Far North District Council

Te Kaunihera o Tai Tokerau ki te Raki

RIPOTA Ā TAU ANNUAL REPORT 2021/22

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Te Tīmatatanga • Introduction

He aha kei roto i tenei tuhinga
What is in this document?

The purpose of the Annual Report is to look at the council's accomplishments in the financial year from 1 July 2021 to 30 June 2022. The Annual Report advises the Far North community of the council's financial and non-financial performance during the financial year, including what we achieved, how well we delivered our services, the costs and how they were paid for.

This report shows the council's performance in year one of the Long Term Plan (LTP) 2021-31. It outlines the targets set and performance results and our key achievements for the year.

The Annual Report is laid out as follows:

Introduction

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

The council's activities

This section outlines the key achievements of each activity group and details the performance for the year based on targets set through the LTP 2021-31 including a report on the council controlled trading organisation – Far North Holdings Limited (FNHL) – and a report on the associate recognised by Council - Northland Inc (NI).

Financial performance

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

Tikanga kōrero whaitake
Statement of compliance and responsibility
for the year ended 30 June 2022

Compliance

The council and management of the Far North District Council are responsible for preparing this report and financial statements and confirm that all statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

In our view this Annual Report fairly reflects the financial position, performance outcomes and operating results of the council and its subsidiaries for the year ended 30 June 2022.

Responsibility

The council and management of the Far North District Council accept responsibility for the preparation of the annual financial statements and the Statement of Service Performance and the judgements used in them.

The council and management of the Far North District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the opinion of the council and the management of the Far North District Council, the annual financial statements and statements of service performance for the year ended 30 June 2022 fairly reflect the financial position, performance and operations of the Far North District Council and Group.

Moko Tepania
Mayor
XX 2023

Jill Coyle
Chief Executive Officer (Acting)
XX 2023

Ngā karere o te Koromatua me te Kaiwhakahaere Matua
Message from the Mayor and Chief Executive Officer

Kia ora koutou

Welcome to the Far North District Council's Annual Report 2021/22. This is where we look back on our achievements on behalf of ratepayers over the past financial year.

The financial year began positively in July 2021 with news that State Highway 1 at Mangamuka Gorge was reopening after being closed for almost a year following "a one-in-500-year storm event" the previous July. Kaitāia, which had already been hit hard by COVID-19 pandemic restrictions, was significantly impacted by the isolation the highway closure caused. A little over a year later and the same stretch of State Highway is again closed indefinitely due to multiple slips caused by storms.

The COVID-19 pandemic continued to impact and disrupt our operations during the 2021-22 financial year, adding an extra layer of complexity to the delivery of many services. However, by delivering a suite of new online services, we largely achieved our goal of ensuring services continued to be provided to customers. For example, our online portal for dog registration renewals came online in July 2021 and library staff introduced a range of online resources, such as a click and collect services, so customers could pick up items without coming into the library. Despite those adaptations, some service centre and library services were reduced due to staff absences at the height of the COVID-19 Omicron wave early in 2022.

In response to challenges created by the pandemic, the Government provided significant funding to help deliver numerous economic recovery projects across the district. These were projects ratepayers could not have financed alone and will continue to benefit our district for many years to come. You can find out more about those projects in this report, but it is worth noting some of the key successes here.

A major extension to the waterfront boardwalk at Mangōnui was completed in May 2022. It includes a new jetty and pontoon providing water access for boating, fishing, and swimming. The project was funded through our Long-Term Plan and the government's COVID-19 Response and Recovery Fund.

We completed a new water source for Kaitāia in June 2022. This can add up to 5000 cubic metres of extra water a day from two bores at Sweetwater near Awanui and will provide much-needed certainty to Kaitāia households, businesses and industry.

Key sections of a $3 million project to revitalise Kerikeri Domain were completed, adding a new skate park, full-sized basketball court, seating, drinking fountains and pathways. The final stage – a $800,000 playground – has now also been completed.

Despite these and other successes, we were unable to deliver all that we promised for year one in our Long Term Plan 2021-31. The impacts of the COVID-19 pandemic, global supply chain disruptions, skilled worker shortages, plus uncertainty created by the February 2022 invasion of Ukraine, have all contributed to delays and increased costs. As a result, we have carried forward some infrastructure projects to the 2022/23 financial year. These are detailed more fully on page 12.

While the October 2022 local body election falls outside the timeframe of this report, we have been busy preparing for changes that the representation review we completed in 2021 will usher in. For the first time, electors will have the option of voting for four councillors standing in our new Māori ward, Ngā Tai o Tokerau. This will increase the total number of councillors from nine to 10. We produced our own video to promote the election and to inform residents about the new Māori ward and proportional voting system. In a first for us, and possibly for any New Zealand council, the election video was translated into Te Reo Māori and New Zealand Sign Language.

To complement introduction of the Māori ward and to boost iwi and hapū interests on decision making, we appointed five Māori representatives to our Infrastructure, Regulatory Compliance, Strategy & Policy, and Assurance, Risk and Finance committees in June 2022.

In December 2021, a new Chief Executive was appointed to lead council operations. Blair King, who was formally CEO of Tararua District Council, took up his new role in April 2022 and has focused on improving the council's service delivery. His aim is to more effectively deliver on the commitments made to councillors, ratepayers, business owners and contractors in the council's Long Term Plan.

Ngā mihi.

Moko Tepania
Mayor

Jill Coyle
Chief Executive Officer (Acting)

Ngā Manu Mātārae
Civic Leadership

as at 30 June 2022

Hon John Carter QSO
Mayor

Cr Ann Court
Deputy Mayor
Bay of Islands-Whangaroa Ward

Cr Rachel Smith
Bay of Islands-Whangaroa Ward

Cr David Clendon
Bay of Islands-Whangaroa Ward

Cr Kelly Stratford
Bay of Islands-Whangaroa Ward

Cr Moko Tepania
Kaikohe-Hokianga Ward

Cr John Vujcich
Kaikohe-Hokianga Ward

Cr David Collard
Te Hiku Ward

Cr Felicity Foy
Te Hiku Ward

Cr Mate Radich
Te Hiku Ward

Ngā Rāngai Hapori
Community Boards

Bay of Islands - Whangaroa Ward

Belinda Ward (Chair)
Paihia

Lane Ayr
Kerikeri

Manuela Gmuer-Hornell
Russell-Ōpua

Dave Hookway
Kerikeri

Bruce Mills
Whangaroa

Frank Owen (Deputy Chair)
Kerikeri

Manuwai Wells
Kawakawa-Moerewa

Kaikohe - Hokianga Ward

Mike Edmonds (Chair)
Kaikohe

Laurie Byers
Kaikohe

Emma Davis (Deputy Chair)
North Hokianga

Louis Toorenburg
South Hokianga

Alan Hessell
South Hokianga

Kelly van Gaalen
Kaikohe

Te Hiku Ward

Adele Gardner (Chair)
Kaitāia

Darren Axe
North Cape

Jaqi Brown (Deputy Chair)
Kaitāia

Sheryl Bainbridge
Doubtless Bay

John Stewart
Kaitāia

Bill Subritzky
Whatuwhiwhi

Hononga rautaki
Strategic linkages

Ngā Wāhanga e Whā o te Hauora • The Four Aspects of Wellbeing

Our Vision

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

Our Mission

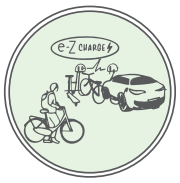
HE ARA TĀMATA
CREATING GREAT PLACES
Supporting our people

He Rautaki Whakaarotau • Our Strategic Priorities

Better asset management

Address affordability

Enable sustainable economic development



Adapt to climate change

Protect our water supply

Deepen our sense of place and connection

He Putanga Hapori • Our Community Outcomes

Proud, vibrant communities

Prosperous communities supported by a sustainable economy

Communities that are healthy, safe, connected and sustainable

Connected communities that are prepared for the unexpected

A wisely managed and treasured environment that recognises the role of tangata whenua as kaitiaki

We embrace and celebrate our unique culture and heritage and value it as a source of enduring pride

Te Mahi Tahi me te Māori
Working with Māori

The Council recognises the special place of tangata whenua in the District and the important role Māori have to play in our decision-making processes. We have continued to build on existing relationships whilst also focusing on developing internal capacity and capability to drive a programme of cultural change.

Some of our highlights

- Councillor Tepania held and advanced the Te Ao Māori portfolio during the year, both with staff and elected members to advance strategic relationships with Māori; and advanced initiatives to drive cultural change within the organisation.

- In July 2022, Council made a resolution to have non-elected Māori representation on four of its standing committees. Ten applications were received with five applicants selected by council resolution on 14 July 2022 to join the Infrastructure; Regulatory Compliance; Strategy and Policy; and Assurance, Risk, and Finance committees for the remainder of this council term.

- Council made a decision to have Māori Representation at the Local Government elections in 2022. Which enabled Māori on the Māori Electoral Roll to elect Councillors to the Council decision-making table with full voting rights. The Māori ward, Ngā Tai o Tokerau, covers the entire district and comprises of four councillors representing voters on the Māori Electoral Roll.

- During the year, we continued to actively participate in Te Oneroa-a-Tōhē Board / 90 Mile Beach, a co-governance board (Te Hiku Iwi with Far North District Council and Northland Regional Council), established via Treaty Settlement to develop a Beach Management Plan.

- Council is currently working with Te Rūnanga Ā Iwi Ō Ngāpuhi in drafting and implementing a Mana Whakahono-ā-Rohe Memorandum set out in the Resource Management Act.

- Council has over the course of 2022 made dramatic steps by engaging at hapū level to form working groups on a number of council projects. This has proved extremely successful in providing a mana whenua perspective on a number of significant factors in the planning and implementation process that have previously not been given due regard.

- Council's Te Hono Department – whose role is to build internal capabilities and enhance mana whenua relationships, has supported the organisation to ensure timely and appropriate Māori participation in Council decisions and programmes of work. Te Hono is currently working on a number of Māori focussed internal policies and frameworks to enhance operational staffs' capacity to engage more effectively with mana whenua partners and communities.

Ā mātou pitopito mahi
Our performance in brief

As outlined in the Long Term Plan (LTP) 2021-31, the aim was to achieve a balanced budget, ensuring that projected operating revenues are sufficient to meet the year's projected expenses. The rates increase was 3.4% reported in the LTP 2021-31 for Year 1.

The financial strategy in the LTP outlined the challenges the District faces, in particular water resilience, given that recent years had led to droughts and water shortages. We committed to delivering a capital works programme that included developing the Sweetwater borefield and pipeline and upgrading the Moerewa stormwater network, amongst many other projects.

After two years of COVID-19 lockdowns and restrictions, Aotearoa is now opening itself to the world and we are seeing a renewed sense of optimism in the Far North, especially within our tourism and hospitality sectors. While impacts of the pandemic will continue to challenge us, the Northland economy has emerged in better shape than predicted, with a high rate of employment and a booming construction sector, which can be seen in these achievements completed throughout the year:

- A new $1.5million animal shelter was opened in Kaitāia in July 2021, catering up to 20 dogs and has outdoor and indoor kennels, three exercise areas, separate quieter areas for elderly or more anxious dogs and quarantine, veterinary and storage facilities. It was built ahead of time and within budget.

- We are heavily involved in delivering sports infrastructure throughout our communities. Sports hubs are being developed in each of our three wards:

    - Initial construction is underway on the much-needed Te Puāwaitanga - Bay of Islands Sports Hub at Waipapa. It will provide facilities for rugby league, football, hockey, cricket, gymnastics, softball and croquet.

    - Rapid progress is being made on the community led Te Hiku Sports Hub and Aquatics Centre. It is scheduled to be opened in early 2023. It will provide new heated pools, physiotherapy quality hydrotherapy pool and toddlers water area, and multi sports facilities and fields, fitness gym, team changing rooms and function rooms to the local community.

    - In Kaikohe, we are poised to begin a $12.5million upgrade to Lindvart Park. The project will turn our existing high-quality sports fields, courts and pavilion into a premier sporting facility. It will become a magnet for sports people and a focal point for the Kaikohe-Hokianga community.

- Two competition-grade pump tracks at Kaitāia and Ahipara, and a new skate park and basketball court at Kerikeri Domain, opened in early 2022, all proving an instant hit for youth in both wards.

- The new 14km pipeline from Sweetwater, near Awanui, to the town of Kaitāia was blessed at the end of June, which brought the project to its completion. When it becomes operational in the coming months, it will provide an additional 5,000 cubic metres of water per day, which will significantly boost the town's water resilience, having suffered six droughts in nine years.

- The new waterfront boardwalk at Mangonui is now complete. It includes a dual walking and cycling boardwalk, a 364 metre extension and a new jetty and pontoon. It was 5 years in the making, involving the Mangonui Waterfront Facilities Working Group, Kenana Marae, local iwi and the community.

However, despite these successes, we acknowledge that we have not delivered on all that we promised in year 1 of the LTP 2021-31. At the time of publication of the LTP, we recognised there would be economic disruption, and that the impacts of the COVID-19 pandemic would continue to add challenges. Global supply chain disruptions combined with a shortage of skilled workers across the country have fuelled high rates of inflation, as well as the day to day hit on productivity caused by high numbers of COVID-19 infections. Fuel charges have also increased as a result of global events which ultimately impact supply costs. Collectively, all of these have added substantial costs and delays to some of our infrastructure projects, putting us in an environment that is challenging our delivery programmes.

The result is a revised work programme for 2022/23 and beyond, that carries forward projects that were delayed this year. Here are a few examples of these delayed projects:

Project Name	LTP 2021-31 Year 1 ($000s)	Retime/ Move to	Revised budget ($000s)	Reason
Pou Herenga Tai (Twin Coast Cycle trail) Ōpua to Taumarere replacement	3,075	2024/25	Same	An alternative route had to be developed via Oromahoe and Whangae Roads due to design complexities and inflationary pressures on the construction costs of the original plan, which was for the cycle trail to run alongside the railway. Weather has impacted construction, and negotiations continue with landowners. The Project Manager is confident that progress can now be made.
Paihia maritime facilities, waterfront storm mitigation	12,551	Removed	Removed	Due to escalating construction costs, Council accepted advice to end the project. The project was to be jointly funded via MBIE and Council funds; the MBIE grant will not now be available and potential coastal projects across the District could use the Council's share.
Hihi WWTP upgrade	2,500	2024/25	2,500	The upgrade was initially delayed to allow greater engagement with the community and hapū groups. Through the course of that engagement, a different approach to the plant upgrade was proposed with the first stage to be the replacement of an at-risk tank. That replacement is planned to occur during 2022/23, with the remainder of the project to be designed in parallel to this activity.
Lindvart Park pavilion, Kaikohe	8,925	2022/23	8,075	Delays to the design phase and building consents have delayed the project start, with work due to commence September 2022 following the dawn blessing that was held on 8 June 2022.
Te Haumi Beach seawall and carpark renewals	470	2022/23	2,500	There needs to be significant engagement with the community, Iwi and hapū before work can commence on this project.
Stormwater improvements, Moerewa	1,006	2022/23	736	Retiming the Moerewa stormwater improvements to 2022/23 reflects the complex nature of ongoing engagement with an extensive range of stakeholders and the need to satisfy multiple legal requirements in order to develop a feasible solution. The proposed work has support from the community, iwi, Regional Council, KiwiRail and the Ministry of Education with data gathering for detailed design already underway.
District-wide sludge management equipment	2,905	Removed	Removed	Global supply issues will not enable us to take delivery of this equipment and use it in any meaningful fashion prior to 3-Waters Reform.
Southern animal shelter	953	2022/23	700	Delays due to weather, availability of materials and increase in materials costs have all combined to delay the project start. Works have now started.
Civil defence tsunami sirens	400	Unknown	2,500	Shipping delays due to the pandemic have forced the project to be carried over, but when exactly is not entirely known. This project will be delivered through a shared services arrangement with Northern Regional Council as lead.
Housing for the Elderly (HFTE), Kaikohe	474	2022/23	433	This project relates to the Ōmāpere site and the conversion of a heritage listed property to HFTE units. Construction is due to commence during 2022/23 due to the time required for design, heritage, structural and geotechnical works, with some delays being attributable to the effects of the pandemic.

Throughout the year, Council celebrated awards and achievements for:

- Kaitāia winning Most Beautiful Small Town award. This was because of the public artworks and projects delivered by the community as part of the Te Hiku Open Place Revitalisation Project.
- The project also led to Council being awarded the LGFA Taituara Local Government Excellence Award, for its collaboration with the Kaitāia Business Association, Te Hiku iwi, Te Hiku Community Board and the wider community.
- Our hybrid working model was named the country's Best Workplace Flexibility Program at the annual HRD Awards NZ, beating off AIA New Zealand and McDonald's Restaurants (NZ).

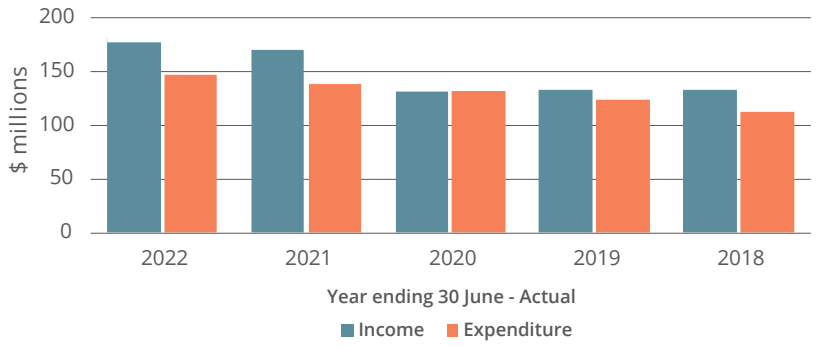
Financial overview

Our operational result for the 2021-22 financial year shows a net surplus of $26.523m compared to a budgeted net surplus of $44.392m.

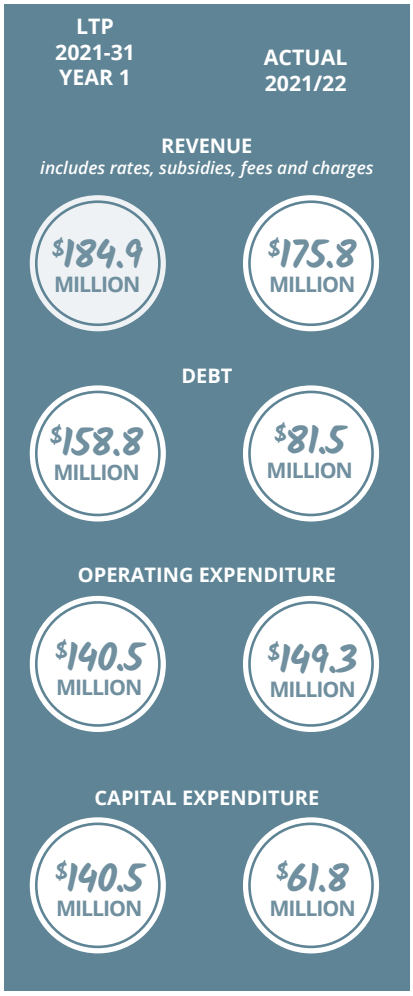
Financial trends

	Budget	2022	2021	2020	2019	2018
Income	185	176	171	132	133	133
Expenditure	140	149	136	130	122	111
Surplus	45	27	35	2	11	22

Operational performance



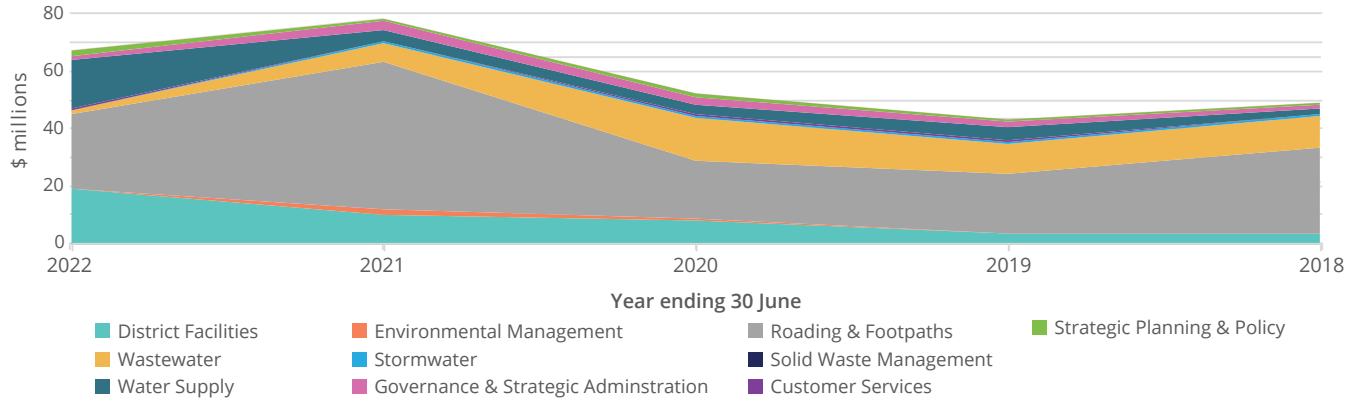
- The council ended the year with a strong cash position of $13.3m (2021 $5.4m) due to prudent cash management.
- Debt remained at a steady level of $81.5m (2021 $63.5m), including short term borrowings of $10m (2021 $22m).



Capital works programme

Capital expenditure of $61.8m for the year was lower than expected reflecting rising inflation, disruptions to supply chains and the impact on productivity due to high numbers of COVID-19 infections.

	2022 Budget	2022 Actual	2021 Actual	2020 Actual	2019 Actual	2018 Actual
Roading and Footpaths	43.28	24.06	47.66	18.54	19.14	27.64
Water Supply	11.57	15.65	3.47	2.98	4.24	1.62
Wastewater	13.05	1.21	5.61	13.45	9.20	9.69
Stormwater	3.67	0.34	0.94	1.00	1.07	0.77
Solid Waste Management	0.77	0.15	0.10	0.14	0.16	0.01
District Facilities	62.82	17.38	9.28	7.64	3.20	3.45
Customer Services	0.99	1.26	0.60	0.64	0.46	0.28
Environmental Management	0.98	0.14	1.61	0.70	0.28	0.02
Strategic Planning and Policy	-	0.06	-	-	-	-
Governance and Strategic Administration	3.41	1.55	3.01	2.85	1.98	1.60
Total	**140.54**	**61.80**	**72.28**	**47.94**	**39.73**	**45.08**



Non financial overview

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

	Achieved	Not achieved	Not assessed
Roading and Footpaths	5	3	-
Water Supply	5	4	-
Wastewater	6	4	-
Stormwater	7	1	-
Solid Waste Management	2	2	-
District Facilities	4	4	-
Customer Service	1	2	-
i-SITEs	1	2	-
Libraries	4	-	-
Museums	1	1	1
Environmental Management	4	5	-
Total	**40**	**28**	**1**

Outlook

In an ideal world, we should have maintained a steady course for year one of the current Long Term Plan (LTP). However, as we all know, the world has changed and the local government sector, like many others, is experiencing significant disruption. As explained already in Our Performance in Brief (pages 11-12), our capital programme was hugely affected this year by sharply rising inflation, unpredictable and unreliable supply chains, workforce availability within our supply networks and the day-to-day hit on productivity caused by high numbers of COVID-19 infections.

We expect that this will continue, with budgets being revised upwards to accommodate cost increases. To counteract this, a revised work programme has been set in place for 2022/23 where projects have been carried over from 2021/22, and with revised timeframes for planned work that we are unlikely to have sufficient capacity to deliver. Council may even have to consider postponing non-essential projects if supply chain issues don't resolve soon.

Despite these market uncertainties, our renewed focus is on delivery and quality, and addressing outstanding water and wastewater compliance issues and the impacts of increasing demands for services because of land development and population growth. Our intention is to deliver better service outcomes to our communities.

Three Waters Reform, launched by the Government in 2020, is a programme that rethinks the service delivery for water, wastewater and stormwater. Whilst we agree that Aotearoa needs to change the way three waters assets are operated, there is still uncertainty regarding representation and funding. The transfer of responsibilities to the new super water entities is due to occur in 2024/25, however what those changes will be is still uncertain whilst Government navigates the concerns of not only us but other councils around the country.

The ongoing Government inquiry into the future of local government continues, where the role and function of councils is under the spotlight, with an aim to deliver enhanced community wellbeing outcomes for our communities. This comes at the same time as an overhaul of the Resource Management Act that could result in regionalized arrangement for land-use planning and regulatory activities. It is still very much a "watch and wait" situation.

Ā mātou mahi • Our activities

Mahinga whakarato
Statement of service provision

Community outcomes

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

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

What we do	How our community outcomes link to our activities					
Activity	Communities that are healthy, safe, connected and sustainable	Connected and engaged communities prepared for the unexpected	Proud, vibrant communities	Prosperous communities supported by a sustainable economy	A wisely managed and treasured environment that recognises the special role of tangata whenua as kaitiaki	We embrace and celebrate our unique culture and heritage and value it as a source of enduring pride
Roading and Footpaths	✓		✓		✓	
Water Supply	✓		✓	✓	✓	
Wastewater	✓		✓	✓	✓	
Stormwater	✓		✓		✓	
Solid Waste Management	✓		✓		✓	
District Facilities	✓	✓	✓		✓	✓
Customer Services	✓		✓		✓	✓
Environmental Management	✓		✓		✓	
Strategic Planning and Policy	✓	✓	✓	✓	✓	✓
Governance and Strategic Administration			✓			

Service delivery

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

Annual resident survey

Tauranga-based research company Key Research conduct on behalf of the Council to undertake a quarterly postal to online survey measuring the performance of the Far North District Council, together with quarterly reporting of progress. Data was collected over four periods from November-December 2021, January-February, March-April, May-June 2022. At an aggregate level the survey has an expected 95% confidence interval of (margin of error) ±3.92%.

