout' food and beverage	Perceived bias or predetermination	Case by case basis
	Taumarere Counselling Services	Advisory Board Member	May be perceived conflicts	Should conflict arise, step aside from voting
	Sport Northland	Board Member	May be perceived conflicts	Should conflict arise, step aside from voting
	He Puna Aroha Putea Whakapapa	Trustee	May be perceived conflicts	Should conflict arise, step aside from voting should they apply for funds
	Kawakawa Returned Services Association	Member	May be perceived conflicts	Should conflict arise, step aside from voting should they apply for funds
	Whangaroa Returned Services Association	Member	May be perceived conflicts	Should conflict arise, step aside from voting should they apply for funds
	National Emergency Management Advisor Committee	Member		Case by case basis

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Te Rūnanga ā Iwi o Ngāpuhi	Tribal affiliate member	As a descendent of Te Rūnanga ā Iwi o Ngāpuhi I could have a perceived conflict of interest in Te Rūnanga ā Iwi o Ngāpuhi Council relations	Declare a perceived conflict should there appear to be one
	Te Rūnanga ā Iwi o Ngāti Hine	Tribal affiliate member	Could have a perceived conflict of interest	Declare a perceived conflict should I determine there is a conflict
	Kawakawa Business and Community Association	Member		Will declare a perceived conflict should there appear to be one
<b>Kelly Stratford - Partner</b>	Chef and Barista	Opua Store	None perceived	
	Māori title land – Moerewa	Shareholder	None perceived	If there was a conflict of interest I would step aside from decision making
<b>Moko Tepania</b>	Teacher	Te Kura Kaupapa Māori o Kaikohe.	Potential Council funding that will benefit my place of employment.	Declare a perceived conflict
	Chairperson	Te Reo o Te Tai Tokerau Trust.	Potential Council funding for events that this trust runs.	Declare a perceived conflict
	Tribal Member	Te Rūnanga o Te Rarawa	As a descendent of Te Rarawa I could have a perceived conflict of interest in Te Rarawa Council relations.	Declare a perceived conflict
	Tribal Member	Te Rūnanga o Whaingaroa	As a descendent of Te Rūnanga o Whaingaroa I could have a perceived conflict of interest in Te Rūnanga o Whaingaroa Council relations.	Declare a perceived conflict
	Tribal Member	Kahukuraariki Trust Board	As a descendent of Kahukuraariki Trust Board I could have a perceived conflict of interest in Kahukuraariki Trust Board Council relations.	Declare a perceived conflict

Name	Responsibility Chairperson etc) (i.e.	Declaration of Interests	Nature Potential Interest of	Member's Proposed Management Plan
	Tribal Member	Te Rūnanga ā-Iwi o Ngāpuhi	As a descendent of Te Rūnanga ā-Iwi o Ngāpuhi I could have a perceived conflict of interest in Te Rūnanga ā-Iwi o Ngāpuhi Council relations.	Declare a perceived conflict
<b>John Vujcich</b>	Board Member	Pioneer Village	Matters relating to funding and assets	Declare interest and abstain
	Director	Waitukupata Forest Ltd	Potential for council activity to directly affect its assets	Declare interest and abstain
	Director	Rural Service Solutions Ltd	Matters where council regulatory function impact of company services	Declare interest and abstain
	Director	Kaikohe (Rau Marama) Community Trust	Potential funder	Declare interest and abstain
	Partner	MJ & EMJ Vujcich	Matters where council regulatory function impacts on partnership owned assets	Declare interest and abstain
	Member	Kaikohe Rotary Club	Potential funder, or impact on Rotary projects	Declare interest and abstain
	Member	New Zealand Institute of Directors	Potential provider of training to Council	Declare a Conflict of Interest
	Member	Institute of IT Professionals	Unlikely, but possible provider of services to Council	Declare a Conflict of Interest



**Far North District Council**  
**Ordinary Council Meeting**  
**will be held in the Virtually via Microsoft Teams on:**  
**Thursday 16 December 2021 at 10.00 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 KOROMATUA / MAYORAL ANNOUNCEMENTS**

## 5 REPORTS

### 5.1 ADOPTION OF THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

**File Number:** A3495561

**Author:** Janice Smith, Chief Financial Officer

**Authoriser:** William J Taylor MBE, General Manager - Corporate Services

#### TAKE PŪRONGO / PURPOSE OF THE REPORT

To adopt the Annual Report for the year ended 30 June 2021.

#### WHAKARĀPOOTO MATUA / EXECUTIVE SUMMARY

- The Annual Report for the year ended 30 June 2021 has been prepared and has been audited by Audit New Zealand.
- The audit was completed remotely this year due to Auckland remaining in COVID 19 level 3 lockdown, and verbal clearance was pending as at the time of this agenda going to print.

#### TŪTOHUNGA / RECOMMENDATION

That Council:

- a) adopt the Annual Report for the year ended 30 June 2021;
- b) agree that the General Manager Corporate Services is authorised to make any grammatical changes that may be required.

#### 1) TĀHUHU KŌRERO / BACKGROUND

The Local Government Act 2002 requires Council to prepare an Annual Report within 4 months of the financial year end. Central Government approved an extension to that deadline to 31 December 2021 because of COVID-19. COVID 19 has impacted the recruitment of auditors available to complete the audit work this year and as a result we have had several new auditors working on our report over a prolonged period of time. This has resulted in many queries that are repeated or late coming to the team.

The Annual Report is subject to audit by the Auditor appointed by the Office of the Auditor General. In the case of Far North District Council this is Audit New Zealand.

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

The Annual Report has been audited but Audit New Zealand are yet to issue the audit opinion. For this reason, the final report will be issued under separate cover.

#### Take Tūtohunga / Reason for the recommendation

Council is required by the Local Government Act 2002 to adopt the Annual Report before 31 December.

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

There are no financial implications arising from this report.

#### ĀPITIHINGA / ATTACHMENTS

Nil

*NOTE: The Far North District Council Annual Report was circulated to Mayor and Councillors under separate cover.*

**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.

<b>He Take Ōkawa / Compliance Requirement</b>	<b>Aromatawai Kaimahi / Staff Assessment</b>
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>	Low
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Local Government Act 2002 part 6, sub part 2 s98 and Schedule 10
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.	Not applicable
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.	Not applicable
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).	Not applicable
State the financial implications and where budgetary provisions have been made to support this decision.	None
Chief Financial Officer review.	The Chief Financial Officer prepared this report



**5.2 FAR NORTH HOLDINGS LTD ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021****File Number: A3516410****Author: Janice Smith, Chief Financial Officer****Authoriser: William J Taylor MBE, General Manager - Corporate Services****TAKE PŪRONGO / PURPOSE OF THE REPORT**

The purpose of the report is to present Far North Holdings Limited's Annual Report for the year ended 30 June 2021.

**WHAKARĀPOOTO MATUA / EXECUTIVE SUMMARY**

- Far North Holdings Limited is a Council Controlled Organisation. Each year it is legislatively required that the entity produce an Annual Report. The Annual Report provided, covers the period from the 1<sup>st</sup> July 2020 – 30<sup>th</sup> June 2021.

**TŪTOHUNGA / RECOMMENDATION**

**That That Council accept the Annual Report for Far North Holdings Ltd for the year ended 30 June 2021.**

**1) TĀHUHU KŌRERO / BACKGROUND**

S.67 of the Local Government Act 2002 requires that a Council Controlled Organisation must deliver to its shareholders an audited Annual Report within 3 months of the end of the financial year. Central Government have extended this deadline to 31 December 2021 as a result of COVID-19.

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

The Annual Report for Far North Holdings Ltd has been audited and received an unqualified opinion.

**Take Tūtohunga / Reason for the recommendation**

Compliance with the Local Government Act 2002 requirements for Council Controlled Organisations

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

None

**ĀPITIHINGA / ATTACHMENTS**

1. FNHL Annual Report 2021 Final - A3516454 [↓](#) 

**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.

<b>He Take Ōkawa / Compliance Requirement</b>	<b>Aromatawai Kaimahi / Staff Assessment</b>
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>	Low
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	S.67 of the 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.	N/A
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.	N/A
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).	N/A
State the financial implications and where budgetary provisions have been made to support this decision.	None
Chief Financial Officer review.	The Chief Financial Officer has prepared this report.



**Far North  
Holdings Limited**

**ANNUAL REPORT  
2020/2021**



**FAR NORTH HOLDINGS LIMITED  
ANNUAL REPORT 2021**

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**FAR NORTH HOLDINGS LIMITED  
COMPANY DIRECTORY  
AS AT 30 June 2021**

Nature of Business	Property and infrastructural investment, management, development, operations and services
Registered Office	Unit 9b Baffin Street Opuā
Directors	William Birnie CNZM LLB (Chair) Kevin Baxter BCom (Ag) Hon Murray McCully CNZM CF LLB Sarah Petersen BMS, Hons, CA
Independent Auditor	Audit New Zealand on behalf of the Auditor General
Bankers	Bank of New Zealand
Business Locations	Opuā, Kerikeri, Kaitiāia and Kaikohe
Shareholders	Far North District Council
Share Capital	\$18,000,000



**Far North  
Holdings Limited**

Opua Marine Park  
P.O. Box 7  
Opua, 0241  
Bay of Islands, New Zealand

## **CHAIRMANS REPORT**

In accordance with Part 5, Section 67 of the Local Government Act 2002 and Far North Holdings Limited ("FNHL") Statement of Intent for the three years to June 2023 the Directors hereby report on the activities of the company for the 12 months from 1 July 2020 to the 30 June 2021. Following are FNHL's Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, and Statements of Cash Flows, for the year ended 30 June 2021.

This financial year has again been challenged by the effects of the Covid pandemic. The restrictions implemented throughout New Zealand have certainly impacted FNHL, nevertheless our resilience, diversity, solid performance, and strong financial management have lessened the impact on the company. This enabled the Company to provide rent relief to affected tenants.

The FNHL Board is pleased to confirm a trading profit of \$3.01m, being a 17% increase in profit from the previous year of \$2.57m. This was partly due to grants of \$1.86m received from The Kawakawa Hundertwasser Park Charitable Trust for the Te Hononga development accounted for as income. Total comprehensive income was \$11.26m (2020 \$5.66m). Total comprehensive income includes the revaluation of assets and investments with an increase of \$8.83m (2020 \$3.44m).

Shareholder's equity in the year increased to \$73.25m from \$62.41m in 2020. FNHL's overdraft and borrowings have reduced by \$146k whilst FNHL's assets increased by \$17.9m to \$136m. This was assisted by \$10.635m of PGF funding and the capital expenditure at Ngawha Innovation and Enterprise Park development.

The growth in asset value is also due to FNHL's acquisition of various properties. During the financial year FNHL purchased three properties bordering the Ngawha Innovation & Enterprise Park development and a property in Kamo, where FNHL is developing 18 community housing units.

FNHL has sold some land acquired for the creation of the Ngawha Innovation and Enterprise Park to Kaikohe Berryfruit Ltd. This company, led by Ngapuhi Asset Holding Company, aims to establish one of the larger soft berry fruit growing operations in the country, and delivering a substantial boost to employment opportunities on the outskirts of Kaikohe. FNHL has boosted its initial 19% shareholding in Kaikohe Berryfruit to 24% subsequent to balance date.

Ngawha Innovation and Enterprise Park continues to be a major focus for management and the Board. This is an important economic regeneration initiative designed to create social and economic opportunities for communities and businesses across the Mid-North. With five cornerstone tenants confirmed, the Provincial Development Unit have approved \$19.5m in funding to build infrastructure such as roads, sites, drainage and water storage.

The Bay of Islands Airport won an architecture award in August 2020. The judges commented that "the project took a very challenging brief that sought to strike a balance between immediate needs and the anticipation of future growth." FNHL is proud that the recently developed airport continues to inspire and impress.

FNHL was privileged to provide project management services to FNDC on several maritime projects during the year. Government grants were successfully secured for Hokianga maritime upgrades, Unahi Wharf, Pukenui Wharf, Paihia Waterfront & Mangonui Waterfront Development, and work has now commenced on these facilities.

FNHL was also honored to be involved in the project management of Te Waiariki Ngawha Springs near Kaikohe which opened in April 2021. The project has delivered employment, economic, cultural and social outcomes and will support the growth of our District and enable the local community. The redevelopment of the Springs is also an opportunity to connect and highlight the cultural significance of nga waiariki through the four pou: wai Māori (purity – earth, water, natural), whakapapa (relationships – history, 11 tupuna, Ngāpuhi genealogy), takauere (guardianship – kaitiakitanga, wairua) and Oranga (health – physical, spiritual and healing).

The Te Hononga building in Kawakawa was opened by the Prime Minister Jacinda Ardern in October 2020. This development was a successful community led, collaborative project working alongside Kawakawa Hundertwasser Park Charitable Trust, Ngāti Hine and Far North District Council to provide an interpretive gallery, library, ātea, workshop, public toilets, showers, and freedom camping facilities.

Manea Footprints of Kupe, a cultural and educational centre which celebrates Kupe's voyage to the Hokianga and his journeys across Aotearoa was officially opened in December 2020. This project is a partnership with Te Hua o te Kāwariki Trust, located opposite Opononi beach, against a backdrop of stunning sand dunes and sea.

Te Ahurea in the Kerikeri Basin officially opened just before Waitangi Day. As with Manea Footprints of Kupe, FNHL was grateful and privileged to have been able to play a role in facilitating this project. FNHL worked in partnership with Ngāti Rehia to deliver the project and was involved in project managing the design, consenting and construction of the wharekawa and boardwalk.

On behalf of the Board, I would like to thank Far North District Council for its ongoing support and encouragement and look forward to working closely with the Council to achieve our collective strategic objectives. The Council's support has enabled FNHL to grow and improve commercial facilities and infrastructure for the benefits of our community in the Far North. While the Covid pandemic persists, FNHL continues to manage the company's finances prudently to create profits and shareholder value for the Far North District Council.



Bill Birnie CNZM  
**CHAIRMAN**

Dated: 30 November 2021

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Telephone: (09) 402 5659 Email: [enquiries@fnhl.co.nz](mailto:enquiries@fnhl.co.nz)



## Independent Auditor's Report

### To the readers of Far North Holding Limited's financial statements and performance information for the year ended 30 June 2021

The Auditor-General is the auditor of Far North Holdings Limited (the company). The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the company on his behalf.

#### Opinion

We have audited:

- the financial statements of the company on pages 11 to 39, that comprise the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 40 to 44.

In our opinion:

- the financial statements of the company on pages 11 to 39:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2021; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the statement of service performance of the company on pages 40 to 44 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2021.

Our audit was completed on 30 November 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

**Basis for our opinion**

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. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our 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.

**Responsibilities of the Board of Directors for the financial statements and the performance information**

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the statement of service performance for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of service performance, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

**Responsibilities of the auditor for the audit of the financial statements and the performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these financial statements and the statement of service performance.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

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 financial statements and the statement of service performance, 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 company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

**Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 4, 9 to 10, 45 and 46, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance or our knowledge obtained in the audit, 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 company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.



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

**FAR NORTH HOLDINGS LIMITED  
ANNUAL REPORT  
FOR THE YEAR ENDED 30 June 2021**

The Board of Directors present their annual report including the financial statements of the Company for the year ended 30 June 2021 and the independent auditor's report thereon.

Approved for and on behalf of the Board of Directors.



\_\_\_\_\_  
Director



\_\_\_\_\_  
Director

30 November 2021

\_\_\_\_\_  
Date

**FAR NORTH HOLDINGS LIMITED  
STATEMENT OF COMPLIANCE  
FOR THE YEAR ENDED 30 June 2021**

The Board of Directors of Far North Holdings Limited hereby confirm they are responsible for ensuring, and has in place appropriate systems and mechanisms to ensure, that all applicable aspects of legislative, regulatory and contractual requirements which impact on the activities and functions of Far North Holdings Limited have been complied with. To the best of its knowledge the Board of Directors has complied with all legislative, regulator and contractual requirements during the year.



Director



Director

**FAR NORTH HOLDINGS LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 June 2021**

	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
Revenue from contracts with customers	4	14,097,587	14,455,510
Other Income	5	1,871,775	844,559
		<u>15,969,362</u>	<u>15,300,069</u>
Employee benefits expenses	6	3,711,400	3,210,374
Depreciation and Amortisation expenses	8	850,118	816,347
Other expenses	7	7,202,301	7,091,229
<b>Operating profit before net financing costs</b>		<u>4,205,543</u>	<u>4,182,119</u>
Finance income		26,267	8,998
Finance expenses		1,220,183	1,618,079
<b>Net finance costs</b>	9	<u>1,193,916</u>	<u>1,609,081</u>
<b>Profit prior to movements in Investment Properties, share of associate and other non operating movements</b>		<u>3,011,627</u>	<u>2,573,038</u>
Share of post-tax profits/(losses) of equity accounted associates	14	(2,217)	-
Impairment of Goodwill	13	-	(100,000)
Devaluation of biological assets	17	(419,410)	(800,170)
Fair value gain on acquisition	12	-	2,018,615
Revaluation of Investment Property	12	6,709,429	2,849,929
		<u>9,299,429</u>	<u>6,541,412</u>
<b>Profit/(loss) before income tax</b>		<u>9,299,429</u>	<u>6,541,412</u>
Income tax expense	10	(75,665)	(452,422)
<b>Profit/(loss) for the period</b>		<u>9,223,764</u>	<u>6,088,990</u>
<b>Other comprehensive income items that will not be reclassified to profit or loss:</b>			
Revaluation of property, plant and equipment	11	2,532,996	(522,236)
Revaluation/(Devaluation) of equity investments	15	3,052	(10,382)
Tax on items that will not be reclassified to profit or loss	10	(503,215)	100,006
<b>Other comprehensive income for the year, net of tax</b>		<u>2,032,833</u>	<u>(432,612)</u>
<b>Total comprehensive income for the year</b>		<u>11,256,597</u>	<u>5,656,378</u>

**FAR NORTH HOLDINGS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 June 2021**

	Share Capital	Property Revaluation Reserve	Equity Investment Reserve	Building & Maintenance Reserves	Capital Reserve	Retained Earnings	Total Equity
	\$	\$		\$	\$	\$	\$
Balance at 1 July 2019	18,000,000	7,968,817	(148,742)	172,167	71,804	31,788,788	57,852,835
Profit for the year	-	-	-	-	-	6,088,990	6,088,990
Other comprehensive income for the year							-
Revaluation of property, plant and equipment	-	(422,230)	(10,382)	-	-	-	(432,612)
Total comprehensive income for the year	-	(422,230)	(10,382)	-	-	6,088,990	5,656,378
Transfers	-	-		135,610	-	(135,610)	-
Transactions with owners of the Company in their capacity as owners							
Additional share capital			-				-
Dividends paid	-	-	-	-	-	(1,097,000)	(1,097,000)
Total transactions with owners of the company	-	-	-	-	-	(1,097,000)	(1,097,000)
<b>Balance at 30 June 2020</b>	<b>18,000,000</b>	<b>7,546,587</b>	<b>(159,124)</b>	<b>307,777</b>	<b>71,804</b>	<b>36,645,168</b>	<b>62,412,212</b>
Balance at 1 July 2020	18,000,000	7,546,587	(159,124)	307,777	71,804	36,645,168	62,412,212
Profit for the year	-	-	-	-	-	9,223,764	9,223,764
Other comprehensive income for the year							-
Revaluation of property, plant and equipment	-	2,029,781	3,052	-	-	-	2,032,833
Total comprehensive income for the year	-	2,029,781	3,052	-	-	9,223,764	11,256,597
Transfers	-	-	-	232,114	-	(232,114)	-
Transactions with owners of the Company in their capacity as owners							
Additional share capital			-				-
Dividends paid	-	-	-	-	-	(422,795)	(422,795)
Total transactions with owners of the company	-	-	-	-	-	(422,795)	(422,795)
<b>Balance at 30 June 2021</b>	<b>18,000,000</b>	<b>9,576,368</b>	<b>(156,072)</b>	<b>539,891</b>	<b>71,804</b>	<b>45,214,022</b>	<b>73,246,014</b>

**FAR NORTH HOLDINGS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 June 2021**

	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	20	18,000,000	18,000,000
Reserves	21	10,031,991	7,767,045
Retained earnings		45,214,022	36,645,167
<b>Total Equity</b>		<b>73,246,014</b>	<b>62,412,212</b>
<b>LIABILITIES</b>			
<b>Non - Current Liabilities</b>			
Interest-bearing loans and borrowings	22	37,124,992	37,178,172
Income in advance	25	10,227,914	9,960,774
Deferred tax liability	10	3,428,132	2,849,252
<b>Total Non - Current Liabilities</b>		<b>50,781,038</b>	<b>49,988,198</b>
<b>Current Liabilities</b>			
Trade and other payables	24	5,804,394	3,207,787
Employee benefits	23	246,477	258,025
Interest-bearing loans and borrowings	22	1,671,240	1,764,360
Income in advance	25	695,836	277,694
Government Grants not yet spent		3,642,644	263,667
<b>Total Current Liabilities</b>		<b>12,060,591</b>	<b>5,771,533</b>
<b>Total Liabilities</b>		<b>62,841,629</b>	<b>55,759,731</b>
<b>Total Equity and Liabilities</b>		<b>136,087,643</b>	<b>118,171,943</b>

**FAR NORTH HOLDINGS LIMITED**  
**STATEMENT OF FINANCIAL POSITION (continued)**  
**AS AT 30 June 2021**

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Property, plant and equipment	11	25,413,261	26,666,493
Investment property	12	100,409,919	85,474,560
Biological assets	17	1,184,150	1,603,560
Intangible assets	13	100,000	100,000
Investments in equity accounted associates	14	1,232,203	-
<b>Total Non - Current Assets</b>		<b>128,339,533</b>	<b>113,844,613</b>
<b>Current Assets</b>			
Inventories	16	1,690,653	1,582,439
Properties intended for sale	26	1,558,678	-
Other investments	15	573,768	570,716
Trade and other receivables and prepayments	18	3,837,729	2,142,344
Cash and cash equivalents	19	87,282	31,831
<b>Total Current Assets</b>		<b>7,748,110</b>	<b>4,327,330</b>
<b>Total Assets</b>		<b>136,087,643</b>	<b>118,171,943</b>

Approved for and on behalf of the Board of Directors



Director

30 November 2021

Date



Director

30 November 2021

Date

**FAR NORTH HOLDINGS LIMITED  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 30 June 2021**

	Note	2021	2020
		\$	\$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		15,218,126	14,062,241
Cash paid to suppliers and employees		(8,097,821)	(11,337,724)
GST received/(paid)		(539,354)	425,619
Interest received		26,267	8,937
Interest paid		(1,057,605)	(1,618,503)
Income tax received/(paid)		(201,708)	(200,000)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>5,347,905</b>	<b>1,340,570</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and investment property, and biological assets		(4,381,700)	(5,635,354)
(Purchase)/sale of investments		(1,232,203)	(38,925)
Proceeds from sale of property, plant and equipment and investment property		890,544	4,004,765
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(4,723,359)</b>	<b>(1,669,514)</b>
<b>Cash flows from financing activities</b>			
Loan advance/(repayment)		(146,300)	4,015,894
Shares issued		-	-
Dividends paid		(422,795)	(1,097,000)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(569,095)</b>	<b>2,918,894</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>55,451</b>	<b>2,589,950</b>
Cash and cash equivalents at beginning of year		31,831	(2,558,119)
<b>Cash and cash equivalents at end of year</b>	<b>19</b>	<b>87,282</b>	<b>31,831</b>

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The above statements should be read in conjunction with the notes to and forming part of the financial statements

**FAR NORTH HOLDINGS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2021**

**1. REPORTING ENTITY**

Far North Holdings Limited (the "Company") is a company registered under the Companies Act 1993.

It is a Council Controlled Trading Organisation (CCTO) as defined in the Local Government Act 2002. The Company is wholly owned by the Far North District Council.

The financial statements comprise the results of the Company for the year ended 30 June 2021.

**2. BASIS OF PREPARATION**

Far North Holdings Limited owns 50% of the shares in Far North Skincare Limited. The associate has no assets and liabilities and is in the process of being removed from the companies register. Therefore the financial statements comprise the results of Far North Holdings Limited.

The financial statements have been prepared on a going concern basis. This is supported by:

- FNHL has the potential to defer capital expenditure, should it be required
- Continued support from FNHL's banking partners
- FNHL is expected to be solvent and able to meet cashflow obligations whilst remaining within banking covenants

The accounting policies have been applied consistently throughout the period.

**(a) Statement of compliance**

The financial statements of the Company have been prepared in accordance with the requirements of the Local Government Act 2002, Part 5, Section 67 which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ("NZ IFRS (RDR)").

The Company is a Tier 2 For-profit entity and has elected to report in accordance with Tier 2 For-profit Accounting Standards as issued by the New Zealand External Reporting Board (XRB). The Company is eligible to report in accordance with Tier 2 For-profit Accounting Standards on the basis that it does not have public accountability and is not a large for-profit public sector entity. In applying NZ IFRS RDR the company has applied a number of disclosure concessions.

**(b) Functional and Presentation Currency**

The financial statements are presented in New Zealand dollars (\$) which is the Company's functional presentation currency, rounded to the nearest dollar.

**(c) Basis of Measurement**

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position, which are measured at fair value.

- Investment Property
- Land and Buildings, wharves and runways.
- Financial instruments - fair value through other comprehensive income

FAR NORTH HOLDINGS LIMITED  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2021  
2. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements

The company makes certain estimates regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. 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 discussed below.

*Property, plant and equipment useful lives and residual values*

At each balance date the Company reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Company to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Company, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the Statement of Profit or Loss and Other Comprehensive Income, and carrying amount of the asset in the Statement of Financial Position. The Company minimises the risk of this estimation uncertainty by:

- Physical inspection of assets;
- Asset replacement programmes;
- Review of second hand market prices for similar assets; and
- Analysis of prior asset sales.

The Company has not made significant changes to past assumptions concerning useful lives and residual values.

*Fair value measurement*

A number of assets and liabilities in the Company's financial statements require measurement at, and/or disclosure of fair value. The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy").

Level 1: Quoted prices in an active market for identical items

Level 2: Observable direct or indirect inputs other than level 1 inputs

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

The Company measures a number of items at fair value - revalued property, plant and equipment, investment property, equity investments, and biological assets. For more detailed information on the fair value measurement of these items please refer to the applicable notes.

FAR NORTH HOLDINGS LIMITED  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2021  
3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue

*(i) Goods Sold*

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement.

*(ii) Services*

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

*(iii) Commissions*

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Company.

*(iv) Rental income*

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(b) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

(c) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes any tax liability arising from the declaration of dividends.

FAR NORTH HOLDINGS LIMITED  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Tax (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss,
- temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(d) Employee benefits

*(i) Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

*(ii) Short Term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date. The Company recognises a liability and an expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

e) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

FAR NORTH HOLDINGS LIMITED  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2021  
3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Discontinued operations

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

(g) Property, plant and equipment

*(i) Recognition and measurement*

Land, runways, wharves and buildings are measured at fair value, less accumulated depreciation (except for land) and accumulated impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other property plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any revaluation surplus arising on the revaluation of an asset is credited to other comprehensive income and shown in the asset revaluation reserve in the Statement of Financial Position. A revaluation deficit in excess of the asset revaluation reserve balance for an asset is recognised in the profit or loss in the period it arises. Revaluation surpluses which reverse previous revaluation deficits recognised in the profit or loss are recognised in the profit or loss.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. Any revaluation surplus on disposal of an item of property, plant and equipment is recognised in retained earnings.

*(ii) Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

FAR NORTH HOLDINGS LIMITED  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2021  
3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment (continued)

*(iii) Subsequent expenditure*

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed as incurred.

*(iv) Depreciation*

For plant and equipment, depreciation is based on the cost of an asset less its residual value, and for runways wharves and buildings is based on the revalued amount less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated. Assets under construction are not subject to depreciation.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Buildings and Structures - 33 years  
Plant, fittings and office equipment - 3-20 years  
Wharves - 33 years  
Ramps and moorings - 33 years  
Motor vehicles, boat transporters - 5-15 years  
Runways, including all airport infrastructure / civil works assets - 25 years  
Leasehold improvements - 29 years

Depreciation methods, useful lives and residual values are reviewed at reporting date and adjusted if appropriate. (see note 11).

(h) Intangible assets

*(i) Goodwill*

Goodwill that arises upon the acquisition of a business is presented with intangible assets.

*(ii) Subsequent measurement*

Goodwill is measured at cost less accumulated impairment losses.

*(iii) Other intangible assets*

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

*(iv) Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

FAR NORTH HOLDINGS LIMITED  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2021  
3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Intangible assets (continued)

*(v) Amortisation*

Except for goodwill and intangible assets that have indefinite lives or are not yet available for use, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Computer software 3 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(j) Associates

Where the Company has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Company's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income.

Profits and losses arising on transactions between the Company and its associate are recognised only to the extent of unrelated investors' interest in the associate.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value with due allowance for any damaged and obsolete stock items. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of items transferred from biological assets is their fair value less point-of-sale costs at the date of transfer.

**FAR NORTH HOLDINGS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2021**  
**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(l) Biological assets**

Biological assets are measured at fair value less point-of-sale costs, with any changes therein recognised in profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets. Agricultural produce from biological assets are transferred to inventory at its fair value, by reference to market prices for honey, less estimated point-of-sale costs at the date of harvest.

**(m) Share capital**

The Company has ordinary shares and convertible non participating redeemable shares. Refer note 20 for details.

**(n) Properties intended for sale**

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, and the sale is highly probable, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, the company's intangible assets and property, plant and equipment are no longer amortised or depreciated.

**(o) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity. Financial instruments are comprised of trade and other receivables, cash and cash equivalents, debt securities, other financial assets, trade and other payables, borrowings and other financial liabilities.

Financial assets and financial liabilities are offset only when the entity has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis, or to realise the asset and liability simultaneously. The right of set off must not be contingent on a future event, and must be legally enforceable in the normal course of business, and in the event of default and in the event of insolvency or bankruptcy of the entity and all of the counterparties.

The Company initially recognises financial instruments on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

**FAR NORTH HOLDINGS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2021**  
**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(o) Financial Instruments (continued)**

The company has the following categories of financial assets;

**Amortised cost**

Financial assets with fixed or determinable payments that are not quoted in an active market, are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less and impairment losses (see note 3 (q)). These comprise of cash and cash equivalents, trade and other receivables and short term loans.

**Fair value through Other Comprehensive Income**

Equity investments are recognised initially at fair value plus any directly attributable transactions costs. Subsequent to initial recognition they are measured at fair value, with all gains and losses recognised in other comprehensive income. Changes to fair value are not subsequently recycled to profit and loss. Dividends are recognised in profit or loss.

**(p) Financial liabilities**

The Company initially recognises debt securities on the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies financial liabilities into the amortised cost category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**(q) Impairment**

**(i) Financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

FAR NORTH HOLDINGS LIMITED  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2021  
3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Impairment (continued)

*(ii) Financial assets measured at amortised cost*

The Company considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

*(iii) Non-financial assets*

The carrying amounts of the Company's property, plant and equipment held at cost and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (Company of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (Company of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**FAR NORTH HOLDINGS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2021**  
**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(r) Income in advance**

Income in advance represents rental income received for future periods calculated on a straight line basis over the term of the lease. Car parks and marina berths lease income is spread to 2033 or 2049 if an extension has been granted.

**(s) Government Grants**

Government Grants received for assets have been deducted in arriving at the carrying amount of the assets. Where retention of a government grant is dependant on the Company satisfying certain criteria it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the carrying amount of the asset.

**(t) Covid-19 Considerations**

An assessment over the carrying value of assets and liabilities has been performed and the Company has recognised provisions where necessary relating to the impact of COVID-19. The Company continues to operate as a going concern and the board and senior management continue to closely monitor the situation.

**FAR NORTH HOLDINGS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2021**

<b>4. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Goods sold	1,963,430	2,657,440
Services	7,630,351	7,964,487
Commission	63,191	27,196
Rental income	4,440,615	3,806,387
	<u>14,097,587</u>	<u>14,455,510</u>

<b>5. OTHER INCOME</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Government Wage Subsidy	-	359,880
Non-Government Grants received	1,865,108	-
Gain on sale of investment property	-	484,679
Depreciation recovered	6,667	-
	<u>1,871,775</u>	<u>844,559</u>

<b>6. EMPLOYEE BENEFIT EXPENSES</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Salaries and wages	3,593,822	3,101,157
Contributions to Kiwisaver	96,844	81,396
Increase/(decrease) in employee benefit liabilities	20,735	27,822
Total employee benefit expenses	<u>3,711,400</u>	<u>3,210,374</u>

<b>7. OTHER EXPENSES</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Fees to principal Auditor		
Audit fees for current year	79,919	78,284
Directors' compensation:		
Directors fees	129,631	152,610
Donations	78,792	57,400
Inventories	1,594,232	1,517,904
Impairment of receivables	185,012	26,665
Loss on disposal of property, plant and equipment	28,304	-
Minimum lease payments under operating leases	60,318	56,525
Direct expenses from investment property generating income	1,276,785	1,169,464
Other operating expenses	3,769,308	4,032,377
Total other expenses	<u>7,202,301</u>	<u>7,091,229</u>

<b>8. DEPRECIATION AND AMORTISATION</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
Depreciation property, plant & equipment	11	850,118	816,347
Total depreciation		<u>850,118</u>	<u>816,347</u>

**FAR NORTH HOLDINGS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2021**

**9. NET FINANCE COSTS**

<i>Recognised in profit or loss:</i>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Finance Income</b>		
Interest income on loans and receivables	26,267	8,998
<b>Finance Expense</b>		
Interest expenses on financial liabilities measured at amortised cost (including finance leases)	1,220,183	1,618,079
<b>Net Finance Costs</b>	<b>1,193,916</b>	<b>1,609,081</b>

**10. INCOME TAX**

**a) Income tax recognised in profit or loss and other comprehensive income**

<i>Income tax recognised in profit or loss:</i>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Current tax	-	142,987
Deferred tax expense	75,665	309,435
<b>Total income tax expense</b>	<b>75,665</b>	<b>452,422</b>
<b>Income tax recognised in other comprehensive income:</b>	<b>503,215</b>	<b>(100,006)</b>
Aggregate current and deferred tax relating to items in other comprehensive income	503,215	(100,006)

**b) Reconciliation of income tax expense**

<b>Profit / (loss) before income tax expense</b>	<b>9,299,429</b>	<b>6,541,412</b>
Tax expense at 28%	2,603,840	1,831,595
Permanent differences	(470,544)	(158,062)
Deferred tax adjustment	(2,057,631)	(1,221,111)
Group loss offset		-
<b>Tax expense</b>	<b>75,665</b>	<b>452,422</b>

**c) Deferred tax**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the year	2,849,252	2,639,823
Current year movement	578,880	209,429
<b>Deferred tax asset/(liability)</b>	<b>3,428,132</b>	<b>2,849,252</b>

**FAR NORTH HOLDINGS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2021**

**10. INCOME TAX (continued)**

Deferred tax assets/ (liabilities) are attributable to the following:

	2021	2020
	\$	\$
Property, plant and equipment other	642,242	487,997
Property, plant and equipment buildings	245,966	206,887
Investment property	2,714,375	2,265,225
Biological assets	(47,169)	(24,273)
Employee benefits	(58,930)	(53,124)
Other items	(68,352)	(33,460)
	<u>3,428,132</u>	<u>2,849,252</u>

**FAR NORTH HOLDINGS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2021**

**10. INCOME TAX (continued)**

**d) Movement in deferred income tax assets and liabilities**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows:

	Balance at 30 June 2019	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 30 June 2020	Recognised in Profit or loss	Recognised in other comprehensive income	Balance at 30 June 2021
	\$	\$	\$	\$	\$	\$	\$
Property, plant and equipment other	542,035	45,968	(100,006)	487,997	(348,970)	503,215	642,242
Property, plant and equipment buildings	614,982	(408,095)	-	206,887	39,079	-	245,966
Investment property	1,478,954	786,271	-	2,265,225	449,150	-	2,714,375
Biological assets	77,920	(102,193)	-	(24,273)	(22,896)	-	(47,169)
Employee benefits	(45,335)	(7,789)	-	(53,124)	(5,806)	-	(58,930)
Other items	(28,734)	(4,726)	-	(33,460)	(34,892)	-	(68,352)
	<u>2,639,822</u>	<u>309,436</u>	<u>(100,006)</u>	<u>2,849,252</u>	<u>75,665</u>	<u>503,215</u>	<u>3,428,132</u>

From 1 July 2007 the Company formed a consolidated group for tax purposes with Far North District Council.

The tax profits in the Company are automatically offset against tax losses in Far North District Council.

The Company does not maintain its own imputation credit account as it is part of a consolidated group.

**FAR NORTH HOLDINGS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2021**  
**11. PROPERTY, PLANT AND EQUIPMENT**

	Land	Buildings	Runways	Wharves	Ramps & moorings	Plant, fittings and office furniture	Motor vehicles, boat transporters	Leasehold improvements	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost or Valuation</b>										
Balance at 1 July 2020	11,300,793	8,314,865	3,010,357	1,960,999	76,264	2,859,612	1,581,663	128,797	27,208	29,260,558
Additions		879,184			11,000	197,128	85,297	35,126	97,792	1,305,527
Disposals	(260,000)	(220,000)				(704)	(27,600)			(508,304)
Reclassified to investment property	(2,960,000)	(780,000)								(3,740,000)
Revaluations	735,800	907,556	266,510	200,284						2,110,150
Balance at 30 June 2021	<b>8,816,593</b>	<b>9,101,605</b>	<b>3,276,867</b>	<b>2,161,283</b>	<b>87,264</b>	<b>3,056,036</b>	<b>1,639,360</b>	<b>163,923</b>	<b>125,000</b>	<b>28,427,931</b>
<b>Accumulated depreciation and impairment</b>										
Balance at 1 July 2020					22,496	1,955,638	590,272	25,659	-	2,594,065
Disposals		(6,667)							-	(6,667)
Depreciation		243,008	120,414	59,424	2,411	259,638	159,724	5,499	-	850,118
Elimination on revaluation		(243,008)	(120,414)	(59,424)					-	(422,846)
Balance at 30 June 2021	-	<b>(6,667)</b>	-	-	<b>24,907</b>	<b>2,215,276</b>	<b>749,996</b>	<b>31,158</b>	-	<b>3,014,670</b>
<b>Net book value</b>										
At 30 June 2020	11,300,793	8,314,865	3,010,357	1,960,999	53,768	903,974	991,391	103,138	27,208	26,666,493
At 30 June 2021	<b>8,816,593</b>	<b>9,108,272</b>	<b>3,276,867</b>	<b>2,161,283</b>	<b>62,357</b>	<b>840,760</b>	<b>889,364</b>	<b>132,765</b>	<b>125,000</b>	<b>25,413,261</b>

The fair value of land and buildings is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Company, and to market based yields for comparable properties.

The fair value of runways and wharves is determined using depreciated replacement cost.

The most recent valuation of land, buildings, runways and wharves were performed by Brad Sworn, ANZIV of the firm Telfer Young (Northland) Limited, and the valuation is effective at 30 June 2021.

**FAR NORTH HOLDINGS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2021**

**11. PROPERTY, PLANT AND EQUIPMENT (continued)**

*Security*

At 30 June 2021, certain land and buildings, with a carrying amount of \$66,602,000 (2020: \$60,782,000) are subject to a first mortgage to secure bank loans. There is also a General Security Agreement over all Property, Plant and Equipment.

**12. INVESTMENT PROPERTY**

	2021	2020
	\$	\$
Balance at 1 July	85,474,561	79,152,239
Acquisitions	6,455,151	4,950,864
Disposals	(410,544)	(3,497,086)
Transfer to properties intended for sale	(1,558,678)	-
Reclassification from property plant & equipment	3,740,000	-
Fair value gain on acquisition	-	2,018,615
Change in fair value	6,709,429	2,849,929
<b>Balance at 30 June</b>	<b>100,409,919</b>	<b>85,474,561</b>

Investment property comprises a number of commercial properties that are leased to third parties. The leases all have variable terms. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Company's investment property portfolio annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the 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.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Company and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

The most recent valuation was performed by Brad Sworn, ANZIV of the firm Telfer Young (Northland) Limited, and the valuation is effective at 30 June 2021. The prior valuation was completed 30 June 2020. Valuations are completed every year for all investment properties.

**FAR NORTH HOLDINGS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2021**

**13. INTANGIBLE ASSETS**

<i>Cost</i>	<b>Goodwill</b>	<b>Software</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2020	301,287	179,959	481,246
Additions	-	-	-
Balance at 30 June 2021	301,287	179,959	481,246
<i>Accumulated amortisation and impairment</i>	<b>Goodwill</b>	<b>Software</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2020	201,287	179,959	381,246
Amortisation charge for the year	-	-	-
Impairment losses	-	-	-
Balance at 30 June 2021	201,287	179,959	381,246
<b>Net book value</b>			
At 30 June 2020	100,000	-	100,000
At 30 June 2021	100,000	-	100,000

**14. INVESTMENT IN ASSOCIATES AND JOINT VENTURES**

The following entities have been included in the financial statements using the equity method:

	<b>Country of incorporation and place of business</b>	<b>Proportion of ownership interest held as at 30 June</b>	
		<b>2021</b>	<b>2020</b>
Kaikohe Berryfruit GP Limited	New Zealand	19%	0%
Far North Skincare Limited	New Zealand	50%	50%

The Directors of the Company consider it has the power to exercise significant influence over the Associate Kaikohe Berryfruit GP Limited even though it only owns 19% of the shares. This is because of the position it holds on the Board of Directors.

The joint venture Far North Skincare Limited is not trading and is in the process of being wound up.

<b>15. OTHER INVESTMENTS</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Current investments</b>		
Shares Fonterra	573,768	570,716
<b>Total other investments</b>	<b>573,768</b>	<b>570,716</b>
<b>Shares Fonterra</b>		
Opening value	570,716	542,173
Additions	-	38,925
Change in fair value	3,052	(10,382)
Closing value	573,768	570,716

The fair value of quoted securities is based on published market prices.

**FAR NORTH HOLDINGS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2021**

**16. INVENTORIES**

	2021	2020
	\$	\$
Honey	1,625,774	1,537,459
Fuel	51,321	32,657
Chandlery and boatyard	13,558	12,323
<b>Total inventories</b>	<b>1,690,653</b>	<b>1,582,439</b>

Some chandlery and boatyard inventories are subject to retention of title clauses.

**17. BIOLOGICAL ASSETS**

	2021	2020
	\$	\$
Balance at beginning of Year	1,603,560	2,403,730
Purchases	-	-
Increase/(Decrease) in fair value of queens and hives	(419,410)	(800,170)
<b>Balance at end of Year</b>	<b>1,184,150</b>	<b>1,603,560</b>

Biological assets have been valued at fair value by reference to the Ministry of Primary Industries published prices.

**18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS**

	2021	2020
	\$	\$
Far North District Council	276,076	611,347
Trade and other receivables	3,325,780	1,445,206
Tax receivable	145,025	-
Prepayments	90,848	85,791
<b>Total trade and other receivables and prepayments</b>	<b>3,837,729</b>	<b>2,142,344</b>

Impairment losses are recognised in other expenses in profit or loss - see note 7. Trade receivables generally have terms of 30 days and are interest free. Trade receivables of a short-term duration are not discounted.

Reconciliation of the allowance for impairment in respect of trade and other receivables:

	2021	2020
	\$	\$
Balance at 1 July	44,500	26,000
Receivables written off during the year	(85,997)	(8,165)
Additional provisions made during the year	185,012	26,665
<b>Balance at 30 June</b>	<b>143,515</b>	<b>44,500</b>

The allowance accounts in respect of loans and receivables are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

**FAR NORTH HOLDINGS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2021**

**19. CASH AND CASH EQUIVALENTS**

	2021	2020
	\$	\$
Cash at Bank and in hand	87,282	31,831
Bank overdrafts	-	-
<b>Total cash and cash equivalents and bank overdrafts for the purpose of the statement of cash flows</b>	<b>87,282</b>	<b>31,831</b>

Bank overdraft facilities are provided by the Bank and secured by the first charge debenture. The interest rate on the bank overdraft was 4.07% (2020: 8.83%). The maximum overdraft facility available to the Company was \$2,000,000 (2020: \$1,000,000).

Interest rates applying to bank balances was 0.0% (2020: 0.0%). Bank balances are on call.

**20. EQUITY**

	2021	2020
	\$	\$
Ordinary shares - fully paid	7,000,000	7,000,000
Redeemable shares - fully paid	11,000,000	11,000,000
<b>Total share capital</b>	<b>18,000,000</b>	<b>18,000,000</b>

The holders of the convertible non-participating redeemable 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 issues of shares in the capital of the Company. Since 30 May 2004, the Company is entitled to redeem half of the convertible non-participating redeemable shares at the available subscribed capital per share.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company, and rank equally with regard to the Company's residual assets.

**21. RESERVES**

	2021	2020
	\$	\$
<b>Balances</b>		
Asset Revaluation Reserve	9,576,368	7,546,587
Equity Investment Reserve	(156,072)	(159,124)
Maintenance Reserve - Opuia Marina	448,365	228,721
Maintenance Reserve - Opuia Wharf	73,126	62,956
MAF Building Reserve	18,400	16,100
Capital Reserve	71,804	71,804
	<b>10,031,991</b>	<b>7,767,045</b>
<b>Movements</b>		
<b>Asset Revaluation Reserve</b>		
Opening Balance	7,546,587	7,968,817
Revaluation - Fixed and Intangible Assets	2,532,996	(522,236)
Transfer on disposal/reclassification	-	-
Less Deferred Tax	(503,215)	100,006
Closing Balance	<b>9,576,368</b>	<b>7,546,587</b>

**FAR NORTH HOLDINGS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2021**

**21. RESERVES (Continued)**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Equity Investment Reserve</b>		
Opening Balance	(159,124)	(148,742)
Devaluation Fonterra shares	3,052	(10,382)
Closing Balance	(156,072)	(159,124)
<b>Maintenance Reserve Opua Marina</b>		
Opening Balance	228,721	3,395
Transferred from/(to) retained earnings	219,644	225,326
Closing Balance	448,365	228,721
<b>Maintenance Reserve Opua Wharf</b>		
Opening Balance	62,956	154,972
Transferred from/(to) retained earnings	10,170	(92,016)
Closing Balance	73,126	62,956
<b>MAF Building Reserve</b>		
Opening Balance	16,100	13,800
Transferred from retained earnings	2,300	2,300
Closing Balance	18,400	16,100
<b>Capital Reserve</b>		
Opening Balance	71,804	71,804
Closing Balance	71,804	71,804

**22. INTEREST-BEARING LOANS AND BORROWINGS**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Secured Bank Loans</b>		
Current	1,671,240	1,764,360
Non-current	37,124,992	37,178,172
<b>Total interest-bearing loans &amp; borrowings</b>	<b>38,796,232</b>	<b>38,942,532</b>

The terms and conditions of outstanding loans are as follows:

In New Zealand Dollars	Nominal Interest rate	Year of Maturity	2021 \$	2020 \$		
			Face value	Carrying amount	Face value	Carrying amount
Secured bank loan	2.71%	2021-2022	1,671,240	1,671,240	1,764,360	1,764,360
Secured bank loan	2.72%	2022-2023	34,225,000	34,225,000	34,225,000	34,225,000
Secured bank loan	3.92%	2022-2024	2,899,992	2,899,992	2,953,172	2,953,172
Total interest-bearing liabilities			38,796,232	38,796,232	38,942,532	38,942,532

The bank loans are secured over certain land and buildings with a carrying amount of \$66,602,000 (2020: \$60,782,000) and a general security agreement over all company assets.