Summary dashboard

Annual resident survey result comparisons 2021 to 2022.

Service / facility / activity	2022 % very satisfied / satisfied	2021 % very satisfied / satisfied
Roads	25	38
Footpaths	30	42
Water supply	50	57
Wastewater	65	66
Stormwater	37	35
Refuse transfer stations	80	79
Community recycling stations	71	81
Cemeteries	83	90
Libraries	84	96
Public toilets	47	55
Parks and reserves	57	63
Coastal access	45	55
Carparking facilities	43	44
How the Council's animal management team manages dogs in the district	35	New
How the Counci'ls animal management team manages livestock in the district	44	New
Community board awareness in your area	76	82
Informed about the District Plan (land use)	11	15
Aware of changes to the District Plan	11	20
Informed about what the council is doing (all residents)	16	25
Informed about what the council is doing (Māori respondents)	18	22
Overall performance of the council	26	25

Community wellbeing

Schedule 10, clause 23 (d) of LGA 2002 requires us to "describe any identified effects that any activity within the group of activities has had on the social, economic, environmental, or cultural well-being of the community".

What are the four aspects of wellbeing?

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

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

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

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

Activity	S	E	E	C	Narrative
1 Roading and Footpaths	●	●	●		Efforts were made to tackle the increasing road toll by trialling a WOF and rego ticketing officer to help ensure vehicles driven on our roads are safe. In this vein, speed reviews for the state highways in our region are still being considered and a roundabout and two-lane bridge is under construction north of Kāeo, both aimed at making the roads a safer environment to use. More than 40 roads were prioritised for upgrades, many of which are high volume tourist routes. These are renowned for dust and these upgrades will help improve air quality and water tank contamination.
2 Water Supply	●	●	●	●	The opening of the Kaitāia water project completed a project that now significantly boosts the town's water resilience, having suffered multiple droughts over the last decade. More clean water will be provided to our residents, businesses and industry in Kaitāia than ever before. Delays in reading water meters caused water bills to be issued for 12 months to Kerikeri residents at the beginning of the year, due to staff absences as a result of the pandemic.
3 Wastewater	●	●	●	●	Improvements to the wastewater treatment plants around the district are needed, to help sustain the local environment for which they service, and a working group has been established between Council and hapū. Reforms for three waters from central government continue, much needed investment is required to improve water quality, but Council has raised concerns regarding its representation in the new water entity and how the entity is to be funded.
4 Stormwater	●	●	●		Although there weren't any serious flooding events during the year, Council is actively working on improvements to Moerewa. Due to the project's complexity, this work will be ongoing into next year. Safety of residents was paramount when a track to a popular Kerikeri waterfall and watering hole had to be closed due to damage caused by erosion from stormwater.

Activity	S	E	E	C	Narrative
5 **Solid Waste Management**	●	●	●		Turning waste into a resource is the main focus of new initiatives at the Russell Landfill and Recycling Centre, with greater community involvement in recycling, waste education and sustainability opportunities. This is further enhanced with the introduction of smart bins across the district, which help eliminate overflow problems and reduce Council's carbon footprint by emptying them only when necessary, and the opening of a new recycling centre at Waitangi, making it easier for residents to recycle and reduces waste going to landfill.
6 **District Facilities**	●	●	●	●	Council-owned pensioner housing has been upgraded throughout the year, with improved heating and ventilation, making them warmer and healthier for residents. Our younger residents were the main focus behind new pump tracks and playgrounds that opened throughout the year at Awanui, Ahipara, Kerikeri and Kaikohe, bringing communities together not just in enjoying them but also by being involved with the construction and installation.
7 **Customer Services**	●			●	Contactless technology was installed across the Far North libraries, making the library experience much easier, less time-consuming and enjoyable for residents. In addition to this, more Council services are available online than ever before - tracking RFS, payments, rates information, consent applications, park/open space bookings to name but a few.
8 **Environmental Management**	●		●		With a new electric vehicle charging station installed at Paihia, massive benefits to the environment, economy and social wellbeings can be leveraged. A new animal shelter was opened in Kaitāia, providing quarantining facilities, exercise areas and veterinary facilities, preventing the spread of parvovirus. And the nation's first region-wide climate adaptation strategy was adopted by the three Northland district councils and Northland Regional Council, a joint Council working group established to align climate adaptive change across Northland.
9 **Strategic Planning and Policy**	●	●	●	●	Following the adoption of Māori wards in May 2021, a new Māori ward has been added to the district, Nga Tai o Tokerau, which was approved by the Local Government Commission. The proposed Far North District Plan has now progressed to the next stage in its 10 year review, with the public invited to make their submissions.
10 **Governance and Strategic Administration**	●	●		●	Following on from the success of the hybrid working model from previous years, it has now become common place for elected members to attend council meetings remotely. Despite business interruptions with the pandemic and staff absences, council meetings can still forge ahead. This in itself has led to more community funding being made available by elected members for community projects. This year of course the local elections are being held in October and a major campaign was launched in June promoting these. Video was chosen as the best way to inform the widest possible audience about them and to convey the changes, namely more councillors, a new voting system and most importantly a new Māori ward.

Ngā rori me ngā ara hikoi • Roading and Footpaths

The roading network is vital infrastructure for connecting our communities and ensuring safe access to the places that make visiting and living in the Far North an enjoyable experience. A core function of Council is the maintenance and management of the local roading network (excluding state highways which remain the responsibility of the Waka Kotahi NZ Transport Agency). This includes street lighting and signage.

A well-planned, safe, and integrated network for walking and cycling contributes to our communities' quality of life. As part of this activity we also maintain the network of footpaths and walking and cycling amenities, and as our communities grow and needs change we monitor the need for new, safe walking and cycling facilities.

Key facts

- 2,509.1 km of roads (902.7 km sealed and 1,606.4 km unsealed)
- 725 bridges
- 1,004 retaining and seawalls
- 1,847 streetlights
- 1 vehicular ferry 'Kohu Ra Tuarua' used on the Hokianga Harbour
- 7 inactive quarries
- 226.3 km of footpaths
- 87 km of Twin Coast Cycle Trail 'Pou Herenga Tai'

How we performed

Level of service

1.1 To maintain the District's roading network in a satisfactory condition and in accordance with national safety and engineering standards.

Performance measure

1.1.1 The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
30 total 4 fatalities 26 serious injury crashes Actual increase in serious injuries and fatalities is 6	31 total 5 fatal 26 serious injury crashes Actual increase in serious injuries and fatalities is 1	No increase	36 total 6 fatal 30 serious injury crashes Actual increase in serious injuries and fatalities is 6	Not achieved

Narrative

There has been an increase of 6 serious injury/fatal crashes for this financial year. The Roading Alliance team are continuing to investigate improvements to reduce the number of serious injury/fatal crashes on our network, including promoting safe driver behaviour and speed management.

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
94%	94%	>88%	93%	Achieved

Performance measure

1.1.3 The percentage of the sealed local road network that is resurfaced.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
5.7%	8.3%	>6%	6.5%	Achieved

Narrative

The planned programmed reseals were completed throughout the district based with available budgets.

Performance measure

1.1.4 The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the LTP. Emergency / public safety: within three hours Urgent: within seven days Non-urgent: within 14 days.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
93.60%	87.1%	≥95%	90.7%	Not achieved

Narrative

The Roading Alliance team have been very busy with the number of requests for service (RFS) that have been lodged in this financial year. There have been delays in staff being able to do site visits due to the COVID-19 alert levels changing in Northland throughout the year. The Roading Alliance team have been encouraged to be onsite or to call the customer before the due date to resolve RFS' in a timely manner.

Performance measure

1.1.5 The maintenance of the roads meets the council level of service targets as specified in our roading maintenance contracts

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
99.7%	98.4%	>85%	84.2%	Not achieved

Narrative

Six specific KPMs (Key Performance Measures) are taken from the Contract Performance Matrix to report on this LTP measure. The annual result is calculated based on the average of a 12 month period and averaged across contracts for a Network performance result. The six KPMs include: Monthly programme approval 20th of each month (Pass/fail target 100%), sealed inspection achievement (target 95%), unsealed inspection achievement (target 95%), drainage inspection achievement (100% of cumulative target), routine response time (target 95%) and approved ordered works (target 90%).

Performance measure

1.1.6 The percentage of the sealed local road network that is rehabilitated

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
New Measure	New Measure	0.5%	0.5%	Achieved

Narrative

Rehabilitation sites were completed during the roading construction period from October 2021 to April 2022. Oruru Road, Taipā rehabilitation sites 1 and 2, and Kings Road Paihia rehabilitation sites were completed in the third quarter (January – March 2022). Waimatenui/Mataraua Road, Kaikohe rehabilitation sites 1 and 2 as well as Waikare Road, Waikare rehabilitation site were completed during quarter four (April – June 2022).

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
99.4%	96.8%	≥95%	97.0%	Achieved

Narrative

This target has been achieved consistently throughout the year due to embedded operational processes being followed. Peak season (December through to February) was not as busy this year due to border restrictions caused by COVID-19 creating a drop in tourism throughout the country. There were an increased number of late sailings in the final quarter, this was due to an increase in ambulance / emergency use of the ferry causing disruption to the scheduled departure times.

Level of service

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

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
99.4%	97.0%	>90% in fair or better condition	97.1%	Achieved

Narrative

Althought the measurement for this target is still the same as previous years, the target is now reported as one percentage for fair or better condition. Fair or better condition is calculated from Grade1 - Grade 3. Grade 1 (very good) - Grade 5 (very poor). Grade 1 - 44.08%, Grade 2 - 34.86%, Grade 3 - 18.20%, Grade 4 - 2.54%, Grade 5 - 0.32%.

Ngā wai tuku · Water Supply

Safe drinking water is essential to the health and wellbeing of our communities. Council is responsible for the treatment and distribution of water through our reticulated water schemes. We also install and read water meters to make sure you are billed for the correct usage. A vital function is ensuring firefighting performance standards are met in urban water supply areas. We also provide new water connections with areas of benefit and supply commercial water operators who deliver to private water tanks.

In the past few years, we have struggled to supply enough water in some locations due to extremely dry weather. As a result, several initiatives have been included in our work programme, including bore upgrades and increased water conservation messaging and education.

To boost our ability to store water, Council has confirmed a partnership with Te Tai Tokerau Water Trust which is building a mid-North water storage reservoir and delivery system that will ensure that Council has access to water supply during dry weather.

Key facts

- 8 potable (drinkable) water schemes that incorporate:
  - 1 non-potable supply areas
  - 9 water treatment plants
- Water is sourced from:
  - 2 dams
  - 5 bore fields
  - 7 stream intakes
  - 26 reservoirs sites
- 362 km of water mains
- 16 booster pump stations
- 11,478 properties are connected to Council water systems
- All schemes have universal water metering.

How we performed

Level of service

2.1 To provide reliable and sustainable water supply, ensuring sustainable development and adequate water supply in times of emergency.

Performance measure

2.1.1 The extent to which the local authority's drinking water supply complies with:
a. Part 4 of the drinking-water standards (bacteria compliance criteria).

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
All schemes compliant	All schemes compliant	Each scheme continuously meets the required standards for drinking water	Taraire Hills	Not achieved
			Monument Hill	Achieved
			Kaitāia	Not achieved
			Kawakawa	Not achieved
			Kerikeri	Not achieved
			Ōkaihau	Not achieved
			Ōmanaia	Not achieved
			Ōpononi / Ōmāpere	Not achieved
			Paihia	Achieved

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
All schemes compliant	All schemes compliant	Each scheme continuously meets the required standards for drinking water	Taraire Hills	Non-conform
			Monument Hill	Achieved
			Kaitaia	Not achieved
			Kawakawa	Not achieved
			Kerikeri	Not achieved
			Ōkaihau	Not achieved
			Ōmanaia	Not achieved
			Ōpononi / Ōmāpere	Not achieved
			Paihia	Achieved

Narrative

The Ministry of Health no longer assess compliance with the drinking water standards. At the request of the OAG as an audit requirement, Council engaged an independent auditor to assess this compliance. The auditor concluded that while there are non-compliances across the district drinking water supplies, the likelihood of waterborne illness is low. Most of the plants employ multibarrier approaches that are good practice in water treatment. The recently developed Water Safety Plans have captured the required improvements in control, automation, reporting, and sampling to yield a higher level of compliance.
* Non-conforming refers to plants that exhibited a failure in documentation and reporting. This does not indicate a non-compliance event.

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
25.0%	28.3%	<26%	28.0%	Not achieved

Narrative

The leak detection project commenced in our district this year resulting in successful identification and repairs being undertaken. Estimates were used from September to collect the nett metred data for water loss, this was due to COVID-19 causing staff illness and isolation requirements. The manual collection of these results was not restored until April.

Performance measure

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

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

Measure	2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
a.	0.95	0.91	< 2 hours	0.75	Achieved
b.	2.78	3.03	< 4 hours	4.89	Not achieved
c.	0.3	0.9	< 2 working days	0.65	Achieved
d.	0.8	0.9	< 3 working days	0.72	Achieved

Narrative

There have been resourcing and logistical impacts caused by COVID-19. It was a challenge attending to callouts in a timely manner, due to staff isolation requirements and illness. Median response time, however, is not reflective of actual time spent in the field. Ongoing training with staff is set to continue to improve these results for future months.

Performance measure

2.1.4 The total number of complaints received by the local authority about any of the following:

a. drinking water clarity
b. drinking water taste
c. drinking water odour
d. drinking water pressure or
e. flow continuity of supply, and
f. the local authority's response to any of these issues expressed per 1,000 connections to the local authority's networked reticulation system.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
78.1	69.6	< 100 complaints per 1,000	23.58	Achieved

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
310.78L	274L	≤ 350L / day / resident	268L	Achieved

Narrative

This is an informational indicator only.

Wai pakopako • Wastewater

The appropriate collection, treatment and disposal of wastewater are vital for the health and wellbeing of our communities and environment. Council manages and maintains reticulated sewerage schemes and services for the treatment and disposal of waste from septic tanks in our district. We also provide new schemes and sewer connections where and when required. We also monitor the maintenance requirements of on-site sewage disposal systems and provide for facilities for the reception and treatment for on-site septage discharged by commercial operators. Wastewater assets consist of pipeline reticulation, pump stations, and treatment plants.

Key facts

- 17 communities serviced with wastewater schemes
- 15 wastewater treatment plants
- 445 km of sewer pipe
- 153 pumping stations
- 13,349 properties are connected to Council's systems.

How we performed

Level of service

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

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
2.42	8.09	≤ 12 per 1,000 connections	5.25	Achieved

Performance measure

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

a. abatement notices
b. infringement notices
c. enforcement orders, and
d. convictions, received by the territorial authority in relation those resource consents.

Measure	2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
a.	1	2	2 or less	3	Not achieved
b.	1	2	1 or less	8	Not achieved
c.	0	0	0	0	Achieved
d.	0	0	0	0	Achieved

Narrative

a) Three abatement notices were issued this year, one relating to Russell wastewater treatement plant and the other two relating to odour from pump stations.
b) Of the eight infringement notices issued, one remains outstanding for the Russell wastewater treatment plant. This will be resolved on completion of the scheduled upgrades to this plant as stated in the LTP.

Performance measure

3.1.3 Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured:

a. attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site (median attend time).

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
1.1	1.13	2 hours	1.27	Achieved

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
3.16 hours	3.00	4 hours	1.38	Achieved

Performance measure

3.1.4 The total number of complaints received by the territorial authority about any of the following:
a. sewage odour
b. sewerage system faults
c. sewerage system blockages, and
d. the territorial authority's response to issues with its sewerage system, expressed per 1,000 connections to the territorial authority's sewerage system.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
22.5	27.10	≤ 50 per 1,000 connections	22.16	Achieved

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
56.0%	64.03%	≥95% responded to within set timeframe	61.9%	Not achieved

b. Resolution to prevent overflow.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
41.1%	77.8%	≥95% responded to within set timeframe	56.7%	Not achieved

Narrative
Longer response times for both attendance and resolution to prevent overflow in the first two quarters were due to staffing issues caused by COVID-19 illness and isolation requirements. This improved in the following two quarters, however, not enough to achieve the KPI for the full year.

Wai āwhā • Stormwater

Our stormwater system drains water away from public and private property to reduce potential harm to property, the environment and our communities. This is especially important in urban areas, particularly following heavy rain.

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

Key facts

- 137 km of pipes
- 39 km of lined and unlined channels
- 3,080 manholes
- 23 basins and ponds
- 66 floodgates
- 1,842 inlets and outlets
- 1 pump station.

How we performed

Level of service

4.1 To enable sustainable development through urban stormwater infrastructure.

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
0	1	1 or less	0	Achieved

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
No events	0.19 per 1,000	0	No events	Achieved

Narrative

There were no flooding events / habitable floor floods recorded in this financial year. There have unfortunately been several garage flooding's which were likely preventable. Planned formalisation of a preventative maintenance programme will aim to reduce the likelihood of similar cases in the future.

Performance measure

4.1.2 Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of:
a. abatement notices,
b. infringement notices,
c. enforcement orders, and
d. convictions, received by the territorial authority in relation those resource consents.

Measure	2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
a.	0	0	1 or less	0	Achieved
b.	0	0	0	0	Achieved
c.	0	0	0	0	Achieved
d.	0	0	0	0	Achieved

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
No events	4 hours	≤ 48 hours	No events	Achieved

Narrative

There have been no compliance related issues or flooding events in this financial year.

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
16.42	24.89	0 RFS per 1,000 properties	14.54	Not achieved

Narrative

Far North Waters (FNW) were impacted by a shortage in stormwater field staff (0 staff), however this was partially mitigated with support from their projects division. The area has been lucky to avoid several cyclones this season, which led to less requests / complaints than would usually be expected. Particularly in May and June. FNW have been thoroughly triaging requests to determine their true nature and the correct department for action accordingly. This has seen RFS / complaint numbers significantly lower than the average in previous years.

Mana Whakahaere Para • Solid Waste Management

Our disposal facilities across the district provide refuse and recycling services to protect the health of our communities and environment. Our responsibility is to manage refuse appropriately and to provide facilities that meet the needs and expectations of our communities. Council is required by legislation to have an operating Waste Management and Minimisation Plan (WMMP) designed to reduce the amount of refuse going to landfills while increasing the amount of refuse that is recycled. Our WMMP was adopted in 2017 and revised in 2021.

Key facts

- 16 refuse/recycling transfer stations
- 1 landfill at Russell
- 1 Resource Recovery Centre at Kaitāia
- 11 community recycling centres

How we performed

Level of service

5.1 To decrease the proportion of waste sent to landfill and increase the proportion of waste that is sent for recycling.

Performance measure

5.1.1 Percentage of waste from refuse transfer station that is recycled / reused.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
64.3%	60.8%	63%	58.8%	Not achieved

Narrative

There are three contracts that contribute to the overall % of waste diverted. The tonnages of materials handled under each contract varies considerably so they don't contribute equally to the overall result. The northern contract achieved an average diversion of 63.62%, while the southern contract achieved an average diversion of 58.76% and the Russell contract achieved an average diversion of 29.07%. Russell's reported tonnage has doubled since we have moved from estimated refuse tonnages to actual refuse tonnages. This improved accuracy has contributed to the apparent decrease in diversion at Russell compared to previous years.

Performance measure

5.1.2 All Refuse transfer stations are open to the public (no more than 30 minutes late once a year)

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
99.7%	99.98%	99.5%	99.70%	Achieved

Narrative

One new Community Recycling Centre was opened in Waitangi in conjunction with Te Tii Trust in January. There were two late openings in this financial year, one was due to staff being flooded in and the other was due to a misunderstanding of rostered start times.

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
100%	100%	95% within set timeframes	100%	Achieved

Standard waste: pick up within four days.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
91.1%	82.1%	95% within set timeframes	83.5%	Not achieved

Narrative

Late pickups were generally due to delays caused by not picking up illegal dumping over weekends or due to remote or large-scale dumps. Customer satisfaction scores for illegal dumping from Ask Nicely remain high.

Ngā whakaurunga o te rohe · District Facilities

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

Facilities includes:

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

Cemeteries

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

Key facts

- 11 cemeteries
- Support for 15 community-operated cemeteries

How we performed

Level of service

6.1 To ensure cemeteries are operated in a way that meets the community's needs.

Performance measure

6.1.1 All grave digging services are carried out respectfully, safe and the site is kept in a clean and tidy state.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
2	0	No more than 1 complaint received regarding our grave digging services	2	Not achieved

Narrative

This year there have been two complaints. In the Kaikohe Cemetery a contractor missed an appointment to dig an ash plot in time for the funeral service. Cost for this was covered by the contractor and apologies sent to the family concerned. In the Kaitāia Cemetery there was a complaint about a grave being dug that needing access across another grave which was not reinstated in a timely manner. Both complaints received have been investigated and in consultation with the contractors, are not expected to reoccur.

Civic and Community Buildings

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

Key facts

- 3 Library buildings - Kerikeri, Kaikohe and Paihia
- 1 District office and archives and publications buildings in Kaikohe
- 19 community halls, 17 buildings and 1 grandstand

Level of service

6.2 To provide buildings for public recreation and leisure.

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
All buildings compliant	All buildings compliant	All buildings have appropriate certificates including BWOF for those that require them	All buildings compliant	Achieved

Narrative

During the first quarter there was no building warrant of fitness (BWOF) at Pioneer House – Kaitāia due to historical issues. Work was undertaken with Wormald and the Building Compliance team to meet statutory legislation. For the remainder of the year all Civic & Community buildings have remained compliant with statutory legislation.

Housing for the elderly

The elderly are valued members of our communities. Council currently provides affordable and safe housing to meet the needs of the pension-aged citizens with limited financial resources but has committed through the development of this LTP to investigate divesting the housing assets to one or more Community Housing Providers (CHPs) who are better resourced and experienced in social housing. Our goal is to enable the provision of a higher level of service, but we will only divest if we can be sure that existing tenant arrangements are protected and that the number of units and level of service available will be maintained or increased over time.

Key facts

- 144 units in 12 locations

How we performed

Level of service

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

Performance measure

6.3.1 Occupancy of available units.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
94.1%	91.1%	95%	89.0%	Not achieved

Narrative

Contractor availability has had an impact on the turn around time of vacant units. Three units in Oxford Street were unable to be let for a period due to structural issues, these have since been demolished. Lockdown in August saw a halt on interviews for units that were ready to be let. COVID-19 restrictions initially impacted the ability to perform interviews but new procedures have been put in place to conduct phone interviews for vacant units.

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
87.8%	75.7%	Emergency 100% Urgent 95% Non-urgent ≥85%	Emergency 100% Urgent 66.8% Non-urgent ≥67.8%	Not achieved

Narrative

Emergency response target was met due to contractor availability and readiness. Urgent and Non-urgent requests were not met due to COVID-19 isolation requirements and impacts to supply of materials.

Performance measure

6.3.3 Maintenance inspections on units carried out at least once a year.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
New measure	New measure	Year 1 baseline to be established and targets established	100%	Achieved

Narrative

This measure requires each unit to be inspected at least once a year - as the team carried out 6 monthly HFE inspections, 213 inspections were completed across the 144 units. This was despite COVID-19 lockdowns and restrictions, with most visits being made in person and a minority via telephone.

Recreation

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

Key facts

- 27 playgrounds, 3 skate parks and 2 pump tracks
- 167 ha of open spaces are mown to a variety of grades to support public use
- 31 netball courts in Kaitāia, Kaikohe and Kerikeri as well as a number of single courts throughout the district
- 80 community leases that include sports clubs, grazing licenses, Kaikohe recreational airport and community spaces
- 25 boat ramps
- 18 jetties
- 18 pontoons
- 9 wharves
- 2 tidal grid

Town maintenance, public toilets and car parks

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

Key facts

- 68 public toilets at 48 locations
- 20 carparks in nine towns
- 21 towns provided with town maintenance
- Amenity lighting in 22 locations and 3 town centres

How we performed
Level of service

6.4 The council will provide well maintained and accessible public toilets in high use areas.

Performance measure

6.4.1 Increase the number of public toilets with disabled access per annum in line with facility renewal / upgrades.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
2	0	2	3	Achieved

Narrative

Three new toilets were installed in this financial year at Long Beach in Russell, Haruru Falls in Paihia and Centennial Park in Kaitāia, all to accessible standard.

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
90.9%	111.8%	≥90%	90.9%	Achieved

Narrative

Toilet audits were carried out as required and any issues were dealt with in a timely manner.

6.5 The council will provide well maintained public carparks.

Performance measure

6.5.1 Provide accessibility upgrades within parks and reserves

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
New Measure	2	2 per ward per annum	0	Not achieved

Narrative

A 3 year accessibility programme that provides acessibility ramps and carparks within parks and reserves was not undertaking during this financial year due to staff shortages. This work has been carried forward into the next financial year.

Wāhanga āwhina tangata • Customer Services

Connecting with our communities and providing excellent customer service is important to Council. Our customer service team is the first point of contact for people in our district and they deliver vital services, such as providing information, liaising with departments to support a request from the community, helping people to solve their council-related problems, and receiving and processing payments.

Key facts

- 6 Service Centres around the District and 1 contact centre
- Service Centres handled 25,562 face to face interactions
- Contact Centre took 68,006 phone calls and processed 13,774 emails per year

How we performed

Level of service

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

Performance measure

7.1.1 Percentage of abandoned calls (Contact Centre).

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
14.6%	19.2%	12%	15.7%	Not achieved

Narrative

Staff vacancies and a number of unplanned staff absences due to illness (including COVID-19) have impacted the overall result.

Performance measure

7.1.2 Service Centre users' satisfaction.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
New rating measure	New rating measure	Year 1 Baseline and targets to be established	3.94	Achieved

Narrative

With a new customer experience programme we are unable to report in the same manner, and currently do not have a previous year comparison. The new programme rates from 1 to 5, with 5 being an excellent service provided. Service Centres give customers a handout which provides a link and a QR code to place feedback. This has resulted in a low response to date. The service centres are waiting for collateral to help with getting visitors to complete the Ask Nicely survey.

Performance measure

7.1.3 Percentage of customer enquiries resolved at first point of contact.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
New measure	New measure	65%	44.0%	Not achieved

Narrative

Staff absences due to illness (including COVID-19) have impacted the overall result of this new measure.

i-SITEs

Visitors to our District often seek out advice about their travel arrangements. Our i-SITEs have helpful local experts to provide an excellent visitor experience. Located in key visitor areas, our i-SITEs are vitally important to the economic prosperity of our communities.

Key facts

- 3 i-SITEs in the following locations:
  - Ōpononi
  - Kaitāia
  - Paihia

How we performed

Level of service

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

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
-14.6%	-18.7%	≥1% increase	-7.7%	Not achieved

Narrative

COVID-19 has again had an impact on visitor numbers and the closure of i-SITEs during October, however, we expect a steady increase in the next financial year due to the border restrictions lifting.

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
-0.07%	8.80%	Retail sales net profit ≥1.0%	-24.4%	Not achieved

Narrative

Although visitor numbers were reduced due to COVID-19 alert level restrictions and retail sales were down as a result, retail in Hokianga and Kaitāia have received good support from the community. New Zealanders visiting Paihia are less likely to purchase retail with all the other shops available.

Performance measure

7.2.3 Customer / visitor satisfaction.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
New rating measure	New rating measure	Year 1 baseline	3.3%	Achieved

Narrative

With a new customer experience programme we are unable to report in the same manner, and currently do not have a previous year comparision. The new programme rates from 1 to 5, with 5 being an excellent service provided.The i-SITEs consistently perform well with visitor satisfaction. Publications are producing a business card that customers can take away with them to complete in order to increase the response numbers.

Libraries and Museum

Our libraries and museum provide leisure and lifelong learning opportunities that strengthen our communities. We maintain and manage several libraries for the benefit of our communities and support five community based libraries throughout the District. Our museum preserves our unique cultural history. Our libraries and museum provide free and open access to knowledge and information services to all residents and are a safe, neutral place where people can connect.

Key facts

- 6 libraries in the following locations:
  - Kāeo
  - Kaikohe
  - Kaitāia
  - Kawakawa
  - Kerikeri
  - Paihia
- 1 museum at Te Ahu centre

How we performed

Level of service

7.3 To provide quality library services for the benefit of all in the community.

Performance measure

7.3.1 Customer / visitor satisfaction.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
New rating measure	New rating measure	Year 1 baseline	3.9%	Achieved

Narrative

With a new customer experience programme we are unable to report in the same manner, and currently do not have a previous year comparison. The new programme rates from 1 to 5, with 5 being an excellent service provided. There has been a low response rate to the Ask Nicely surveys, this has created a quite varied response month to month.

Performance measure

7.3.2 Increase the percentage of online library service use.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
25.9%	91.2%	≥1% increase on previous year	50.9%	Achieved

Narrative

Online library use continues to be high as customers respond to an increased range of eResources.

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
41.6%	40.9%	Maintain / Increase	44.3%	Achieved

Narrative

An increase of 3.4% on membership relevant to the district population when compared against the 2020/21 result.

Performance measure

7.3.4 Increase in number of attendees at library events and programmes.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
New measure	New measure	Year 1 baseline	Average of 7 attendees per event	Achieved

Narrative

Year one of a new measurement. A baseline has been established of 583 library events held and 4310 attendees in total for the year with an average of 7 attendees per event. Program numbers were impacted by COVID-19 for the entire year.

Levels of service

7.4 To provide quality museum services for the benefit of all in the community.

Performance measure

7.4.1 Customer / visitor satisfaction.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
New measure	New measure	Year 1 baseline	No result	Not assessed

Narrative

No visitor satisfaction data was received for the museum this year as there was no engagement from customers on the Ask Nicely survey.

Performance measure

7.4.2 Increase in the number of visitors to the museum (door count).

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
New measure	New measure	Year 1 baseline	10,335	Achieved

Narrative

Visitor numbers reflect the year long impact of COVID-19 restrictions.

Performance measure

7.4.3 Increase in the number of research requests completed.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
New measure	New measure	Year 1 baseline	170	Achieved

Narrative

Research request numbers reflect the year long impact of COVID-19 restrictions.

Whakahaere Taiao • Environmental Management

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

Animal Control

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

Key facts

- Promote responsible dog ownership and community safety across the district
- Monitoring and enforcing the Dog Control Act 1996 and associated Dog Management bylaws and policies
- Responding to and investigating complaints (including dog rushes / attacks on people, domestic pets, stock and wildlife, barking nuisance, roaming, lost and found dogs)
- provide shelter services: impoundment, care for strays and reuniting dogs with their owners
- rehoming suitable dogs through adoption programs
- Patrol public areas, reserves, parks, beaches throughout the District.

How we performed

Level of service

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

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
94.3%	95.4%	≥93% within set timeframe	95.3%	Achieved

Non-urgent within 10 days.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
95.9%	94.6%	≥93% within set timeframe	96.5%	Achieved

Narrative

Animal Management continue to perform highly in response times. The number of RFS' received have remained constant. Despite an IT issue resulting in Animal Management not being able to shut down jobs, all customers were contacted and all jobs were actioned within timeframes.

Environmental Health

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

Key facts

- Food business registration
- Provide food verification services
- Health nuisance
- Health licensing

How we performed

Level of service

8.2 To monitor food premises in accordance with the requirements of the Food Act, 2014.

Performance measure

8.2.1 Food Control Plan and National Programme audits completed as scheduled.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
74.6%	92.0%	≥95% of all food control plans and national programmes assessed	84.0%	Not achieved

Narrative

The high number of cancelled verifications in the first quarter were a result of COVID-19, verifiers were unable to do verifications during alert levels three and four, as per Ministry of Primary Industries guidelines. COVID-19 continued to impact throughout the year with many verifications being cancelled or rescheduled due to illness or isolation requirements.

Monitoring and Enforcement

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

Key facts

The Monitoring Team is responsible for:

- District Plan breaches
- RMA breaches
- Bylaw breaches
- LGA breaches
- Removal of abandoned vehicles
- Parking enforcement
- Resource consent monitoring
- Bylaw permits
- Litter infringements
- Noise complaints

Level of service

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

Performance measure

8.3.1 Respond to noise complaints within the following timeframes:

a) In urban areas: one hour.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
74.4%	77.9%	≥95% within set timeframe	75.6%	Not achieved

b) In rural areas: two hours.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
85.7%	81.1%	≥95% within set timeframe	86.7%	Not achieved

Narrative

Response times have been affected by Police resourcing when needing assistance to enter onto properties as well as the distance required to travel to some complaints. A review of the contract will provide recommendations on how the delivery of the service can be structured, providing clearer definitive areas for response times and include a coastal zone. At present these are not clearly defined, and some are not achievable from where bases are located.

District Licensing Committee

The District Licensing Committee (DLC) carries out our delegated authority under primary legislation for the responsible sale, supply, and consumption of alcohol, and to minimise alcohol-related harm in our District.

The DLC processes and issues liquor licenses and manager's certificates, and conducts related hearings as required.

Key facts

- Processes over 900 applications each year, including On and Off-Licenses, Temporary Authorities, Special Licenses, Club License and Manager's Certificate
- Hold hearings and make decision to grant or oppose licenses and certificates
- Carry out host responsibility inspections of licenses premises
- Report to the Alcohol and Regulatory Licensing Authority.

How we performed

Level of service

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

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
55.2%	100.0%	≥25% of premises visited annually	100.0%	Achieved

Resource Consent Management

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

Key facts

- Processing a variety of consents and permit applications within statutory time frames:
  - Subdivision Consents
  - Land Use Consents
  - Combined Land Use and Subdivision Consents
  - Discharge consents under delegated authority from NRC
  - Combined land Use and Discharge Consents
  - Variation Consents for Land use, subdivision, removing or amending consent notices
  - Consents under National Environmental Standards for contaminated soil, telecommunications and plantation forestry
  - Certificates for subdivision completion 223 and 224
  - Local Government Act (LGA) applications for earthworks and right of ways
  - Outline plans, waivers, objections, s133A decisions and other (s221)
- Duty planner queries where planners provide advice and assistance around the rules and resource consent process
- Carry out post approval assessment and inspections for certificates under the RMA and LGA
- Approval of engineering plans, stormwater and wastewater Reports to meet compliance on consent notices.

How we performed

Level of service

8.5 To administer and enforce the Resource Management Act 1991, Building Act 2004 and Council's District Plan and Bylaws.

Performance measure

8.5.1 Respond to compliance incidents within 10 working days.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
74.5%	92.8%	≥93%	85.6%	Not achieved

Narrative

The high volume of applications in the latter half of 2021 coupled with staff vacancies and a reduction in capacity of consultants to process applications resulted in the team being unable to process applications in a timely manner.

Performance measure

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

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
65.5%	90.4%	≥95%	57.8%	Not achieved

Narrative

The high volume of applications in the latter half of 2021 coupled with staff vacancies and a reduction in capacity of consultants to process applications resulted in the team being unable to process applications in a timely manner, this adversely affected the statutory time frames.

Building Consent Management

Safe and healthy buildings are vitally important to safe and healthy communities, and as such Council is bound by the Building Act 2004. The consenting, inspection and issuing of Code Compliance Certificates is the main activity by which Council contributes to the wellbeing of our communities. Other activities include enforcing primary legislation, dealing with water tight claims and ensuring safe swimming pools.

Key facts

- Processing applications
- Carry out site inspections
- Administer Building Warrant of Fitness certificates
- Inspection swimming pool fencing
- Respond to community needs during Civil Defence events
- Provide advice
- Issue notices and infringements

How we performed

Level of service

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

Performance measure

8.6.1 Food Control Plan and National Programme audits completed as scheduled.

2019/20 Result	2020/21 Result	2021/22 Target	2021/22 Result	Status
95.0%	99.4%	≥95%	99.6%	Achieved

Narrative

The Building Consent Authority has tracked well in terms of compliance, remaining above the 99th percentile consistently throughout the year. Consent numbers have been steady and despite impacts from COVID-19 the BCA was still able to achieve target.

Rautaki me ngā kaupapa here • Strategic Planning and Policy

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

Strategic Planning

Our District is diverse, with many unique environments and communities. The role of Council is to collaborate with these communities to develop a plan for the sustainable growth and development of our district. Long Term and Annual plans, guided by our strategic vision, are central to aligning community goals and prioritising the many activities required in our District.

Key facts

- Develop strategies, bylaws, policies and actions that are governed by Central Government and affect our communities
- Support reviews required under the Local Government Act 2002
- Prepare Annual and Long Term Plans.

Corporate Planning and Community Development

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

Key facts

- Work with our communities, Māori, businesses, key stakeholders, other regional authorities, external agencies and organisations to development sustainable practices that will improve local economy
- Work with a range of agencies and educations providers to assist access to job and training opportunities
- Support community initiated plans
- Develop long term plans
- Empower and support our communities
- Support events that promote the District
- Advocate on behalf of the District to Central Government and agencies and non-Government organisations
- Provide and administer community grants.

Māori Engagement, Relationships And Development (Te Hono)

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

Key facts

- Support iwi / hapū management plans
- Want to develop a close working relationship with Māori
- Support the economic and social development of multiple owned Māori Freehold Land
- Support the development and relationship opportunities from Treaty Settlements.

District Planning

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

Key facts

- The District Plan has been fully operative since 2009
- There have been 19 Council Plan changes and 3 Private Plan Changes
- The District Plan is under review and needs to give effect to new national planning directions including National Planning Standards, National Policy Statements and Regional Policy Statement.

Mana kāwanatanga • Governance and Strategic Administration

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

Key facts

- Oversees the election and by-election processes
- Produces agendas and minutes for Council, Community Board and Committee meetings

Ngā whakahaere i raro i te mana o te kaunihera
Council controlled trading organisations

Far North Holdings Limited

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

The council's Long Term Plan 2021-31 provides FNHL's key activities as:

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

Objectives

As the Far North District Council's commercial vehicle, FNHL will facilitate and create commercial and infrastructural assets in the Far North District, or if outside the Far North District, with the Shareholders approval, with the aim of creating profits for its Shareholder and creating shareholder value.

Three year work plan to deliver on strategic objectives

The table below shows the key capital projects and initiatives we plan to undertake in the 2022-25 SOI period to deliver on our strategic objectives. (Updated with status as at 30 June 2022).

Key Project / Initiative 1

Ngawha Innovation and Enterprise Park
To create commercial business opportunities to grow the economic and employment opportunities in Northland.

Project status at 30 June 2022
Stage 1 under development as planned.. Buildings under construction include NorthTec, Regent Training and Innovation Hub with completion planned December 2022/January 2023, and Kaikohe Berryfruit development completedDepartment of Corrections building in progress.

Key Project / Initiative 2

Community Housing Development
To create community housing developments supporting Northland.

Project status at 30 June 2022
Commercially viable and sustainable developments are underway, with the first development at Kamo Road, Whangarei completed and occupied from mid-May 2022. Kaikohe developments are progressing, with discussions in the advanced stages for developments in Kaitāia and Dargaville.

Key Project / Initiative 3

Paihia Waterfront Development
To build breakwaters that will protect waterfront infrastructure.

Project status at 30 June 2022
Plans finalised and work tendered prior to project being put on hold due to forecast budget implications.

Key Project / Initiative 4

Rangitane Maritime Facilities

On behalf of FNDC, develop new maritime facilities at Rangitane.w

Project status at 30 June 2022

This project remains on hold as there is ongoing FNDC review as to finalisation.

Key Project / Initiative 5

Kaitāia Town Planning

Work with Council and Community Board on a Master Planning exercise for Kaitāia, which hopes to revitalise parts of the town.

Project status at 30 June 2022

Ongoing.

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

Performance measures

Financial performance results

Performance measure

Engage in successful commercial transactions

Measure	Target 2021/22	Actual 2021/22	2020/21	2019/20	2018/19
Growth in shareholders value	Shareholders' funds increase by $955,000, after payment of dividend	Achieved $17.3 million	Achieved $10.9 million	Achieved $1.12 million	Achieved $9.5 million
Narrative					
Significant uplift achieved, including revaluations of assets that received Provincial Growth Funding for capital improvements.					

Performance measure

Provide a commercial return to FNDC

Measure	Target 2021/22	Actual 2021/22	2020/21	2019/20	2018/19
Dividend returned to FNDC	Pay a minimum dividend of $955,000	Not achieved Proposed $160,000	Achieved	Not achieved	Not achieved
Narrative					
As the dividend is below target, the Board is considering the declaration of a special dividend to provide FNDC the level of dividend anticipated. This may impact FNHL work proposed in the current financial year and would be subject to maintaining working capital and banking covenants, with the implications of paying a special dividend currently under consideration. Directors are aware of financial expectations from Council given current economic conditions and are working to maximise returns while maintaining business delivery and future growth.					

Performance measure

Effective financial management

Measure	Target 2021/22	Actual 2021/22	2020/21	2019/20	2018/19
Annual operating profit after tax to exceed $500,000	Target $1.9 million	Not achieved $440,000	Achieved $1,369,949	Achieved $1,131,167	Achieved $2,070,239
Narrative					
Due to COVID-19 impacts, inflationary pressure, and rising interest rates, FNHL did not expect to meet the $500,000 measure. However, domestic tourism was somewhat more resilient which partially offset the declines due to COVID-19.					

Performance measure

Asset growth and development

Measure	Target 2021/22	Actual 2021/22	2020/21	2019/20	2018/19
Capital expenditure	$13.5 million	Achieved $14.0 million	Achieved $14.5 million	Achieved $19 million	Achieved $9 million
Narrative					
Spend is due to obtaining Provincial Growth Funds and net of FNDC projects.					

Performance measure

Ratio of consolidated shareholder funds to total assets

Measure	Target 2021/22	Actual 2021/22	2020/21	2019/20	2018/19
The ratio is to exceed 50%	50%	Achieved	Achieved	Achieved	Achieved
Narrative					
Shareholder funds are defined as total equity.					

Performance measure

To achieve a return on funds invested

Measure	Target 2021/22	Actual 2021/22	2020/21	2019/20	2018/19
Return on investment is higher than the average cost of borrowing on its commercial assets	ROI 7.0% ACoB 4.5%	Not achieved ROI 2.8% ACoB 4.89%	Achieved ROI 9.7% ACoB 3.54%	Achieved ROI 12% ACoB 4.38%	Achieved ROI 8.63% ACoB 4.53%
Narrative					
Current ROI reflects the reduced net profit for the year. As current projects are completed during 2022/23, rental incomes will commence with returns improving.					

Performance measure

Effective governance and financial control

Measure	Target 2021/22	Actual 2021/22	2020/21	2019/20
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	Achieved	Achieved	Not undertaken
To remain within banking covenants	To achieve	Achieved	Achieved	Achieved
Board Audit and Finance committee meetings to be conducted semi-annually	To be held	Achieved	23 Sept 2020 22 January 2021 18 May 2021	25 Feb 2019

Council Controlled Organisation Initiatives

Performance measure

Ensure that the Bay of Islands Airport operates within regulatory requirements

Measure	Target 2021/22	Actual 2021/22	2020/21	2019/20
CAA Certificate	To achieve	Achieved	Achieved	Achieved

Performance measure

Enhancing the Far North as a visitor destination

Measure	Target 2021/22	Actual 2021/22	2020/21	2019/20	2018/19
Complete a customer and airline industry survey that demonstrates satisfaction levels with facilities and services at either BOI or Kaitāia Airports	85%	Not undertaken	Not undertaken	Not achieved	Not achieved
Narrative					
A safety survey was undertaken with airport operators and initial feedback has been positive. Airport facilities survey has been delayed as COVID-19 has impacted on the consistency of travel due to lockdowns being imposed.					

Performance measure

Enhancing and development a maritime economy

Measure	Target 2021/22	Actual 2021/22	2020/21	2019/20	2018/19
Complete a marina user or maritime services customer satisfaction survey that demonstrates satisfaction levels with facilities and services available	95%	95%	95%	95%	Winner of best international Marina South Pacific
Narrative					
95% of respondents said that facilities and customer services were excellent, good or ok.					

Northland Inc.

Northland Inc Limited, established in July 2012, is the region's economic development agency and regional tourism organisation. Prior to 1 July 2021, it was 100% owned by Northland Regional Council. Since 1 July 2021, it is equally and jointly owned by NRC, Kaipara District Council and Far North District Council (together referred to as the shareholder councils).

Northland Inc Limited is primarily funded by an operational contribution from its shareholder councils delivered through NRC's Investment and Growth Reserve (IGR). It is project funded through other public and private agencies, with central government being the next largest contributor. The organisation has a governance board of professional directors, each appointed by the shareholder councils. Operational activity is led by a chief executive officer.

Policies and objectives

The mission of Northland Inc Limited is to identify and focus on activities and relationships that will strengthen, diversify and grow the economy of Te Tai Tokerau Northland to help achieve equity and environmental sustainability. Six key pou are set out in the 2021-24 Statement of Intent as the organisational objectives.

The six objectives (pou) of Northland Inc. Ltd are as follows:

- Pou tahi: Māori economic development
- Pou rua: Environmental sustainability
- Pou toru: Regional investment
- Pou whā: Destination management and marketing
- Pou rima: Advocacy and profile for Tai Tokerau economic development
- Pou ono: Organisational culture.

Nature and scope of activities

The nature and scope of activities of Northland Inc Ltd. are described below. The māori economic development, environmental sustainability and organisational culture pou are embedded across the three work programmes:

Regional Investment: Grow investment and business support services such that regional economic activity improves consistently year on year. Following assessment and review Northland Inc will prioritise activities and ideas, with a view to applying their resources to engage in focused impactful projects reflecting the organisational capacity at this time.

Destination Management: To lead the implementation of a regional Destination Management Plan in partnership with relevant stakeholders, industry, iwi and hapū. Through a programme of investment and development, Northland Inc will deliver destination management and marketing activity to position Northland within target markets as a desirable place to visit and support a visitor economy that values shared benefit across the region, environmental sustainability, heritage and culture.

Profile and Advocacy of Economic Development: To develop and improve the profile of economic development and Northland Inc to ensure that Te Tai Tokerau Northland understands and values the efforts of Northland Inc to improve the economic well-being of the region, to support strong communities and environmental sustainability.

Performance measures

Māori economic development

Measure	Target 2021/22	Actual 2021/22	Status
Number of engagements or established relationships with iwi/hapū groups and other Māori organisations, e.g., marae, land trusts, etc. that have led to a positive outcome	10	12	Achieved
Proportion of Māori organisations that are satisfied with Northland Inc support	>50%	78%	Achieved

Environmental sustainability

Measure	Target 2021/22	Actual 2021/22	Status
Number of workshops / events that help promote or support environmental sustainability values and culture in Te Tai Tokerau	4	4	Achieved
Proportion of businesses / projects that Northland Inc are supporting that have identified their environmental aspirations and complied with governmental regulations	80%	91%	Achieved
Change in carbon footprint of Northland Inc	Initial carbon footprint audit completed	Base line of 55,260 kg CO^2/ year established	Achieved

Narrative

The Carbon Emission figure is at best indicative and was prepared internally within Northland Inc using the third-party Carbon Neutral Trust Calculator. The results for each emission category are heavily based on assumptions but with better data and collection processes, Northland Inc can reach better quality reporting and a more accurate carbon position.

Regional investment

Measure	Target 2021/22	Actual 2021/22	Status
Number of unique businesses assisted (reporting by TA and industry)	230	545	Achieved
Proportion of those businesses assisted that are Māori (by TA and industry)	20%	22%	Achieved
Number of inward delegations hosted	3	1	Not achieved
Client satisfaction with businesses assistance provided by Northland Inc as measured by Net Promotor Score	>50	100	Achieved
Value of grant funding and investment facilitated for Māori businesses	$110,000	$106,000	Not achieved
Number of high impact projects that are implemented (reporting by regional strategic sectors)	4	2	Not achieved

Narrative

There was one enabling investment project allocation made in 2021/22: $80,000 to support the development of a regional economic development strategy. Four projects received project development funding totalling $175,000. Travel restrictions put in place to control the spread of COVID-19 limited the ability of Northland Inc. to host inward investment delegations.

Destination management and marketing

Measure	Target 2021/22	Actual 2021/22	Status
Number of destination promotion campaign initiatives to generate national exposure to the region (reporting will include number of businesses that are engaged in the campaign)	1	4	Achieved
Number of workshops / events to promote product development and position Te Tai Tokerau Northland as a green tourism destination	Establish baseline	Baseline of 3 established	Achieved

Profile and advocacy of economic development

Measure	Target 2021/22	Actual 2021/22	Status
Number of regional economic development updates or reports released	4	4	Achieved
Number of media features that profile the region	12	20	Achieved
Number of media activity that references Northland Inc	24	77	Achieved

Arotake pūtea • Financial performance

Statement of comprehensive revenue and expense

For the year ended 30 June 2022

	Note	Council Actual 2022 $000s	Council Budget 2022 $000s	Council Actual 2021 $000s	Group Actual 2022 $000s	Group Actual 2021 $000s
Operations						
Revenue						
Rates revenue (excluding water by meter rates)	2	91,543	92,658	87,577	91,131	87,242
Fees, charges and water by meter rates	3a	18,826	17,518	19,683	18,673	19,554
Development and financial contributions		-	-	-	-	-
Subsidies and grants	3b	49,941	72,457	50,869	57,645	67,219
Other revenue (excluding dividends)	3	15,324	944	12,741	40,734	28,198
Dividends	3	209	1,300	256	70	256
Rental revenue from investment properties		-	-	-	4,548	4,441
Total revenue		**175,843**	**184,878**	**171,127**	**212,801**	**206,911**
Expenses						
Personnel costs	4	32,606	32,305	30,974	37,202	35,165
Depreciation and amortisation expense	14	36,956	37,569	34,122	38,186	35,266
Finance costs	6	2,499	2,282	2,174	4,097	3,394
Other expenses	5	77,259	68,329	68,707	84,832	75,197
Total expenses		**149,320**	**140,486**	**135,977**	**164,317**	**149,022**
Surplus / (deficit) before tax		**26,523**	**44,392**	**35,149**	**48,484**	**57,888**
Tax expense / (benefit)	7	-	-	-	178	76
Surplus / (deficit) after tax		26,523	44,392	35,149	48,306	57,812
Surplus / (deficit) attributable to:						
Far North District Council		**26,523**	**44,392**	**35,149**	**48,306**	**57,812**
Items that could be reclassified to surplus						
Financial assets at fair value through equity	24	3	-	3	(128)	6
Cash flow hedges	24	130	-	242	130	242
Items that will not be reclassified to surplus						
Gain / (loss) on asset revaluations	16/24	193,749	81,895	130,753	196,537	133,341
Movement to retained earnings		-	-	-	(13,596)	413
Share of associates other comprehensive income		-	-	-	265	-
Tax on revaluation		-	-	-	(274)	(503)
Total other comprehensive revenue and expense		**193,882**	**81,895**	**130,998**	**182,933**	**133,499**
Total comprehensive revenue and expense		**220,405**	**126,287**	**166,147**	**231,240**	**191,311**

Council has classified rate and penalty remissions as an expense for the purposes of the LG benchmarks, however, has netted these amounts off against revenue above in line with the requirements of NZ GAAP.
The accompanying Notes to the Financial Statements form part of these financial statements. Major variances to budget are shown in Note 36.