Interest rates on the loans at 30 June 2021 varied from 2.71% to 3.92% (2020 3.36% to 3.92%).

**FAR NORTH HOLDINGS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2021**

<b>23. EMPLOYEE BENEFITS</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Salaries payable	36,014	68,298
Liability for annual leave - current	210,463	189,728
<b>Total employee benefits</b>	<b>246,477</b>	<b>258,025</b>

<b>24. TRADE AND OTHER PAYABLES</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Shareholder advances	486,820	97,857
Taxation payable	-	56,695
Trade and other payables	5,317,574	3,053,235
	<b>5,804,394</b>	<b>3,207,787</b>

Trade payables generally have terms of 30 days and are interest free. Trade payable of a short-term duration are not discounted.

<b>25. INCOME IN ADVANCE</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Non current portion		
Income received in Advance - long term	10,227,914	9,960,774
Total non current portion	10,227,914	9,960,774
Current portion		
Income received in Advance - current	434,013	54,022
Marina Stage 2 Berth Sales	261,823	223,672
Total current portion	695,836	277,694
<b>Total Income in Advance</b>	<b>10,923,750</b>	<b>10,238,468</b>

**26. PROPERTIES INTENDED FOR SALE**

FNHL has two properties \$1,558,678 (2020 - \$0) that have sale and purchase agreements in place at 30 June 2021. One property is the sale of Manea Footprints of Kupe development to Te Hua o te Kawariki Trust, completed October 2021. And the other property is a small part of the Ngawha Innovation and Enterprise Park for the Matawii Reservoir and subject to subdivision.

**27. RELATED PARTIES**

**Identity of related parties**

The Company has a related party relationship with its key management personnel being the directors and executive officers.

The Company also has a related party relationship with its parent Far North District Council.

**Key management personnel**

Total key management personnel being the Chief Executive and General Management compensation for the year ended 30 June 2021 was \$681,820 (2020: \$462,961). Directors fees for the year were \$129,631 (2020: \$152,609).

**FAR NORTH HOLDINGS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2021**  
**27. RELATED PARTIES (Continued)**

**Transactions with related parties**

Transactions with related parties are to be settled in cash. None of these balances are secured. There have been no impairments of related party balances during the year (2020: nil) and there have been no write-offs of related party balances during the year (2020: nil).

Mr R Blackman was a director at the beginning of the financial year and rented a berth in the marina and used the boatyard facility to the value of \$7,251 (2020: \$2,892). Birnie Capital Ltd is a company associated with the Chairman William Birnie. Birnie Capital Ltd purchased fuel to the value of \$0 (2020: \$5,477)

The transactions were made on commercial terms and conditions and at market rates.

<b>Inter-group transactions and balances</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Receivables from Far North District Council (excluding agency transactions)	192,645	611,347
Sales to Far North District Council	319,924	438,962
Purchases from Far North District Council	430,262	396,134
Payables to Far North District Council	3,414	97,857

During the year the Company also carried out capital works on behalf of Far North District Council to the value of \$2,101,267 (2020: \$1,450,146).

<b>28. OPERATING LEASES</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Leases as lessee</b>		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	88,347	20,824
Between one and five years	207,603	1
More than five years	-	-
	<u>295,950</u>	<u>20,825</u>

During the year ended 30 June 2021, \$60,318 was recognised as an expense in profit or loss in respect of operating leases (2020: \$52,976).

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Non-cancellable operating leases as lessor</b>		
Not later than one year old	2,041,077	2,018,283
Later than one and not later than five	4,993,657	4,230,478
Later than five years	7,897,669	4,666,750
<b>Total Non-cancellable operating leases</b>	<u>14,932,403</u>	<u>10,915,510</u>

**29. COMMITMENTS**

During the year the Company entered into new contracts for BOI boatyard slipway and washdown pad, Windsor landing, Hokianga Wharves, Rewa's village, Kamo Road earthworks & building, Ngawha Innovation Park earthworks, wastewater and roading totalling \$18.399m (2020: \$4,162m). At 30 June 2021 \$10.445 million (2020: \$2.486m) remained to be paid on contracts.

**FAR NORTH HOLDINGS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2021**

**30. EVENTS OCCURRING AFTER THE REPORTING DATE**

Subsequent to reporting date the Company's investment in Kaikohe Berryfruit GP Limited increased to 24%.

New Zealand moved to alert level 4 on 18 August 2021 after the Delta variant was identified in the community. Although Northland moved swiftly through the levels, there continues to be an impact to tourism due to the inability for people to travel freely from or through locked down Auckland.

The Company has provided rent relief to effected tenants and is expecting reduced income from tourism related aspects of the business such as cruise ships, airports and carparking. However, the Company forecasts to remain in a strong financial position and does not expect significant effects to overall profit.

FNHL entered into \$12.85m of contracts for developments on the Ngawha Innovation and Enterprise Park and at the Bay of Islands airport. FNHL have also entered into \$6.2m of contracts in relation to FNDC maritime assets.

**31. CONTINGENT ASSETS AND LIABILITIES**

There are no contingent assets or liabilities that require disclosure in these financial statements.

**32. GOVERNMENT GRANTS RECEIVED**

The Company received \$15.359 million in 2021 (2020: \$7.042 million) in grants from Far North District Council and the Ministry of Business, Innovation and Employment. This amount has been deducted from the carrying amount of the assets.

Government grants received in 2021 were for the following projects:

	2021	2020
	\$	\$
Far North Wharves	1,500,000	-
Hokianga Maritime Upgrades	1,796,000	-
Mangonui Waterfront	175,000	-
Ngawha Innovation & Enterprise Park	10,630,000	1,217,000
Opua Wharf	-	890,000
Paihia Waterfront	800,000	-
Paihia Wharf	10,900	3,202,100
Russell Wharf	-	232,634
Te Hononga Kawakawa	446,800	1,500,000
	<u>15,358,700</u>	<u>7,041,734</u>

## FAR NORTH HOLDINGS LIMITED STATEMENT OF SERVICE PERFORMANCE For the Year Ended 30 June 2021

Far North Holdings Limited (the "Company") was originally established by the Far North District Council ("Council") as a Local Authority Trading Enterprise (LATE) pursuant to Part XXXIVA of the Local Government Act 1974 (the "Act"). The Company is now a Council Controlled Trading Organisation (CCTO) under the Local Government Act 2002.

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 extracts:

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.

### Key activities

- 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

### Objectives

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

### 3 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 2021).

Key Project / Initiative	Description	Contribution to Strategic Objectives	Project status at 30 June 2021
<b>Te Pu o Te Wheke</b>	Assist with the proposed development and project management of Te Pu o Te Wheke	To establish a multi-use, leading edge community, cultural and tourism hub to revive Kaikohe's main centre	Ongoing
<b>Te Hononga, Kawakawa</b>	To provide a new interpretive Gallery co-governed by Ngati Hine / Hundertwasser Trust, relocate the FNDC library, and provide new workshops for local artists and business to use.	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.	Te Hononga Hundertwasser Memorial Park was opened 9th October 2020 by the Hon Prime Minister Jacinda Ardern
<b>Manea Opononi</b>	The development of an interactive theatre experience telling the story of Kupe.	The development of a tourist attraction, telling a story of national significance to Maori, will be a major tourism attraction and provide economic benefit to the Hokianga.	Official opening was held on December 9 <sup>th</sup> , 2020.

<b>Bay of Islands Airport</b>	Maximise the investment in the BOI Airport, including reviewing options for freight, the runway and associated airside infrastructure.	Reflecting the investment made by Air NZ in the apron / taxiway to accommodate larger aircraft, and more frequent flights and the PGF's investment in the new terminal additional infrastructure is needed to accommodate business growth e.g. car hire etc	New terminal opened in 2019 and there is ongoing investment in developments at the airport.
<b>Ngawha Innovation and Enterprise Park</b>	204ha Dairy Farm.	To create commercial business opportunities to grow the economic and employment opportunities in Northland.	Five cornerstone occupants in Stage One of the park's development will invest an additional \$40m to establish themselves there, creating about 150 new jobs and equipping about 100 people a year with high-value, transferrable skills. These include Kaikohe Berryfruit Limited and Kerikeri-based Olivado.
<b>Te Waiariki Ngawha Springs</b>	FNHL is project managing the redevelopment and enhancement of the Te Waiariki Ngawha Springs hot pool complex located near Kaikohe.	Te Waiariki has the potential to further build the Mid-North's total visitor market and provide employment for up to 30 people, while delivering benefits to the local community through enhancing an important local landmark	Opened 23 <sup>rd</sup> April 2021

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 as per SOI for period 2020-2021

### Financial performance results

#### Performance Objective

Engage in successful commercial transactions

Measure	Target 2020/2021	Actual 2020/2021	2017/18	2018/19	2019/20
Growth in shareholders' value	Shareholder funds increase by \$330,000 after payment of dividend	Shareholder funds increase by \$10.9 million after payment of dividend	Achieved \$2.61 million	Achieved \$9.5 million	Achieved \$1.12 million
<b>Narrative</b> Includes revaluations of assets that received Provincial Growth Funding for capital improvements					

#### Performance Objective

Provide a commercial return to FNDC

Measure	Target 2020/2021	Actual 2020/2021	2017/18	2018/19	2019/20
Dividend returned to FNDC	Pay a minimum dividend of \$180,000	Achieved. Proposed dividend of \$412,747	Achieved \$843,810	Achieved \$1,097,000	Not Achieved \$422,795
<b>Narrative</b> Due to the economic impacts of Covid-19, although operational profit has been lower than previous years the company is still profitable and able to continue paying dividends to FNDC.					

#### Performance Objective

Effective financial management

Measure	Target 2020/2021	Actual 2020/2021	2017/18	2018/19	2019/20
Annual operating profit after tax to exceed \$500,000	\$360,000	After tax operating profit of \$1,146,519	Achieved \$1,369,949	Achieved \$2,070,239	Achieved \$1,131,167
<b>Narrative</b> Due to Covid-19 impacts FNHL did not expect to meet the \$500,000 measure. However, domestic tourism prospered and FNHL achieved higher than budgeted operating profits.					

#### Performance Objective

Asset growth and development

Measure	Target 2020/2021	Actual 2020/2021	2017/18	2018/19	2019/20
Capital Expenditure	No target set for 2020/2021	Achieved \$21 million	Achieved \$9million	Achieved \$19million	Achieved \$14.5million
<b>Narrative</b> This performance measure is not included in the SOI, however we have elected to disclose it due to the capital expenditure relating to the Provincial Growth Funds received.					

### Performance Objective

Ratio of consolidated shareholder funds to total assets

Measure	Target 2020/2021	Actual 2020/2021	2017/18	2018/19	2019/20
The ratio is to exceed 50%	50%	53.9%	Achieved	Achieved	Achieved
<b>Narrative</b> Shareholder funds are defined as total equity.					

### Performance Objective

To achieve a return on funds invested

Measure	Target 2020/2021	Actual 2020/2021	2017/18	2018/19	2019/20
Return on investment is higher than the average cost of borrowing on its commercial assets	ROI 7% Average cost of borrowings 4.85%	ROI 8.9% Average cost of borrowings 2.81%	Achieved ROI 8.63% ACoB 4.53%	Achieved ROI 12% ACoB 4.38%	Achieved ROI 9.7% ACoB 3.54%
<b>Narrative</b> Average cost of borrowings is decreasing as interest rates fall. This is expected to increase over the next 12 months. The high return on investment is due to a revaluation of assets that have received Provincial Growth Funds. <i>Note ROI calculation excludes non-commercial assets</i>					

### Performance Objective

Effective governance and financial control

Measure	Target 2020/2021	Actual 2020/2021	2018/2019	2019/2020
Clean audit sign-off each year from Audit NZ	To achieve	Achieved	Achieved	Achieved
Annual Board review with appointed Audit NZ representative	To be held	Not undertaken	Not undertaken	Not undertaken
To remain within banking covenants	To achieve	Achieved	Achieved	Achieved
Quarterly audit and review by BDO	To perform	Achieved	Achieved	Achieved
Board Audit and Finance committee meetings to be conducted semi-annually	To be held	23-Sept-20 22-Jan-21 18-May-21	25-Feb-19	30-Mar-20

### Council Controlled Organisation Initiatives

#### Performance Objective

Ensure that the Bay of Islands Airport operates within regulatory requirements

Measure	Target 2020/2021	Actual 2020/2021	2018/2019	2019/2020
CAA Certificate	To achieve	Achieved	Achieved	Achieved

### Non-Financial performance results

#### Performance Objective

Enhancing the Far North as a visitor destination

Measure	Target 2020/2021	Actual 2020/2021	2017/18	2018/19	2019/20
Each year complete at least one customer and airline industry survey that demonstrates satisfaction levels with facilities and services at either Kerikeri or Kaitiaki Airports	85%	Not undertaken	Not achieved	Not achieved	Not achieved
<b>Narrative</b> No customer and airline industry survey was performed due to Covid-19 interrupted flights and services.					

#### Performance Objective

Enhancing and development a maritime economy

Measure	Target 2020/2021	Actual 2020/2021	2017/18	2018/19	2019/20
Each year complete at least one marina user or maritime services customer survey that demonstrates satisfaction levels with facilities and services available.	95%	Not achieved 70%	95%	Winner of best international Marina South Pacific	98%
<b>Narrative</b> Only 4 surveys were received online, which is not enough to reflect the overall satisfaction levels with facilities and services available. Next year the marina and boatyard staff will encourage more customers to complete a user friendly, more accessible survey as in prior years					

## FAR NORTH HOLDINGS LIMITED

### SHAREHOLDERS INFORMATION

For the Year Ended 30 June 2021

#### 1. Interest Registers

The following entries were recorded in the Directors' Interest Registers of the Company during the year:

##### Share Dealings

No Director acquired or disposed of any interest in shares in the Company during the year.

##### Loans to Directors

There were no loans to Directors authorised during the year.

##### Directors' interests

There were new Directors' interests noted in the year.

#### 2. Directors' Remuneration

Directors of the Company during the year and remuneration and other benefits paid to Directors by the Company were as follows:

Far North Holdings Limited	2021	2020
R Blackman	\$806	\$25,555
W Birnie	\$51,723	\$50,847
K Baxter	\$25,595	\$25,555
M McCully	\$25,763	\$25,327
S Petersen	\$25,763	\$25,327

#### 3. Employees' remuneration

Number of staff with salaries and benefits in excess of \$100,000:	2021	2020
\$100,000 – \$149,999	5	3
\$150,000 – \$199,999	1	
\$200,000 – \$249,999		
\$250,000 – \$299,999		
\$300,000 – \$349,999		1
\$350,000 – \$399,999	1	

#### 4. Indemnification and Insurance of Executive Employees' and Directors'

All Directors and Executive Officers of the Company have been insured against liabilities to other parties that may arise from their office.

#### 5. Auditor

Audit New Zealand on behalf of the Auditor-General has been appointed as the Company's auditors.

#### 6. Donations

The Company made donations in kind to the Bay of Islands Coastguard of \$6,187 (2020 \$6,154). This was by way of charging them lower than market rent.

**FAR NORTH HOLDINGS LIMITED**  
**SHAREHOLDERS INFORMATION**  
**For the Year Ended 30 June 2021**

The Company made other cash donations to:

<b>The Company made other cash donations to:</b>	<b>2021 Amount excl GST</b>	<b>2020 Amount excl GST</b>
Autism New Zealand	\$50.00	\$50.00
Caring Families Aotearoa	\$150.00	\$0
FNDC - Contribution to America's Cup Fanzone	\$180.00	\$0
Fostering Kids	\$0	\$50.00
Going Bananas Kids Show	\$0	\$130.43
He Whanau Marama Charitable Trust – Kaitaia	\$0	\$300.00
Heart Kids	\$60.00	\$0
NZ Marine Export Group Inc. Millennium Cup	\$3,500.00	\$2,500.00
Paihia Sea Scouts	\$0	\$115.75
Paihia Volunteer Fire brigade	\$200.00	\$0
Police Managers Guild Trust	\$260.87	\$200.00
R Tucker Thompson Sailing Trust	\$21,000.00	\$0
Russell Radio	\$376.00	\$38.00
Sail South Pacific Ltd	\$0	\$2,500.00
Te Runanga o Taumarere Ki Rakaumangamanga	\$40,995.92	\$40,604.68
<b>The Company made "in kind" donations to</b>	<b>2021 Amount excl GST</b>	<b>2020 Amount excl GST</b>
All Comers Fleet - haul out voucher	\$0	\$364.32
Love Opuia	\$1,128.00	\$0
Musket Cove Regatta	\$0	\$301.20
Opuia Cruising Club & Annual Membership Prize	\$368.90	\$538.89
Russell Fire Brigade	\$1,049.65	\$0
Vavau Regatta, Haul out voucher	\$0	\$1,283.46

### 5.3 PROGRAMME DARWIN - PROGRAMME AND FUNDING UPDATE

**File Number:** A3458979

**Author:** Chris Grobler, Programme Manager EAM

**Authoriser:** Andy Finch, General Manager - Infrastructure and Asset Management

#### TAKE PŪRONGO / PURPOSE OF THE REPORT

The purpose of this report is to provide Elected Members with an update on the status of Programme Darwin, to recommend a way forward for the accelerated delivery of the Asset Management System (AMS) Project, and to seek approval for additional funding to enable the practicable delivery of the overall Programme.

#### WHAKARĀPOOTO MATUA / EXECUTIVE SUMMARY

- Programme Darwin was established to stand-up a system that will analyse and manage FNDC's asset information within a single source, configured to support a dynamic planning, operating, and reporting environment. Fundamentally, it set out to provide the information infrastructure to capture, store and interrogate the attribute, condition, and performance data (within a structured asset hierarchy) needed as the basis for all future investment planning and operating activities.
- Council has previously provided endorsement of the asset management transformation programme of work which launched programme Darwin.
- Programme governance provided through the establishment of the Darwin programme steering group (PSG).
- The attachment to this report provides Elected Members with an update on the progress within the programme of work.
- The complexity of the data cleansing and migration from the existing Interim Asset Management Database into IPS (the new asset management system), was not anticipated and included in the original budget or timing estimates. It was also originally anticipated that a significant amount of this work would be carried out by the consultants working on the system but that has not proved to be correct. Upon further discussion with INFOR, it has become clear that the data migration work needs to be done in house and by staff that understand the nature of Council's assets. The process is slow because of its complicated nature and the need for the Technical Business Analyst and Data & Systems Specialist to perform much of the analysis at a pace that is dictated by their other respective workloads.
- Due to the significant workload associated with the data cleansing requirement, the 'go-live' for the system is currently forecast to be delayed from June 2022 as previously notified.
- This report highlights that, while Programme Darwin is in a stable position, a component of the AMS Project is progressing significantly slower than previously projected, resulting in an increase to the estimated cost to completion
- This report recommends a way forward to scaleup the execution effort within the AMS Project, particularly the data cleansing and migration work, to deliver an operational system by late 2026.
- This report seeks approval from Council for additional –
  - CAPEX funding of \$2.009m:
    - To ramp up the execution capability of the AMS Project to, among others, affect a substantial increase in the delivery rate of Data Cleansing & Migration work, that will reduce the current delivery timeline by 16 months.
  - OPEX funding of \$165k:
    - To enable the supplementary Programme Darwin workstreams driving process improvement and stakeholder engagement.

**TŪTOHUNGA / RECOMMENDATION****That Council:**

**a) approve an additional \$2,009,000 capital expenditure budget for Programme Darwin, allocated from 2022/23 through 2026/27 as follows:**

<b>2022/23</b>	<b>\$643k</b>
<b>2023/24</b>	<b>\$618k</b>
<b>2024/25</b>	<b>\$318k</b>
<b>2025/26</b>	<b>\$322k</b>
<b>2026/27</b>	<b>\$108k</b>

**b) approve \$165,000 operational expenditure to be added into the 2023/24 Annual Plan.**

**1) TĀHUHU KŌRERO / BACKGROUND**

Programme Darwin is a significant piece of work that has been underway since 2018. The original intention and scope were to implement an Integrated Asset Management System that would enable Council to make better informed investment decisions based on condition rather than the age of the assets, and to provide the ability to balance affordability, risk and Levels of Service. Over time as Council has become more mature in asset management, additional requirements have been identified and what started in 2018 as a project to implement an asset management system, evolved during 2019 into a programme of work to deliver a comprehensive enhanced asset management capability within Council.

Alongside an expanded Programme scope, over time the complexity and size of the task has become more apparent. In particular a better definition of system needs and the overall size of the task to cleanse existing asset data has been identified.

The environment in which Programme Darwin exists has now changed. The Infrastructure and Asset Management service within Council is changing with roading asset management already being delivered by the Northland Transportation Alliance via the RAMM database, and three waters asset management being delivered through a potential new entity from 2024. Unless Council takes on new services, this leaves Council with a potential asset management system from 2024 serving Maritime, Solid Waste and District Facilities.

The AMS Project is being delivered in two distinct successive phases. **Phase 1** comprises:

- Setting up the new asset management system (IPS Suite).
- Developing an asset hierarchy for FNDC and configuring this in the IPS system.
- Setting up the INFOR operating system (IOS) and installing the integration engine (ION).
- Integrating ArcGIS, TechOne and Pathway into the IPS system.
- Training relevant staff on the use of the new system.
- Data cleansing and migration from the interim database (IDB) into IPS.
- Analysis of FNDC financial fixed asset register.
- System go-live with relevant asset data groups migrated into IPS.

Once Phase 1 is completed and the IPS system is switched on for utilization by end users, the functionality of IPS will be limited. While some financial, attribute, condition, and performance data will be available for assets, no workflows will exist from which, for example, automated maintenance schedules (driven by engineering standards) may be planned. Also, while IPS will be integrated with ArcGIS, actual configuration will only be done during Phase 2, at which time the users will identify the fields from IPS that will need to be brought into the ArcGIS spatial layer.