Statement of changes in equity

For the year ended 30 June 2022

	Note	Council Actual 2022 $000s	Council Budget 2022 $000s	Council Actual 2021 $000s	Group Actual 2022 $000s	Group Actual 2021 $000s
Opening balance 1 July		**2,101,172**	**2,016,641**	**1,935,025**	**2,181,509**	**1,990,198**
Total comprehensive revenue and expense for the year		220,405	126,287	166,147	231,240	191,311
Closing balance 30 June		**2,321,576**	**2,142,928**	**2,101,172**	**2,412,749**	**2,181,509**

Statement of financial position

as at 30 June 2022

	Note	Council Actual 2022 $000s	Council Budget 2022 $000s	Council Actual 2021 $000s	Group Actual 2022 $000s	Group Actual 2021 $000s
Public equity						
Other reserves	24	816,869	626,854	626,475	828,829	634,895
Restricted reserves	24	11,817	9,045	12,433	13,320	13,936
Retained earnings	24	1,492,890	1,507,029	1,462,263	1,570,597	1,532,679
Public equity		**2,321,576**	**2,142,928**	**2,101,170**	**2,412,746**	**2,181,510**
represented by:						
Current assets						
Cash and cash equivalents	8	13,353	36,801	5,442	14,357	6,087
Receivables	9	31,348	42,711	40,455	34,180	43,439
Other financial assets	11	-	-	160	443	734
Properties available for sale	34	-	-	-	1,360	1,559
Inventories	10	133	130	140	1,730	1,831
Current assets		**44,834**	**79,642**	**43,363**	**52,070**	**53,649**
Less:						
Current liabilities						
Payables and deferred revenue	20	24,157	24,624	36,189	36,460	45,082
Borrowings and other financial liabilities	23	10,000	26,000	22,000	21,500	23,671
Provisions	21	86	11	11	86	11
Financial guarantee liabilities		-	-	-	-	-
Derivative financial instruments	35	-	-	130	-	130
Employee benefits	22	2,894	2,479	2,700	3,273	2,966
Current liabilities		**37,137**	**53,114**	**58,196**	**61,319**	**71,860**
Working capital		**7,697**	**26,528**	**(14,833)**	**(9,249)**	**(18,211)**
Non-current assets						
Other financial assets	11	2,234	823	1481	2,899	1,481
Biological assets	17a	-	-	-	310	1,184
Forestry assets	17b	458	715	555	458	555
Intangible assets	13	11,902	11,575	10,545	5,076	3,483
Investment properties	18	-	-	-	134,404	110,834
Investments in equity accounted associates	19b	-	-	-	1,352	1,232
Investments in subsidiaries	19a	18,000	18,000	18,000	-	-
Derivative financial instruments	35	-	-	-	-	-
Property, plant and equipment	12	2,354,572	2,218,745	2,127,474	2,405,562	2,173,784
Non-current assets		**2,387,166**	**2,249,858**	**2,158,055**	**2,550,061**	**2,292,553**
Non-current liabilities						
Borrowings and other financial liabilities	23	71,500	132,811	41,500	110,160	78,626
Payables and deferred revenue	20	52	-	160	12,291	10,388
Derivative financial instruments	35	-	322	-	-	-
Deferred tax liability	7	-	-	-	3,880	3,428
Provisions	21	1,735	325	391	1,735	391
Non-current liabilities		**73,287**	**133,458**	**42,051**	**128,066**	**92,833**
Net assets		**2,321,576**	**2,142,928**	**2,101,170**	**2,412,746**	**2,181,509**

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

Statement of cash flows

For the year ended 30 June 2022

	Note	Council Actual 2022 $000s	Council Budget 2022 $000s	Council Actual 2021 $000s	Group Actual 2022 $000s	Group Actual 2021 $000s
Operating activities						
Cash was provided from						
Rates		84,483	101,416	103,069	88,958	102,734
Subsidies and grants received		53,678	83,009	50,869	59,219	69,625
Development contributions received		-	-	-	-	-
Fees and charges received		18,826	-	19,683	18,673	19,554
Interest and dividends		1,007	1,055	682	526	285
Other revenue		5,143	-	591	25,751	19,154
		163,137	**185,480**	**174,894**	**193,126**	**211,353**
Cash was applied to						
Payment for goods and services		77,374	71,523	65,694	88,061	69,733
Payments made to employees		32,379	30,452	30,930	36,745	35,145
Interest paid		2,499	2,282	2,174	4,097	3,231
GST (net)		(900)	-	1,906	(896)	1,899
Income and fringe benefit tax paid		65	53	55	(80)	257
		111,417	**104,310**	**100,759**	**127,927**	**110,265**
Net cash inflows from operating activities		**51,720**	**81,170**	**74,135**	**65,199**	**101,088**
Financing activities						
Cash was provided from						
Borrowing	32c	18,000	83,037	(7,000)	29,364	1,617
		18,000	**83,037**	**(7,000)**	**29,364**	**1,617**
Cash was applied to						
Borrowing		-	9,971	-	-	8,764
Dividends paid		-	-	-	-	-
		-	**9,971**	**-**	**-**	**8,764**
Net cash inflows / (outflows) from financing activities		**18,000**	**73,066**	**(7,000)**	**29,364**	**(7,147)**
Cash flow from investing activities						
Cash was provided from:						
Sale of property, plant and equipment, investment properties and properties intended for sale		-	-	-	2,153	61,580
Cash provided from maturing investments		-	-	-	(131)	-
		-	**-**	**-**	**2,022**	**61,580**
Cash was applied to						
Purchase and development of intangibles		2,277	-	764	2,931	1,999
Purchase and development of property, plant and equipment, investment property and biological assets		59,532	140,533	71,602	85,384	158,765
Cash applied to replace investments		-	-	-	-	(21)
Cash applied to Investment in subsidiary		-	-	-	-	-
		61,809	**140,533**	**72,366**	**88,315**	**160,743**
Net cash inflows / (outflows) from investing activities		**(61,809)**	**(140,533)**	**(72,366)**	**(86,293)**	**(99,164)**
Net cash		**7,911**	**13,703**	**(5,231)**	**8,270**	**(5,223)**
Opening balances 1 July						
Cash and cash equivalents		5,442	23,097	10,673	6,087	11,310
		5,442	**23,097**	**10,673**	**6,087**	**11,310**
Less balances 30 June						
Cash and cash equivalents	8	13,353	36,801	5,442	14,357	6,087
		13,353	**36,801**	**5,442**	**14,357**	**6,087**
Cash movements for the year		**7,911**	**13,704**	**(5,231)**	**8,270**	**(5,223)**

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

Reconciliation of surplus / (deficit) after tax to net cash flow from operating activities	Council 2022 $000s	Council 2021 $000s	Group 2022 $000s	Group 2021 $000s
Reported surplus / (deficit) after tax	26,523	35,149	48,306	57,812
Add non-cash items / (less) non-cash items				
Depreciation and amortization	36,956	34,122	38,186	35,266
Vested assets revenue	(11,906)	(3,937)	(11,906)	(3,937)
Change in deferred taxation	-	-	-	(19)
Loss / (gains) on disposal of property, plant and equipment	2,349	3,033	(1,124)	3,055
Valuation (gains) / losses recognised in surplus / (deficit)	(447)	(5,584)	(16,429)	(14,874)
Non cash dividend	(139)	(413)	(139)	(413)
Ineffective derivative expense	130	242	130	242
Add / (less) movements in other working capital items				
(Increase) / decrease in receivables	9,107	2,646	6,415	423
(Increase) / decrease in other financial assets	-	-	291	(163)
(Increase) / decrease in inventories	7	(13)	101	(122)
Increase / (decrease) in provisions	75	(196)	75	(196)
Increase / (decrease) in financial guarantee liabilities	-	-	-	-
Increase / (decrease) in employee benefits	194	361	307	357
Increase / (decrease) in payables	(12,032)	10,123	(5,777)	13,610
Increase / (decrease) in derivative financial instruments	(130)	83	(130)	83
Items classed as investing activities	1,034	(1,481)	6,896	9,964
Net cash inflows from operating activities	**51,720**	**74,135**	**65,199**	**101,088**

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Notes to the Financial Statements

for the year ended 30 June 2022

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Statement of accounting policies

Reporting entity

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

The group consists of a 100% owned council controlled trading organisation Far North Holdings Limited (FNHL), its wholly owned subsidiaries Bay of Islands Marina Ltd and Far North Housing Ltd, its 50% equity shareholding of its joint venture Far North Skincare Limited and additionally its associate Kaikohe Berryfruit, council controlled organisation Pou Herenga Tai Twin Coast Cycle Trail Charitable Trust (Pou Herenga), and council organisation Te Ahu Charitable Trust (TACT). The Council's equity share of its associate Northland Inc. Limited (NI) of 33.3% is equity accounted into the parent entity financial statements.

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

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

The financial statements of the Council and group are for the year ended 30 June 2022 and were authorised for issue by the Council on 9 March 2023.

Basis of preparation

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

To ensure consistency with presentation, certain comparative numbers have been reclassified.

Statement of compliance

These financial statements of the Council and group have been prepared in accordance with the requirements of the Local Government Act 2002 [Part 6 Section 98 and Schedule 10 Part 3] and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The Council and group is a Tier 1 entity and these financial statements have been prepared in accordance with and comply with the PBE International Public Sector Accounting Standards (PBE IPSAS)

Presentation currency

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

Changes in accounting policies

The following changes in accounting policies have been applied:

- **Amendment to PBE IPSAS 2 Statement of Cash Flows**

  An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

- **PBE Combinations - PBE IPSAS 40**

  In July 2019, the XRB issued PBE IPSAS 40, which replaces PBE IFRS 3 Business Combinations. PBE IFRS 3 excluded from its scope combinations under common control and combinations arising from local authority reorganisations. These are now included within the scope of PBE IPSAS 40, through the inclusion of both acquisition and amalgamation accounting.

  Both of these standards have been applied and adoption did not result in any material changes to the presentation and preparation of the group consolidated financial statements.

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

- **Financial instruments - PBE IPSAS 41**

  PBE IPSAS 41 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement and PBE IFRS 9 Financial Instruments and is effective for annual periods beginning on or after 1 January 2022, with early adoption permitted. The main changes compared to PBE IPSAS 29 that are relevant to the Council are:

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

  The Council plans to apply this standard in preparing its 30 June 2023 financial statements. The Council and group have not yet assessed the effects of the new standard.

- **Service Performance Reporting – PBE FRS 48**

  In November 2017, the XRB issued PBE FRS 48 - Service Performance reporting. This new standard is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

  The new standard establishes principles and requirements

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

The Council plans to apply this standard in preparing its 30 June 2023 financial statements. The Council does not expect the application of PBE FRS 48 to affect its statement of service performance.

Summary of significant accounting policies

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

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

Basis of consolidation

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

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

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

Revenue

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

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

Rental revenue from investment properties

Far North Holdings Ltd recognises rental income from investment property 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 revenue income, over the term of the lease.

Development contributions

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

Building and resource consent revenue

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

Third party / agency revenue

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

Grant expenditure

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

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

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Development costs

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

Financial assets

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

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

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

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

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

Statement of cash flows

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

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

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

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

Non-current assets held for sale

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

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

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

Critical accounting estimates and assumptions

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

- Estimating the fair value of Infrastructural assets – see Note 12
- Estimating the remaining useful lives of property, plant and equipment - see Note 12
- Estimating the fair value of investment properties - See Note 18
- Estimating the landfill aftercare provision - see Note 2.

Critical judgments in applying the group's accounting policies

Management has exercised the following critical judgments in applying the group accounting policies for the year ended 30 June 2022:

- Classification of property – see Notes 12 and 18.

Funding depreciation

The council funds its depreciation on assets as stated below:

a. All depreciation on assets will be funded from rates except for:
    - Roading/footpath assets - the subsidy element relating to the depreciation for these assets will not be funded by the relevant roading subsidy rate applicable in the relevant year.
    - Water/wastewater/public toilet assets - the depreciation for these assets will be reduced equal to any subsidy element to ensure that the benefit expected to be received by the current ratepayer is applied.
    - Swimming pools - the depreciation for these assets will be reduced equal to any community contribution to ensure that the community benefits from the contributions made.

b. Asset groups where depreciation will not be fully funded from depreciation:
    - All strategic assets, as per our Significance and Engagement Policy, will have depreciation funded at 76% until 30 June 2024, followed by a phased return to 100% over 10 years. This does not apply to the items identified in (a).
    - Depreciation will be funded at a rate of 50% for community buildings/centres, halls and museums.
    - Depreciation will not be funded from rates for Civil Defence (alarms), carparks, maritime assets, motor camps, parks and reserves minor structures (e.g. boardwalks/park benches etc.) and solid waste assets.

Any asset group not covered above will have depreciation fully funded from rates (corporate assets etc.).

Equity method of accounting in group financial statements

Investments in associates are accounted for in the group and parent financial statements using the equity method of accounting. Council's investment in Northland Inc (NI) has been treated as an associate as it is considered that Council holds significant influence over the financial and operating policies of NI due to the fact the Council shares joint control of NI with Northland Regional Council (33.3%) and Kaipara District Council (33.3%).).

1. Summary revenue and expenditure for groups of activities

Accounting policy

Cost allocation

Council has derived the net cost of service for each significant activity of council using the cost allocation system outlined below.
Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Criteria for direct and indirect costs

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity / usage information. The costs of internal services not directly charged to activities are allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area.
There have been no changes to the cost allocation methodology during the year.

Breakdown of revenue and expenditure by group of activities

	Council		
	Actual 2022 $000s	Budget 2022 $000s	Actual 2021 $000s
Revenue			
Roading and Footpaths	51,005	61,845	65,698
Water Supply	17,039	10,158	13,894
Wastewater	17,050	14,239	13,106
Stormwater	8,255	6,086	5,925
Solid Waste Management	5,794	5,140	5,146
District Facilities	28,845	44,108	23,888
Environmental Management	16,870	14,849	16,001
Strategic Planning and Policy	9,822	9,071	7,948
Customer Services	11,204	10,501	9,952
Governance and Strategic Administration	9,959	8,881	9,568
Total activity revenue	**175,843**	**184,878**	**171,127**
Total revenue	**175,843**	**184,878**	**171,127**
Expenditure			
Roading and Footpaths	46,779	47,313	45,777
Water Supply	10,955	9,195	9,719
Wastewater	16,910	13,858	13,579
Stormwater	3,887	4,677	3,251
Solid Waste Management	6,440	4,673	4,687
District Facilities	14,546	14,632	14,613
Environmental Management	10,385	10,304	9,751
Strategic Planning and Policy	5,923	7,237	5,039
Customer Services	6,039	6,675	6,123
Governance and Strategic Administration	27,456	21,922	23,438
Total activity expenditure	**149,320**	**140,486**	**135,977**
Total expenditure	**149,320**	**140,486**	**135,977**

2. Rates revenue

Accounting policy

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

- Revenue arising from late payment penalties is recognised as revenue when rates become overdue.
- Rates postponement applies where ratepayers meet the postponement policy criteria. Rates are shown as income in the year of postponement and recognised as an asset when it is probable that future economic benefits or service potential associated with the asset will flow to council.
- Rates remissions are recognised as a reduction in rate revenue when the Council has received an application that satisfies its rate remission policy.
- Rates collected on behalf of the Northland Regional Council (NRC) are not recognised in the financial statements, as the council is acting as an agent for the NRC.

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Rates - general	60,454	60,034	60,042	59,699
Targeted rates attributable to activities				
Roading	4,891	4,517	4,891	4,517
Water, excluding water by meter rates	2,873	2,300	2,873	2,300
Wastewater	13,843	11,696	13,843	11,696
Stormwater	178	658	178	658
District Facilities	10,553	10,369	10,553	10,369
Rates - penalties	1,070	1,149	1,070	1,149
Less remissions	(2,319)	(3,146)	(2,319)	(3,146)
Total rates, excluding targeted water supply rates	**91,543**	**87,577**	**91,131**	**87,242**

Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the council from other Local Authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of council for the year ended 30 June 2022 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council	
	2022 $000s	2021 $000s
Rates, excluding water by meter rates	93,862	90,723
Water by meter rates	6,948	7,253
Less remissions	(2,319)	(3,146)
Total annual rates revenue	**98,491**	**94,830**

The council's remission policies are designed to recognise the unique nature of the Far North with its significant areas of unoccupied Māori freehold land. Overall the policies address issues of financial hardship and the protection of areas of land with particular conservation or community values. Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, refuse and water. Non-rateable land does not constitute a remission under the council's rates remission policy.

The number of rating units at 30 June 2021 was 38,794
The land value of these units was $10,745,613,650 and the capital value was $20,598,078,350

3. Other revenue

Accounting policy

Interest and dividends

Interest revenue is recognised using the effective interest method.
Dividends are recognised on an accrual basis net of imputation credits when the right to receive the dividend is established.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset. The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.
For long lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects it will need to return or pass the asset to another party.

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Interest	1,007	839	1,009	1,278
Vested and previously unrecognised assets	11,906	3,937	11,906	3,937
Gain on revaluation (Notes 16 and 17)	447	5,584	14,858	11,619
Other revenue	1,964	2,380	12,961	11,363
Total other revenue (excluding dividends)	**15,324**	**12,741**	**40,734**	**28,198**

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Dividends	209	256	70	256
Total dividends	**209**	**256**	**70**	**256**

3a Fees and charges analysis (including water by meter rates)

Accounting policy

Landfill services

Fees for disposing of waste at the council's landfill are recognised as waste is disposed of by users.

Sale of goods

Revenue from fees and charges is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Water by meter rates

Revenue from water-by-meter rates is recognised on an accrual basis, based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Roading	415	744	415	744
Water services	7,226	7,578	7,226	7,578
Wastewater services	122	266	122	266
Refuse / landfill services	1,409	1,270	1,409	1,270
Community services	1,176	1,228	1,176	1,228
Regulatory services	7,096	6,532	7,096	6,532
Customer services	322	418	322	418
Other fees and charges	1,061	1,648	907	1,519
Total fees, charges and targeted water supply rates	**18,826**	**19,683**	**18,673**	**19,555**

3b Subsidies and Grant analysis

Accounting policy

New Zealand Transport Agency roading subsidies

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Far North Holdings Limited has elected to apply NZ IAS 20 in deducting grants received for capital expenditure in arriving at the carrying amount of the assets purchased. Grants for revenue expenditure are netted against the cost incurred by the Company. This treatment has been adjusted on consolidation to align the group result with the requirements PBE IPSAS 23.

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
NZTA Roading subsidies	30,923	32,707	30,923	32,707
MBIE - Cycleway subsidy	-	241	-	241
MBIE - Tourism Infrastructure Fund (TIF)	5,025	837	12,696	15,288
MBIE - Provincial Growth Fund (PGF)	4,282	8,135	4,282	8,135
MBIE - Flood Defence	-	2,591	-	2,591
Sundry grants & donations	348	4,624	381	6,523
Ministry of Social Development	82	60	82	60
DIA - 3 Waters Reform Subsidy	9,281	1,673	9,281	1,673
Total subsidies and grants	**49,941**	**50,869**	**57,645**	**67,219**

There are no unfulfilled conditions or other contingencies attached to the subsidy revenue recognised.

4. Personnel costs

Accounting policy

Obligations for contributions to Kiwisaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or (deficit) when incurred.

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Salaries and wages	31,760	30,181	36,148	34,252
Plus / (less) capitalised salaries	-	-	-	-
Salaries and wages expense	31,760	30,181	36,148	34,252
Kiwi saver contributions	846	793	956	893
Increase / (decrease) in employee benefit liabilities	-	-	98	21
Total personnel costs	**32,606**	**30,974**	**37,202**	**35,166**

5. Other expenses

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Fees paid to the principal auditor				
Audit of financial statements	197	185	282	265
Other assurance engagements	4	28	4	28
Debenture Trust Deed assurance engagement	7	7	7	7
LTP Audit	5	135	5	135
Donations	-	-	97	79
Inventory expenses in year	(7)	12	2,034	1,695
Loss on disposal of property, plant and equipment	2,349	3,033	2,349	3,033
Impairment of intangible assets	-	-	-	-
Impairment of property, plant and equipment	-	-	-	-
Impairment of rates receivables (note 9)	2,976	3,457	2,976	3,457
Impairment of other receivables (note 9)	-	(41)	(79)	144
Direct expenses from investment property	-	-	1,362	1,277
Minimum lease payments - operating leases	867	784	928	844
Other expenses	70,861	61,106	74,867	64,232
Total other expenses	**77,259**	**68,707**	**84,832**	**75,197**

6. Finance costs

Accounting policy

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

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Interest expense on borrowings	2,467	2,129	4,065	3,349
Interest unwind - landfill aftercare	32	45	32	45
Total finance costs	**2,499**	**2,174**	**4,097**	**3,394**

7. Tax

Accounting policy

Income tax expense includes components relating to both current tax and deferred tax.
Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.
Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial statements and the corresponding tax bases used in the computation of taxable profit.
Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.
Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit. Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenue and expense or directly in equity.

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000
Components of tax expense				
Current tax expense - continuing operations	-	-	-	-
Deferred tax expense - continuing operations	-	-	178	76
Income tax expense	**-**	**-**	**178**	**76**
Relationship between tax expenses and accounting profit				
Continuing operations	26,523	35,149	44,659	48,368
Discontinued operations	-	-	-	-
Profit before taxation and share of profit of associate	**26,523**	**35,149**	**44,659**	**48,368**
Taxation at 28% (2021 - 28%)	7,426	9,842	12,505	13,543
Plus (less) tax effect of				
Non taxable income	(7,426)	(9,842)	(8,545)	(11,409)
Group loss offset	-	-	-	-
Deferred tax adjustment	-	-	(3,782)	(2,058)
Taxation expense / (benefit)	**-**	**-**	**178**	**76**

Group

Deferred tax	Property plant and equipment $000s	Investment properties $000s	Biological assets $000s	Employee entitlements $000s	Tax losses $000s	Total $000s
Balance at 30 June 2020	695	2,266	(24)	(86)	-	2,851
Charged to statement of comprehensive revenue and expense	(310)	449	(23)	(40)	-	76
Charged to equity	503	-	-	-	-	503
Balance at 30 June 2021	**888**	**2,715**	**(47)**	**(126)**	**-**	**3,428**
Charged to statement of comprehensive revenue and expense	(228)	594	(184)	(4)	-	178
Charged to equity	274		-	-	-	274
Balance at 30 June 2022	**934**	**3,309**	**(231)**	**(130)**	**-**	**3,880**

From 1 July 2007 Council and FNHL have formed a consolidated group for tax purposes. Tax profits in Far North Holdings Ltd are automatically offset against tax losses in council. Council has not recognised a deferred tax asset in relation to tax losses of $nil (2021 nil). However, these losses have been recognised in the group accounts.

8. Cash and cash equivalents

Accounting policy

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

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Cash at bank and on hand				
Various (subsidiaries, community facilities, etc)	4	5	4	4.505
General fund (unsecured)	6,237	606	7,241	1,251
Term deposits with maturities less than 3 months at acquisition	7,112	4,832	7,112	4,832
Total cash and cash equivalents	**13,353**	**5,442**	**14,357**	**6,087**

The carrying value of short term deposits with maturity dates of three (3) months or less approximates their fair value. Cash and cash equivalents includes the following for the purpose of the statement of cash flows.

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Cash at bank and on hand	6,241	610	7,245	1,255
Term deposits with maturities less than 3 months at acquisition	7,112	4,832	7,112	4,832
Bank overdrafts (Note 23)	-	-	-	-
Total	**13,353**	**5,442**	**14,357**	**6,087**

Council has an overdraft facility of $3m (2021 $3m).

9. Receivables

Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability.
A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.
Rates are "written-off":

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the local Government (Rating) Act 2002.
- Section 90B is to write off all or part of the outstanding rates of deceased owners of Māori Freehold land, of which there have been no write-offs in 2021 (2020 - Nil).
- Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Rates and penalties	25,757	22,588	25,757	22,588
Sundry debtors (including postponed rates debtors)	16,532	22,757	19,078	25,548
Prepayments	1,347	1,254	1,541	1,345
Related party receivables	-	-	-	276
Other receivables (e.g GST)	1,934	2,834	1,934	2,845
Gross debtors and other receivables	**45,570**	**49,433**	**48,310**	**52,602**
Less provision for impairment - rates	13,872	8,768	13,872	8,768
Less provision for impairment - sundry debts	350	210	258	395
Current debtors and other receivables	**31,348**	**40,455**	**34,180**	**43,439**

The carrying value of trade and other receivables approximates their fair value. There is no concentration of credit risk with respect to receivables as the group has a large number of customers.
All overdue receivables have been assessed for impairment and the appropriate provisions applied. All receivables, excluding rates, are past due if not paid by the 20th of the month following the month of issue. Council and the group holds no collateral as security or other credit enhancements over receivables that are either past due or impaired. The ageing profile of debtors and other receivables at year end is detailed below:

The Chief Executive approved the write-off of rates totalling $350,159 (2021 - $4,332,134) during the year under Section 90A of the LG(R)A 2002.

	2022			2021		
	Gross $000s	Impairment $000s	Net $000s	Gross $000s	Impairment $000s	Net $000s
Council						
Not past due	10,540	-	10,540	17,327	-	17,327
Past due 1 – 60 days	10,722	3,565	7,157	8,873	1,222	1,117
Past due 61 – 90 days	52	-	52	48	-	48
Past due over 90 days	24,256	10,657	13,599	23,185	7,756	21,962
Total	**45,570**	**14,222**	**31,348**	**49,433**	**8,978**	**40,455**
Group						
Not past due	12,352	-	12,352	19,547	-	19,547
Past due 1 – 60 days	11,550	3,473	8,077	8,944	1,222	1,003
Past due 61 – 90 days	48	-	48	185	-	185
Past due over 90 days	24,360	10,657	13,703	23,927	7,941	22,704
Total	**48,310**	**14,130**	**34,180**	**52,603**	**9,163**	**43,439**

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

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Impairment of rates				
At 1 July	8,768	22,163	8,768	22,163
Additional provisions made during the year	5,912	3,457	5,912	3,457
Receivables written off during period	(808)	(16,851)	(808)	(16,851)
At 30 June	**13,872**	**8,768**	**13,872**	**8,768**
Impairment of sundry debts				
At 1 July	210	258	395	285
Additional provisions made during the year	-	(41)	(290)	203
Receivables written off during period	140	(7)	153	(93)
At 30 June	**350**	**210**	**258**	**395**

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

10. Inventories

Accounting policy

Inventories are valued at the lower of cost (determined on a first in first out basis) and net realisable value. This valuation includes allowances for slow moving and obsolete inventories.
Inventories held for distribution at no charge, or for a nominal amount, are stated at the lower of cost and current replacement cost.
The write down from cost to current replacement cost or net realisable value is recognised in the surplus / (deficit).

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Consumable stocks and materials	133	140	1,709	1,817
Chandlery and boatyard	-	-	21	14
Total inventories	**133**	**140**	**1,730**	**1,831**

There are no inventory items held for distribution.

11. Other financial assets

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Current portion				
Loans and receivables				
Short-term deposits maturity 4 - 12 months	-	-	-	-
Fair value through equity				
LGFA borrower notes	-	160	-	160
Listed Fonterra shares	-	-	443	574
Total current portion	**-**	**160**	**443**	**734**
Non-current portion				
Loans and receivables	600	600	1,265	600
Fair value through equity				
LGNZ shares	85	82	85	82
LGFA borrower notes	1,549	799	1,549	799
Total non-current portion	**2,234**	**1,481**	**2,899**	**1,481**

There are no impairment provisions for other financial assets.
Council holds 85,440 shares in Local Government Insurance Corp Ltd. As they are not material, council has estimated the fair value of these should be based on the LGNZ net asset backing as at 30 June. These shares are not traded.

Maturity analysis and interest rates

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Loans and receivables				
Short term loan 4 - 12 months	-	-	-	-
Short term deposits 4 - 12 months	-	-	-	-
Maturing within 4 - 12 months	**-**	**-**	**-**	**-**

12. Property, plant and equipment - council and group

Accounting policy

Property, plant and equipment

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

Property, plant and equipment consists of:

i. Operational assets

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

ii. Restricted assets

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

iii. Infrastructural assets

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

Revaluations

The Council and group accounts for revaluations of property, plant and equipment on a class of asset basis. Valuations are performed with sufficient regularity to ensure that the carrying amount is not materially different to their fair value. Carrying values of revalued assets are assessed annually to ensure they do not differ materially to fair value. If there is a material difference then a revaluation is performed.
All assets are valued at historical cost, except the following assets which are shown at fair value, based on periodic valuations by independent valuers, less subsequent depreciation:

- Roading infrastructural assets;
- Stormwater infrastructural assets;
- Water and wastewater infrastructural assets;
- Stormwater infrastructural assets;
- Maritime assets;
- Footpaths and footbridges;
- Carparks;
- Refuse transfer stations;
- Heritage assets;
- Parks & reserves;
- Land; (except land under roads)
- Community facilities buildings.

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

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the council and group and the cost of the item can be measured reliably.
Work in progress is recognised at cost less impairment and is not depreciated.
Additions between valuations are recorded at cost, except for vested assets. Certain infrastructure assets and land have been vested in council as part of the sub divisional consent process. The vested reserve land has been valued at 50% of the surrounding residential land as per an appropriately certified government valuation. Vested infrastructure assets have been valued based on the actual quantities of infrastructure components vested and the current unit rates for that component provided by the most recent valuation.

Subsequent costs

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

Assets under construction

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

Disposals

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

Depreciation

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

Operational assets		
Runways	25 years	4%
Buildings	15 – 120 years	0.83 – 6.67%
Motor vehicles	3 – 5 years	20 – 33%
Plant and machinery	1 – 40 years	2.5 – 100%
Wharves (concrete)	10 - 85 years	1.17 - 10%
Wharves (timber), moorings and ramps	10 – 50 years	2 – 10%
Office furniture and equipment	5 – 15 years	6.67 – 20%
Computers	3 - 7 years	14.28 – 33%
Library books	3 – 40 years	2.5 – 33%
Heritage assets	10 – 185 years	0.54 – 10%
Leasehold improvements	3 - 25 years	4 - 33%
Infrastructural assets		
Roads		
Top surface (seal)	12 - 50 years	2 – 8.33%
Top surface (unsealed)	12 years	8.33%
Pavement (base course) sealed	35 years	2.85%
Pavement (sub base) sealed	35 - 50 years	2 - 2.85%
Retaining and Seawalls	50 - 80 years	1.25 - 2%
Culverts, cesspits	25 - 100 years	1 – 4%
Surface water channels	0 - 50 years	0 - 20%
Footpaths	30 – 60 years	1.6 – 3.3%
Kerbs	50 – 80 years	1.25 – 2%
Street lights	8– 60 years	1.67 – 12.5%
Signs	20 years	5%
Bridges	50 – 100 years	1 – 2%
Railings	30 – 50 years	2 – 3.3%
Water Reticulation		
Pipes	50 – 100 years	1 – 2%
Valves, hydrants	50 - 70 years	1.43 – 2%
Pump stations	7 – 50 years	2 – 14.28%
Treatment Plants	5 - 100 years	1 - 20%
Tanks / dams	5 – 100 years	1 – 20%
Sewerage Reticulation		
Pipes	40 - 100 years	1 – 2.5%
Manholes	80 years	1.25%
Pump stations	7 - 70 years	1.43 - 14.28%
Treatment plant	5 – 70 years	1.43 – 20%
Stormwater Systems		
Pipes	40 – 100 years	1 – 2.5%
Manholes	100 years	1%
Refuse	5 - 100 years	1 - 20%

Improvements to leased assets are depreciated over the shorter of the unexpired period of the leases and the estimated useful lives of the improvements. The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.
Land is not depreciated.

Impairment

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carry amount may not be recoverable.
An impairment loss is recognised for the amount by which the asset's carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.
Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of an asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential.
The carrying amounts of the council and group assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.
An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the surplus / (deficit). Impairment losses on revalued assets offset any balance in the asset revaluation reserve, with any remaining impairment loss being posted to the surplus / (deficit).
The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus/(deficit), a reversal of the impairment loss is also recognised in the surplus / (deficit).
For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the surplus / (deficit).

Value in use for non-cash generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Critical accounting estimates and assumptions

Infrastructural assets

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset. Council may be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, such as stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing physical inspections and assessments;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense.

To minimise this risk, the council's infrastructural and other asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based upon past experience.
Experienced independent valuers perform the council's infrastructural asset revaluations.

Estimating the fair value of land, buildings and infrastructure

Land (Operational, restricted and infrastructural)

The most recent valuation of land was performed by an independent registered valuer at QV Asset & Advisory. This valuation was effective as at 30 June 2022.
Land is valued at fair value using market-based evidence and the highest and best use scenario. Due consideration has been made for restrictions due to easements, covenants and any restrictions such as the Reserves Act.
An assumption has been made that all land valued is held by the Far North District Council in freehold ownership

Buildings (operational and restricted)

Buildings have been valued on a depreciated replacement cost basis in most cases. Buildings were valued by QV Asset & Advisory with an effective date of 31 May 2021.

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

- Replacement cost rates derived from construction contracts of like assets and recent costings obtained from construction details
- Inspection of all buildings with a value of over $50,000
- It was considered that most current buildings in the property portfolio are fully utilised and optimisation is not necessary

Straight-line depreciation has been applied in determining the depreciated replacement cost value of the assets

Economic lives have been adopted taking into consideration the Far North District Councils replacement / maintenance plans.

The council's residential buildings (Housing for the Elderly) has been valued on a depreciated replacement cost method. This is due to the fact that there was a paucity of relevant recent sales evidence to derive an appropriate market value.

Any buildings valued using market based evidence as are follows:

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Operational Buildings				
Roading Strategic Buildings	2,575	2,070	2,575	2,460
Restricted Buildings				
Restricted Buildings	-	-	-	-
Total	**2,575**	**2,070**	**2,575**	**2,460**

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

Sewerage, water, stormwater and roading are valued at depreciated replacement cost by Fraser Campbell of Campbell Consulting Ltd and also SPM Assets Ltd. The sewerage and water valuations (excluding land) have an effective date as at 30 June 2022. The stormwater valuations have an effective date of 30 June 2022. The roading asset classes such as pavement, drainage and bridges have an effective date as at 30 June 2022. Refuse is valued at depreciated replacement cost by Fraser Campbell of Campbell Consulting Ltd and also SPM Assets Ltd. Refuse valuations have an effective date as at 30 June 2022.

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

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

Library collections

Library collections are valued at depreciated replacement cost and valuations are performed by the in-house systems librarian and the fixed asset accountant. These valuations have been peer reviewed by SPM Assets Ltd. The last valuation was effective as at 31 December 2020.

Maritime assets

Maritime assets were valued at depreciated replacement cost by Telfer Young (Northland) Ltd. The last valuation was effective as at 31 May 2022. The following assumptions were used in determining the depreciated replacement cost:

Replacement costs are derived from recent contract information, indexed cost increases, historical cost data and in-house advice from engineers

Remaining lives have been applied as per advice from Far North Holdings engineers as a result of a full data collection exercise carried out in May 2018 and an updated condition reports in the 2020/21 financial year. In addition work has been carried out by asset managers within FNDC and this advice has also been incorporated into the valuation.

Heritage assets

Heritage assets were valued at depreciated replacement cost in accordance with the 2002 Treasury valuation guidance for cultural and heritage assets. Heritage valuations are performed by WSP New Zealand Ltd with the last valuation having an effective date of 31 May 2022.

Operational assets

Ferry assets were valued at depreciated replacement cost by Emtech, engineering and marine consultants, effective as at 30 June 2021. Plant Assets such as pool plant and the sewerage treatment assets at the Houhora camping ground were valued by AECOM as these were considered to be specialised in nature.

Critical judgments in applying the council's accounting policies

Classification of property

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

12. Property, plant and equipment - Council

2022	Cost / revaluation 30 June 2021	Accumulated depreciation and impairment charges 30 June 2021	Carrying amount 30 June 2021	Current year additions	Current year vested assets
Land	59,113	-	59,113	-	-
Vehicles and plant	4,741	(1,203)	3,538	607	-
Leasehold improvements	984	(588)	396	11	-
Wharves, ramps, moorings	4,029	(30)	4,000	4,904	5,256
Furniture, fitting and office equipment	2,125	(1,316)	808	202	-
Information systems	5,701	(3,826)	1,874	316	-
*Work in progress	1,384	-	1,384	1,505	-
Total operational assets	**78,077**	**(6,964)**	**71,113**	**7,545**	**5,256**
Roading land	368,629	-	368,629	-	-
Roading and footpaths	1,225,888	(4,476)	1,221,412	32,117	771
Water – treatment plants and facilities	25,189	(1,187)	24,002	326	-
Water - reticulation	49,337	(1,648)	47,689	531	669
Wastewater – treatment plants and facilities	67,699	(3,044)	64,656	987	-
Wastewater - reticulation	77,984	(2,239)	75,744	1	76
Stormwater	91,056	-	91,056	1,016	4,903
Refuse	4,960	-	4,960	195	-
Community facilities	67,468	(2,756)	64,711	7,373	225
Infrastructural Land				575	-
Work in progress	54,991	-	54,991	60,303	-
Total infrastructural assets	**2,033,200**	**(15,350)**	**2,017,850**	**103,424**	**6,643**
Council restricted assets					
Land	35,941	-	35,941	-	-
Heritage	2,803	(234)	2,569	-	7
Total restricted assets	**38,744**	**(234)**	**38,510**	**-**	**7**
Total property, plant and equipment	**2,150,022**	**(22,548)**	**2,127,474**	**110,969**	**11,906**

2021	Cost / revaluation 30 June 2020	Accumulated depreciation and impairment charges 30 June 2020	Carrying amount 30 June 2020	Current year additions	Current year vested assets
Land	52,221	-	52,221	1,145	-
Vehicles and plant	4,926	(1,321)	3,605	636	-
Leasehold improvements	991	(513)	478	-	-
Wharves, ramps, moorings	4,011	(28)	3,983	45	-
Furniture, fitting and office equipment	1,925	(1,218)	707	264	-
Information systems	5,310	(3,174)	2,136	443	-
*Work in progress	1264	-	1,264	1,805	-
Total operational assets	**70,648**	**(6,254)**	**64,394**	**4,337**	**-**
Roading land	368,460	-	368,460	-	169
Roading and footpaths	1,106,756	(4,574)	1,102,182	24,661	2,225
Water – treatment plants and facilities	21,223	(122)	21,101	4,070	-
Water - reticulation	48,109	(128)	47,981	874	361
Wastewater – treatment plants and facilities	47,619	(327)	47,291	20,293	-
Wastewater - reticulation	74,626	(214)	74,412	3,223	202
Stormwater	89,454	(1,454)	88,000	561	172
Refuse	4,557	(298)	4,259	8	-
Community facilities	63,823	(7,735)	56,088	3,530	808
Work in progress	43,605	-	43,605	70,476	-
Total infrastructural assets	**1,868,232**	**(14,852)**	**1,853,379**	**127,696**	**3,937**
Council restricted assets					
Land	31,533	-	31,533	-	-
Heritage	2,616	(129)	2,487	257	-
Total restricted assets	**34,149**	**(129)**	**34,020**	**257**	**-**
Total property, plant and equipment	**1,973,029**	**(21,235)**	**1,951,793**	**132,290**	**3,937**

Current year disposals (at book value)	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus / (deficit)	Cost / revaluation 30 June 2022	Accumulated depreciation and impairment charges 30 June 2022	Carrying amount 30 June 2022
-	-	-	(58,575)	-	538	-	538
(156)	-	(534)	-	-	4,888	(1,431)	3,456
-	-	(92)	-	-	989	(674)	315
(157)	-	(376)	-	601	14,260	(34)	14,227
(3)	-	(144)	-	-	2,275	(1,412)	863
(8)	-	(701)	-	-	5,147	(3,666)	1,481
(1,418)	-	-	-	-	1,472	-	1,472
(1,742)	**-**	**(1,846)**	**(58,575)**	**601**	**29,569**	**(7,217)**	**22,352**
-	-	-	3,158	914	372,701	-	372,701
(1,079)	-	(19,311)	-	124,123	1,360,759	(2,727)	1,358,032
(46)	-	(1,208)	(67)	1,480	24,486	-	24,486
-	-	(1,543)	-	14,624	61,972	(1)	61,971
(150)	-	(3,327)	-	6,295	68,461	-	68,461
-	-	(2,032)	-	14,683	88,473	-	88,473
-	-	(1,432)	-	11,724	107,267	-	107,267
-	-	(293)	-	1,991	6,852	-	6,851
(774)	-	(4,991)	67	314	74,388	(7,462)	66,926
(130)	-	-	55,417	9,386	65,248	-	65,248
(50,020)	-	-	-	-	65,274	-	65,275
(52,199)	**-**	**(34,148)**	**58,575**	**185,534**	**2,295,881**	**(10,190)**	**2,285,691**
-	-	-	-	7,175	43,116	-	43,116
(31)	-	(113)	-	982	3,413	-	3,413
(31)	**-**	**(113)**	**-**	**8,157**	**46,529**	**-**	**46,529**
(53,972)	**-**	**(36,097)**	**-**	**194,293**	**2,371,979**	**(17,406)**	**2,354,572**

Current year disposals (at book value)	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus / (deficit)	Cost / revaluation 30 June 2021	Accumulated depreciation and impairment charges 30 June 2021	Carrying amount 30 June 2021
-	-	-	-	5,747	59,113	-	59,113
(75)	-	(363)	-	(266)	4,741	(1,203)	3,538
-	-	(91)	-	10	984	(588)	396
(11)	-	(348)	-	331	4,029	(30)	4,000
(1)	-	(120)	-	(41)	2,125	(1,316)	808
-	-	(705)	-	-	5,701	(3,826)	1,874
(1,683)	-	-	-	-	1,384	-	1,384
(1,770)	**-**	**(1,627)**	**-**	**5,781**	**78,077**	**(6,964)**	**71,113**
-	-	-	-	-	368,629	-	368,629
(2,283)	-	(18,344)	64	112,906	1,225,888	(4,476)	1,221,412
(94)	-	(1,075)	-	-	25,189	(1,187)	24,002
(6)	-	(1,521)	-	-	49,337	(1,648)	47,689
(193)	-	(2,733)	(3)	-	67,699	(3,044)	64,656
(69)	-	(2,027)	3	-	77,984	(2,239)	75,744
(9)	-	(1,254)	-	3,585	91,056	-	91,056
-	-	(268)	-	962	4,960	-	4,960
(142)	-	(4,376)	(64)	8,868	67,468	(2,756)	64,711
(59,091)	-	-			54,991	-	54,991
(61,886)	**-**	**(31,598)**	**-**	**126,320**	**2,033,200**	**(15,350)**	**2,017,850**
-	-	-	-	4,408	35,941	-	35,941
(66)	-	(109)	-	-	2,803	(234)	2,569
(66)	**-**	**(109)**	**-**	**4,408**	**38,744**	**(234)**	**38,510**
(63,722)	**-**	**(33,335)**	**-**	**136,509**	**2,150,022**	**(22,548)**	**2,127,474**

12. Property, plant and equipment - Group

2022	Cost / revaluation 30 June 2021	Accumulated depreciation and impairment charges 30 June 2021	Carrying amount 30 June 2021	Current year additions	Current year vested assets
Land	67,930	-	67,930	-	-
Buildings	27,902	(717)	27,185	2,817	-
Vehicles, boat transporters and plant	6,411	(1,962)	4,449	677	-
Leasehold improvements	1,148	(619)	529	11	-
Wharves, ramps, moorings	6,337	(114)	6,224	4,904	5,256
Furniture, fittings and office equipment	7,499	(3,936)	3,563	514	-
Information systems	5,713	(3,830)	1,882	316	-
Runways	3,397	(120)	3,277	-	-
Site works	19	(3)	16	-	-
Heritage	859	-	859	-	-
Work in progress	1,509	-	1,509	1,697	-
Total operational assets	**128,724**	**(11,302)**	**117,423**	**10,936**	**5,256**
Roading land	368,629	-	368,629	-	-
Roading and footpaths	1,225,888	(4,476)	1,221,412	32,117	771
Water - treatment plants and facilities	25,189	(1,187)	24,002	326	-
Water - other	49,337	(1,648)	47,689	531	669
Wastewater - treatment plants and facilities	67,699	(3,044)	64,656	987	-
Wastewater - other	77,984	(2,239)	75,744	1	76
Stormwater	91,056	-	91,056	1,016	4,903
Refuse	4,960	-	4,960	195	-
Community facilities	67,468	(2,756)	64,712	7,373	225
Infrastructural land	-	-	-	575	-
Work in progress	54,991	-	54,991	60,303	-
Total infrastructural assets	**2,033,200**	**(15,350)**	**2,017,850**	**103,424**	**6,644**
Council restricted assets					
Land	35,941	-	35,941	-	-
Heritage	2,803	(234)	2,569	-	7
Total restricted assets	**38,744**	**(234)**	**38,510**	**-**	**7**
Total property, plant and equipment	**2,200,669**	**(26,886)**	**2,173,784**	**114,360**	**11,907**

Current year disposals (at book value)	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus / (deficit)	Cost / revaluation 30 June 2022	Accumulated depreciation and impairment charges 30 June 2022	Carrying amount 30 June 2022
-	-	-	(58,959)	2,172	11,143	-	11,143
-	-	(543)	289	126	30,647	(773)	29,874
(179)	-	(694)	2	-	6,604	(2,349)	4,255
-	-	(98)	-	-	1,153	(711)	442
(157)	-	(444)	(3)	686	16,593	(127)	16,466
(120)	-	(630)	(99)	-	7,543	(4,315)	3,228
(8)	-	(705)	-	-	5,159	(3,674)	1,485
-	-	(131)	(1)	768	4,044	(131)	3,913
-	-	(2)	(1)	-	16	(3)	13
-	-	-	-	-	859	-	859
(1,543)	-	-	1	-	1,664	-	1,664
(2,007)	**-**	**(3,247)**	**(58,770)**	**3,752**	**85,425**	**(12,083)**	**73,342**
-	-	-	3,158	914	372,701	-	372,701
(1,079)	-	(19,311)	-	124,123	1,360,759	(2,727)	1,358,032
(46)	-	(1,208)	(67)	1,480	24,486	-	24,486
-	-	(1,543)	-	14,624	61,972	(1)	61,971
(150)	-	(3,327)	-	6,295	68,461	-	68,461
-	-	(2,032)	-	14,683	88,473	-	88,473
-	-	(1,432)	-	11,724	107,267	-	107,267
-	-	(293)	-	1,991	6,852	-	6,852
(774)	-	(4,991)	67	314	74,388	(7,462)	66,926
(130)	-	-	55,417	9,386	65,248	-	65,248
(50,020)	-	-	-	-	65,274	-	65,274
(52,199)	**-**	**(34,137)**	**58,575**	**185,534**	**2,295,881**	**(10,190)**	**2,285,691**
-	-	-	-	7,175	43,116	-	43,116
(31)	-	(113)	-	982	3,413	-	3,413
(31)	**-**	**(113)**	**-**	**8,157**	**46,529**	**-**	**46,529**
(54,237)	**-**	**(37,497)**	**(195)**	**197,443**	**2,427,835**	**(22,273)**	**2,405,562**

12. Property, plant and equipment - Group continued

2021	Cost / revaluation 30 June 2020	Accumulated depreciation and impairment charges 30 June 2020	Carrying amount 30 June 2020	Current year additions	Current year vested assets
Land	63,522	-	63,522	1,145	-
Buildings	26,011	(740)	25,271	879	-
Vehicles, boat transporters and plant	6,536	(1,923)	4,613	731	-
Leasehold improvements	1,120	(539)	581	35	-
Wharves, ramps, moorings	6,103	(105)	5,998	56	-
Furniture, fittings and office equipment	7,344	(3,658)	3,686	478	-
Information systems	5,310	(3,174)	2,136	455	-
Runways	3,149	(139)	3,010	-	-
Site works	22	(3)	19	-	-
Heritage	859	-	859	-	-
Work in progress	1,291	-	1,291	1,903	-
Total operational assets	**121,267**	**(10,281)**	**110,985**	**5,681**	**-**
Roading land	368,460	-	368,460	-	169
Roading and footpaths	1,106,756	(4,574)	1,102,182	24,661	2,225
Water - treatment plants and facilities	21,223	(122)	21,101	4,070	-
Water - other	48,109	(128)	47,981	874	361
Wastewater - treatment plants and facilities	47,619	(327)	47,292	20,293	-
Wastewater - other	74,626	(214)	74,412	3,223	202
Stormwater	89,454	(1,454)	88,000	561	172
Refuse	4,557	(298)	4,259	8	-
Community facilities	63,823	(7,735)	56,088	3,530	808
Work in progress	43,605	-	43,605	70,476	-
Total infrastructural assets	**1,868,232**	**(14,852)**	**1,853,380**	**127,696**	**3,937**
Council restricted assets					
Land	31,533	-	31,533	-	-
Heritage	2,616	(129)	2,487	257	-
Total restricted assets	**34,149**	**(129)**	**34,020**	**257**	**-**
Total property, plant and equipment	**2,023,648**	**(25,262)**	**1,998,385**	**133,634**	**3,937**

Current year disposals (at book value)	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus / (deficit)	Cost / revaluation 30 June 2021	Accumulated depreciation and impairment charges 30 June 2021	Carrying amount 30 June 2021
(260)	-	-	(2,960)	6,483	67,930	-	67,930
(213)	-	(480)	577	1,151	27,902	(717)	27,185
(103)	-	(528)	1	(266)	6,411	(1,962)	4,449
-	-	(96)	(1)	10	1,148	(619)	529
(11)	-	(410)	(1)	591	6,337	(114)	6,224
(2)	-	(576)	18	(41)	7,499	(3,936)	3,563
-	-	(709)	1	-	5,713	(3,830)	1,882
-	-	(120)	-	387	3,397	(120)	3,277
-	-	(2)	(1)	-	19	(3)	16
-	-	-	-	-	859	-	859
(1,683)	-	-	(1)	-	1,509	-	1,509
(2,272)	**-**	**(2,921)**	**(2,366)**	**8,315**	**128,724**	**(11,302)**	**117,423**
-	-	-	-	-	368,629	-	368,629
(2,283)	-	(18,344)	64	112,906	1,225,888	(4,476)	1,221,412
(94)	-	(1,075)	-	-	25,189	(1,187)	24,002
(6)	-	(1,521)	-	-	49,337	(1,648)	47,689
(193)	-	(2,733)	(3)	-	67,699	(3,044)	64,656
(69)	-	(2,027)	3	-	77,984	(2,239)	75,744
(9)	-	(1,254)	-	3,585	91,056	-	91,056
-	-	(268)	-	962	4,960	-	4,960
(142)	-	(4,376)	(64)	8,868	67,468	(2,756)	64,712
(59,091)	-	-	-	-	54,991	-	54,991
(61,886)	**-**	**(31,598)**	**-**	**126,320**	**2,033,200**	**(15,350)**	**2,017,850**
-	-	-	-	4,408	35,941	-	35,941
(66)	-	(109)	-	-	2,803	(234)	2,569
(66)	**-**	**(109)**	**-**	**4,408**	**38,744**	**(234)**	**38,510**
(64,224)	**-**	**(34,629)**	**(2,366)**	**139,043**	**2,200,669**	**(26,886)**	**2,173,784**

Disposals

All disposals that were carried out during the year were part of the council's on-going renewal programmes.