Go-live will be followed by incremental enhancement of the IPS system. **Phase 2** will comprise:

- Enabling organizational design by crafting a structure and roles to support new value chains and driving a customer centric asset planning and services delivery culture.
- Driving process improvement within IAM through a transition from manual, administrative and reactive tasks to automated, dynamic and value driven work tasks.
- Enabling the on-going transition from aged-based towards condition-based asset lifecycle management.
- Developing IPS asset acquisition processes controlled via build sheets.
- Developing IPS\ION automated workflows.
- Developing advanced analytical reporting on IPS assets as defined by FNDC.
- Aligning stakeholder processes around the new IPS system.
- Integrating land use planning with infrastructure by enabling informed decision making around infrastructure delivery including network capacity, lifecycle optimisation and demand.

During August 2021, staff undertook a deep dive into the overall Programme to review progress, risk and Programme costs. This deep dive was framed by gained knowledge around the implementation of the asset management system and the complexity and time it was taking to undertake data cleansing and migration into the new system. The deep dive pointed to a high probability that Phase 1 of the Project will only be completed late 2024 with the system going live early in 2025.

Staff have identified that initial budget estimates did not consider the complexity, quantum of effort, and time that would be required to cleanse and migrate data for approximately 70,000 assets from the Interim Database into the new asset management system (IPS). The additional funds required represent salaries of backfilled positions and specialist consultant/contractor fees to assist with the data cleansing and migration related work.

Three of the options presented reduce the delivery timeline (particularly the data cleansing & migration work) by 12, 20 and 16 months respectively from the status quo. Within all of the four options presented it is evident that additional funding will be required over the life of Programme Darwin to secure the successful delivery of the envisioned Asset Management solution.

The existing capital budget for the project was \$886k. As of the end of October total expenditure against this budget has been \$102,159.

A full update on the status of Programme Darwin is included as Attachment 1.

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

A brief description of the four options is provided below.

### **Option 1 – Maintain Status Quo (All Asset Groups)**

- The first option adopts the new timeline for Phase 1 of the AMS Project established through the team's deep dive exercise.
- This option supports a high probability of data cleansing and migration completion by late 2024 and go-live by February 2025.

- This is the most cost-effective prospect (an unbudgeted increase of \$1.867m) for the overall programme.
- This option does not factor in the opportunity cost to Council of only being in a position to initiate enhancements to the IPS system (e.g., the advanced analytics function) towards February 2025 when Phase 2 is scheduled to kick off.

**Option 2 – Reduce Timeline with 12 Months (All Asset Groups)**

- Introduces two additional teams (inclusive of three additional Senior Data Analysts), to augment the existing AMS Project team and work concurrently to deliver Phase 1 by March 2024.
- This option offers an opportunity to Council to begin enhancing the IPS Suite, 12 months earlier than projected in Option 1.
- This option carries the highest additional overall cost for the Programme (an unbudgeted increase of \$3.865m).

**Option 3 – Reduce Timeline with 20 Months (Sequence Three Waters Asset Groups)**

- The third option introduces two additional teams (inclusive of three additional Senior Data Analysts) to supplement the existing AMS Project team and work concurrently to deliver Phase 1 by June 2023.
- The difference between this option and Option 2 is that this option will reprioritize all Three Waters asset groups in favour of a pilot process for Maritime assets, followed by a focus on District Facilities asset groups.
- Since this option will sequence the migration of Three Waters assets into IPS, the delivery schedule will gain 20 months on Option 1, at a resultant unbudgeted increase of \$2.630m.

**Option 4 – Reduce Timeline with 16 Months (Sequence Three Waters Asset Groups) (Recommended)**

- Introduces two additional teams (inclusive of two additional Senior Data Analysts), to supplement the existing AMS Project team and work concurrently to deliver Phase 1 by October 2023.
- As with Option 3 this option will also reprioritize all Three Waters asset groups in favour of a pilot process for Maritime assets, followed by a focus on District Facilities asset groups.
- This option will similarly sequence the migration of Three Waters assets into IPS, allowing the delivery schedule to gain 16 months on Option 1, at a resultant unbudgeted increase of \$2.009m, which proves marginally more costly than Option 1.

For all four of the options substantial process improvement, transformational and stakeholder engagement work is required, leading up to and extending beyond the estimated go-live date. While some of this work is capitalizable, an amount will need to be augmented from operational funding. The current estimate for this is \$165k as an operational cost which will need to be reflected in the 2023/24 Annual Plan.

In the event that none of the four proposed options are approved and no additional funding is available for Programme Darwin, the current project team will continue with and complete the work as specified under Phase 1. However, the available budget of \$885,932 will not be sufficient to complete Phase 2 of the Programme. Since all asset data, required for the initiation of system go-live, will be cleansed and migrated into the new asset management system, Council will be able to capitalize the project costs incurred up to that point in time. The proviso being that the system is useable.

## Projected Timeline

The estimated time and sequenced scope (particular to asset classes) for each of the four options are shown in Figure 1. The blue bars represent the projected timeframe for Phase 1 culminating in a go-live date and the initiation of Phase 2, represented by the red bars.

**FIGURE 1 - Programme/Project Options (Time & Scope)**

Year	2020	2021	2022	2023	2024	2025	2026	2027	2028
Option 1	Data C&M	District Facilities, Maritime, Solid Waste & 3-Waters			Sep-24				
	Phase 1 Go-live					★ Feb-25			
	Phase 2							Feb-28	
Option 2	Data C&M	District Facilities, Maritime, Solid Waste & 3-Waters			Oct-23				
	Phase 1 Go-live				★ Mar-24				
	Phase 2						Mar-27		
Option 3	Data C&M	District Facilities, Maritime & Solid Waste		Jan-23					
	Phase 1 Go-live			★ Jun-23					
	Phase 2					Jun-26			
Option 4	Data C&M	District Facilities, Maritime & Solid Waste		May-23					
	Phase 1 Go-live			★ Oct-23					
	Phase 2					Oct-26			

### Notes:

1. Phase 2 is estimated to continue across three to five years subject to the complexity and quantum of system enhancements required by the organization.
2. A lead time of six months is required to set up and resource the additional teams for Options 2 through 4.

## Projected Costs

The total estimated capital cost for the AMS Project and Programme Darwin is shown in Figure 2. The AMS Project will stand up an integrated asset management system that will enable effective and efficient asset management. While the AMS Project is focused on establishing the technology component of the programme of work, Programme Darwin will establish additional workstreams to cover off the work related to people (culture, roles & responsibilities, training, stakeholder engagement, change management & communications) and processes (asset lifecycle, asset condition and performance, spatial data, trend analysis and advance analytics).

The cells in the tables are colour coded to provide an indication of the ranking in terms of cost and scope for each option. The top two tables provide details on the raw totals from the cost estimates. The centre set of tables describe the actual life-to-date (30 June 2021) cost of the programme next to the available funding (\$885,932) for the current financial year. The set of tables at the bottom respectively compare the additional budgets that will be required for each of the options (once the available budget is used up) against the timelines and scope as presented in Figure 1.

**FIGURE 2 - Programme/Project Options (Cost & Scope)**

Delivery Options	ESTIMATED COST (\$)		
	PrgM Darwin	AMS Proj	TOTAL
Option 1: Maintain Status Quo	2,103,014	649,000	2,752,014
Option 2: Reduce Timeline with 12 Months	1,560,951	3,188,978	4,749,929
Option 3: Reduce Timeline with 20 Months	1,290,773	2,223,952	3,514,725
Option 4: Reduce Timeline with 16 Months	1,410,345	1,483,775	2,894,120

ACTUAL LTD (\$)	
PrgM Darwin	AMS Proj
411,417	424,204

BUDGET (\$)		
PrgM Darwin	AMS Proj	TOTAL
-274,531	-611,401	-885,932 (Budget available)

Delivery Options	COST DELTA (\$)*			TIME (Delivery Date)			SCOPE			
	PrgM Darwin	AMS Proj	TOTAL	Data C/M	Go-live	Phase 2	DF	Mtm	SdW	3W
Option 1: Maintain Status Quo	1,829,000	38,000	1,867,000	Sep 2024	Feb 2025	Feb 2028	✓	✓	✓	✓
Option 2: Reduce Timeline with 12 Months	1,287,000	2,578,000	3,865,000	Oct 2023	Mar 2024	Mar 2027	✓	✓	✓	✓
Option 3: Reduce Timeline with 20 Months	1,017,000	1,613,000	2,630,000	Jan 2023	Jun 2023	Jun 2026	✓	✓	✓	✗
Option 4: Reduce Timeline with 16 Months	1,136,000	873,000	2,009,000	May 2023	Oct 2023	Oct 2026	✓	✓	✓	✗

\* Totals are rounded up to the closest \$1,000

### Notes:

1. The most favourable elements are depicted against a Green background, and least favourable against a Red background.
2. The budget for Phase 2 (included in the above calculations) is currently estimated at \$440,000, based on a three-year execution delivery timeline and a low level of confidence.
3. The calculations exclude the operational cost estimate of \$165k, common to all four options, and required for the period extending over the go-live period.

The estimated annual cost over the life of the Programme is provided in Figure 3 for each of the four options. Where the go-live date falls within close proximity to a financial year end, the \$165k is split between the two financial years. This allows process improvement work to commence approximately 6 months before go-live and continue for the same duration after the system has been 'switched on' for the end-users.

**FIGURE 3 - Annual Budget Requirements per Option**

Combined Budget Forecasts*											
Opt 1		Opt 2		Opt 3		Opt 4					
FY	Forecast (\$)	FY	Forecast (\$)	FY	Forecast (\$)	FY	Forecast (\$)				
2022	374,344	2022	765,649	2022	837,085	2022	543,480				
	0		0		65,000		0				
2023	407,159	2023	1,947,948	2023	1,618,663	2023	985,566				
	0		0		100,000		65,000				
2024	416,524	2024	1,100,648	2024	419,791	2024	617,509				
	0		165,000		0		100,000				
2025	633,211	2025	370,414	2025	317,769	2025	317,769				
	165,000		0		0		0				
2026	376,349	2026	321,417	2026	321,417	2026	321,417				
2027	325,138	2027	243,853	2027	0	2027	108,379				
2028	219,288	2028	0	2028	0	2028	0				
<b>CAPEX TOTAL</b>	<b>2,752,014</b>	<b>CAPEX TOTAL</b>	<b>4,749,929</b>	<b>CAPEX TOTAL</b>	<b>3,514,725</b>	<b>CAPEX TOTAL</b>	<b>2,894,120</b>				
<b>OPEX TOTAL</b>	<b>165,000</b>	<b>OPEX TOTAL</b>	<b>165,000</b>	<b>OPEX TOTAL</b>	<b>165,000</b>	<b>OPEX TOTAL</b>	<b>165,000</b>				

\* Amounts reflected in cells with grey backgrounds, denote OPEX budgetary estimates specific to Programme Darwin

### Take Tūtohunga / Reason for the recommendation

Option 4 is recommended as it provides an optimal cost-risk-benefit scenario allowing the Programme Darwin to continue and to:

- Minimise delivery risk by mitigating the uncertainty brought about by the Three Waters Reform changes. Decisions on three waters assets can be made as late as possible (by deferring commitment) for data groups, thereby minimizing potential rework on three waters data. This would potentially minimise the double handling of data between the FNDC system and the new Water Services Entity system.
- Central Government have indicated that they will make a funding package available to support local authorities through the (Three Waters Reform) transition process. More focused planning around an optimal three waters asset cleansing and migration process can be done once the funding amount allocated to FNDC becomes available in the next financial year.
- Addressing the opportunity cost and unlocking the benefits of delivering a functional Asset Management System to the FNDC, 16 months earlier than Option 1.

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

At the closing of the 2020/21 Financial Year, actual spending amounted to \$835,621 for the programme of work. As of 31 October 2021, \$102,159 of the current 2021/22 budget of \$885,932, had been spent. An estimated unbudgeted amount of \$2.009m capital funding (over FYs 2022/23 through 2026/27) will be required for the Programme to execute on Option 4 (recommended choice) and deliver a functional asset management system to Council by October 2026.

In addition, an unbudgeted amount of \$165k operational funding will be required for Programme Darwin, over the 2023/24 financial year.

The \$587,981 reflected in year 2025/26 of the Long-Term Plan is to provide for any asset management system renewals that may be required.

### **ĀPITI HANGA / ATTACHMENTS**

1. **2021-12-16 Programme Darwin - Update - A3487166** [↓](#) 

**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.

<b>He Take Ōkawa / Compliance Requirement</b>	<b>Aromatawai Kaimahi / Staff Assessment</b>
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>	Low
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Programme Darwin represents an existing Council endorsed programme of work; this report primarily seeks approval for additional CAPEX funding.
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.	Programme Darwin represents an existing Council endorsed programme of work; this report primarily seeks approval for additional CAPEX funding.
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.	Programme Darwin represents an existing Council endorsed programme of work; this report primarily seeks approval for additional CAPEX funding.
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).	Programme Darwin represents an existing Council endorsed programme of work; this report primarily seeks approval for additional CAPEX funding.
State the financial implications and where budgetary provisions have been made to support this decision.	This decision will result in \$2.009m unbudgeted CAPEX funds being allocated to the Programme Darwin and AMS Project budgets. Also, additional OPEX funding of \$165k will be required for Programme Darwin.

Chief Financial Officer review.	The Chief Financial Officer has reviewed this report.
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**PROGRAMME DARWIN**

*The Evolution of Asset Management at FNDC*



HE ARA TĀMATA  
CREATING GREAT PLACES  
*Supporting our people*

**MISSION** Lifting the Understanding and Delivery of Asset Management across the Organisation

**PROGRAMME UPDATE**

NOVEMBER 2021

CHRIS GROBLER, PROGRAMME MANAGER - EAM

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## INTRODUCTION

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Asset Management is integral to the function of local government as many of the services provided by Council rely on assets to support their delivery. Also, assets represent a significant investment by the communities that Council has a fiduciary duty to protect. Moreover, the failure of critical assets could have severe social, cultural, environmental, and economic impacts on our communities.

Strategically, asset management plays an integral role in delivering on the Long-term Planning of the Far North District Council (FNDC). Not only does it control how we execute on the District's infrastructure strategy, but it also plays a significant role in financial planning. For assets to influence the budget, rather than being constrained by it, planning needs to be conducted at a time that allows completed financial forecasts to be readily available to underpin the budget. In this way, those making decisions on budgets can be better informed and able to consider the effect of their decisions on the assets and levels of service that particular assets support.

In many districts across New Zealand assets are increasingly stressed from over-use, under-funding, and aging. While District Councils have been managing assets for decades it has become increasingly evident that the way we did things in the past will not be sufficient to address the growing and increasingly complex challenges that lie ahead. Practical, advanced techniques that enable enhanced management of physical assets have been developed and refined over the past several years around the world. In line with these developments, the FNDC has resolved to invest in a transformational programme of work to enhance its technology, processes and people capabilities around modern asset management tools, techniques, practices, and skills.

## PROBLEM STATEMENT

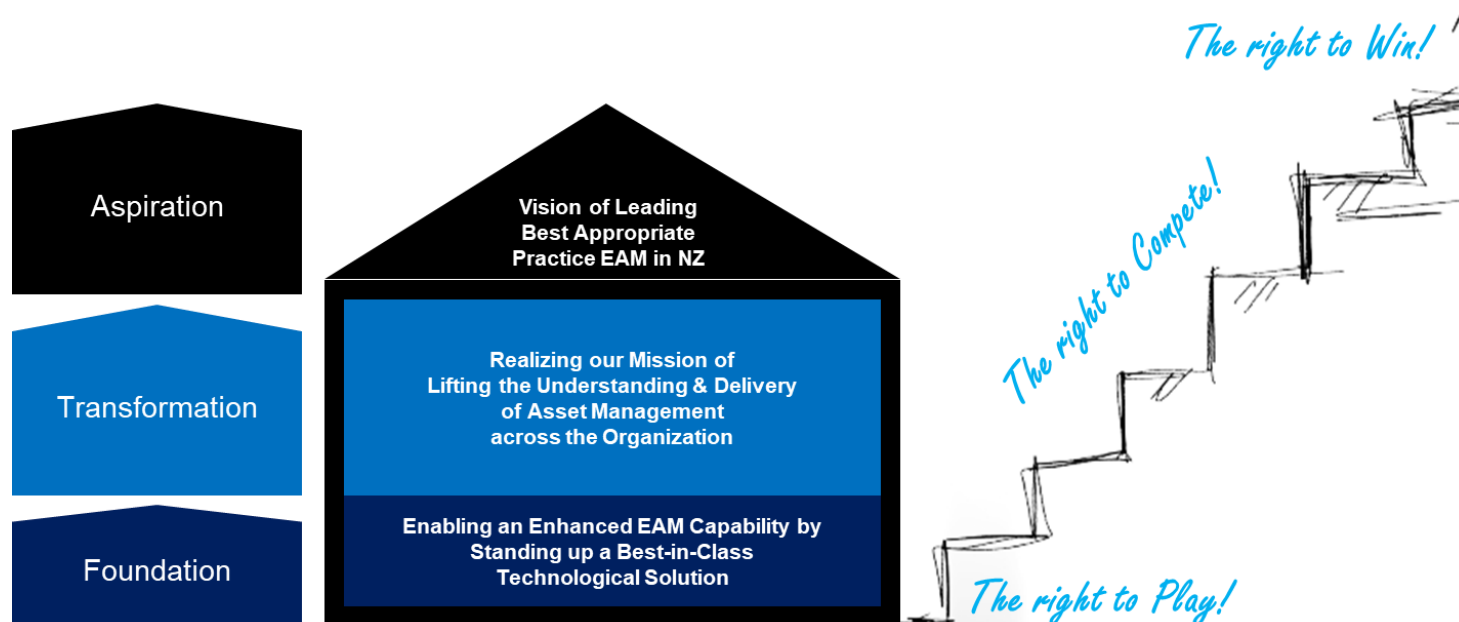
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The Far North District Council could not easily report on the financial operating position (particularly profit and loss) and the balance sheet for each community asset (halls, parks, playgrounds, sewage, water, and wastewater schemes) residing within the district, wards, communities, and towns, without expending significant manual data extraction and manipulation work that introduced inconsistencies resulting in a lack of trust in the information presented. A business case was drafted in 2017 to address the challenges that were being experienced by the Asset Management team at the time. Specific challenges included:

- While the information required for informed financial asset management decision making existed, it was not held in a joined-up way in FNDC systems and contractor systems. Depreciation and budgeted expenses were held in the FNDC Finance System. Service levels were defined in tenders, and the actual costs were held by the Contractors that had the contracts to maintain the assets.
- The General Ledger was required to provide an overall view of asset finances, and it employed the Financial Fixed Asset Register to depreciate categories of assets and draw on the maintenance budgets.
- The absence of an Asset Management System with the granularity to accurately capture maintenance, capital, and operational costs at the asset component level rather than for the fixed asset, and then automatically match this data with the budgeted view for the asset.
- The need to capture condition and performance data, at the operational asset level, to enable the accurate calculation of the total cost of ownership of existing assets.

The intention was to implement an Integrated Asset Management System that would fill the above identified gaps. In time additional requirements were identified and what started in 2017 as a project to implement an asset management system, evolved during 2019 into a programme of work to deliver a comprehensive enhanced asset management capability within Council. To meet these challenges a case for change was captured in three evolutionary stages described and depicted below:

- The Right to Play: Council set out to build a high-tech vehicle that will allow us to take our stakeholders on a journey toward an enhanced Enterprise Asset Management (EAM) capability.
- The Right to Compete: Building on the foundation of our new digital solution, we will shift our focus towards relentlessly integrating, automating, rationalizing, standardizing, and simplifying all the processes and people competences required to move us ever upwards along the EAM capability maturity levels.
- The Right to Win: While this stage symbolizes an aspirational level of EAM capability, we will relentlessly strive to move ever closer toward our target-state goal of being recognized by our people, communities, and peers as a de facto leader in EAM.



The Evolution of Asset Management at FNDC

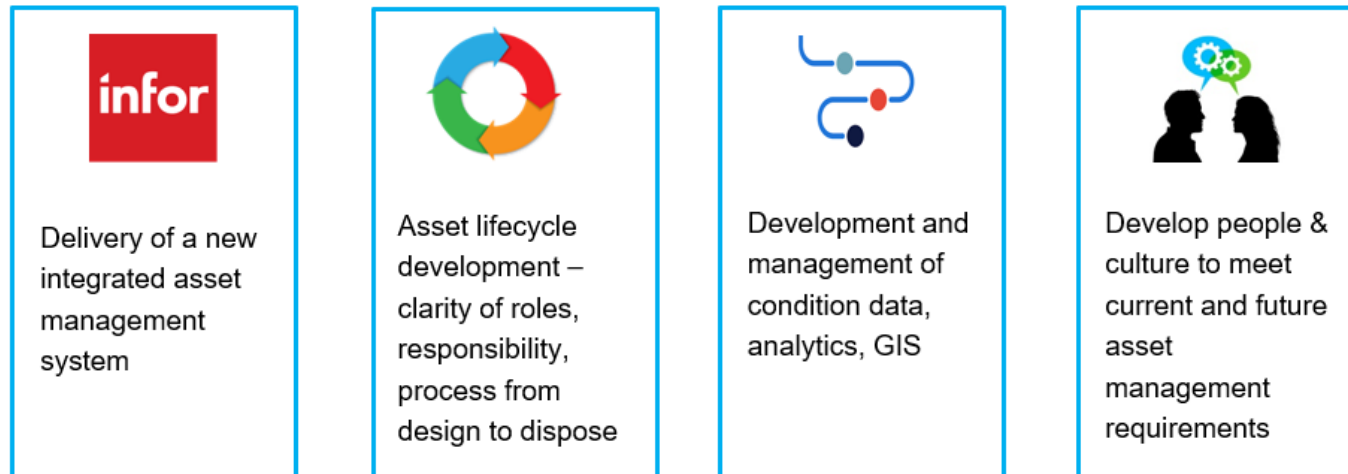
## BACKGROUND

As an organisation, our strategic initiatives all find their origin in our mission imperative of –

***Creating Great Places, Supporting Our People!***

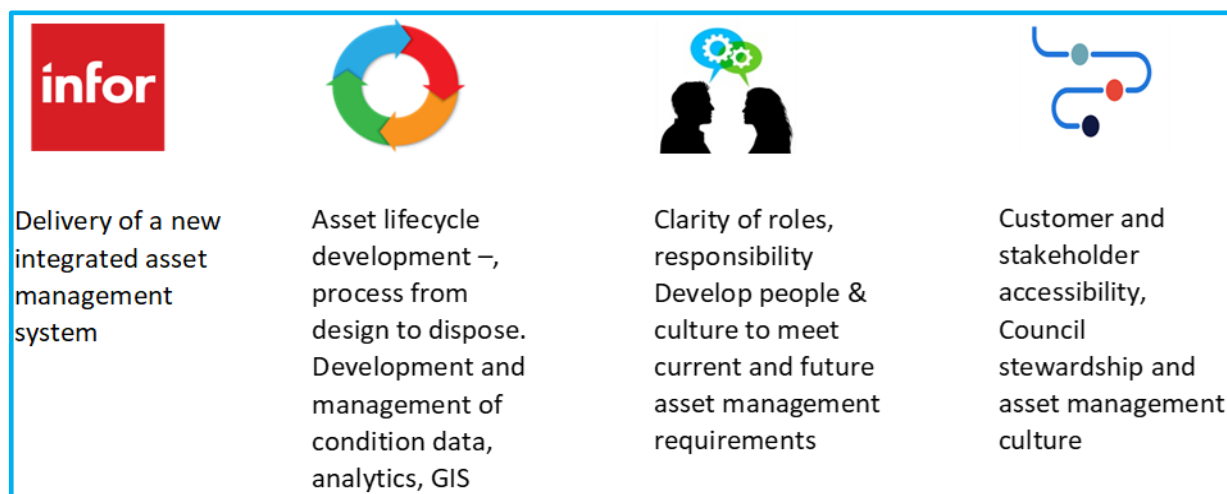
In 2019 the FNDC set out on an ambitious journey of asset management transformation to enable its strategy of delivering on its mission. Programme Darwin, and its partner transformation programmes were set to provide the basis for FNDC to steadily improve our performance towards realising our mission.