The net loss on disposal of property, plant and equipment ($2.349m) has been recognised in the statement of comprehensive revenue and expense in the line item "Other expenses"

Work in progress

*Note to Table 12, page 70 - includes work in progress (WIP) for intangible assets $4.922m (2021 - $4.984m)

The total amount of property, plant and equipment in the course of construction is $66,937,448 (2021 - $56,499,681).

	Council and Group	
	2022 $000s	2021 $000s
Land	-	-
Vehicles and plant	249	381
Leasehold improvements	-	3
Wharves, ramps, moorings	911	1222
Runways	57	125
Furniture, fittings and office equipment	143	36
Information systems	302	86
Roading and footpaths	27,499	35,157
Roading Land	-	-
Water - treatment plants and facilities	16,224	2,743
Water - reticulation	859	1134
Wastewater - treatment plants and facilities	2,046	2,150
Wastewater - reticulation	235	248
Refuse	82	132
Stormwater	631	1,550
Community facilities	12,777	6,548
Infrastructural Land	-	-
Intangible assets	4,922	4,984
Total work in progress	**66,937**	**56,499**

Restrictions

Land in the 'restricted asset' category is subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared a reserve under the Reserves Act 1977), or other restrictions (such as land under bequest or donation that restricts the purpose for which the asset can be used).

Core infrastructure asset disclosures

Category	Closing Book Value $000's	Additions Constructed by Council $000's	Additions transferred to Council $000's	Most recent estimate of replacement cost
2022				
Roading and Footpaths	1,358,032	32,117	771	1,339,676
Water				
- Treatment Plants and Facilities	24,486	326	-	24,360
- Other	61,971	531	669	61,409
Sewerage				
- Treatment Plants and Facilities	68,461	987	-	67,913
- Other	88,473	1	76	88,472
Stormwater	107,267	1,016	4,903	107,267
2021				
Roading and Footpaths	1,221,412	24,661	2,225	1,198,179
Water				
- Treatment Plants and Facilities	24,002	4,070	-	20,391
- Other	47,689	874	361	48,014
Sewerage				
- Treatment Plants and Facilities	64,656	20,293	-	39,503
- Other	75,744	3,223	202	72,041
Stormwater	91,056	561	172	90,504

13. Intangible assets

Accounting policy

Intangible assets that are acquired by the council are stated at cost less accumulated amortisation. Easements, resource consents, public access rights, software and electronic books are included in this category.

Computer software

Acquired computer software systems are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Other intangible assets

Other intangible assets that are acquired by council, excluding easements which are not amortised, are stated at cost less accumulated amortisation and impairment losses. The useful lives and associated amortisation classes of intangible assets have been estimated as follows:

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

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

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

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

Subsequent expenditure

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

Amortisation

An intangible asset with a finite useful life is amortised over the period of that life, annually assessed for indicators of impairment and tested for impairment if indicators of impairment exist and carried at cost less accumulated amortisation and accumulated impairment losses.
An intangible asset with an indefinite useful life is not amortised but is tested annually for impairment.

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Computer software				
Cost	6,177	5,876	6,357	6,056
Accumulated amortisation and impairment	(5,008)	(5,000)	(5,150)	(5,000)
Year ended 30 June 2021	1,169	876	1,207	887
Opening carrying amount	**1,169**	**876**	**1,207**	**887**
Additions	727	636	727	636
Amortisation charges	(463)	(315)	(463)	(315)
Disposals (at book value) / adjustments	(61)	(27)	-	-
Balance at 30 June 2022	**1,372**	**1,169**	**1,471**	**1,207**
Resource consents / easements				
Cost	3,986	3,888	3,986	3,888
Accumulated amortisation and impairment	(1,857)	(1,668)	(1,857)	(1,668)
Year ended 30 June 2021	2,129	2,220	2,129	2,220
Opening carrying amount	**2,129**	**2,220**	**2,129**	**2,220**
Additions	350	129	350	129
Amortisation charges	(198)	(219)	(198)	(219)
Disposals (at book value) / adjustments	-	-	-	-
Balance at 30 June 2022	**2,281**	**2,129**	**2,281**	**2,129**

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Goodwill				
Balance 1 July 2021	-	-	100	100
Additions	-	-	-	-
Asset written off/impairment	-	-	-	-
Balance 30 June 2022	**-**	**-**	**100**	**100**
Public access rights				
Cost	9,641	9,641	1,599	1,599
Accumulated amortisation and impairment	(2,395)	(2,142)	(1,554)	(1,451)
Year ended 30 June 2021	7,246	7,499	45	148
Opening carrying amount	**7,246**	**7,499**	**45**	**148**
Additions	-	-	-	-
Amortisation charges	(197)	(253)	(21)	(103)
Disposals (at book value) / adjustments	-	-	-	-
Balance at 30 June 2022	**7,049**	**7,246**	**24**	**45**
Water rights				
Cost	-	-	-	-
Accumulated amortisation and impairment	-	-	-	-
Year ended 30 June 2021	-	-	-	-
Opening carrying amount	**-**	**-**	**-**	**-**
Additions	1,200	-	1,200	-
Amortisation charges	-	-	-	-
Disposals (at book value) / adjustments	-	-	-	-
Balance at 30 June 2022	**1,200**	**-**	**1,200**	**-**
Total intangible assets	**11,902**	**10,545**	**5,076**	**3,482**

Easements and resource consents are not cash generating in nature, instead they give Council the right to access private property where infrastructural assets are located and to carry out activities approved by permit.
Emissions Trading Scheme - owners of pre-1990 forests may opt to join the Emissions Trading Scheme (ETS) and are allocated New Zealand Units (NZU's) based on the size of the forested area in tree tranches. Pre-1990 forests are forests that were established before 1 January 1990. NZU's cannot be earned for an increase in carbon stock (through forest growth) in a pre-1990 forest, but, provided that pre-1990 forests are re-established after harvesting (either by replanting or regeneration) there are no liabilities or obligations under ETS. However, land owners must surrender NZU's equivalent to the carbon emissions from any deforestation.

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

14. Depreciation and amortisation expense by activity

	Council	
	2022 $000s	2021 $000s
Directly attributable depreciation and amortisation by activity		
Roading and Footpaths	19,663	18,574
Water Supply	2,831	2,676
Wastewater	5,470	4,892
Stormwater	1,452	1,275
Solid Waste Management	295	268
District Facilities	4,607	4,061
Environmental Management	167	119
Strategic Planning and Policy	12	29
Customer services	677	771
Total directly attributable depreciation and amortisation by group of activities	**35,174**	**32,665**
Depreciation and amortisation not directly related to group of activities	1,782	1,457
Total depreciation and amortisation expense	**36,956**	**34,122**

15. Interest expense by activity

	Council	
	2022 $000s	2021 $000s
Directly attributable interest by activity		
Roading and Footpaths	519	387
Water Supply	215	202
Wastewater	776	733
Stormwater	104	93
Solid Waste Management	65	81
District Facilities	470	358
Environmental Management	48	20
Strategic Planning and Policy	3	5
Governance and Strategic Administration	299	296
Total interest attributable to activities	**2,499**	**2,174**

16. Gain on asset revaluations

	Council	
	2022 $000s	2021 $000s
Revaluation gain reported in PPE note	194,293	136,509
Credited to:		
Revaluation reserves (Note 24)	193,749	130,908
Recognised in surplus / (deficit)		
Reserves land (Note 3)	-	4,967
Utilities land	544	634
Gain on asset revaluations	**194,293**	**136,509**

17. Agricultural assets

Accounting policy

Agricultural assets include biological assets and agricultural produce. A biological asset is a living animal or plant. Agricultural produce is the harvested produce of those biological assets.

Biological assets are measured at fair value less costs to sell, while agricultural produce is measured at fair value less costs to sell at the point of harvest. The net gain or loss arising from changes in valuation is included in the surplus / (deficit). Agricultural produce from biological assets is transferred to inventory at its fair value, by reference to market prices less estimated costs to sell, at the date of harvest.

17a. Biological assets

Accounting policy

Biological assets held by the group are bees.

Bees have been valued at fair value by reference to the Ministry of Primary Industries published prices. The fair value gain or loss arising from changes in the valuation is included in the surplus / (deficit).

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Balance at 1 July	-	-	1,184	1,604
Purchases of Bees & Hives	-	-	-	-
Fair value gains/(losses) on valuation	-	-	(874)	(420)
Balance at 30 June	**-**	**-**	**310**	**1,184**

Financial risk management strategies

Council's group is exposed to financial risks arising from changes in bee product prices and the inherent nature of beekeeping. Bee prices have declined significantly and measures are taken to manage exposure to risks of further decline.

17b. Forestry assets

Accounting policy

Forestry assets are independently revalued to estimated market valuation based on net present value. The net gain or loss arising from changes in the forest asset valuation is included in the surplus / (deficit). All gains and losses from harvesting are recognised in the statement of comprehensive revenue and expense when realised.
Forestry maintenance costs are expensed as incurred.

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Balance at 1 July	555	701	555	701
Disposal of Forestry Asset under Treaty settlement	-	(129)	-	(129)
Gains/(losses) arising from changes in value	(97)	(17)	(97)	(17)
Balance at 30 June	**458**	**555**	**458**	**555**

Council owns 47 hectares of forest which are of harvestable age. The forest at Kaikohe (5.4 hectares) was harvested during the period ending June 2021 and remains unplanted. There are no restrictions over the title of forestry assets and no forests are pledged as security for liabilities. Independent registered valuer's Woodlands Pacific Consulting Limited have valued the forestry assets as at 30 June 2022. The following assumptions were used:

- A discount rate of 9% (2021 - 9%) has been used in discounting the present value of expected cash flows
- Notional land rental costs have been included for freehold land
- No allowance for inflation has been made
- Costs are Forest costs (which in this case are confined to costs associated with protection and maintenance), administration and land rental and production (harvesting) costs
- Log prices assume delivery either at the mill gate or wharf gate and
- Export log prices have been adjusted to include the relevant port costs

Financial risk management strategies

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

18. Investment property

Accounting policy

Investment properties are properties which are held either to earn rental revenue or for capital appreciation or for both. Investment property is measured initially at its cost, including transaction costs.
After initial recognition, the group measures all investment properties at fair value determined annually by an independent valuer. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
Any gain or loss arising from a change in fair value is recognised in the surplus / (deficit). There is no depreciation on investment properties.
Rental revenue from investment property is accounted for as described in the accounting policy for revenue recognition.
When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item the gain is transferred to accumulated comprehensive revenue and expense. Any loss arising in this manner is recognised immediately in the surplus / (deficit).
If an investment property becomes owner occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent recording. When council begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on fair value, and is not reclassified as property, plant and equipment during the redevelopment.

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Balance at 1 July	-	-	110,834	87,451
WIP transfers	-	-	-	-
Additions / WIP	-	-	13,467	6,455
Disposals	-	-	(385)	(1,969)
Reclassification as PPE movement	-	-	(13,912)	(2,724)
Subsidy offset adjustment	-	-	9,115	14,912
Fair value gains / (losses) on valuation	-	-	15,285	6,709
Balance at 30 June	**-**	**-**	**134,404**	**110,834**

Investment properties are valued annually at fair value effective 30 June. A market based approach has been applied to all investment properties where market evidence can be reliably analysed to assess open market values.
The most recent valuation was performed by Brad Sworn ANZIV, of the firm Telfer Young (Northland) Ltd, a valuer with extensive market knowledge in the types of investment properties owned by the group, for Far North Holdings Ltd effective 30 June 2022.

Rental revenue

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Rental revenue	-	-	4,548	4,441
Expenses from investment property generating revenue	-	-	1,362	1,277
Expenses from investment property not generating revenue	-	-	-	-

19a. Investment in subsidiaries

Accounting policy

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

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Far North Holdings Ltd	18,000	18,000	-	-
Total investment in subsidiaries	**18,000**	**18,000**	**-**	**-**

Council has a 100% investment in FNHL and its reporting date is 30 June.
The investment in FNHL comprises 7,000,000 ordinary shares and 11,000,000 convertible non participating redeemable shares. The holders of the convertible non participating shares have no rights to participate in the profits or assets of the Company other than by the discretion of the directors, to vote at any general meeting of the Company or to subscribe for or be offered or allotted any present or future issue of shares in the capital of the Company. The Company shall be entitled, at any time from 30 May 2002, to redeem all or any of the convertible non participating shares.

19b. Investments in equity accounted associates

Accounting policy

Council's associate investment is accounted for in the group financial statements using the equity method. An associate is an entity over which Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount in the group financial statements in increased or decreased to recognise the group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment.

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of the surpluses only after its share of the surpluses equals the share of deficits not recognised.

When the group transacts with the associate, surpluses or deficits are eliminated to the extent of Council's interest in the associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

The investment in the associate is accounted for using the equity method in Council's parent entity financial statements.

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Group investments in associates	-	-	1,352	1,232
Total investment in equity accounted associates	**-**	**-**	**1,352**	**1,232**

Group investments in associates

Far North Holdings Ltd holds significant influence over their associate Kaikohe Berryfruit GP Limited and has included their investment using the equity accounting method.

Northland Inc (Associate)

Northland Inc is a limited company incorprated and registered under the Companies Act 1993 and is a council controlled organisation as defined in section 6 of the Local Government Act 2002. Northland Inc is an associate of Council with a primary objective to develop the economy of Northland and review funding opportunities for the Investment and Growth Reserve. Northland Inc is classified as an associate as it is considered that Council holds significant influence over the financial and operating policies of Northland Inc due to the fact Council shares joint control of Northland Inc with Northland Regional Council (33.3%) and Kaipara District Council (33.3%). Council's investment in Northland Inc is carried at cost of $80 (2021: Nil) in the Council's parent entity financial statements.

20. Creditors and other payables

Accounting policy

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

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Current portion				
Payables and deferred revenue under exchange transactions				
Creditors	848	2,756	7,697	7,645
Related party payables	-	-	-	487
Accruals	11,519	15,261	11,542	15,291
Deposits	4,270	4,794	4,270	4,794
Revenue in advance	6,956	12,847	9,469	16,334
Total	**23,593**	**35,658**	**32,978**	**44,551**
Payables and deferred revenue under non-exchange transactions				
Income tax and ACC payable	564	531	564	531
Other taxes payable (e.g.GST and FBT)	-	-	5	-
Total	**564**	**531**	**569**	**531**
Total current portion	**24,157**	**36,189**	**33,547**	**45,082**
Non-current portion				
Creditors	52	160	52	160
Revenue in advance	-	-	12,239	10,228
Total non-current portion	**52**	**160**	**12,291**	**10,388**

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

21. Provisions

Accounting policy

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

Landfill post – closure costs

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

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

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

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

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Provision for Landfill aftercare liability				
Current provisions	86	11	86	11
Non-current provisions	1,735	391	1,735	391
Total provisions landfill aftercare	**1,821**	**402**	**1,821**	**402**
This is represented by:				
Ahipara				
Opening balance 1 July	79	265	79	265
Plus provision added	-	-	-	-
Less amount utilised	74	(186)	74	(186)
Closing balance 30 June	**153**	**79**	**153**	**79**
Kaikohe				
Opening balance 1 July	16	6	16	6
Plus provision added	-	10	-	10
Less amount utilised	-	-	-	-
Closing balance 30 June	**16**	**16**	**16**	**16**
Russell				
Opening balance 1 July	262	276	262	276
Plus provision added	-	-	-	-
Less amount utilised	1,345	(14)	1,345	(14)
Closing balance 30 June	**1,607**	**262**	**1,607**	**262**
Whangae				
Opening balance 1 July	45	21	45	21
Plus provision added	-	24	-	24
Less amount utilised	-	-	-	-
Closing balance 30 June	**45**	**45**	**45**	**45**
Total landfill aftercare provisions	**1,821**	**402**	**1,821**	**402**
Total current provisions	86	11	86	11
Total non-current provisions	1,735	391	1,735	391
Total provisions	**1,821**	**402**	**1,821**	**402**

Landfill aftercare provisions

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

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

Post closure responsibilities:

- Treatment and monitoring of leachate;
- Ground water and surface water monitoring;
- Gas monitoring and flaring if required;
- Implementation of remedial measures such as needed for settlement and cracking of capping layer;
- Ongoing site maintenance for drainage systems, final cover and vegetation; and
- Ensure closed landfill is suitable for intended future use.

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

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

- Council approved the closure of the Russell landfill at a Council meeting on 11th August 2022, with no active landfill sites in operation.
  - Ahipara - nil
  - Russell - nil

Estimates of the remaining lives have been made by Council's engineers based upon historical volume information.
The future cash flows for the landfill post closures are expected to occur for the years between 2023 and 2049, and includes costs to immediately close the Russell landfill. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The future cashflows have been estimated taking into account existing technology. Risk-free Discount Rates published by the Treasury have been used to discount the estimated future cashflows. https://treasury.govt.nz/publications/guidance/reporting/accounting/discountrates

22. Employee benefits

Accounting policy

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay.
These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.
A liability and an expense are recognised for bonuses where the Council or group has a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Presentation of employee entitlements

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

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Accrued pay	393	297	457	341
Annual leave entitlement	2,259	2,139	2,574	2,362
Other entitlements	242	263	242	263
Total employee benefits	**2,894**	**2,699**	**3,273**	**2,966**
Comprising				
Current	2,894	2,699	3,273	2,966
Non-current	-	-	-	-
Total employee benefits	**2,894**	**2,699**	**3,273**	**2,966**

23. Borrowings and other financial liabilities

Accounting policy

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

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Current				
Bank overdraft (Note 8)	-	-	-	-
Secured loans	10,000	22,000	21,500	23,671
Finance lease liability	-	-	-	-
Total current borrowings	**10,000**	**22,000**	**21,500**	**23,671**
Non-current				
Secured loans	71,500	41,500	110,160	78,625
Finance lease liability	-	-	-	-
Total non-current borrowings	**71,500**	**41,500**	**110,160**	**78,625**

Council loans are secured over rating revenue. FNHL has loans of $50,159,262 (2021 - $38,796,232). Land and buildings to a value of $102,919,000 (2021 - $66,602,000) have been given as security for the term loans. Council has an overdraft limit of $3 million (2021 - $3m) which is not secured.
Council has a short term loan facility of $20 million as at 30 June 2022 (2021 - $20m) and $10.0m was drawn against this facility as at 30 June (2021 - $12.0m).

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Maturity periods				
Payable no later than 1 year	10,000	22,000	21,500	60,796
Later than 1, not later than 2 years	21,500	6,500	58,570	6,500
Later than 2, not later than 5 years	40,000	25,000	40,000	25,000
Later than 5 years	10,000	10,000	11,590	10,000
	81,500	**63,500**	**131,660**	**102,296**

The carrying amount of borrowings approximates their fair value.

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

	2022	2021
Secured loans and debentures	2.37%	1.92%

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

Ratio	Target	Achievement 2021/22
Net debt as % total revenue	Debt not greater than 175% of revenue	41%
Net annual interest to total revenue	Less than 20%	1.04%
Current ratio (liquidity ratio)	Equal to or greater than 110%	132%

24. Equity

Accounting policy

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

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

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of the equity have been assigned. Reserves may be legally restricted or created by Council.
Funds that are received or set aside for particular purposes, and have legislative restrictions placed upon them, are considered as restricted funds. These include some special funds or reserves and sinking funds created prior to the repeal of the Local Authorities Loans Act. The portion of these funds not required in the current year has been shown as restricted funds.
Restricted reserves are those reserves subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.
Council created reserves are reserves established by Council decision. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Property revaluation reserves

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

Fair value through equity reserves

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

Cash flow hedge reserves

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

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Retained earnings				
As at 1 July	1,462,263	1,430,299	1,532,679	1,480,950
Transfer from / (to) restricted reserves	616	(4,430)	616	(4,430)
Transfer from revaluation reserves on disposal	3,488	1,244	(11,003)	(1,654)
Transfer from Revaluation Reserve for land under road adjustment	-	-	-	-
Surplus / (deficit) for the year	26,523	35,149	54,450	57,812
Balance as at 30 June	**1,492,890**	**1,462,263**	**1,576,743**	**1,532,679**
Restricted reserves				
As at 1 July	12,433	8,003	13,936	9,506
Transfer (to) / from retained earnings	(616)	4,430	(616)	4,430
Balance as at 30 June	**11,817**	**12,433**	**13,320**	**13,936**
Restricted reserves consists of:				
Community – district	3,511	4,525	3,511	4,525
Drainage	247	199	247	199
Stormwater separate rate	4,933	4,933	4,933	4,933
Sewerage	(518)	(388)	(518)	(388)
Water	(1,677)	(2,033)	(1,677)	(2,033)
Special funds	4,936	4,885	4,936	4,885
Kerikeri main street reserve	278	278	278	278
Economic development reserve	10	10	10	10
Paihia central business district development	97	49	97	49
Kaitāia BID	(3)	(5)	(3)	(5)
Hupara Road improvements	(65)	(88)	(65)	(88)
Carpark funds	68	68	68	68
Subsidiary assets	-	-	1,503	1,503
Total restricted reserves	**11,817**	**12,433**	**13,320**	**13,936**
Other reserves consist of:				
Asset revaluation reserves				
As at 1 July	623,872	494,362	634,894	501,989
Revaluation gains	193,749	130,908	197,424	134,304
Transfer to retained earnings on disposal	(3,489)	(1,399)	(3,489)	(1,399)
Adjustment from WIP	-	-	-	-
Transfer to Retained Earnings for land under road adjustment	-	-	-	-
Balance as at 30 June	**814,132**	**623,872**	**828,829**	**634,895**

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Asset revaluation reserve consists of:				
Operational Land	-	7,942	-	7,942
Vehicles and plant	495	495	495	495
Leasehold improvements	33	33	33	33
Wharves, ramps, moorings	3,684	3,986	3,684	3,986
Furniture, fitting and office equipment	-	-	-	-
Information Systems	-	-	-	-
Roading and footpaths	556,022	432,886	556,022	432,886
Roading Land	2,323	-	2,323	-
Water - treatment plants and facilities	8,078	6,658	8,078	6,658
Water - reticulation	39,303	24,679	39,303	24,679
Wastewater - treatment plants and facilities	17,520	13,331	17,520	13,331
Wastewater - reticulation	47,528	31,711	47,528	31,711
Refuse	5,920	3,929	5,920	3,929
Drainage	69,703	57,979	69,703	57,979
Community facilities	39,215	39,218	54,690	51,782
Infrastructural Land	22,523	-	22,523	-
Council restricted assets	1,785	1,024	-	-
FNHL – land	-	-	3,813	1,640
FNHL – runways	-	-	1,637	869
FNHL – buildings	-	-	(4,195)	(2,776)
Total asset revaluation reserve	**814,132**	**623,871**	**829,077**	**635,144**
Fair value through equity reserve				
LGNZ shares revaluation movements				
As at 1 July	37	34	(119)	(125)
Fair value gains / (losses)	3	3	(129)	6
Total LGNZ shares valuation reserve	**40**	**37**	**(248)**	**(119)**
Cash flow hedge equity reserve				
As at 1 July	(130)	(372)	(130)	(372)
Fair value gains / (losses)	130	242	130	242
Balance 30 June	**-**	**(130)**	**-**	**(130)**
Capital reserve				
As at 1 July	2,697	2,697	-	-
Balance as at 30 June	**2,697**	**2,697**	**-**	**-**
Total other reserves	**816,869**	**626,475**	**828,829**	**634,895**

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

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

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

25. Capital commitments

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Capital commitments approved and contracted				
Roading and footpaths	72,523	28,378	72,523	28,378
District Facilities	-	781	-	781
Wastewater	-	156	-	156
Water Supply	1,810	9	1,810	9
Governance and Strategic Administration	-	-	-	-
Investment Property	-	-	7,627	9,569
Maritime / Airport	-	-	1,433	876
Total capital commitments	**74,333**	**29,324**	**83,393**	**39,769**

The Roading commitments will attract subsidy of $50.0 million (2021 - $19.01 million). Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

26a. Operating leases as lessee

Accounting policy

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

Operating leases as lessee

Council has operating lease agreements for the provision of property.