The key transformational programmes at the time were targeted towards (1) improving our customers' experiences, (2) enabling online services, and (3) evolving asset management maturity. The latter of these programmes shaped what became known as Programme Darwin, conceptualised within four initial workstreams, that were updated in 2020 as depicted in the figures below:



**Structure of Initial Darwin Workstreams (2019)**

Following an October 2020 review of these workstreams, to ensure alignment with the benefits categories, the programme team opted to refine the core outcome area for each. While the initial workstream around system development remained unchanged the other three were merged into two streams and a new Customer/Stakeholder stream was established. This was thought to better represent the natural programme cycle and dependencies and to lift the user focus area to a more prominent level. It also made aids with improved accountability for each workstream ensuring more direct function alignment of resourcing. The adjusted workstreams are presented below.



### Structure of Revised Darwin Workstreams (2020)

The November 2020 report to Elected Members indicated that, supported by these projects/workstreams, Programme Darwin was positioned to, in time, achieve:

- Control over our asset data and reducing our reliance on contractors to manage the data and our lifecycle asset management processes
- A 360° view of assets, i.e., a complete view of any asset, its cost, its condition, and its planned renewal details.
- Enhanced reporting functionality on assets and the true cost of asset maintenance and replacement, as input to decision making by Infrastructure & Asset Management teams, Governance Groups, the Strategic Leadership Team (SLT) and Elected Members.
- Control over our work management processes relating to reactive and preventative maintenance.
- Complete and accurate information on which to base 5-year through 20-year renewals plans for the Long-Term Plan (LTP) and Asset Delivery teams – published through an annual Living Asset Management Plan (LAMP) and to be ready to support the LTP review in 2024<sup>1</sup>.

### STRATEGIC ALIGNMENT

It is essential that all asset management activities be firmly linked to the organization's key objectives. Moreover, it is vital to ensure alignment between the Programme objectives & goals and the asset management vision while ensuring clear linkages between:

- Business drivers / goals of the organization (see Life Cycle Processes and Practices - Strategic Planning)
- Lifecycle asset management functions
- Individual actions associated with them, and how these key linkages impact on the business's value chain

<sup>1</sup> Refer to updated timelines in Programme Roadmap section.

**Long Term Plan**

FNDC and the governance arm set an ambitious programme to realise the District Vision, articulated through 6 focus areas in the LTP:

**Darwin remains aligned to the updated Council Strategic Priorities listed below:**

**2018 Priorities**

1. Civic leadership and advocacy (SA1)
2. Address affordability (SA2)
3. Better data and information (SA3)
4. Affordable core infrastructure (SA4)
5. Improved Council capabilities and performance (SA5)
6. Empowering communities (SA6)

**2021 Priorities**

1. Better asset management (P1)
2. Address affordability (P2)
3. Enable sustainable economic development (P3)
4. Adapt to climate change (P4)
5. Protect our water supply (P5)
6. Deepen or sense of place and connection (P6)

The Programme was established to stand-up a system to analyze and manage FNDC's asset information within a single source, configured to support a dynamic planning, operating, and reporting environment. Fundamentally it set out to provide the information infrastructure to capture, store and interrogate the attribute, condition and performance data needed as the basis for all investment planning and operating activities.

Building off FNDC's objectives, Programme Darwin developed a supporting set of program benefits in 2019 to demonstrate its influence on the corporate goals as well as guide and recognize delivery achievement. The benefit realization categories, defined during 2019, through consultation with staff, stakeholders, and elected members were aligned as follows alongside their links to the Councils strategic focus areas (SA):

- Accurate, timely and robust system and data to develop infrastructure investment and service optimization; (SA3)
- Demonstrating value for money in both current and future asset management decisions; (SA2, SA4)
- Improved capabilities and performance to optimize Council and data supply chain resourcing; (SA5)
- Industry leading thought leadership and community advocacy in asset management through accessible data and scheme representation: (SA1, SA6)

The strategic alignment of Programme Darwin against the six LTP priorities updated in 2021, was reviewed with particular focus on the first three priority areas.

- Accurate, timely and robust system and data to develop infrastructure investment and service optimization; (P1, P2)
- Demonstrating value for money in both current and future asset management decisions; (P2, P3, P4, P5)
- Improved capabilities and performance to optimize Council and data supply chain resourcing; (P1, P2)
- Industry leading thought leadership and community advocacy in asset management through accessible data and scheme representation: (P1, P6)

**CouncilMARK<sup>2</sup>**

'Service Delivery and Asset Management' is one of 4 priority areas referenced in **CouncilMARK** and received a rating of '**Competent**' during 2020. Darwin related 'Areas of Improvement' referenced in the report include:

- Council vision and strategy lacks clarity and coherence and are not explicitly aligned with asset management plans and service delivery strategies.

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<sup>2</sup> CouncilMARK is a measure for better community value and is New Zealand's local government excellence programme, which FNDC participate in.

- Management of three waters assets is weak, with Council struggling to consistently achieve regulatory standards and community expectations.

The success of the 'Service Delivery and Asset Management' workstream is largely dependent on the successful delivery of Programme Darwin. As noted above, Darwin along with other transformational programmes, will deliver change across the organisation that will enable us to deliver on FNDC's mission.

### **Organisation Strategy 2021**

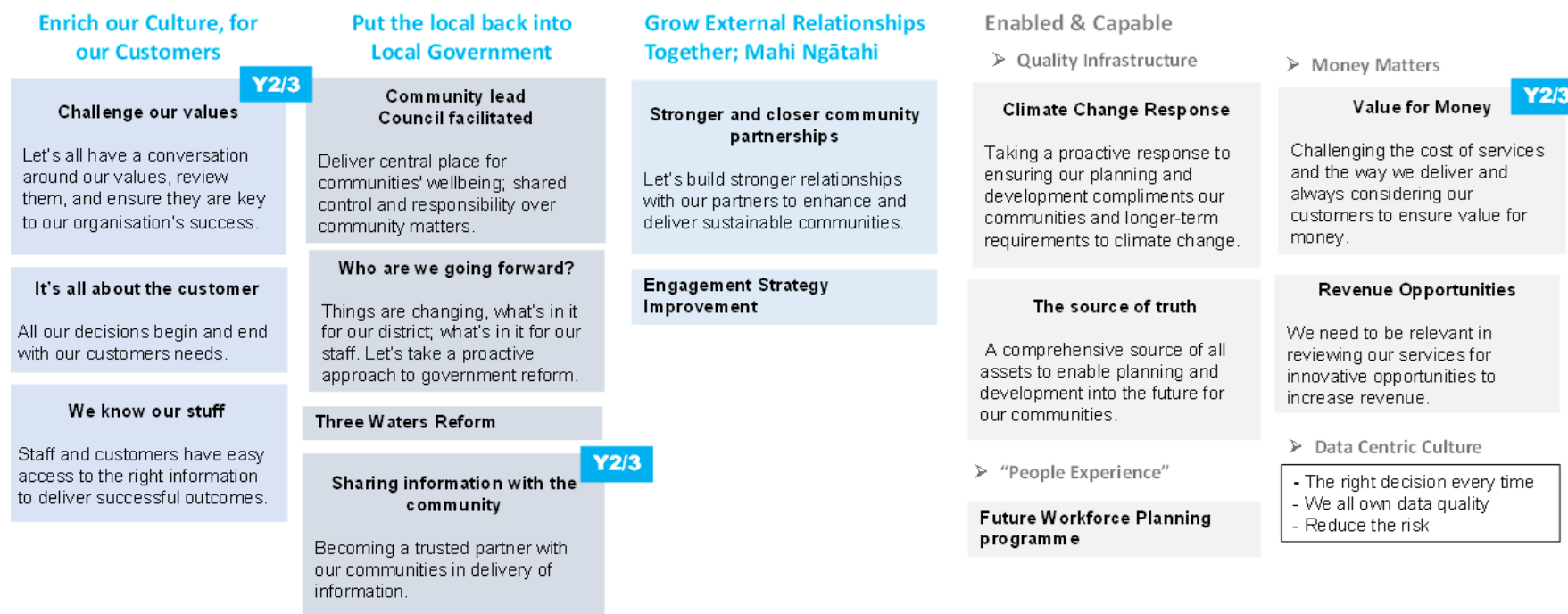
Over the past three years Council has focused inwards working on our systems and processes to build our capability so as to create great places and support our people. However, much has changed during this time, some events which emerged outside of our sphere of control lead us to realise that we needed to be responsive to our rapidly changing world. We want to position ourselves to be at the ready to find our new place and this has led us to shift our strategy toward a path where we remain focused to –

#### ***Look up and outwards!***

...to our people, our communities, and our future. This is the Far North District Council's new three-year organisation strategy. It focuses on what matters most, i.e.:

- Enriching our culture for our customers
- Putting the local back into local government
- Building strong external relationships | Mahi ngātahi

# New strategic priorities for being “Up and Out”



## New strategic architecture with the prioritized 'big moves' to deliver on the three-plus-one priorities<sup>3</sup>

Again, Programme Darwin is well positioned to address particularly the first two priorities i.e.:

- Programme Darwin will help to enrich our culture for our customers by providing and equipping our staff with the relevant asset management tools, processes, techniques, and skills to deliver outstanding customer outcomes, every time.
- Programme Darwin will help put the local back into local government by enabling us to gain an enhanced understanding of the changes that may impact on our communities and thereby ensuring that the future trajectory of asset management is ever more focused on integrated and sustainable outcomes that improve the wellbeing of our society.

<sup>3</sup> Work around the "Up and Out" strategy to be consolidated towards the end of 2021.

## BENEFITS REALISATION

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### **Towards the end of the Programme Darwin journey, our strategic intent is for FNDC to hold:**

- Accurate, complete asset data that is controlled and maintained by FNDC
- A robust analysis on this data that enables better long-term infrastructure decisions and delivers better value for money
- An articulated asset management hierarchy, with links between strategic and operational asset management clearly defined
- Commitment horizontally – Planning, engineering, finance, strategy, project management
- Commitment vertically – SLT, Tier 3 Managers, relevant staff (Partnering with us to continue in developing our inhouse capability, capacity, and commitment to our vision of continuous improvement in the discipline of asset management)
- An accurate data set allowing trade-offs to be made with confidence so that the best value whole-of-life strategies can be developed, using real-time data
- The IPS Suite fully integrated with all other FNDC and Alliance Partner systems enabling easy information sharing, analysis, and ultimately better information to support decision making
- A higher level of asset management competence within existing staff, and growing a pipeline of asset management talent
- An embedded culture of continuous improvement providing the space to be agile enough to rapidly flex to changing asset management requirements

## GOVERNANCE

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The Governance of Programme Darwin is controlled via a Programme Steering Group (PSG). PSGs are decision making bodies that ensure the right activities are taking place, undertaken correctly and are in alignment with strategic goals. The PSG further provides a forum for senior management to better understand the scope, benefits, financial and contractual status of a group of related projects (managed in a coordinated way to obtain benefits not obtainable from managing the projects individually), enabling informed decisions to be made and ensuring a high level of communication with stakeholders.

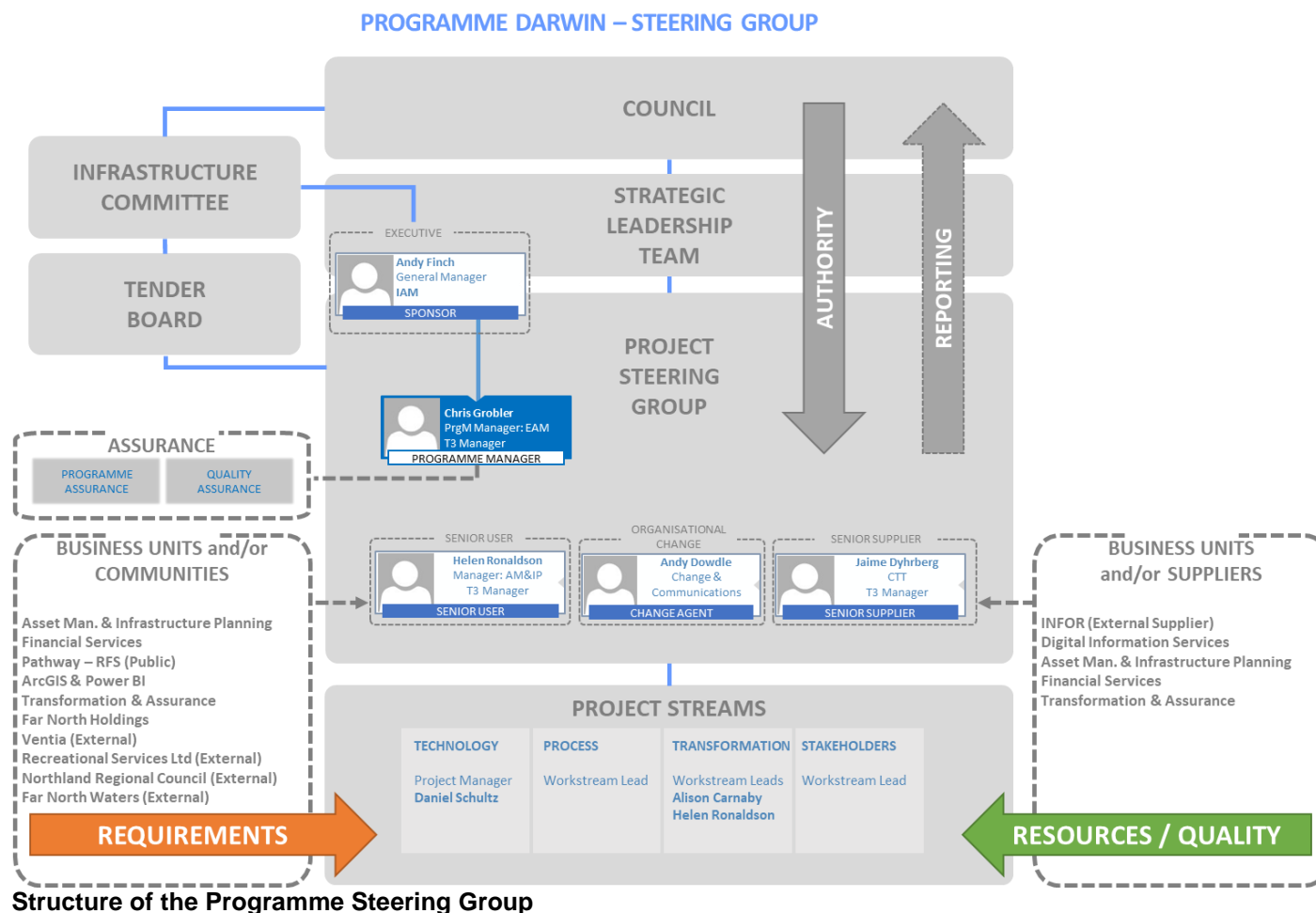
Reports on the programme's progress, finances, timelines, changes, issues, and risks are submitted to the PSG on a monthly basis. The PSG deliberates on key issues or potential delivery risks that may have adverse implications for FNDC in terms of time and cost; or being of a high public profile / politically sensitive nature whilst ensuring a zero-harm focus on programme delivery is maintained. Any approvals or endorsements required, that are outside of the PSG's authority, will be referred to the Strategic Leadership Team (SLT) who in turn will escalate items, as appropriate, to either the FNDC Council via the Chief Executive Officer, or Infrastructure Committee via the General Manager – IAM.

The PSG is not involved in the day-to-day management of the programme but rather sets the broad direction to be taken by the programme team responsible for the delivery and administration of the programme and related projects. With a key focus on Stakeholder Needs, the PSG's objective of Value Creation is driven by balancing three interrelated constructs, namely:

- Benefits realisation
- Risk Optimization
- Resource Optimization

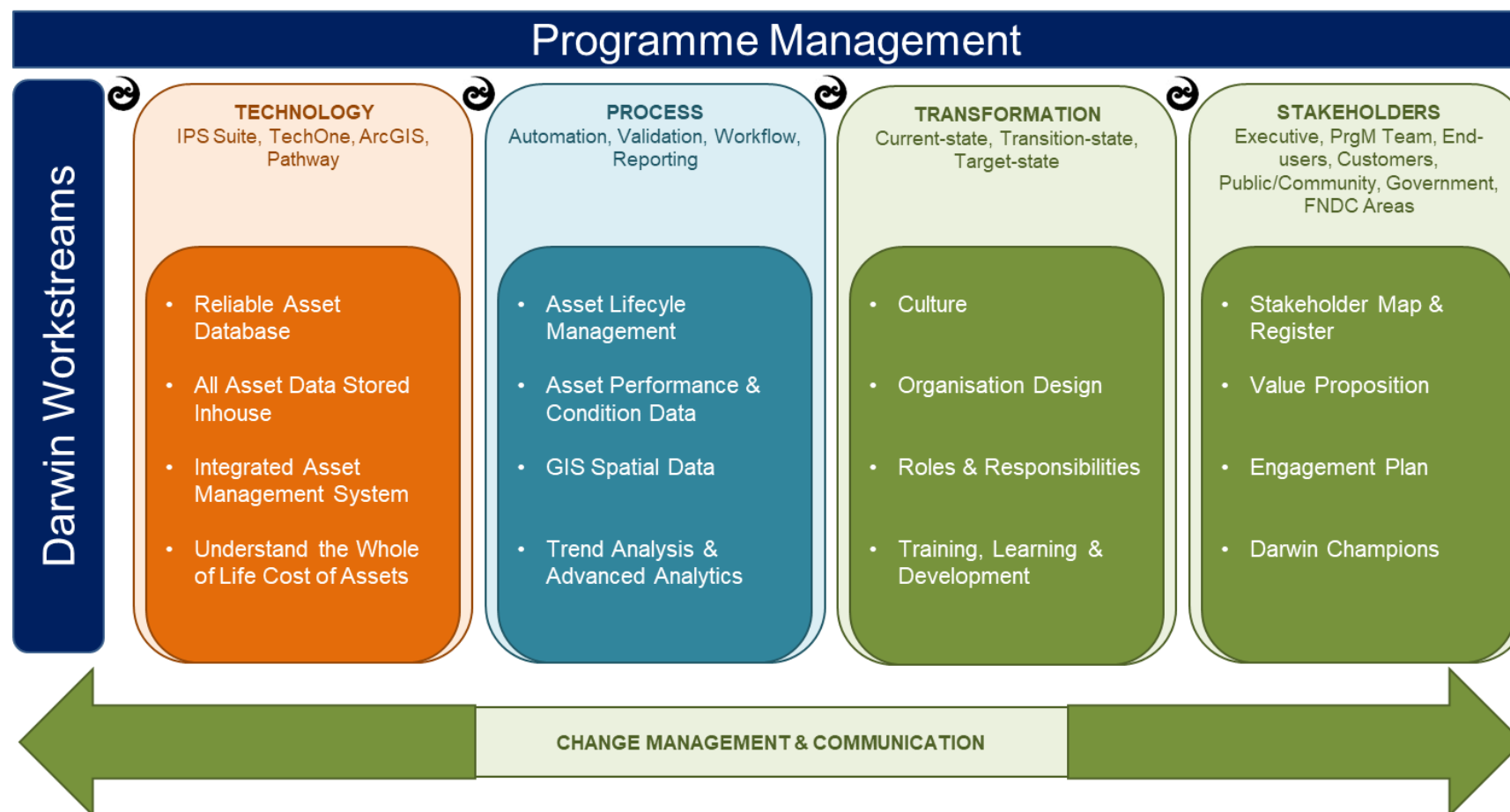
The membership of the Programme Darwin PSG is listed in the table below:

Role	Name	Job Title
Sponsor	Andy Finch	General Manager: IAM
Programme Manager / Chair	Chris Grobler	Programme Manager: EAM
Senior User & Joint Workstream Lead – Transformation	Helen Ronaldson	Manager: AM & IP
Senior Supplier (Technology)	Jaime Dyhrberg	Chief Digital Officer
Senior Supplier (P&C) & Joint Workstream Lead - Transformation	Alison Carnaby	Business Partner: P&C
Subject Matter Expert (Finance)	Janice Smith	Chief Financial Officer
By Invitation		
Subject Matter Expert (Asset Management)	Kirsty Farrow	Team Leader: AM
Subject Matter Expert (Change)	Andy Dowdle	Project Change Specialist
Subject Matter Expert (Risk)	Tanya Reid	Business Improvement Specialist
Workstream Lead - Technology	Daniel Shultz	IT Project Manager
Workstream Lead - Process	Vacant	
Workstream Lead - Stakeholders	Vacant	



The programme is mandated to provide monthly reports to the Infrastructure Committee and quarterly report updates to the Assurance, Risk and Finance (ARF) Committee. Also, the programme has a regular slot to provide feedback at the SLT Performance Meeting ensuring the executive leadership are kept informed on the programme's state of play.

## PROGRAMME DELIVERY WORKSTREAMS – 2021



Structure of project / workstream delivery work under Programme Darwin

**PROGRAMME MANAGEMENT**

Programme Darwin is a transformational programme supporting asset management capability maturity through the utilization of technology, processes, and people. At its core is the asset management system (IPS Suite) that will collect, filter, store, collate, analyze, and disseminate enriched asset data and management information. Once operational, the asset data, analysis and performance functionality will provide a platform for incremental improvement towards optimizing our business processes around whole of life asset management. In addition, the new asset management system will serve as a catalyst for the development of new lifecycle asset management skills, competencies and organizational arrangements that collectively will support FNDC's vision of leading best appropriate asset management practice.

One of Council's overarching goals is to be an industry leader and intelligent asset data owner and manager in order to demonstrate sound investment decisions and deliver great asset stewardship. The AMS Project is built on a robust and detailed implementation roadmap that supports the development of the system engine, and a healthy commitment from staff and stakeholders to make it happen.

During 2020 the Programme Manager recommended that a renewed focus be placed on the monitoring and reporting of the benefit realization framework and greater project/programme integration so as to reinvigorate stakeholder and general council staff awareness, assuring renewed confidence in the programme. He proposed that a revised programme timeline was needed to reset expectations and identify constraining and/or dependent processes and system requirements. While it is evident that a strong and viable implementation strategy and supporting roadmap was established for the AMS Project, alignment with broader programme outcomes, the asset management ecosystem, and the interdependencies with other FNDC business strategy's (beyond IAM) all needed to be revisited. Changing operational demands and programme delays predominantly contributed to this need to reset the deliverables along the roadmap.

### **TECHNOLOGY**

The Asset Management System (AMS) Project drives the delivery of the technology stream. The AMS Project will be delivered in two distinct successive phases. Phase 1 comprise:

- Setting up the new asset management system (IPS Suite).
- Developing an asset hierarchy for FNDC and configuring this in the IPS system.
- Setting up the INFOR operating system (IOS) and installing the integration engine (ION).
- Integrating ArcGIS, TechOne and Pathway into the IPS system.
- Training relevant staff on the use of the new system.
- Data cleansing and migration from the interim database (IDB) into IPS.
- Analysis of FNDC financial fixed asset register.
- System go-live with relevant asset data groups migrated into IPS.