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Operating leases				
Lease payments made:	867	784	928	844
Lease payments due:				
Not later than 1 year	520	478	600	560
Later than 1 year and not later than 2 years	381	451	511	650
Later than 2 years and not later than 5 years	712	638	712	638
Later than 5 years	530	605	530	605
Total operating leases	**2,143**	**2,172**	**2,353**	**2,453**

There are no restrictions placed on the group by any of the leasing arrangements.

26b. Operating leases as lessor

The future aggregate minimum lease payments to be collected under non cancellable operating leases are as follows:

	Council		Group	
	2022 $000s	2021 $000s	2022 $001s	2021 $000s
Non-cancellable operating leases lessor				
Not later than 1 year	608	577	2,747	1,967
Later than 1 and not later than 5 years	2,328	1,508	7,637	4,797
Later than 5 years	4,663	4,564	10,930	9,125
Total non-cancellable operating leases	**7,599**	**6,649**	**21,314**	**15,889**

27a. Contingencies

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Building Act claims	475	10	475	10
Other legal proceedings	-	165	-	165
Roading legalisation claims	-	140	-	140
Total contingent liabilities	**475**	**315**	**475**	**315**

Litigation

There are 3 claims involving possible future costs totalling an estimated value of $475,000. These claims are contingent and have not been accrued in the financial statements. (Last year there were 8 possible claims at an estimated value of $315,000). The Council is subject to some claims in respect of repair costs for weather-tight homes. As at the date of this report, the Weather-tight Homes Resolution Service advises that it is actioning no claim in relation to Council. The number of buildings affected by those claims is unknown. Claims lodged prior to July 2007 will be substantially covered by insurance and those from July 2008 will be subject to an excess of $50k per claim. From July 2009 no further claims will be covered by Riskpool.

Guarantees

There are two guarantees in place, with Houhora Big Game Sports and Fishing Club $50,000 (2021 $50,000) and the Kawakawa Bowling Club of $45,500 (2021 $45,500). Council has guaranteed a bank loan for the Kerikeri Civic Centre Trust. At balance date the Council has recognised a liability for the outstanding loan balance which stands at nil (June 2021 outstanding balance of nil). Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. NZLGFA has a local currency rating from Fitch Ratings and Standard & Poor's of AA+ and a foreign currency rating of AA. Council is a borrower guarantor (not a shareholder) and is one of 30 local authority shareholders and 48 local authority guarantors of the NZLGFA. The uncalled capital of shareholders is $20 million and is available in the event that an imminent default is identified. Also, together with the shareholders and guarantors, Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2022, NZLGFA had borrowings totalling $15,789 million (2021: $13,610 million). Financial reporting standards require Council to recognise the guarantee liability at fair value. However, Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

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

28. Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Key management personnel compensation

	Council	
	2022 $000s	2021 $000s
Councillor's remuneration	984	948
Community board remuneration	369	366
Senior management team (Inc. CEO)	1,328	1,330
Total salaries - key management personnel	**2,681**	**2,644**

Full time equivalents	2022	2021
Full time equivalent Councillors	10	10
Full time equivalent Community board members	19	19
Full time equivalent SLT (incl. CEO)	5	5

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

29. Remuneration

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
The Chief Executive Officer of the Far North District Council, appointed under section 42(1) of the Local Government Act 2002 received a salary and benefits respectively of:				
Salary	403	339	403	339
Total CEO costs	**403**	**339**	**403**	**339**

Elected representatives

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Mayor Carter - honorarium	155	151	155	151
Mayor Carter - mileage and other expenses	9	17	9	17
Other elected representatives				
Court A - honorarium	113	104	113	104
Court A - mileage and other expenses	8	10	8	10
Collard D - honorarium	70	66	70	66
Collard D - mileage and other expenses	7	22	7	22
Clendon D - honorarium	70	66	70	66
Clendon D - mileage and other expenses	4	7	4	7
Foy F - honorarium	91	85	91	85
Foy F - mileage and other expenses	12	8	12	8
Radich M - honorarium	70	66	70	66
Radich M - mileage and other expenses	2	3	2	3
Smith R - honorarium	91	85	91	85
Smith R - mileage and other expenses	5	7	5	7
Stratford K - honorarium	91	85	91	85
Stratford K - mileage and other expenses	6	11	6	11
Tepania M - honorarium	70	66	70	66
Tepania M - mileage and other expenses	2	4	2	4
Vujcich J - honorarium	91	85	91	85
Vujcich J - mileage and other expenses	17	-	17	-
Total elected representatives	**984**	**948**	**984**	**948**

Elected members

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Bay of Islands-Whangaroa Community Board				
Ayr L - honorarium	16	16	16	16
Ayr L - mileage and other expenses	2	2	2	2
Gmuer-Hornell M - honorarium	16	16	16	16
Gmuer-Hornell M - mileage and other expenses	2	1	2	1
Hookway D - honorarium	16	16	16	16
Hookway D - mileage and other expenses	2	1	2	1
Mills B - honorarium	16	16	16	16
Mills B - mileage and other expenses	4	3	4	3
Owen F - mileage	16	16	16	16
Owen F - mileage and other expenses	2	4	2	4
Ward B - honorarium	32	31	32	31
Ward B - mileage and other expenses	4	5	4	5
Wells M - honorarium	16	16	16	16
Wells M - mileage and other expenses	2	2	2	2
Kaikohe-Hokianga Community Board				
Davis E - honorarium	14	13	14	13
Davis E - mileage and other expenses	3	7	3	7
Byers L - honorarium	14	13	14	13
Byers L - mileage and other expenses	2	-	2	-
Edmonds M - honorarium	27	27	27	27
Edmonds M - mileage and other expenses	2	1	2	1
Hessell A - honorarium	14	13	14	13
Hessell A - mileage and other expenses	1	3	1	3
Toorenburg L - honorarium	14	13	14	13
Toorenburg L - mileage and other expenses	2	3	2	3
Van Gaalen K - honorarium	14	13	14	13
Van Gaalen K - mileage and other expenses	3	-	3	-
Te Hiku Community Board				
Brown J - honorarium	14	14	14	14
Brown J - mileage and other expenses	-	-	-	-
Gardner K - honorarium	27	27	27	27
Gardner K - mileage and other expenses	6	14	6	14
Stewart J - honorarium	14	14	14	14
Stewart J - mileage and other expenses	-	1	-	1
Subritzky B - honorarium	14	10	14	10
Subritzky B - mileage and other expenses	3	1	3	1
Bainbridge S - honorarium	14	14	14	14
Bainbridge S - mileage and other expenses	3	3	3	3
Axe D - honorarium	14	14	14	14
Axe D - mileage and other expenses	4	3	4	3
Total Community Board costs	**369**	**366**	**369**	**366**
Total remuneration costs	**1,756**	**1,653**	**1,756**	**1,653**

Total annual remuneration by band of employee as at 30 June 2022	Council 2022 Number
< $60,000	116
$60,000 to $79,999	99
$80,000 to $99,999	75
$100,000 to $119,999	62
$120,000 to $139,999	10
$140,000 to $179,999	13
$180,000 to $342,999	10
Total employees	**385**

Total annual remuneration by band of employee as at 30 June 2021	Council 2021 Number
< $60,000	131
$60,000 to $79,999	95
$80,000 to $99,999	73
$100,000 to $119,999	60
$120,000 to $139,999	8
$140,000 to $179,999	15
$180,000 to $349,999	9
Total employees	**391**

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 343 (2021 - 337) full time employees, with the balance of staff representing 31.65 (2021 - 34.46) full time equivalent employees. A full time employee is determined on the basis of a 40 hour week.

30. Severance payments

There were two severance payments made in 2021-22. The values of the payments were $10,000 and $43,842.40 totalling $53,842.40 (2021 – three totalling $27,000).

31. Events after balance sheet date

After the balance sheet date, there have been multiple significant storm events that have impacted the Far North District, one each in July & August 2022 and January 2023, and Cyclone Gabrielle in February 2023. Significant rainfall fell in the region, causing widespread damage and disruption to the road network. The 2022 storm events resulted in State Highway 1 through the Mangamuka Gorge and West Coast Road near Kohukohu being closed indefinitely. The alternative route for State Highway 1 is State Highway 10 through Kāeo which is adding extra pressure and traffic to that route. Cyclone Gabrielle delivered even more rainfall and severe winds, causing power outages and property damage and a state of emergency to be declared, not just within the Far North District but nationally, its impact highlighting how fragile the main roading options in and out of the district are. Council is seeking investment from Central Government to help towards repair costs and to also investigate permanent suitable alternative routes.

3 Waters Reform

In June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The legislation received Royal assent from the Governor-General on 14 December 2022. The impact of these reforms will mean that Council will no longer deliver three water services or own the assets required to deliver these services. Additional legislation is expected in 2023 that will provide detail on the transfer of assets and liabilities to the water service entities.

32. Financial instrument risk

32a Financial instrument categories

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Financial assets				
Loans and receivables				
Cash and cash equivalents	13,353	5,442	14,357	6,087
Other financial assets	-	160	443	734
Short term deposits	-	-	-	-
Loans and receivables	600	600	1,265	600
Debtors and other receivables (excluding prepayments)	30,001	36,367	32,639	39,249
Total loans and receivables	**43,954**	**42,569**	**48,704**	**46,670**
Fair value through equity				
LGNZ shares	85	82	85	82
LGFA borrower notes	1,549	799	1,549	799
Total fair value through equity	**1,634**	**881**	**1,634**	**881**
Financial liabilities				
Derivatives that are cash flow hedge accounted				
Derivative financial instrument liabilities				
Current	-	130	-	130
Non-current	-	-	-	-
Total derivatives that are in a cash flow hedge relationship	**-**	**130**	**-**	**130**
Financial liabilities at amortised cost				
Creditors and other payables	16,637	22,811	23,509	28,217
Borrowings				
Secured loans	81,500	63,500	131,660	102,296
Total financial liabilities at amortised cost	**98,137**	**86,311**	**155,169**	**130,513**

32b Financial instrument risks

Management policies with respect to financial instruments

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

Price risk

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

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return on investment. The interest rates on the Group's borrowings are disclosed in Note 23. There is one interest rate swap agreement in place at 30 June 2022 (2021 - one). Council manages its interest rate risk by varying financing terms of its public debt.

Currency risk

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

Credit risk

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

Fair value

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

Cash flow interest rate risk

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

Fair value interest risk

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

Maximum exposure to credit risk

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $0000
Cash at bank and term deposits	13,353	5,442	14,357	6,087
Debtors and other receivables	30,001	36,367	32,639	39,249
Other financial assets	-	160	443	734
Loans and receivables				
LGNZ shares	85	82	85	82
LGFA borrower notes	1,549	799	1,549	799
Guarantee (Civic Trust)	86	11	86	11
Total credit risk	**45,074**	**42,861**	**49,159**	**46,962**

The Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in Note 27a.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counter party default rates:

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $0000
Counterparties with credit ratings				
Cash at bank and term deposits				
AA-	13,353	5,442	14,357	6,087
Total cash at bank and term deposits	**13,353**	**5,442**	**14,357**	**6,087**
Fair value through equity				
AAA	1,634	881	1,634	881
Total fair value through equity	**1,634**	**881**	**1,634**	**881**

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

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that the group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The group aims to maintain flexibility in funding by keeping committed credit lines available. In meeting its liquidity requirements, he group maintains a loan profile, in accordance with its funding and financial policies, which includes a treasury management policy. Council has a maximum amount that can be drawn against its overdraft facility of $3,000,000 (2021 - $3,000,000). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities

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

	Carrying amount $000s	Contractual cash flows $000s	Less than 1 year $000s	1–2 years $000s	2– 5 years $000s	More than 5 years $000s
Council 2022						
Creditors and other payables	16,637	16,637	16,637	-	-	-
Bank overdraft	-	-	-	-	-	-
Net settled derivative liabilities	-	-	-	-	-	-
Secured loans	81,500	85,684	10,026	22,232	42,588	10,838
Guarantee (Civic Trust)	-	-	-	-	-	-
Total	**98,137**	**102,321**	**26,663**	**22,232**	**42,588**	**10,838**
Group 2022						
Creditors and other payables	23,509	23,509	23,509	-	-	-
Bank overdraft	-	-	-	-	-	-
Net settled derivative liabilities	-	-	-	-	-	-
Secured loans	131,660	135,844	21,526	22,232	79,658	12,428
Guarantee (Civic Trust)	-	-	-	-	-	-
Total	**155,169**	**159,353**	**45,035**	**22,232**	**79,658**	**12,428**
Council 2021						
Creditors and other payables	22,811	22,811	22,811	-	-	-
Bank overdraft	-	-	-	-	-	-
Net settled derivative liabilities	130	130	130	-	-	-
Secured loans	63,500	66,432	22,163	6,808	26,501	10,960
Guarantee (Civic Trust)	-	-	-	-	-	-
Total	**86,440**	**89,373**	**45,103**	**6,808**	**26,501**	**10,960**
Group 2021						
Creditors and other payables	28,217	28,217	28,217	-	-	-
Bank overdraft	-	-	-	-	-	-
Net settled derivative liabilities	130	130	130	-	-	-
Secured loans	102,296	105,228	23,834	41,033	29,401	10,960
Guarantee (Civic Trust)	-	-	-	-	-	-
Total	**130,642**	**133,575**	**52,180**	**41,033**	**29,401**	**10,960**

The Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay it's borrowings when they fall due. Information about this exposure is explained in Note 27a.

Sensitivity analysis

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

Interest rate risk

	2022 $000s		2021 $000s	
Council	**Profit - 100 bps**	**Profit + 100 bps**	**Profit - 100 bps**	**Profit + 100 bps**
Financial assets				
Cash and cash equivalents	10	10	8	8
Derivative financial assets				
Derivative financial instruments	-	-	(25)	(25)
Financial liabilities				
Borrowings				
Credit lines	-	-	-	-
Total sensitivity to interest rate risk	**17**	**17**	**(17)**	**(17)**

Explanation of sensitivity analysis

1. Cash and cash equivalents

Cash and cash equivalents are $13,353,340 (2021 $5,441,855) which are at a floating rate. A movement of plus or minus 1% has an effect on interest revenue of $16,840 (2021 $8,394).

2. Credit lines

The balance on the credit lines was $10.0m at 30 June 2022 (2021 $12.0m) at a floating rate. A movement in interest rates of plus or minus 1% has an effect on interest payable of $258 (2021 $170).
FNHL does not have any significant interest rate risk.

32c. Reconciliation of movements in liabilities arising from financing activities

	Borrowings $000s
Council	
Balance as at 1 July 2021	63,500
Cash inflows	40,000
Cash outflows	(21,035)
Fair value	-
Other changes	(965)
Balance as at 30 June 2022	**81,500**
Group	
Balance as at 1 July 2021	102,296
Cash inflows	51,500
Cash outflows	(21,171)
Fair value	-
Other changes	(965)
Balance as at 30 June 2022	**131,660**

33. Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets. The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, liabilities, investments and general financial dealings.
Council has created reserves for different areas of benefit. These are used where there is a discrete set of rate payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to specific reserves.

34. Property available for sale

Accounting policy

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.
Any impairment losses for write-downs are recognised in the surplus or deficit.
Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.
Non-current assets are not depreciated nor amortised while they are classified as held for sale (including those that are part of a disposal group).

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

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Non-current assets held for sale are:				
Land	-	-	1,360	1,559
Wharves	-	-	-	-
Total non-current assets held for sale	**-**	**-**	**1,360**	**1,559**

Council has no properties declared surplus and held for sale at the 30 June 22 year end. FNHL has two properties worth $2,270k (2021 - two properties worth $1,559k) that are intended for sale as at 30 June 2022. A lifestyle block located between Ōpua and Paihia is being actively marketed. The other property has a sale and purchase agreement in place, subject to subdivision, being a small part of of the Ngawha Innovation and Enterprise Park for the Matawii Reservoir.

35. Derivative financial instruments

	Council		Group	
	2022 $000s	2021 $000s	2022 $000s	2021 $000s
Non-current asset - cash flow hedge	-	-	-	-
Current liability - cash flow hedge	-	130	-	130
Non-current liability - cash flow hedge	-	-	-	-
Total derivative financial instrument liabilities	**-**	**130**	**-**	**130**

Fair value

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

36. Variances to Annual Plan

	Council 2022 $000s
Statement of comprehensive revenue and expense	
Long Term Plan surplus	44,392
Annual Report surplus / (deficit)	26,523
Net operating surplus / (deficit) variance	**17,869**
Variance represented by:	
Variance area	
Rates	1,115
Other	7,919
Total revenue variance	**9,034**
Variance represented by:	
Variance area	
Personnel costs	(301)
Depreciation and amortisation expense	613
Finance costs	(217)
Other expenses	(8,930)
Total expenditure variance	**(8,835)**
Net operating surplus variance	**17,869**

Significant variances to Annual Plan budget - statement of financial position

The major variances to long term plan budget arise mainly because the budgeted figures were based upon the audited closing balances for June 2020, adjusted for activity that was expected to occur during the 2020-21 financial year. The closing balances for June 2021 were not known at the time the budgets were approved. The current economic climate of sharply rising inflation, unpredictable and uncertain supply chains, and the impact on productivity caused by high numbers of Covid infections have all contributed towards higher asset revaluations and less capital projects being completed.
Other reserves were $190.0m higher than expected as a result of actual asset revaluation information . Cash and cash equivalents were $25.4m less than predicted as cash was used in lieu of borrowing.
In total, borrowings were $77.3m less than expected due to capital work not being completed as expected.

37. Breach statement

Far North District Council was required under the Local Government Acvt 2002 to complete its audited financial statements and service performance report by 31 December 2022. This timeframe was not met due to the late appointment of the auditor, as a result of the auditor shortage in New Zealand.

Funding impacts statements

Movement in general rates, debt and reserves

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

Funding impact statement

Whole of Council

	Annual Plan 2020/21 $000s	Actual 2020/21 $000s	LTP 2021/22 $000s	Actual 2021/22 $000s
Sources of operational funding				
General rates, uniform annual general charges, rates penalties	61,989	58,037	60,974	59,205
Targeted rates	29,610	29,541	33,772	32,338
Subsidies and grants for operating purposes	12,645	17,650	14,485	18,215
Fees and charges	16,942	19,684	17,403	18,826
Interest and dividends from investments	495	1,095	256	1,217
Local authority fuel tax, fines, infringement fees and other receipts	1,060	2,380	2,063	1,964
Total operating funding	**122,740**	**128,386**	**128,953**	**131,765**
Applications of operating funding				
Payments to staff and suppliers	97,594	96,648	102,721	107,516
Finance costs	1,715	2,174	2,282	2,499
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	**99,308**	**98,822**	**105,004**	**110,015**
Surplus / (deficit) of operating funding	**23,432**	**29,564**	**23,949**	**21,750**
Sources of capital funding				
Subsidies and grants for capital expenditure	21,187	33,219	58,012	31,727
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	20,086	(7,000)	54,333	18,000
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	**41,273**	**26,219**	**112,346**	**49,727**
Applications of capital funding				
Capital expenditure to meet:				
- Additional demand	-	-	-	-
- Improved levels of service	34,713	41,307	111,703	44,419
- Replacement of existing assets	32,093	31,059	28,830	17,390
Increase (decrease) in reserves	(2,101)	(17,254)	(4,238)	7,201
Increase (decrease) in investments	-	672	-	2,467
Total applications of capital funding	**64,705**	**55,783**	**136,295**	**71,477**
Surplus / (deficit) of capital funding	**(23,432)**	**(29,564)**	**(23,949)**	**(21,750)**
Funding balance	**-**	**-**	**-**	**-**

Funding impact statement

Roading and Footpaths

	LTP 2020/21 $000s	LTP 2021/22 $000s	Actual 2021/22 $000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	12,482	12,144	11,863
Targeted rates	5,609	4,871	5,794
Subsidies and grants for operating purposes	9,892	14,445	12,565
Fees and charges	689	661	415
Internal charges and overheads recovered	2	27	-
Local authority fuel tax, fines, infringement fees and other receipts	600	600	849
Total operating funding	**29,275**	**32,748**	**31,485**
Applications of operating funding			
Payments to staff and suppliers	20,839	26,934	25,517
Finance costs	942	620	518
Internal charges and overheads applied	(824)	(1,904)	(1,001)
Other operating funding applications	-	-	-
Total applications of operating funding	**20,957**	**25,651**	**25,034**
Surplus / (deficit) of operating funding	**8,318**	**7,097**	**6,451**
Sources of capital funding			
Subsidies and grants for capital expenditure	17,392	29,097	18,748
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,638	8,298	1,309
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**20,029**	**37,395**	**20,057**
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	9,290	30,810	13,731
- Replacement of existing assets	19,806	12,466	10,339
Increase (decrease) in reserves	(749)	1,216	2,438
Increase (decrease) in investments			
Total applications of capital funding	**28,347**	**44,492**	**26,508**
Surplus / (deficit) of capital funding	**(8,318)**	**(7,097)**	**(6,451)**
Funding balance	**-**	**-**	**-**

Funding impact statement

Water Supply

	LTP 2020/21 $000s	LTP 2021/22 $000s	Actual 2021/22 $000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	225	225	-
Targeted rates	3,032	2,988	2,873
Subsidies and grants for operating purposes	-	-	1,543
Fees and charges	5,994	6,945	7,226
Internal charges and overheads recovered	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	**9,251**	**10,158**	**11,642**
Applications of operating funding			
Payments to staff and suppliers	4,622	6,126	7,862
Finance costs	578	319	215
Internal charges and overheads applied	1,380	1,528	1,090
Other operating funding applications	-	-	-
Total applications of operating funding	**6,579**	**7,973**	**9,167**
Surplus / (deficit) of operating funding	**2,672**	**2,185**	**2,475**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	4,502
Development and financial contributions	-	-	-
Increase (decrease) in debt	18	9,374	9,711
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**18**	**9,374**	**14,213**
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	887	10,387	15,293
- Replacement of existing assets	1,524	1,186	353
Increase (decrease) in reserves	278	(15)	1,041
Increase (decrease) in investments			
Total applications of capital funding	**2,690**	**11,559**	**16,688**
Surplus / (deficit) of capital funding	**(2,672)**	**(2,185)**	**(2,475)**
Funding balance	**-**	**-**	**-**

Funding impact statement

Wastewater

	LTP 2020/21 $000s	LTP 2021/22 $000s	Actual 2021/22 $000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	320	141	(194)
Targeted rates	14,001	13,797	13,843
Subsidies and grants for operating purposes	-	-	2,886
Fees and charges	357	301	122
Internal charges and overheads recovered	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	**14,678**	**14,238**	**16,657**
Applications of operating funding			
Payments to staff and suppliers	6,260	7,263	10,514
Finance costs	2,081	909	776
Internal charges and overheads applied	1,594	1,845	1,372
Other operating funding applications	-	-	
Total applications of operating funding	**9,935**	**10,017**	**12,662**
Surplus / (deficit) of operating funding	**4,744**	**4,221**	**3,994**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	970	6,913	(2,668)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**970**	**6,913**	**(2,668)**
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	5,107	8,508	229
- Replacement of existing assets	1,694	4,538	984
Increase (decrease) in reserves	(1,088)	(1,912)	113
Increase (decrease) in investments	-	-	-
Total applications of capital funding	**5,713**	**11,134**	**1,326**
Surplus / (deficit) of capital funding	**(4,744)**	**(4,221)**	**(3,994)**
Funding balance	**-**	**-**	**-**

Funding impact statement

Stormwater

	LTP 2020/21 $000s	LTP 2021/22 $000s	Actual 2021/22 $000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	3,887	4,170	2,775
Targeted rates	657	1916	178
Subsidies and grants for operating purposes	-	-	398
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	**4,544**	**6,086**	**3,352**
Applications of operating funding			
Payments to staff and suppliers	1,463	3,259	2,331
Finance costs	271	123	104
Internal charges and overheads applied	1,319	1,714	1,076
Other operating funding applications	-	-	-
Total applications of operating funding	**3,053**	**5,095**	**3,511**
Surplus / (deficit) of operating funding	**1,491**	**991**	**(160)**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,287	2,586	(350)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**1,287**	**2,586**	**(350)**
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	1,840	3,157	264
- Replacement of existing assets	52	515	72
Increase (decrease) in reserves	886	(95)	(846)
Increase (decrease) in investments			
Total applications of capital funding	**2,778**	**3,577**	**(510)**
Surplus / (deficit) of capital funding	**(1,491)**	**(991)**	**160**
Funding balance	**-**	**-**	**-**