Go-live will be followed by incremental enhancement of the IPS system. Phase 2 will comprise:

- Enabling organizational design by crafting a structure and roles to support new value chains, driving customer centric asset planning and services delivery.
- Driving process improvement within IAM through a transition from manual, administrative and reactive tasks to automated, dynamic and value driven work tasks.
- Enabling the transition from aged-based towards condition-based asset lifecycle management.
- Developing IPS asset acquisition processes controlled via build sheets.
- Developing IPS\ION automated workflows.
- Developing advanced analytical reporting on IPS assets as defined by FNDC.
- Aligning stakeholders around the new IPS system.

The project team comprise the following members:



**Daniel Schultz**  
IT Project Manager (Darwin)  
Programme Delivery  
Available



**Sarah Harwood**  
Technical Business Analyst - Project ...  
Programme Delivery  
Available



**Phillip Shum**  
Data & Systems Specialist  
Asset Management  
Available



**Peter Juranovich**  
Asset GIS Specialist  
Asset Management  
Yesterday



**Mary Woolley**  
Asset Data Analyst  
Asset Management  
Available



**Polly Morrow**  
Fixed Asset Accountant  
Accounting Services  
Available

## **PROCESS**

The process component contains a number of sub-projects, including embedding and systematizing lifecycle asset management, building discipline around continued process improvement practices, executing on a programme of work to capture our asset condition data into a repository, configuring our advanced analytics module to improve decision making and reporting, and integrating our asset management system to ArcGIS to enable enhanced spatial planning.

### **1-Lifecycle Asset Management**

As an asset owner, it is vital for FNDC and more particularly the IAM Area, to be able to paint a clear picture of our asset management performance. We need to be able to identify what we can produce and at what cost. This approach requires the consideration of the entire lifecycle process. From the initial concept or identification of a demand for service through the creation phase, into operations, maintenance, and renewal and through to disposal - all elements need to be considered. This is relatively easy for a single asset, but as with the case of FNDC where we own a mature network and portfolio that consists of tens-of-thousands of individual assets, the task becomes complicated. It is therefore important to understand where assets are in their lifecycle and how we can reduce their cost while enhancing performance.

### **2-Process Improvement**

While Programme Darwin is founded on a solid and reliable technology platform there are (discovered) configuration and system management issues arising from the viability of datasets, the competency of related system/processes and the management of system inputs. A review of the configuration and data integration pathways (Systems Map) and improved control framework for data, as well as the information supply chain and system management, will identify any current gaps in coverage and/or performance requirements and develop a more sustainable long-term data/information environment.

### **3-Asset Condition Data Programme**

Having accurate and current Three Waters (3W) asset condition and attribute (dimensional) data is a key dependency for Programme Darwin to deliver on its objective of providing a 360° view of assets, i.e., a complete view of any asset, its cost, its condition, and its planned renewal details. Quality asset condition and attribute data provides the necessary input material for this system, which in turn will allow for development of robust information on which to base investment, renewal, and maintenance decisions. In the past, Council ran a number of small-scale *ad hoc* condition assessment projects, but the disjointed approach and lack of a standardized assessment framework has meant that this work was not optimized for Programme Darwin. FNDC has identified a managed programme of six respective asset condition assessment areas that will contribute to a comprehensive condition & attribute data capture programme, which will ultimately improve asset decision making and community confidence.

The Three Waters Condition Assessment Programme Procurement Plan set out a procurement approach to spending \$990,000 of budgeted OPEX funds to deliver on six packages of work with the objective of increasing the accuracy of FNDC's asset condition data and allow improved decision making in renewals investments. The programme of works was designed to support the following business objectives (benefits):

- Enable better, more informed asset management decisions that maintain and/or enhance appropriate levels of network service.
- Enable better planning for the long, medium, short terms focusing on the performance, full lifecycle, and the dependencies between lifecycle activities of our assets.
- Ensure closer, more accurate financial management of FNDC's assets regarding financial processes. e.g., cost, revenue, capitalization, forecast, budget etc., to give a more accurate and up to date perspective of the asset's value at any given time during a financial year.
- Ensure that asset information is accurate and fit for purpose to meet FNDC's asset management objectives particularly relating to renewals, augmentation, and new capital.
- Reduce total cost of ownership of assets by reducing the time taken to complete reactive maintenance and release staff time to focus on more planned work.
- Improve the responsiveness and efficiency of all asset functions so that customers and stakeholders are better informed.
- Ensure that FNDC is agile and continues to meet changing customer business needs.

The specific aspects of the programme of work were scoped out under five themes as detailed below:

**Water Valve – Location and Testing**

- Confirm condition, function, type (including controller details), size and location of valves.

**CCTV Pipeline – Inspection**

- Confirm condition of gravity pipelines via CCTV pipeline inspection.
- Confirm structural and serviceability status.
- Contractor will complete a light flush and CCTV onsite. The video will be reviewed for relevant asset information.
- Contractor will provide marked up plans to detail any variations between asset register data and onsite findings.

**Potholing – Non-Destructive Visual Inspection**

- Confirm condition and location of pressurized water mains.
- Contractor will uncover the water main and visually inspect the external condition of the pipe.
- Contractor will provide marked up plans to detail any variations between asset register data and onsite findings.

**Flood Gate – Assessments**

- Inspection of approximately 66 floodgates to assign a 1 to 5 condition grade to the flap-gate mechanism, head/wing wall structure and spillway structure, collect attribute data and identify remedial works.

**Pipe Bridge – Assessments**

- Visual inspection of approximately 87 wastewater and 37 water supply pipe bridges.
- Assign condition rating, collect attribute data, and identify remedial works.
- Poor condition assets may be referred to a structural engineer for further inspection and risk assessment.

#### 4-Advanced Analytics & Trend Analysis

Best appropriate practice in the management of asset data to ensure clear and accurate analysis of relevant data sets, requires a detailed asset register policy that includes connectivity and hierarchical depth (varied to suit the complexity and needs of IPS). The asset register record should hold:

- Basic asset information
- Special physical attributes
- Manufacturer details
- Condition assessment
- Performance data
- Utilization in terms of capacity or quantity
- Predictive outputs e.g., condition decay
- Hierarchical Structure and maintenance managed items (MMIs)
- Minimum Attributes
- Location and Dimensional Plans
- Operational Data
- Roles and responsibilities for data acquisition
- The QA system that is employed to verify these standards

#### 5-ArcGIS Integrated Spatial Data

The functional benefits of integrating a spatial system to our new IPS Suite are listed below:

- IPS integration with ArcGIS will support the objective of a seamless and robust single spatial 'record of truth'.
- FNDC staff and external users will be able to visually locate and identify assets using the ArcGIS interface.
- The user will be able to access underlying attribute data stored in the asset register component of IPS.
- The ArcGIS interface with IPS will permit asset creation, editing, viewing, and querying capabilities.
- Integration with ArcGIS will enable reuse across the FNDC's environment to allow viewing of visual documents e.g., as-builts (in the network folder) via URLs/Hyperlinks.
- Creation and maintenance of linear features (e.g., pipes), point features (e.g., manholes) and polygon features (e.g., parks or building outlines). Functionality will also allow point features to be added by entering relevant X & Y coordinates.
- In conjunction with the IPS asset register, users will be supported by the automated generation of unique asset identifiers.
- Manually imported assets will have the option to either apply a predetermined unique identifier or have this system derived. This process will be supported by an active error identification process (e.g., duplicate record alerts).
- The system will also provide for the execution of editing functions such as: Joining linear or polygon feature assets, splitting linear or polygon feature assets, adjusting the location of assets, deleting/disposing/abandoning assets. A feature to un-dispose an asset, if disposed in error, maintaining its original Asset ID and all attributes is also desired.
- The solution will provide validation checks to ensure data integrity (synchronization) between the ArcGIS and the IPS asset register is maintained and include tools to help correct any errors. Security rules will limit users to the minimum required access needed to perform their work in IPS.
- If a user selected an asset in the ArcGIS system the associated attribute data, stored in the IPS asset register, will be displayed.
- A query, selection and display of an asset or group of assets within the IPS Suite, e.g., asset register or maintenance management programme etc., could then be passed to the GIS to spatially view the selected assets.
- Query, select and display an asset or group of assets spatially with ArcGIS by address, work order type, condition ratings or other nominated asset attributes such as age, size, material etc.

- Query, select and display an asset or group of assets spatially with ArcGIS and pass the selection set (link) to IPS functionality, e.g., asset register or maintenance management etc.

## **PEOPLE**

The people construct is split into three interrelated sub-streams comprising transformation, stakeholders, and change management & communications.

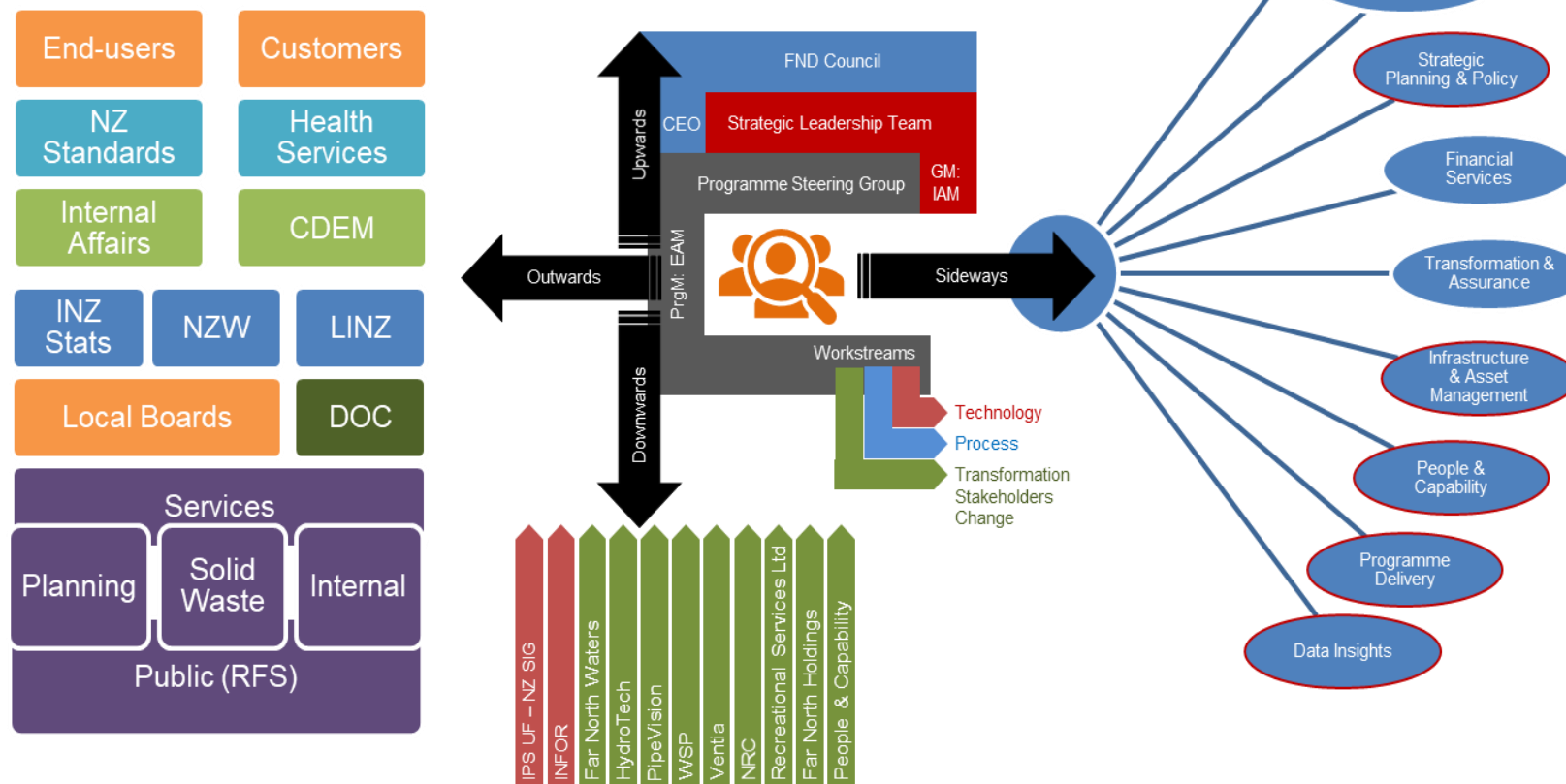
### 1-Transformation

The Transformation sub-stream will work in concert with the Stakeholders and Change Management sub-streams to ensure a structured evolutionary People transition process is established that will move our stakeholders along a journey from a pre-Darwin state towards a target aspirational state, fulfilling our vision of leading best appropriate practice EAM in New Zealand. The programme's past has seen a bias towards a technical and process intensive delivery with less focus on programme outcomes. To address this, and as an adjunct to the strengthened programme leadership, the asset management and planning leader was appointed in mid-2020. This leadership role will both support Programme Darwin through the articulation of the broader organizational direction and build team confidence through greater emphasis on stewardship through prioritized work plans and associated performance targets. The leadership team is also now better positioned to focus on interfacing with the executive, council and key stakeholders on changing programme and asset management outcomes.

### 2-Stakeholders

A stakeholder register was collated to capture details on stakeholders' interests and expectations from Darwin to help the programme team understand their communication requirements. The register provides a list of the stakeholders' names against their designation, role in the programme, interests, expectations, influence, etc. It is a dynamic catalogue and will be updated and maintained throughout the particular project lifecycles. Role defines each stakeholder's role in a project (e.g., Sponsor, Project Lead, Tester, Product Manager).

### Communication Required by Stakeholder Class



**Programme Stakeholder Map – Depicting Communication Required by Stakeholder Class**

- **Upward**, is related to the parent organization: Executives, investors, and project sponsors. These stakeholders have business and financial interests in the project.
- **Downward**, are stakeholders who are underneath the project hierarchy: Suppliers, contractors, service providers, and so forth. The project teams themselves also counts as downward.
- **Outward**, are stakeholders who have a 'stake' in the project, such as government regulators, adjacent landowners, end users, customers, communities, and even the general public.
- **Sideways**, are stakeholders who are in competition with the project for scarce resources, such as other project managers and organizational departments.

Interests denotes the interest of every stakeholder involved in the programme. Each stakeholder has a different level of interest (High/Medium/Low) in a particular project under the programme. Influence or Power defines the level of influence of a stakeholder on the programme. Some stakeholders, for example the Sponsor, have High power as they can influence the decisions on what the programme should deliver. However, in an agile environment, the developers will have a High influence on the decisions being made about how project deliverables are executed.

There are five levels of support into which stakeholders fall:

- **Unaware:** The stakeholder is unaware of the programme and its potential consequences to them.
- **Resistant:** The stakeholder is aware of the programme but opposed to it.
- **Neutral:** The stakeholder is neither supportive nor opposed to the programme.
- **Supportive:** The stakeholder is in favour of the programme and wants it to succeed.
- **Leading:** The stakeholder is actively engaged in programme's success, and willing to aid the programme and various project management teams.

Communication requirements describes the mode of communication a stakeholder expects. Stakeholders expect regular communication regarding the status of the programme, and they may prefer differing types and modes of communication delivery. Frequency field mentions the frequency at which the stakeholder expects to receive the communication.

### 3-Change Management & Communications

To overcome any loss of focus a reinvigorated approach is required built off a reset/reinterpretation of user needs, benefit realization and the resulting programme value proposition. The resulting alignment of strategy's and coordinated goals can then be refined under a common communication environment that continually refreshes awareness and achievement across the whole organization.

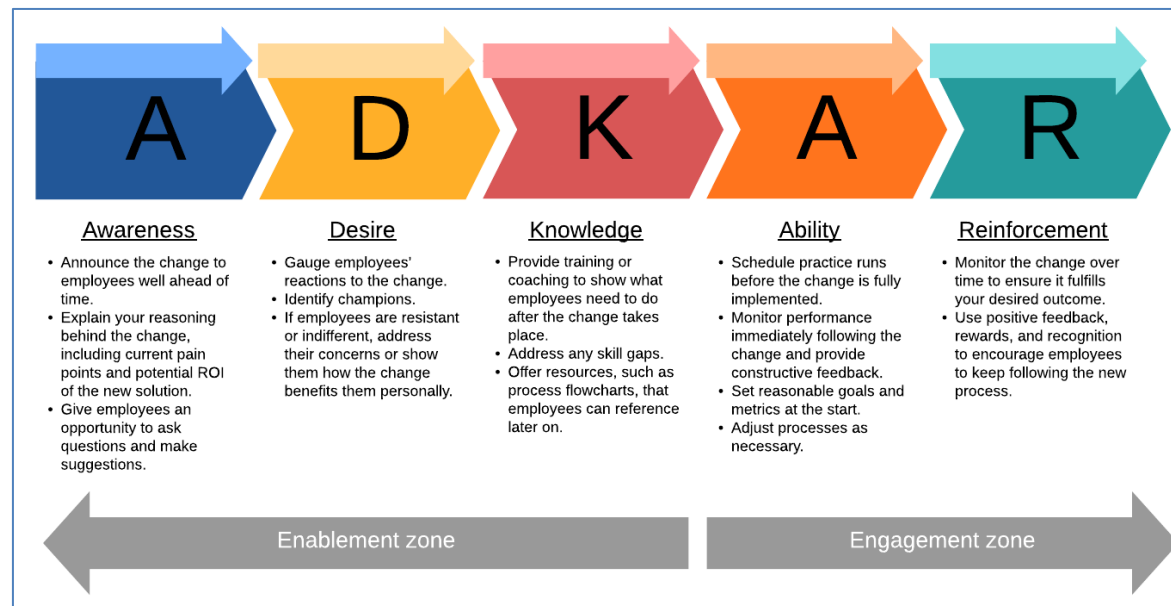
## CHANGE MANAGEMENT PLAN

Change Management (CM) focuses on the people side of Programme Darwin. Specifically Change Management looks at the **Current State** (the processes and practices currently being undertaken by Asset Management at FNDC) and the **Future State** (what changes when Darwin delivers the 'technical' changes). The impact of changes will be detailed in an **Impact Assessment** for each workstream.

Using the findings outlined in the Impact Assessments, CM is able to prepare a **Change Management Plan** outlining the planned Change Activities. Typically Change Activities fall into three categories

- Communications (TK3 updates, targeted emails, team presentations, newsletters, etc.)
- Training (classroom, one-on-one coaching, online material, inline system help, etc.)
- Process (updating Work Instructions, developing Promapp workflow, procedural changes, etc.)

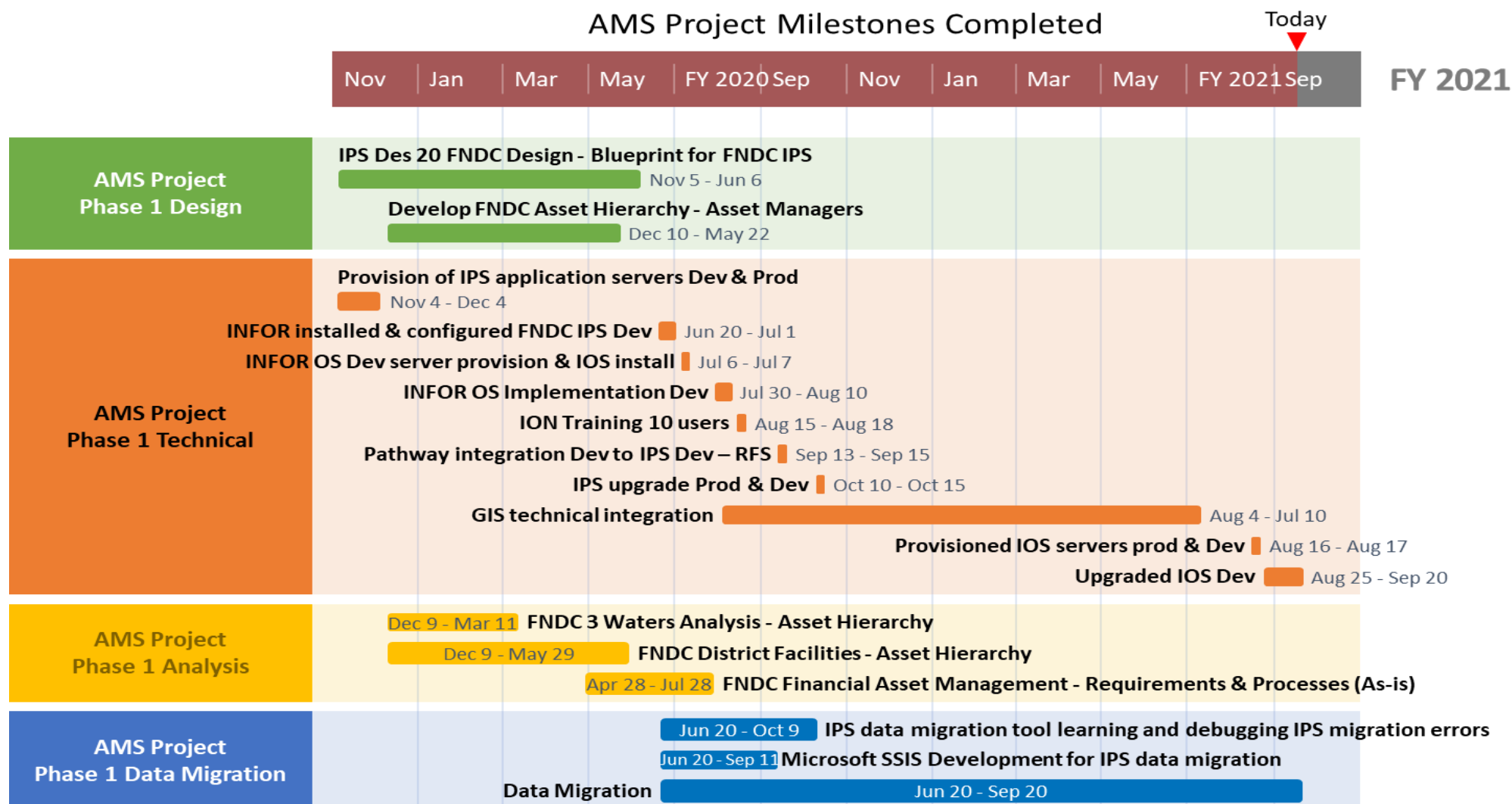
The underpinning Change Management 'methodology' adopted by FNDC leverages the ADKAR model



ADKAR is 'brought to life' at FNDC through the Project Management Framework, many of the steps a project (or programme) goes through, in planning and delivering projects, reflect sound Change Management principles.

DELIVERED – LIFE TO DATE

The graphic below delineates the extend of the execution delivery work that was accomplished by the AMS Project since November 2019:



**DESIGN (Green)**

- The first piece of work required the drafting of the IPS Des 20, which is the system design document, based on our technical requirements specifications provided to INFOR.
- In order for INFOR to build the system we were required to provide them with our asset hierarchy, which took six months to be completed. The work required close involvement from the asset managers and was delivered in June 2020.

**TECHNICAL (Orange)**

- Provisioning simply means the technical work performed by IT to setup the infrastructure on particular servers within specific Endpoint Management Environments, in our case a DEVELOPMENT (Dev) and PRODUCTION (Prod) environment. (Provisioning can also be described as the steps in the process to manage access to data and resources and make these available to end-users and systems).
- Just a note on the core application within the INFOR stable that we purchased, i.e., the version of the INFOR PUBLIC SECTOR SUITE or IPS Suite, was not compatible with the INFOR OPERATING SYSTEM, i.e., IOS (IPS lags behind the other products in the stable).
- The ION is the INFOR Middleware (sitting between the IOS and Applications) solution that allows seamless integration from back-office systems to both INFOR and third-party applications, whether they are on-premise, in the Cloud, or both.
- Ten Digital Information Services staff have attended the technical ION training. One take-away for the attendees from the training was the realization that the ION was technically intricate and that a dedicated resource would be required sometime in the future to care-take the support and maintenance of the ION and IOS.
- With the training completed, the integration (linked) to amongst others, Pathway and ArcGIS could be finalized. This does not include configuration at this point in time, e.g., we have not decided which fields from IPS need to be brought into the ArcGIS spatial layer.
- As noted above, the upgrades were needed to ensure alignment or compatibility to the IOS.

**ANALYSIS (Amber)**

- Particular Asset Hierarchies were crafted for respectively 3-Waters and District Facilities.
- Also, on the third line is depicted the time that was spent with the Fixed Asset Accountant to gain alignment in terms of her requirements and what she was doing around the Financial Fixed Asset Register function. This will be revisited in time when the to-be processes, as they will be executed via IPS, will be investigated, and implemented.

**ASSET DATA CLEANSING & MIGRATION (Blue)**

Asset groups were formed by reviewing existing asset types and grouping 'like' assets together. Plant and network assets posed high levels of complexity in setting these up in the IPS system. Since it was easier to develop and refine the migration process against non-network, standalone assets, the cleansing, and migration of District Facilities assets were given preference. The groups were initially defined to run in order; however, a number of adjustments were made based on new learnings and insights gained by the team and changing business requirements. An example of this was the taking on of differing asset type groups at the same time, allowing the team to continue with one group should delays be experienced in the other. The team is able to pivot as required based on stakeholder needs and directives from the PSG. The data cleansing and migration steps follow the below sequence:

70,000 recorded assets

490 parent assets need to be transformed into 66

1287 child assets need to be transformed into 454

District Facilities data is the most difficult (poor data received)

Water and wastewater (well-maintained data but highly complex plant data)

Stormwater (Good data)

Maritime (very well-maintained data, also very small amount of assets 180)

## FNDC Asset Data - Summary

### DATA CLEAN-UP STEPS

- |   |  |
|---|--|
| 1. Select type of Asset to work on                        | 1. <i>Manholes</i>   |
| 2. Analyze today's asset data                             | 2. <i>Minimal information being captured</i>                                     |
| 3. Evaluate Infor IPS setup for asset type                | 3. <i>Many fields available</i>  |
| 4. Workshop problem points (project team)                 | 4. <i>Asset hierarchy, shape, construction method</i>                            |
| 5. Prepare proposal to take to stakeholder group          | 5. <i>List of Infor IPS manhole fields plus known FNDC requirements</i>          |
| 6. Take proposal to stakeholder resolve group (iterative) | 6. <i>Reviewed Infor IPS manhole fields and captured additional requirements</i> |
| 7. Agree final outcome                                    | 7. <i>Agreed final list of fields</i>  |
| 8. Map today's data fields to Infor IPS                   | 8. <i>Mapped fields, documented additions</i>                                    |
| 9. Clean today's data                                     | 9. <i>Reviewed today's data values for consistency</i>                           |

The complexity of the data cleansing, and migration from the Interim Database into IPS, was not estimated upfront as this would have created a significant delay in the initial stages of the process. The team relied on the principle of Progressive Elaboration to guide them towards a realistic duration and execution effort estimate, based on empirical evidence. With the benefit of 12-months of hindsight, the team ran a deep-dive analysis of the pace of execution and extrapolated their existing progress towards estimating the duration to completion.

The results from the analysis showed the most probable completion date for Phase 1 to be towards the end of 2024. Although the benefits realization to FNDC is not as evident in Phase 1 as in Phase 2, the first phase will nonetheless add a great deal of value to the Three Waters and District Facilities asset management teams as well as to the Financial Fixed Assets Register related work done by Fixed Asset Accountant, and it will form the foundation from which the IPS advanced analytics will be set up.

Some of the complexities and built-in value activities that constrain the pace of delivery, are listed below, followed by a view of the current status of the asset data groups.

### WHY IS IT COMPLEX?

- Inconsistent data structure (today)
- Small project team
- Implementing packaged software properly opens up big questions to be answered
- Need to address information required across all asset types

### IMPROVEMENTS BEING DRIVEN

- Asset data structure and governance
- Alignment of business processes
- Agreement of business rules
- Setting asset register foundation to build future processes upon
- Alignment of Asset Data Specialists and wider stakeholder team

Backlog		On hold	WIP	Done
Group 3	N/A, added to other groups	Group 2	Group 11	Group 1
		DF – Street furniture, Parks, Landscape, Lights, Paths, Recreation area, Recreation equipment	Non-plant structure, Civil works, Signage, Berms (cemetery), Rubbish Bins	DF – Monuments, Artwork, Barriers, Land, Playing surfaces
Group 7	DF – Cemeteries, Airports, Rural fire stations, Campgrounds, Carparks, Commercial buildings	Group 4	Group 12	Group 5
		Maritime	3W - Valves, includes Floodgates (SW), Boundary kits (WW), Backflow preventers	Reference points – 'parent' assets for both DF and 3W assets e.g., Community Centres, Public Toilets, Treatment Plants, Reservoirs
Group 8	DF – Solid Waste, Civil Defence, Animal Shelter, Swimming pools.	Group 6		Group 10
		DF Building components - Public toilets, Halls, HFTE, Community Centres e.g., Library		Reference point for Bulk water filling stations and Intakes. Anchor Blocks, Reducers, Water meters
Group 13	3W – Chambers, Inlets/Outlets, Lower Pressure Sewer pumps, Inspection points, Bores, Septic tanks, Soak holes	Group 9		
		Hydrants (WS), Catchpits (SW), Manholes (SW & WW)		
Group 14	3W Plant – Meters, Electrical, Pumps, Tanks, Structures, Wet wells, Signage, Screens, Filter Units			
Group 15	3W Plant – Telemetry/ Communications/ Monitoring, Instruments, Pipework, Ponds, Reservoirs, Tanks, Emergency storage tanks, Blowers, Dams, Marshes			
Group 16	3W Plant – Equipment, UV banks, Generators, Weir, Control panels			
Group 17	3W – Service lines, Nodes			
Group 18	3W – Network lines; SW Main, SW Channel, WS Main, WW Main, Overland flow paths			
Group 19	To be assigned list and gap analysis outcome			
Group 20	Assets that are in TechOne but are not in the asset Interim Database. Assets to be loaded directly from Tech-one to IPS			

### Conceptual Data Cleansing

#### Extract – Select & Analyse Data

1. Square peg selected, which hole does this peg need to fit (□○◆△)?
2. Or does this square peg need to be split into many peg types (□○◆△)?
3. Does this need to be agreed upon by stakeholders?

#### Transform – Data Transformation

1. Transform square peg to fit required hole
2. If required, split square peg into many peg types.

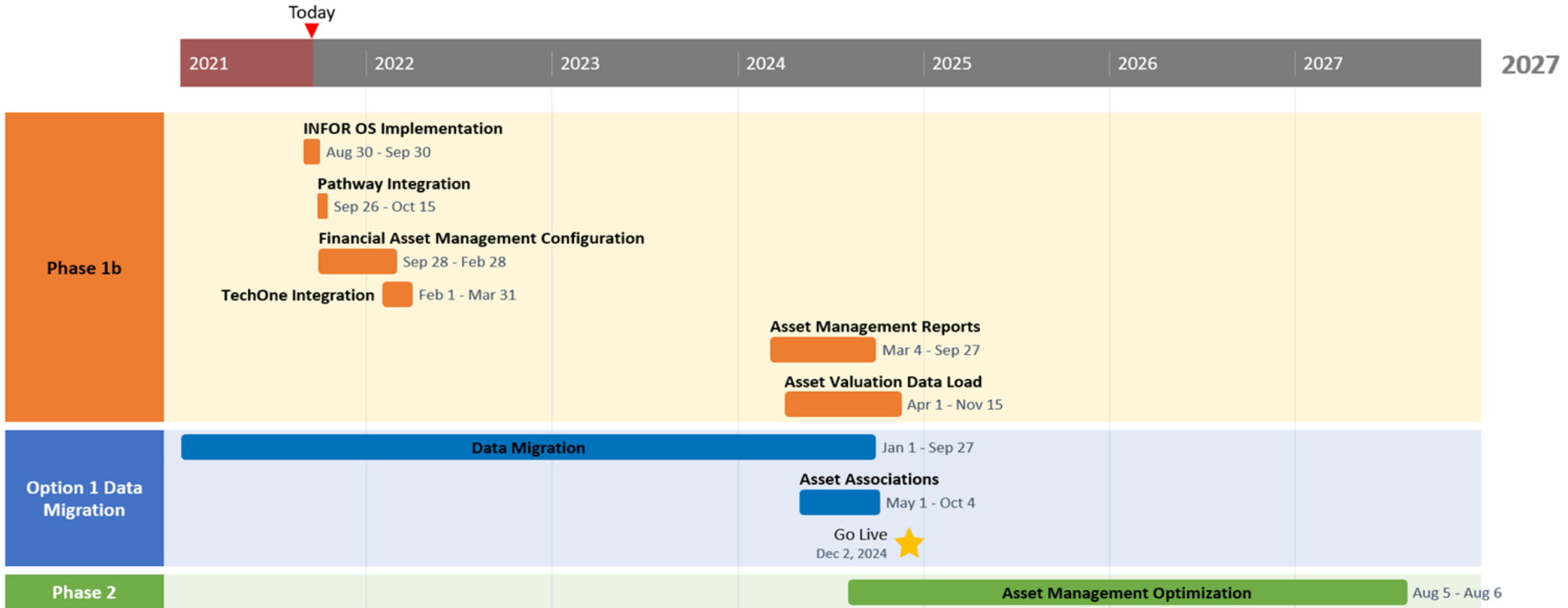
#### Load – Import Data to IPS

1. Load pegs into correct hole
2. Check data loaded is correct
3. If errors occurs fix or clean and repeat transformation process on errors only.



PROGRAMME ROADMAP

The roadmap below provides a high-level view of the current AMS Project delivery plan. From the delivery schedule it is evident that Phase 1 is expected to be completed towards the end of 2024 with Phase 2, the enhancement and optimization of the new Asset Management System (IPS), to continue for at least three years after this date.

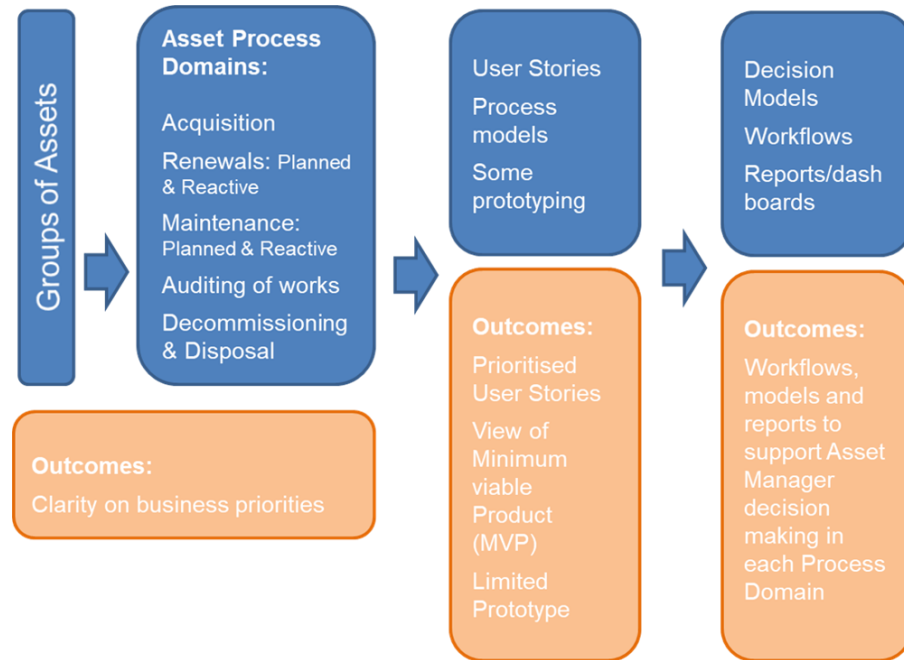


Updated Roadmap for Phases 1 and 2

•

## APPROACH TO AMS PROJECT – PHASE 2

An Agile execution approach for this phase will ensure the delivery of incremental value at an early stage.



### Conceptual Approach to Enhancement of IPS Suite (Phase 2)

**FINANCIAL MANAGEMENT**

The tables below provide details on respectively the cost spent on the programme up to 30 June 2021, and the current 2021/22 Financial Year's budget with spending year-to-date.

**PROGRAMME COSTS – SPEND LIFE TO DATE (LTD) 30 JUNE 2021**

LTD (30 Jun 2021)	
101103 - IT Financial Asset Management System New Works (\$ CAPEX)	Total Actuals LTD
<b>PROGRAMME DARWIN</b>	
4919 - CAPEX New Works Professional Fees	49,900
4922 - CAPEX Renewal Works Contract Services	64,200
4928 - CAPEX Salaries	297,317
<b>AMS Project</b>	
4917 - CAPEX New Works Contract Services	424,204
<b>TOTAL</b>	<b>835,621</b>

LTD (30 Jun 2021)	
Asset Condition Assessment Programme (\$ OPEX)	Total Actuals LTD
1485 - Infrastructure asset management - facilities	112,127
2410 - Drainage and Stormwater Administration	89,117
2485 - Infrastructure asset management - stormwater	112,012
4210 - Infrastructure & Asset Management Operations	319,757
4289 - Asset Condition Assessment	0
5585 - Infrastructure asset management - wastewater	500,000
5785 - Infrastructure asset management - water	24,918
<b>TOTAL</b>	<b>1,157,931</b>

**PROGRAMME BUDGETS 2021/22 – SPEND YEAR TO DATE (YTD) 31 OCTOBER 2021**

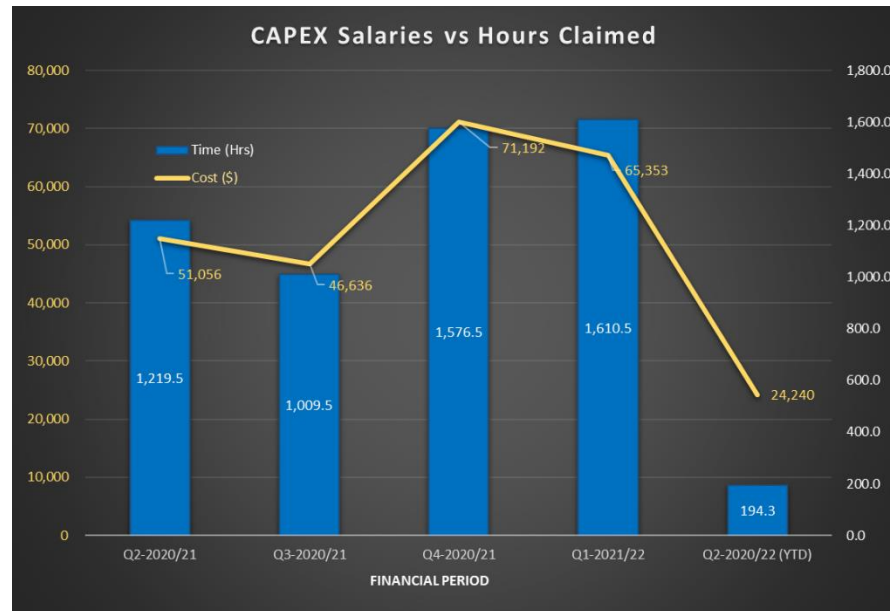
FYTD (2021/2022)				
101103 - IT Financial Asset Management System New Works (\$ CAPEX)	PR22A - PR Actuals	PR22B - PR Budget	PR22BF - PR Brought Fwd	PR22F - PR Forecast
<b>PROGRAMME DARWIN</b>				
4919 - CAPEX New Works Professional Fees	0			
4922 - CAPEX Renewal Works Contract Services	775			
4928 - CAPEX Salaries	88,818	0	274,531	274,531
<b>AMS Project</b>				
4917 - CAPEX New Works Contract Services	12,566	0	611,401	611,401
<b>TOTAL</b>	<b>102,159</b>	<b>0</b>	<b>885,932</b>	<b>885,932</b>

FYTD (2021/2022)				
Asset Condition Assessment Programme (\$ OPEX)	GL22A - GL Actuals	Commitments	Total Actual + Commitments	GL22F - GL Forecast
1485 - Infrastructure asset management - facilities	0	24,240	24,240	0
2410 - Drainage and Stormwater Administration	0	0	0	0
2485 - Infrastructure asset management - stormwater	10,828	55,666	66,495	0
4210 - Infrastructure & Asset Management Operations	-13,030	12,175	-856	0
4289 - Asset Condition Assessment	5,169	274,971	280,140	1,600,000
5585 - Infrastructure asset management - wastewater	43,458	0	43,458	0
5785 - Infrastructure asset management - water	1,007	43,758	44,765	0
<b>TOTAL</b>	<b>47,432</b>	<b>410,810</b>	<b>458,242</b>	<b>1,600,000</b>

The tables below provide particulars on respectively the cost spent on development and salaries LTD, and the staff time claimed against the programme over the past 12 months and current quarter.

**PROGRAMME CAPEX SPEND**

4919/22/28 - CAPEX Salaries					4917 - CAPEX New Works				
Month	2018/2019	2019/2020	2020/2021	2021/22	Month	2018/2019	2019/2020	2020/2021	2021/22
Jul			15,073.49	18,790.87	Jul	0.00	269,389.66	10,905.00	-901.01
Aug			16,261.66	24,987.80	Aug			17,790.00	5,239.83
Sep		762.56	10,536.36	21,573.90	Sep			3,790.00	2,137.50
Oct		1,593.52	11,267.30	24,239.92	Oct			23,170.00	6,090.00
Nov		2,609.25	25,585.03		Nov		14,302.04	22,085.00	
Dec		3,132.69	14,203.67		Dec			14,765.00	
Jan		9,612.98	6,076.91		Jan		22,207.50	807.50	
Feb		8,373.93	12,159.54		Feb		12,447.77	2,185.00	
Mar		7,846.50	28,399.28		Mar		26,857.96	4,170.00	
Apr		8,477.15	17,949.75		Apr		58,836.60	6,720.00	
May	280.22	22,787.21	32,315.67		May		8,625.00		
Jun	10,509.00	10,576.98	20,926.10		Jun		11,945.00	7,305.00	
<b>TOTAL</b>	<b>10,789</b>	<b>75,773</b>	<b>210,755</b>	<b>89,592</b>	<b>TOTAL</b>	<b>0</b>	<b>424,612</b>	<b>113,693</b>	<b>12,566</b>
CUM TOT	10,789	86,562	297,317	386,909	CUM TOT	0	424,612	538,304	550,870
AVE (Month)	5,395	7,577	17,563	22,398	AVE (Month)	0	53,076	10,336	3,142

**PROGRAMME COST VS TIME**

**RISK MANAGEMENT**

Three Programme Darwin risks were identified at the June 2021 risk workshop. One of the risks was recognized as an emerging risk. This top risk was presented to the Assurance Risk & Finance Committee (ARF) on 8 September 2021, and subsequently adopted into the Organizational Top Risk Dashboard. The addition of this emerging risk on to the Dashboard will enable improved governance focus. The programme will provide the ARF with an update on the status of the risk on a quarterly basis.

**The Programme Darwin risk statement is defined as follows:**

Because of the Programme Darwin complexity - long timeline, partially defined programme scope; and the need to be agile, to respond to our changing environment (i.e., physical, technological, regulatory, economic) there is a chance that the programme will not be successfully delivered, leading to poor community outcomes.

It is worth noting that Programme Darwin also impacts the management and treatment of a number of organisational risks, namely ARF001 Climate Change, ARF004 Asset Management, ARF005 Affordability, ARF010 Data Governance and ARF013 Drinking Water Resilience. The District Plan Team is also reliant on asset management information to inform district planning decisions.

Existing Treatments

The Programme Darwin Steering Group (PSG) have been informed of the salient detractors to the Programme's success and have recommended a way forward to reduce the delivery timeline. A report to this effect will be presented to the SLT during November in anticipation of a submission to Elected Members on 16 December 2021, describing the risk impact of the time, scope and cost trade-off decisions that need to be made, to reduce the delivery risk.

**HIGH LEVEL TREATMENT PLAN AND PROGRESS UP-DATE**

High level treatment plan:	Progress update:
Identify the gaps in the programme resourcing, processes (e.g., Business Requirements Specification), Scoping, Impact Analysis, Costing, Scheduling, etc., for the various programme workstreams.	A number of gaps have been identified and further analysis will be resumed subject to the paper presented to (and subsequent decisions made by) the SLT and EMs.
A SharePoint communications platform will be developed for the Programme. The stakeholder register will serve as a point of reference to channel relevant communications to particular stakeholder groups.	The Programme Manager is working with the PMO Project & Change Specialist and P&C Business Partner to develop a SharePoint communications platform that will articulate to stakeholders the value that the Programme will unlock within the organisation.
A SharePoint communications platform will be developed for the Programme. The platform will serve as the de facto source of Programme information.	The communications platform that is been developed will serve as the official information source for stakeholders, describing the Programme's objectives, progress, and delivery roadmap.

Where are the gaps? / what more could we be doing?

Inherent Risk	Trend	Residual Risk	Accountable:	CEO	Date raised:	08/09/2021	Report frequency:
	Stable		Responsible:	Programme Manager - EAM	Date accepted:	08/09/2021	Three-monthly

## RESOURCING

The table below provides an indication of the Programme resourcing requirements, subject to the particular funding option approved by Council.

Resources	Cost (\$)			
	Opt 1	Opt 2	Opt 3	Opt 4
IT Senior Data Analyst External Resource - Team 1	0	693,720	372,240	200,000
IT Senior Data Analyst External Resource - Team 2	0	693,720	372,240	200,000
IT Senior Data Analyst External Resource - Team 3	0	693,720	372,240	0
Business Analyst (Additional)	0	91,535	91,535	91,535
Asset Data Analyst (100%)	0	150,000	150,000	150,000
Asset GIS Specialist (100%)	0	150,000	150,000	150,000
INFOR Consultant - IPS Association of Assets	0	43,240	43,240	43,240
Asset Manager - Resolve data migration issues (20%)	0	24,043	23,457	0
INFOR Senior Consultant 720 x 235	160,120	160,120	160,120	160,120
INFOR GDS Consultant Offshore 224 x 130	29,120	29,120	29,120	29,120
INFOR Proj Manager 76 x 260	19,760	19,760	19,760	19,760
Data & Business Intelligence Analyst	36,338	23,913	16,092	19,533
IT Project Manager (Darwin)	181,691	119,565	80,460	97,664
Senior Business Intelligence Developer	36,338	23,913	16,092	19,533
Data & Business Intelligence Analyst	36,338	23,913	16,092	19,533
Asset Data Analyst	64,619	13,431	13,431	13,431
Asset GIS Specialist	76,025	15,802	15,802	15,802
Data & Systems Specialist	304,101	200,118	134,668	163,462
Technical Business Analyst - Project Darwin	715,365	611,148	527,102	564,456
Fixed Asset Accountant	0	0	0	0
Project & Change Specialist	0	0	0	0
Programme Manager - EAM	495,958	423,705	365,436	391,334
Darwin Process Improvement Lead	108,787	105,443	105,598	105,598
Darwin Stakeholder Engagement Lead	0	0	0	0
Business Analyst	47,451	0	0	0
<b>TOTAL</b>	<b>2,312,014</b>	<b>4,309,929</b>	<b>3,074,725</b>	<b>2,454,120</b>

## **5.4 MEMORANDUM OF UNDERSTANDING FOR KERIKERI DOMAIN WAR MEMORIAL WALL**

**File Number:** A3477559

**Author:** David Clamp, Manager - Major and Recovery Projects

**Authoriser:** Andy Finch, General Manager - Infrastructure and Asset Management

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

To seek approval for the creation of a memorandum of understanding between Kerikeri R.S.A. Trust Fund Incorporated and FNDC for the provision of land at the Kerikeri Domain and the future maintenance of the proposed War Memorial Wall.