Funding impact statement

Solid Waste Management

	LTP 2020/21 $000s	LTP 2021/22 $000s	Actual 2021/22 $000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	4,091	3,663	3,889
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,098	1,200	1,409
Internal charges and overheads recovered	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	220	220	496
Total operating funding	**5,409**	**5,082**	**5,794**
Applications of operating funding			
Payments to staff and suppliers	4,025	4,348	6,080
Finance costs	93	40	65
Internal charges and overheads applied	625	683	964
Other operating funding applications	-	-	-
Total applications of operating funding	**4,743**	**5,072**	**7,109**
Surplus / (deficit) of operating funding	**666**	**11**	**(1,315)**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	58	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(207)	314	(178)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**(207)**	**371**	**(178)**
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	106	671	109
- Replacement of existing assets	163	96	36
Increase (decrease) in reserves	189	(385)	(1,638)
Increase (decrease) in investments			
Total applications of capital funding	**459**	**382**	**(1,493)**
Surplus / (deficit) of capital funding	**(666)**	**(11)**	**1,315**
Funding balance	**-**	**-**	**-**

Funding impact statement

District Facilities

	LTP 2020/21 $000s	LTP 2021/22 $000s	Actual 2021/22 $000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	3,651	3,643	3,646
Targeted rates	11,054	10,200	9,651
Subsidies and grants for operating purposes	-	-	393
Fees and charges	1,335	1,293	1,176
Internal charges and overheads recovered	12	11	36
Local authority fuel tax, fines, infringement fees and other receipts	-	105	77
Total operating funding	**16,051**	**15,251**	**14,979**
Applications of operating funding			
Payments to staff and suppliers	8,383	9,062	9,049
Finance costs	518	449	357
Internal charges and overheads applied	2,718	2,890	2,279
Other operating funding applications	-	-	-
Total applications of operating funding	**11,619**	**12,401**	**11,684**
Surplus / (deficit) of operating funding	**4,432**	**2,850**	**3,295**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	28,858	8,476
Development and financial contributions	2,977	-	-
Increase (decrease) in debt	3,731	24,872	4,672
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**6,708**	**53,730**	**13,147**
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	7,600	55,099	13,640
- Replacement of existing assets	4,234	7,717	3,742
Increase (decrease) in reserves	(695)	(6,236)	(940)
Increase (decrease) in investments			
Total applications of capital funding	**11,139**	**56,580**	**16,442**
Surplus / (deficit) of capital funding	**(4,432)**	**(2,850)**	**(3,295)**
Funding balance	**-**	**-**	**-**

Funding impact statement

Customer Services

	LTP 2020/21 $000s	LTP 2021/22 $000s	Actual 2021/22 $000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	10,649	10,223	10,694
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	521	412	322
Internal charges and overheads recovered	-	147	-
Local authority fuel tax, fines, infringement fees and other receipts	24	18	188
Total operating funding	**11,195**	**10,800**	**11,204**
Applications of operating funding			
Payments to staff and suppliers	5,461	5,713	5,112
Finance costs	261	129	113
Internal charges and overheads applied	3,772	3,437	3,037
Other operating funding applications	-	-	-
Total applications of operating funding	**9,494**	**9,279**	**8,262**
Surplus / (deficit) of operating funding	**1,701**	**1,520**	**2,942**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(450)	66	212
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**(450)**	**66**	**212**
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	56	657	205
- Replacement of existing assets	437	337	1,056
Increase (decrease) in reserves	757	593	1,893
Increase (decrease) in investments	-	-	-
Total applications of capital funding	**1,250**	**1,587**	**3,154**
Surplus / (deficit) of capital funding	**(1,701)**	**(1,520)**	**(2,942)**
Funding balance	**-**	**-**	**-**

Funding impact statement

Environmental Management

	LTP 2020/21 $000s	LTP 2021/22 $000s	Actual 2021/22 $000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	8,587	9,101	9,838
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	4,695	5,646	7,096
Internal charges and overheads recovered	8	7	-
Local authority fuel tax, fines, infringement fees and other receipts	91	96	(63)
Total operating funding	**13,382**	**14,849**	**16,871**
Applications of operating funding			
Payments to staff and suppliers	8,696	10,198	9,749
Finance costs	34	52	48
Internal charges and overheads applied	4,272	4,302	4,513
Other operating funding applications	-	-	-
Total applications of operating funding	**13,002**	**14,551**	**14,310**
Surplus / (deficit) of operating funding	**379**	**298**	**2,561**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(46)	818	(14)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**(46)**	**818**	**(14)**
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	-	953	144
- Replacement of existing assets	-	28	-
Increase (decrease) in reserves	333	135	2,402
Increase (decrease) in investments	-	-	-
Total applications of capital funding	**333**	**1,116**	**2,547**
Surplus / (deficit) of capital funding	**(379)**	**(298)**	**(2,561)**
Funding balance	**-**	**-**	**-**

Funding impact statement

Strategic Planning and Policy

	LTP 2020/21 $000s	LTP 2021/22 $000s	Actual 2021/21 $000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	6,687	8,996	9,432
Targeted	-	-	-
Subsidies and grants for operating purposes	-	-	348
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	75	42
Total operating funding	**6,687**	**9,071**	**9,822**
Applications of operating funding			
Payments to staff and suppliers	5,156	7,372	5,908
Finance costs	10	6	3
Internal charges and overheads applied	1,479	1,658	1,571
Other operating funding applications	-	-	-
Total applications of operating funding	**6,645**	**9,036**	**7,482**
Surplus / (deficit) of operating funding	**42**	**35**	**2,340**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(23)	(23)	37
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**(23)**	**(23)**	**37**
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	-	-	57
- Replacement of existing assets	-	-	-
Increase (decrease) in reserves	19	12	2,320
Increase (decrease) in investments	-	-	-
Total applications of capital funding	**19**	**12**	**2,377**
Surplus / (deficit) of capital funding	**(42)**	**(35)**	**(2,340)**
Funding balance	**-**	**-**	**-**

Funding impact statement

Governance and Strategic Administration

	LTP 2020/21 $000s	LTP 2021/22 $000s	Actual 2021/22 $000s
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	7,098	8,670	7,262
Targeted rates	-	-	-
Subsidies and grants for operating purposes	38	40	82
Fees and charges	936	945	1,061
Internal charges and overheads recovered	25	64	1,181
Local authority fuel tax, fines, infringement fees and other receipts	1,064	950	375
Total operating funding	**9,161**	**10,669**	**9,960**
Applications of operating funding			
Payments to staff and suppliers	21,076	22,445	25,395
Finance costs	(195)	(364)	298
Internal charges and overheads applied	(16,335)	(16,153)	(14,901)
Other operating funding applications	-	-	-
Total applications of operating funding	**4,546**	**5,929**	**10,792**
Surplus / (deficit) of operating funding	**4,615**	**4,740**	**(832)**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,147	1,116	5,270
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**2,147**	**1,116**	**5,270**
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	-	-	-
- Improved levels of service	3,065	1,460	747
- Replacement of existing assets	4,189	1,947	808
Increase (decrease) in reserves	(493)	2,450	416
Increase (decrease) in investments	-	-	2,467
Total applications of capital funding	**6,762**	**5,856**	**4,438**
Surplus / (deficit) of capital funding	**(4,615)**	**(4,740)**	**832**
Funding balance	**-**	**-**	**-**

Financial prudence benchmarks

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

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

Rates affordability benchmarks

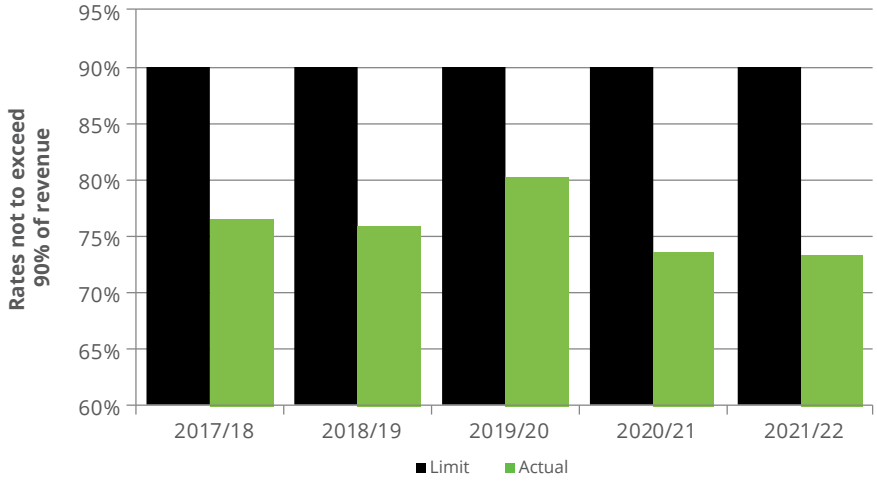
The council meets the rates affordability benchmark if:

• its actual rates income equals or is less than each quantified limit on rates; and

• its actual rates increases equal or are less than each quantified limit on rates increases.

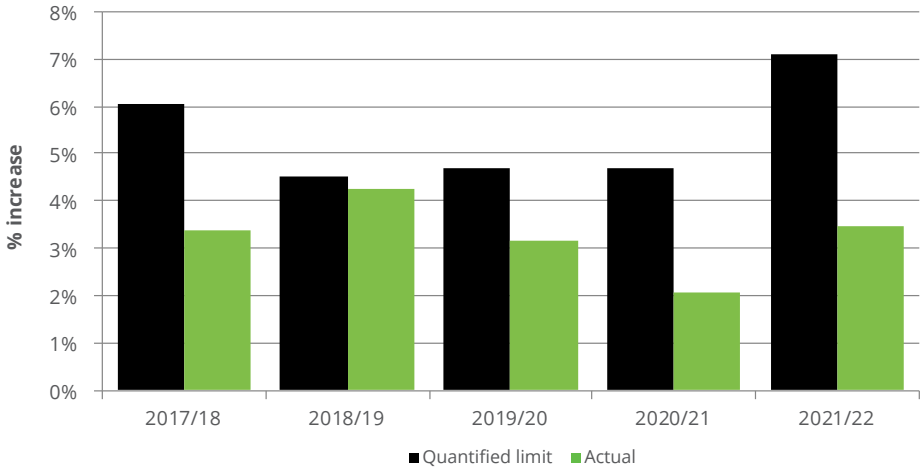
Rates (income) affordability

This graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's LTP 2021-31. The quantified limit is that rates revenue (excluding subsidies and capital income) will not exceed 90% of total revenue. The graph shows the budgeted rates proportion of revenue measured against the actual proportion achieved. Council has achieved this benchmark.



Rates (increase) affordability

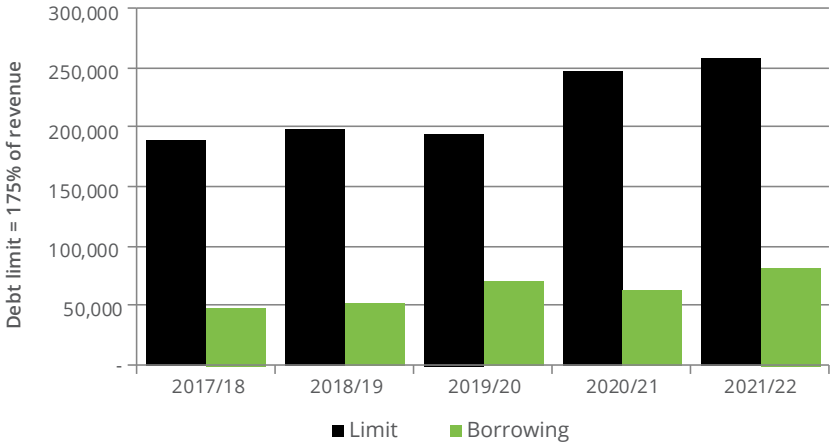
This graph compares the Council's actual rate increases with a quantified limit on rates increases included in the financial strategy included in the Council's LTP 2021-31. The quantified limit is that total rates increase should not exceed LGCI (Local Government Cost Index) plus 3.5%. The graph shows the actual rate increase percentages measured against the predicted rate percentage increases. Council has achieved this benchmark.



Debt affordability benchmark

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

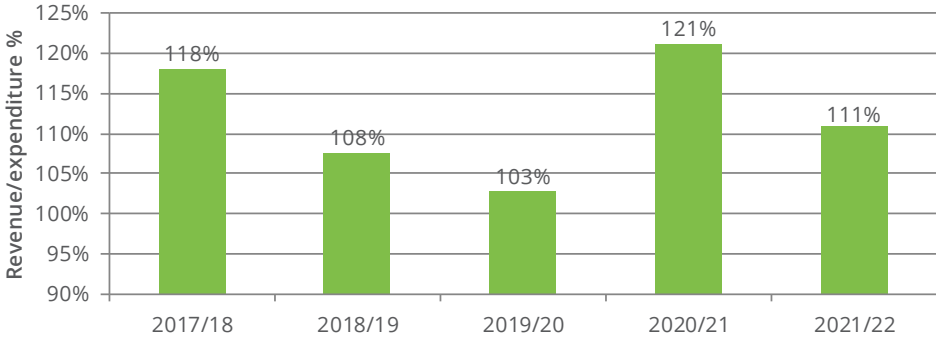
This graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's LTP 2021-31. The quantified limit is that debt be no higher than 175% of total revenue (excluding subsidies and capital income). The graph shows the actual borrowing measured against the maximum borrowing determined by the quantified limit. Council has achieved this benchmark.



Balanced budget benchmark

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

The Council meets this benchmark if its revenue equals or is greater than its operating expenses. Council has achieved this benchmark.

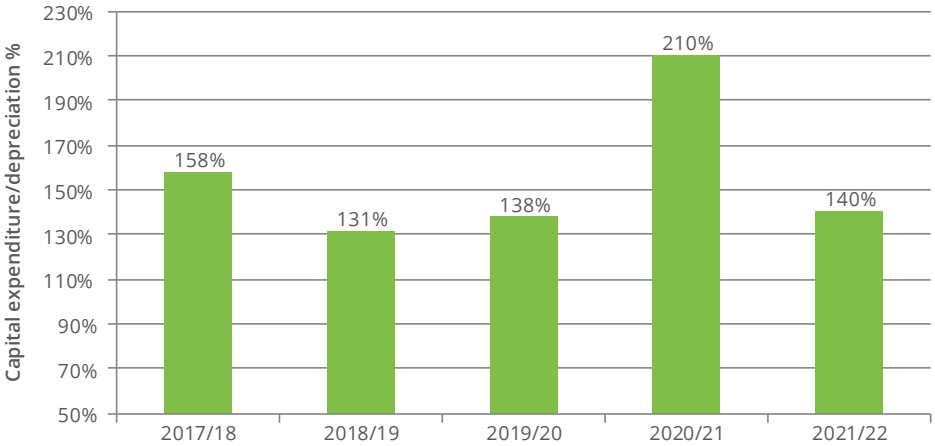


Essential services benchmark

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

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

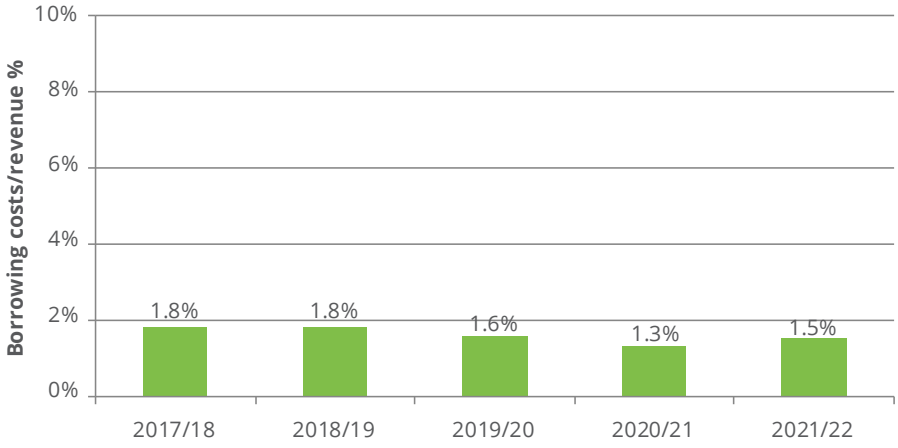
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. The council has achieved this benchmark.



Debt servicing benchmark

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

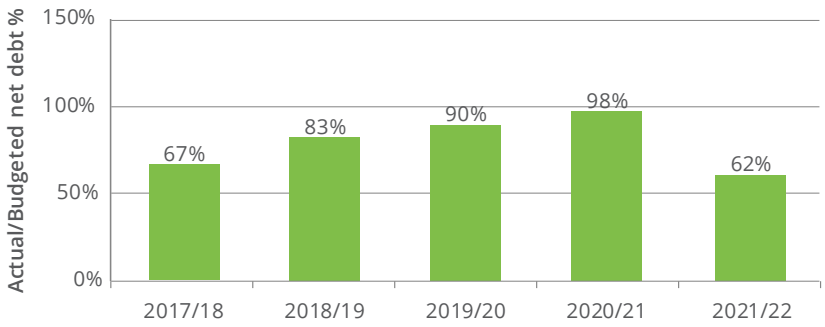
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue. Council has achieved this benchmark.



Debt control benchmark

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

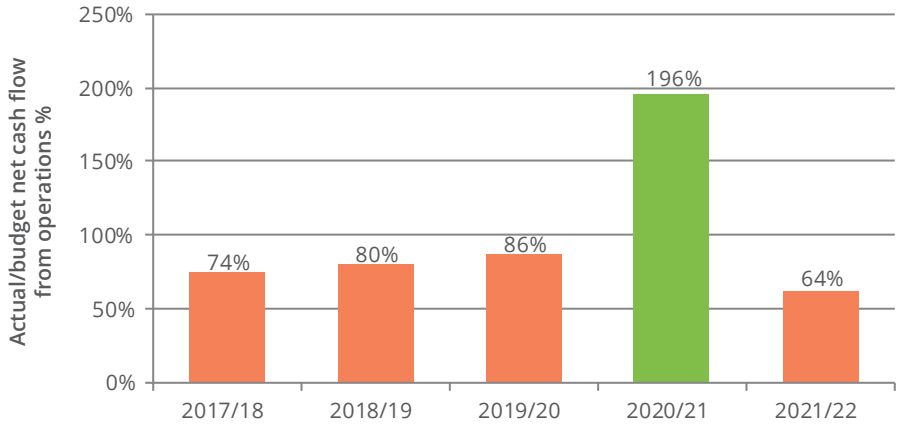
Council meets the debt control benchmark if its actual net debt is equal or is less than its planned net debt. Council has achieved this benchmark.



Operations control benchmark

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

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. Council has not achieved this benchmark in 2021/22 primarily due to the impact of not completing projects at balance sheet date, resulting in lower subsidies and grants received than planned. This includes projects like Lindvart Park and Paihia waterfront which have been removed from the capital works program (Paihia) or carried forward to the next financial year (Lindvart Park).



Reserves report

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

Reserve balance purposes

Other reserves

Revaluation reserves

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

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

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

Restricted reserves

Community services fund

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

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

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

Special funds

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

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

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

General separate funds (Community footpath reserves)

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

Retained earnings

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

Development contributions

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

Open spaces development contributions

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

Depreciation reserves

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

Emergency event reserve

Specific funds ear marked for the recovery requirements of future weather-related events.

Property disposal reserve

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

Mineral survey reserve

Reserve to investigate the mineral potential of the Northland region.

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

Reserves

	Opening Balance 2021/22 $000s	Additions 2021/22 $000s	Withdrawals 2021/22 $000s	Closing Balance 2021/22 $000s
Other reserves				
Revaluation reserves	623,872	193,749	(3,489)	814,132
LGNZ share valuation reserve	37	3	-	40
Cash flow hedge reserve	(130)	130	-	-
Capital reserve	2,697	-	-	2,697
Total other reserves	**626,475**	**193,881**	**(3,489)**	**816,869**
Restricted reserves				
Community services reserves	4,524	21,856	(22,869)	3,511
General separate funds (drainage, stormwater, water, wastewater)	2,711	33,824	(33,550)	2,985
Special funds	4,885	51	-	4,936
General separate funds (Kerikeri mainstreet, economic development, CBD rates, car parks)	311	123	(50)	385
General separate funds (footpaths)	-	-	-	-
Total restricted reserves	**12,432**	**55,854**	**(56,469)**	**11,817**
Retained earnings				
Retained earnings	1,406,363	-	-	1,418,242
Development contributions	(16,934)	-	-	(16,934)
Open spaces development contributions	(3,721)	-	-	(3,721)
Depreciation reserves	75,584	36,956	(24,789)	87,751
Emergency event reserve	723	6,664	(82)	7,304
Property disposal reserve	198	-	-	198
Mineral survey reserve	50	-	-	50
Total retained earnings	**1,462,263**	**43,619**	**(24,871)**	**1,492,890**

Water, wastewater and drainage assets

These assets have a total asset value for insurance purposes of $112,472,173. The net book value of these assets at 30 June 2022 was $93,026,006. The insurance cover in this group relates to over ground assets. Council's underground assets are not insured. Council has undertaken a risk assessment for insurance purposes and this has shown that these assets are not at significant risk from earthquake. No provision for self-insurance of these assets has been made.

Roading and footpath assets
The vehicle ferry - Kohu Ra, Pakaraka stock effluent facility, strategic property and the 100% NZTA subsidy funded footbridge in Kerikeri are specifically insured with an asset value of $11,951,186. The net book value of these assets at 30 June 2022 is $6,106,230. The remaining $1,326,170,250 of assets within this group are considered to be uninsured. No provision has been made to self insure these assets as they are deemed to be subject to NZTA subsidy support of at least 60%.

Waste management assets
These assets have a total asset value for insurance purposes of $2,151,965. The net book value of these assets at 30 June 2022 was $5,244,323. The remaining assets valued at $3,092,358 are considered to be uninsured. No provision is made to self insure these assets.

Heritage assets

These assets have a total value for insurance purposes of $5,615,236. The net book value of these assets was $3,235,861 at 30 June 2022. There are no uninsured assets in this group.

Community assets
These assets have a total asset value for insurance purposes of $132,669,257. The net book value of these assets at 30 June 2022 was $49,916,234. The remaining assets valued at $24,349,238 are considered to be uninsured. No provision is made to self insure these assets. Of the insured assets, the largest values are held within community centres, libraries and Housing for the Elderly with an insurance value of $91,423,157 and a net book value of $31,904,316.

Leasehold improvements, plant and equipment and vehicle assets
These assets have a total asset value for insurance purposes of $2,934,393 The net book value of these assets at 30 June 2022 was $1,635,317.

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

He arotake whakawhiti whakaaro
Audit opinion

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF FAR NORTH DISTRICT DISTRICT COUNCIL'S ANNUAL REPORT
For the year ended 30 June 2022

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

We are also required to report on:

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

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

Our audit was completed late

Our audit was completed on 10 March 2023. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by the Act. This was due to the timing of our appointment due to the auditor shortage in New Zealand.

Opinion on the audited information

In our opinion:

- the financial statements on pages 49 to 97:
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2022;
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the funding impact statement on page 98, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.
- the activity statements on pages 16 to 47:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2022, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand

- the statement about capital expenditure for each group of activities on pages 99 to 108, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 99 to 108, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 109 to 111, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Emphasis of matter - The Government's three waters reform programme

Without modifying our opinion, we draw attention to note 31 on page 92, which outlines that, in June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The legislation received royal assent from the Governor-General on 14 December 2022. The impact of these reforms will mean that the District Council will no longer deliver three waters services or own the assets required to deliver these services. In December 2022, the Government introduced the Water Services Legislation Bill, which will transfer assets and liabilities to the water services entities.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing

(New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

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

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

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 4 to 15, 50, 112-114 and 119-123 but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

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

Independence

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

In addition to our audit and our report on the disclosure requirements, we have carried out an assurance engagement on trustee reporting, which is compatible with those independence requirements. Other than this engagement we have no relationship with or interests in the District Council or its subsidiary.

Bennie Greyling
for Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand

Mōhiohio whānui • General information

Ko tō tātou rohe
Our District

**New car and commercial vehicles registrations*

Data sources: Infometrics quarterly economic monitor 2021 and economic profile 2022, FNDC Annual Report 2020/21

Rārangi kupu
Glossary

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

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

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

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

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

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

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

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

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

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

Capital Value (CV)
The value of land plus any additions like buildings, driveways and fences.

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

CBEC
Abbreviation for Community Business and Environment Centre.

CP
Abbreviation for commercial paper.

Community
The people of the area covered by the council.

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

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

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

Constituency
An electoral area within district boundaries.

Council Controlled Organisation (CCO)
An organisation in which a council has 50% or more of the voting rights.

Council Controlled Trade Organisation (CCTO)
As for a CCO but with the intention of making a profit.

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

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

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

Deighton Total Infrastructure Management System (dTIMS)
A decision support tool used by managers to plan, analyse and select maintenance and rehabilitation activities in the life-cycle of their infrastructure assets.

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

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

FNDC
Abbreviation for Far North District Council.

FRAs
Abbreviation for Forward Rate Agreements.

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

Internal recoveries
Recovery of costs by support departments from other council departments.

ISDA
Abbreviation for International Swaps and Derivatives Agreement.

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

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

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

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

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

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

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

Long Term Plan (LTP)
Our 10-year plan adopted every three years that sets out the planned activities, budgets and service provision of the council.

NTA
Northland Transportation Alliance.

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

NZ GAAP
New Zealand Generally Accepted Accounting Practices.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Territorial Authority
A city or district council.

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

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

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

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

Ward
An area within the District administered by the council.

WHAKAPĀ MAI
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HE ARA TĀMATA
CREATING GREAT PLACES
Supporting our people