### **WHAKARĀPOOTO MATUA / EXECUTIVE SUMMARY**

- Kerikeri R.S.A. Trust Fund Incorporated (Kerikeri RSA) wishes to fund and construct a War Memorial Wall on FNDC land at the Kerikeri Domain.
- FNDC seek approval for the attached memorandum of understanding between the Kerikeri RSA and FNDC on the following terms:
  - FNDC to approve an area of land at the Kerikeri Domain to locate the War Memorial Wall;
  - Kerikeri R.S.A. to fund, project manage and construct the War Memorial Wall including landscaping;
  - FNDC to be transferred ownership of the War Memorial Wall from Kerikeri RSA once the War Memorial Wall reaches practical completion and is signed off by an independent engineer; and
  - FNDC is to maintain the War Memorial Wall and landscaping.
- An Operational budget is required to cover the on-going maintenance costs of the War Memorial Wall estimated to be \$5,000.00 per annum.

### **TŪTOHUNGA / RECOMMENDATION**

**That Council:**

- a) **approves the Memorandum of Understanding between Kerikeri R.S.A. Trust Fund and Council**
- b) **delegates the signing of the Memorandum of Understanding to the General Manager Infrastructure and Asset Management, including any non-material changes**
- c) **approves the inclusion of additional operational budget of \$5,000 per annum from 2022/23 for maintenance.**

### **1) TĀHUHU KŌRERO / BACKGROUND**

A proposal has been put to Council from the Kerikeri RSA for a War Memorial Wall to be constructed at the Kerikeri Domain. The proposal requires FNDC to provide a suitable area of land at the Kerikeri Domain for the project. FNDC have chosen to locate the War Memorial Wall on the Kerikeri Domain adjacent to the Proctor Library.

The Kerikeri RSA wish to fund, project manage and construct the War Memorial Wall. A letter from Kerikeri RSA will be written to FNDC, confirming that the Kerikeri RSA has the funding to undertake and complete the construction of the War Memorial Wall including landscaping. Once the project reaches practical completion and is signed off by an independent engineer, the ownership of the

War Memorial Wall will be transferred from the Kerikeri RSA to FNDC. With ownership comes on-going health and safety responsibilities for FNDC to manage.

Kerikeri RSA have asked FNDC to cover the on-going maintenance costs of the War Memorial Wall estimated to be \$5,000.00 per annum.

The arrangements between the parties discussed above will be subject of a Memorandum of Understanding.

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

Several options have been reviewed. Each of these options comes with their own risks and possible future implications on the on-going management of the War Memorial Wall. These options are detailed below.

### **Option one –FNDC to be responsible for the maintenance budget (Recommended)**

FNDC own and manage the Kerikeri Domain. FNDC already has the resources (mowing and gardening) required to maintain the War Memorial Wall. FNDC will cover the on-going maintenance costs of the War Memorial Wall is \$5,000.00 per annum.

### **Option two - Kerikeri RSA to be responsible for the maintenance budget**

The Kerikeri RSA would be responsible for the on-going maintenance for the War Memorial Wall on FNDC's Kerikeri Domain. This option is not preferred, as Kerikeri RSA may not always be financially viable to continue to meet the on-going maintenance costs and may not meet the required standards of maintenance required by FNDC for its Kerikeri Domain.

### **Option three – do not approve the project**

In this option, all works are stopped, and the project is shelved. This option is not preferred, as there is a desire from the Kerikeri R.S.A. for the wall and construction costs of the War Memorial Wall will be met by the Kerikeri RSA as an asset for the community.

## **Take Tūtohunga / Reason for the recommendation**

To enable the Kerikeri R.S.A. to construct a War Memorial Wall on the Kerikeri Domain.

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

The recommendation to Council is that the Memorandum of Understanding is approved which includes future operational budget for FNDC to cover the ongoing maintenance costs of the War Memorial Wall of \$5,000.00 per annum. This would be Ward rated.

## **ĀPITIHINGA / ATTACHMENTS**

1. Attachment 1 - MoU - FNDC and Kerikeri Domain Memorial Wall - A3498739 [↓](#) 
2. Attachment 2 - War Memorial Location Plan - A3500459 [↓](#) 

**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.

<b>He Take Ōkawa / Compliance Requirement</b>	<b>Aromatawai Kaimahi / Staff Assessment</b>
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>	This report has a low degree of significance
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	No relevant policies.
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.	This project is of high significance to the Bay of Islands Community Board and the people of Kerikeri and surrounding area.
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.	There are currently no implications for Maori
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).	No parties are affected.
State the financial implications and where budgetary provisions have been made to support this decision.	No rate rise to the public.
Chief Financial Officer review.	The Chief Financial Officer has reviewed this report.



## MEMORANDUM OF UNDERSTANDING

### 1. Parties

1.1 Far North District Council (**FNDC**), a territorial local authority under the Local Government Act 2002; and

1.2 Kerikeri R.S.A. Trust Fund Incorporated, a registered charitable trust (NZBN: 9429042944554) (**Kerikeri RSA Trust**),

and together, the parties (the **Parties**).

### 2. Background

2.1 The Parties wish to construct and maintain a memorial wall at the Kerikeri Domain adjacent to the Library and Sculpture off Cobham Road, Kerikeri on land owned by FNDC.

2.2 The Kerikeri RSA Trust has confirmed that it has the funding to undertake and complete the construction of the memorial wall.

2.3 The Parties have agreed to enter into this memorandum of understanding (**MOU**) to clarify the responsibilities of the Parties for the management and on-going maintenance of the memorial wall.

### 3. Understanding

3.1 The details of the understanding are:

- (a) To define the responsibilities Kerikeri RSA Trust are to undertake to construct the memorial wall.
- (b) To define the ownership responsibilities FNDC are to undertake to maintain the memorial wall.

3.2 The Parties do not intend that this MOU creates a legally enforceable agreement.

### 4. Scope of this MOU

4.1 To ensure that the responsibilities for on-going maintenance and ownership of the memorial wall are met by FNDC and Kerikeri RSA Trust.

### 5. Goals

5.1 To ensure that the memorial wall is built to agreed standards and appropriately maintained and managed.

5.2 To develop and continue an open, collaborative and positive working relationship between the Parties.

### 6. Agreements

6.1 The Parties agree that Kerikeri RSA Trust shall:

- (a) fund, project manage and construct the memorial wall designed and landscaping as shown on the plans attached as **Appendix One**.
- (b) be responsible for appropriate health and safety requirements during construction pursuant to the Health and Safety at Work Act 2015.
- (b) at practical completion of the memorial wall transfer ownership of the memorial wall to FNDC.

6.2 The Parties agree that FNDC shall:

- (a) approve the area of land at the Kerikeri Domain adjacent to the Library and Sculpture off Cobham Road, Kerikeri for the location of the memorial wall.
- (b) be responsible for appropriately maintaining the memorial wall and the landscaping, and any Health and Safety at Work Act 2015 liability going forward as owner of the memorial wall.

## 7. Principles

7.1 The principles that underpin this MOU are:

- (a) that the Parties agree to keep each other informed the management and maintenance of the memorial wall to ensure that all are informed of the issues and that relevant information and planned actions are shared between them.
- (b) That each party commits to consider, investigate and resolve issues as they arise in a manner that maintains the integrity, professionalism and statutory accountabilities of each party.
- (c) That each party will endeavour to keep the other party advised on issues that may affect the other party as a result of activities of the other.
- (d) That the Parties agree that they will act in good faith in meeting their responsibilities under this MOU and in resolving differences of opinion.

## 8. Term

- 8.1 The MOU shall be in effect from the date of execution and shall have an initial term of 20 years (**Termination Date December 2041**). The MOU can be terminated at an earlier date by the request of either party in writing.
- 8.2 Subject to agreement by the Parties, an extension of the Term may be entered into beyond the Termination Date.

## 9. Disputes

- 9.1 If a dispute arising out of this MOU occurs between the Parties, then the Parties will in good faith try to resolve that dispute.
- 9.2 Where a dispute arises between the Parties that is unable to be resolved within twenty (20) working days from the date the dispute was advised in writing and which impacts on their collaborative effort then the dispute will be elevated immediately to FNDC's Chief Executive Officer and Kerikeri RSA Trust's Chairperson. If they are unable to resolve the dispute, an independent mediator, agreeable to both Parties, shall be appointed as soon as possible to help resolve the issue.

## 11. Signing

- 10.1 The Parties agree to treat the contents of this MOU and the arrangements contemplated in it as confidential and must not disclose them to any person without FNDC's prior written consent or as required by law.

<p>Signed for Far North District Council by:</p>     <p>_____</p> <p>Name:</p> <p>Job Title:</p> <p>Date:</p>	<p>Signed by Kerikeri R.S.A Trust Incorporated by:</p>     <p>_____</p> <p>Name:</p> <p>Job Title:</p> <p>Date:</p>
<p>In the presence of:</p>    <p>_____</p> <p>Name:</p> <p>Occupation:</p> <p>Address:</p>	<p>In the presence of:</p>    <p>_____</p> <p>Name:</p> <p>Occupation:</p> <p>Address:</p>

## Appendix One: Memorial Wall Plans



## 5.5 THE REINTRODUCTION OF DEVELOPMENT CONTRIBUTIONS IN THE FAR NORTH DISTRICT IN ALIGNMENT WITH THE 2024-34 LONG TERM PLAN

**File Number:** A3514737

**Author:** Roger Ackers, Manager - Strategy Development

**Authoriser:** Darren Edwards, General Manager - Strategic Planning and Policy

### TAKE PŪRONGO / PURPOSE OF THE REPORT

To seek approval for the reintroduction of development contributions in alignment with the 2024-34 Long Term Plan.

### WHAKARĀPOOTO MATUA / EXECUTIVE SUMMARY

- The Far North District Council is currently not charging developers for monetary contributions towards new development in the Far North District. This is the current policy position of Council.
- In the Long-Term Plan 2021-31 Council has made a commitment to reintroduce development contributions as part of an amendment to the Long-Term Plan.
- This paper explores options for the reintroduction of development contributions and recommends that development contributions be reintroduced with the adoption of the 2024-34 Long Term Plan.

### TŪTOHUNGA / RECOMMENDATION

**That Council approve a new development contributions policy be adopted with the adoption of the 2024-34 Long Term Plan.**

### 1) TĀHUHU KŌRERO / BACKGROUND

On 25 June 2015, as part of the adoption of the 2015-25 Long Term Plan, Council adopted the attached Development Contributions Policy with the following resolution:

#### 4.2. Development Contributions Policy Adoption

Agenda item 4.2, document number A1590893, pages 27-33 refers.

##### Reason for the resolution

Council has consulted with the community over the proposal to cease charging Development Contributions effective 01 July 2015 using a Separate Consultation Process as required by the Local Government Act 2002.

The assumptions underpinning the Long Term Plan indicate there will be minimal growth for the time being and therefore little need to undertake growth works. A change in the legislation limits the use of Development Contributions for community infrastructure and requires a closer nexus in the justification for the use of Development Contributions.

Resolved

His Worship the Mayor/Court

***THAT Council adopt the Development Contributions Policy (Document number A1589819), that has been consulted on in accordance with the requirements of Section 82 of the Local Government Act 2002, to come into effect on 01 July 2015.***

Carried

In the Long-Term Plan 2021-31 (Pg. 26) Council has made the following commitment to the reintroduction of development contributions.

*In 2003, a Development Contributions (DC) policy was introduced to assist with funding new infrastructure that is needed because of growth in the district.*

*Over the years, FNDC (Far North District Council) has invested more than \$22 million in providing infrastructure for anticipated developments which would use and pay for this infrastructure. However due to many factors, including the global financial crisis, growth slowed dramatically, and Council decided in 2014 that it was not justifiable to continue to charge Development Contributions.*

*Sustainable growth has again become evident in some locations in the Far North, and to ensure that the implications of growth are funded in a fair and balanced way, Council intends to introduce a new policy and charges as soon as possible.*

*This can only be achieved in concert with Programme Darwin's delivery of core asset capacity and condition data, which will not be available until June 2021, too late to implement a new policy and charges for 1 July 2021.*

*Given that a Development Contributions policy can only be adopted alongside a Long-Term Plan, Council plans to amend its 2021-31 Long Term Plan in its first year to consult on and adopt a policy for implementation on 1 July 2022.*

The Local Government Act 2002 (The Act) (Section 102(1)) requires a Council to have a policy on development contributions or financial contributions. The Act requires the policy to be clear on the charges. As per the 2015 Long Term Plan Resolution the Far North District Council is currently stating that it is not charging development contributions therefore this is the current Development Contributions Policy position of the Council.

A new population projection for the Far North District is currently out for tender and is due to be completed in the first quarter of the 2022 calendar year. This is expected to reconfirm that population growth is occurring across the District and is expected to continue into the near future.

Council has commenced a review of the Kerikeri/Waipapa Structure Plan 2007. Managing and funding growth in the Structure Plan Review area has been identified as a significant challenge to the Council and the community.

On 13 October 2021 a workshop to discuss development contributions was held with elected members, staff and an invited consultant (Gina Sweetman) who specialises in development contributions.

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

The following options have been considered for the reintroduction of development contributions to the Far North District.

### **Option One: Do Nothing**

This option is not aligned with the commitment in the current Long-Term Plan. However, it is a viable option that should be considered in the context of three water reforms and effort required to develop a new development contributions policy versus the revenue that is forgone for collection from developers charged development contributions.

It should be noted that development contributions allow for a portion of the cost of new growth projects to be funded by developers. With no development contributions new growth projects are funded completely by Council borrowing that is passed on to ratepayer with developers not paying a direct portion of the total cost of the new growth projects in a long-term plan.

The fundamental principle behind development contributions is one of fairness, equity and who benefits both directly and indirectly from new development that the Council funds and delivers as a public good that can be used for private gain.

It is recommended that this option be explored at length alongside several other scenarios as part of more extensive development contributions project that is outlined in Option Four (Align the making of a new Development Contributions Policy with the 2024-34 Long Term Plan). By taking this approach a more complete understanding of the three waters reforms, the resource management reforms, and the local government reforms will be better understood when comes to assessing options for a new development contributions policy.

### **Option Two: Reintroduction of the 2004 Development Contributions Policy**

Section 106 (2) of the Local Government Act requires that a development contributions policy summarise and explain the total cost of the capital expenditure identified in a long-term plan that is required to meet growth expectations. As a result of this requirement this option is neither viable nor legal as the charges in the 2004 Policy relate to previous long-term plan projects. Standing up the 2004 Policy would be illegal as the work that the charges in this policy relate to are now no longer valid. This option therefore cannot be recommended.

### **Option Three: Deliver to the 2021-31 Long Term Plan Resolution**

It is the view of staff that the deliverables and activities listed below are required to ensure a development contributions policy can stand up to the rigours of legal challenges or judicial reviews that could follow as a result of the reintroduction of development contributions in the Far North District.

- (1) A research report on best practice in development contributions following guidance from the Department of Internal Affairs and taking advice from the local government working group on development contributions.
- (2) The testing of options on ratios and dollar values for development contributions for waters, social infrastructure, and reserves in alignment with the budgets put forward for growth projects in the long-term plan with internal key subject matter experts from infrastructure and finance. This will also require financial modelling.
- (3) Workshops with elected members on ratios and dollar values and the criteria to be included in a new Development Contributions Policy.
- (4) The drafting and approving of an amended long-term plan for public consultation, including a draft development contributions policy.
- (5) Public consultation.
- (6) Hearings.
- (7) Deliberations.
- (8) The final drafting of a new development contributions policy for adoption. To reduce risk to the Council this will require a final peer review by an external consultant and a legal review prior to final draft being put forward to Council for adoption as part of a long-term plan amendment.

- (9) System reconfiguration and training of staff assigned the accountability and responsibility for the administration of development contributions ready to commence 1 July 2022.

Option One highlighted the need for further research and analysis on the 'do nothing' option. Further research and analysis is also required across a range of options that need to be workshopped with elected members to land on the right mix of funding between ratepayers and developers for all new growth related development that the Council is comfortable including in new development contributions policy.

Given the need for extensive research and workshopping let alone the requirement to adhere to a long-term plan amendment process that is compliant with the Local Government Act 2002 this option is not recommended.

#### **Option Four: Align the making of a new Development Contributions Policy with 2024-34 Long Term Plan (recommended option)**

Using the activities and deliverables identified in Option Three in this report the high-level indicative timeframes in Table One outline how a new Development Contributions Policy could become operative 1 July 2024 with the 2024-34 Long Term Plan.

It is important to point out that this option allows time to research and then workshop options with elected members for the introduction of a new development contributions policy. Part of this research, analysis and then workshopping with elected members will ensure the 'do nothing option' is assessed in greater detail. This assessment will also consider the impacts of the three waters reforms, the resource management reforms and the local government reforms.

Staff recommend this option for the successful reintroduction of development contributions in the Far North District for the reasons listed in the next section of this report.

Table One: Indicative project schedule to deliver on new Development Contributions Policy that comes into effect 1 July 2024.

Activity/Deliverable	Estimated due date	Comments/Notes
<b>Phase: Concept</b>		
Paper to Council (this paper) recommending the adoption of new development contributions in alignment with the 2024-34 Long Term Plan.	16 December 2021	
<b>Phase: Research</b>		
Communications and engagement planning commences with stakeholder and partner identification and analysis.	January – February 2022	
Internal workshops on options, review of best practice development contribution policies in use across New Zealand.	February – April 2022	

Review of options with an external expert and a mentor Council on development contributions.	April 2022	
Project plan approved.	April 2022	From this point on in this table the dates are indicative and assumptive. With the approval of project plan will come more exact due dates, timeframes, and costings.
<b>Phase: Conceive</b>		
Workshop on different options, timeframes, and a confirmation of the scope of the development contributions policy (which growth related development, which locations)	June 2022	This will explore differing ratios of contributions based on equity between ratepayers and developers and who benefits.  It will also seek a steer on what new growth related development will be subject to development contributions and in what locations.  It will also explore the 'do nothing' option.
Research report completed.	August 2022	
Communications and engagement plan completed.	August 2022	
Paper to Strategy and Policy Committee – options and recommendations for a new development contributions policy.	6 September 2022	This will also present a full assessment of the 'do nothing option'
<i>Local Body Elections.</i>	<i>8 October 2022</i>	
<b>Phase: Design</b>		
Drafting of a development contributions policy for public consultation.	October 2022– January 2023	
Communications and Engagement Plan approved.	February 2023	
Approval by Council for public consultation on draft development contributions policy.	February 2023	
<b>Phase: Consult</b>		
Public consultation on draft development contributions policy.	March – May 2023	This timeframe includes hearings
Submission's analysis.	May-July 2023	
Draft new policy for adoption.	July – August 2023	

Approval by Council to use a new development contributions policy to inform 2024-34 Long Term Plan.	September 2023	This informs the development of (1) The Financial Strategy and (2) The Infrastructure Strategy
<b>Phase: Activate Policy</b>		
Adoption of a new Development Contributions Policy with 2024-34 Long Term Plan.	June 2024	
New Development Contributions Policy comes into effect.	1 July 2024	Staff commences administration of the development contributions policy. Policy rules apply for developers.

### Take Tūtohunga / Reasons for the recommendation

Staff recommend Option Four - Align the making of a new Development Contributions Policy with 2024-34 Long Term Plan for the following reasons;

- Time is allowed for sufficient research, analysis, and workshopping of options, including doing nothing, with elected members.
- The timeframes for the reintroduction of development contributions with the 2024-34 Long Term Plan will allow for the potential impacts of the three waters reforms, resource management reforms and local government reforms to be considered when proposing a new development contributions policy.
- The timeframes provided in Table One will result in an options and recommendations paper to the last Strategy and Policy Committee meeting of the 2019-2022 Triennium. This allows for the exiting Council to hand over to the incoming Council the next steps in the making of a new development contributions policy.

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

The initial project concept for Option Four (Align the making of a new Development Contributions Policy with 2024-34 Long Term Plan) identified the following indicative rough order of magnitude professional services costs as required to deliver on this project over the proposed duration of the project schedule outlined in Table One in this document.

- 2021-22 Financial Year: \$50,000 in professional fees
- 2022-23-Financial Year \$35,000 in professional fees
- 2023-24 – Financial Year: \$25,00 in professional fees

There are available, unallocated professional fees in the 2021-22 financial year to cover off the indicative rough order costs identified above. It is anticipated that the majority, if not all the funds allocated in the 2021-22 financial year will go towards procuring in expert advice.

Staff are proposing the allocation of \$104,000 to strategy, policy and bylaw making for the 2022-23 financial year. A portion of these funds could be allocated to cover the indicative rough order of magnitude costs identified above.

A more complete detailed project plan has been identified in Table One in this document. This is scheduled to be delivered in April 2022. This plan will provide more detailed costings and therefore more detailed budget implications for the project proposed in Option Four.

**ĀPITI HANGA / ATTACHMENTS****Nil**

**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.

<b>He Take Ōkawa / Compliance Requirement</b>	<b>Aromatawai Kaimahi / Staff Assessment</b>
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>	The recommendation in this report does not meet any of the thresholds in the Significance and Engagement Policy.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Long Term Plan, Financial Strategy, Infrastructure Strategy. Local Government Act 2002. Local Government Rating 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.	The recommendation in this report has District wide relevance.
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.	The recommendation in this report is not significant and has no direct implications for Māori or relates to a specific land or a body of water.  This report aligns with the Treaty of Waitangi as per section 4 of the Local Government Act 2002.
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).	The recommendation in this report has no direct impact of significance on any individual person, persons, specific group, or collection of groups in the Far North District.
State the financial implications and where budgetary provisions have been made to support this decision.	Rough order of magnitude costings and budgetary provisions and implications have been provided in the body of the report.

Chief Financial Officer review.	The Chief Financial Officer has reviewed this report
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## 6 TE WĀHANGA TŪMATAITI / PUBLIC EXCLUDE

### 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:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<b>6.1 - Waipapa Sports Development - Transfer of funds from Baysport</b>	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	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
<b>6.2 - Extension of Solid Waste Contracts</b>	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities  s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	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
<b>6.3 - 8A Matthews Ave NES Soil Testing Costs</b>	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	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

**7 KARAKIA WHAKAMUTUNGA / CLOSING PRAYER**

**8 TE KAPINGA HUI / MEETING CLOSE**