

Pūrongo ā Tau 2023

Annual Report 2023



Ihirangi

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Wāhanga tuatahi: Tirohanga whānui

Section one: Overview



Ngā karere mai i te Heamana rāua ko te Tumuaki

Chair and CEO's foreword

Te Taitokerau has faced a raft of different challenges over the past year (July 2022 to June 2023) that have truly tested the resilience of our communities.

Through back-to-back cyclone and flood events we saw our roading and electricity networks disrupted, homes and businesses damaged, productive land and crops damaged, and people displaced.

We've seen first-hand what an increase of extreme weather events might look like as we learn to adapt and live with climate change impacts, and we've seen the incredible determination and resilience of our people.

The climate crisis is our generation's biggest challenge...we must respond by transforming how our society and economy operate.

We're living in te ao hurihuri, the ever-changing world, where the historic and ongoing release of greenhouse gases is already altering the environment that supports us, threatening to cause severe social and environmental disruption. In the interests of unborn generations, our communities and our precious taonga, we must act now.

Our climate commitments are reflected in the two climate strategies we have adopted; Ngā Taumata o te Moana: our strategy for tackling climate change, (adopted in July 2021) and Te Tai Tokerau Climate Adaptation Strategy (adopted by all four Northland councils in April 2022).

We've also worked hard over the past year to keep building resilience and support our communities through regional emergency management and recovery and flood risk reduction.

Continuing this momentum in our mahi has been critical for the benefit of the taiao (environment) and our collective future – for freshwater health and protecting our native habitats.

Council also remains committed to building meaningful relationships that are reflective of a Te Tiriti o Waitangi partnership.

We've worked proactively to strengthen, resource, and adapt structures and processes to develop appropriate approaches for iwi and hapū to engage with us and further develop enduring relationships. These relationships enable council to support the delivery of tangible benefits that build a resilient and prosperous region.

At the local body elections in October 2022, we formally introduced Te Raki, a new regional Māori constituency, with two dedicated members – new council Chair Tui Shortland (the first wāhine Māori regional council Chair) and colleague Peter-Lucas Jones – joining council.

Northland has shown true leadership by becoming the only region in New Zealand where all councils have adopted Māori constituencies/wards and representation and we're proud to have played a part in that.

The COVID-19 pandemic has continued to impact on the home and work lives of people globally over the past year and again we have not been spared from this. Council recorded almost 3800 hours (equivalent to more than 100 weeks) of COVID-19 sick leave over the year with spikes in July and November/December 2022 and May 2023.

However, we have continued to be flexible and adaptable to ensure we focus on delivering our most important services to the high standards expected of us.

We've worked hard to deliver value to our ratepayers, being acutely aware that tough economic times has meant there have been real financial challenges and hardships across the rohe.

On the staff leadership front, October 2022 saw senior council manager Jonathan Gibbard officially take the reins as Northland Regional Council's new Tāhūhū Rangapū – Chief Executive, replacing retiring CEO Malcolm Nicolson, who had led council since January 2012.

Our thanks to Mr Nicolson for his years of service which was recognised nationally in June 2023 when he was made a Member of the New Zealand Order of Merit in the King's Birthday Honours for services to local government and the community.

Lastly, our joint thanks to everyone in Te Taitokerau who has worked with us on our shared journey over the financial year, your mahi has helped to make our region the truly special place it is.



Tui Shortland
Kahurangi (Chair)

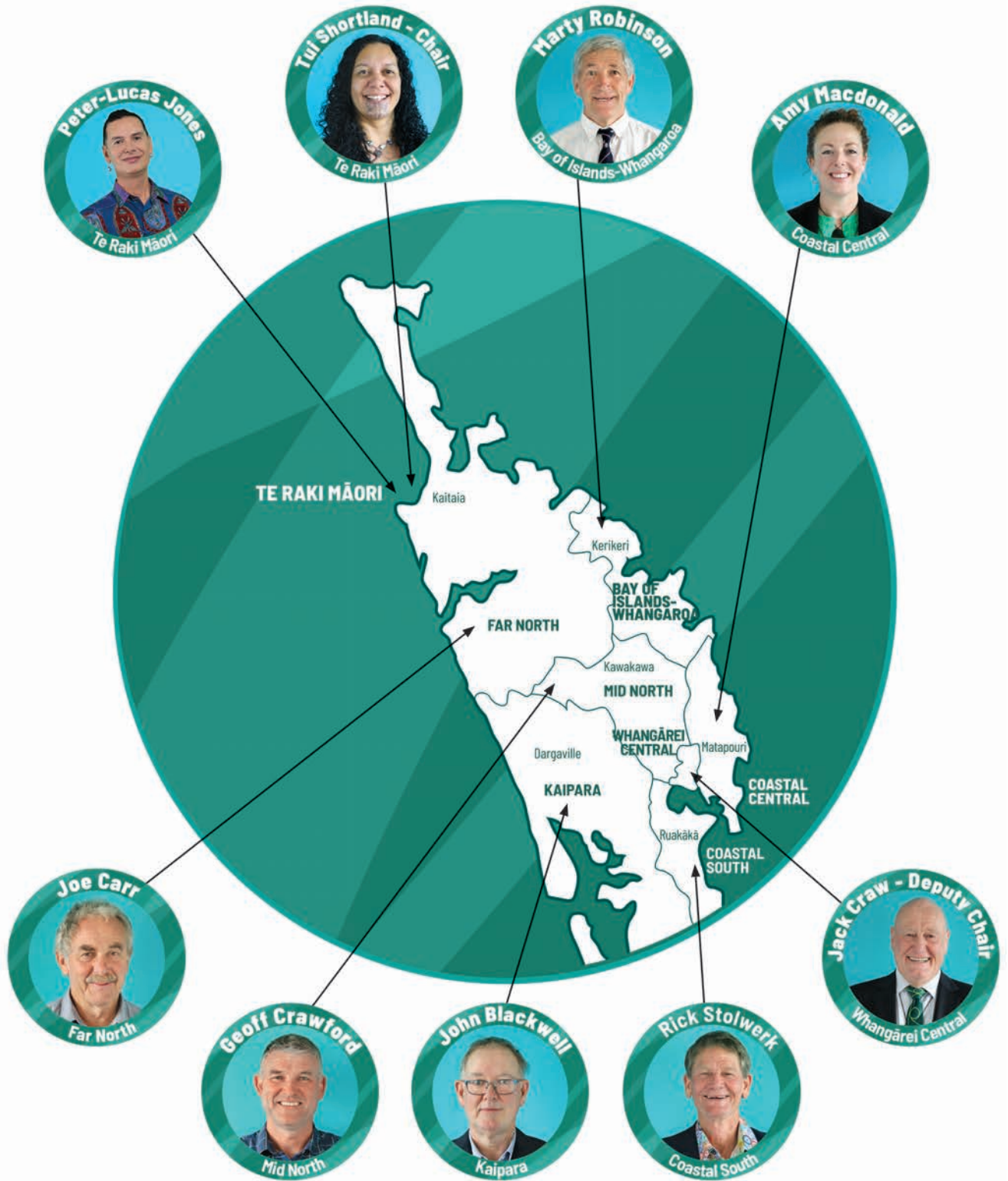


Jonathan Gibbard
Tāhūhū Rangapū (Chief Executive Officer)

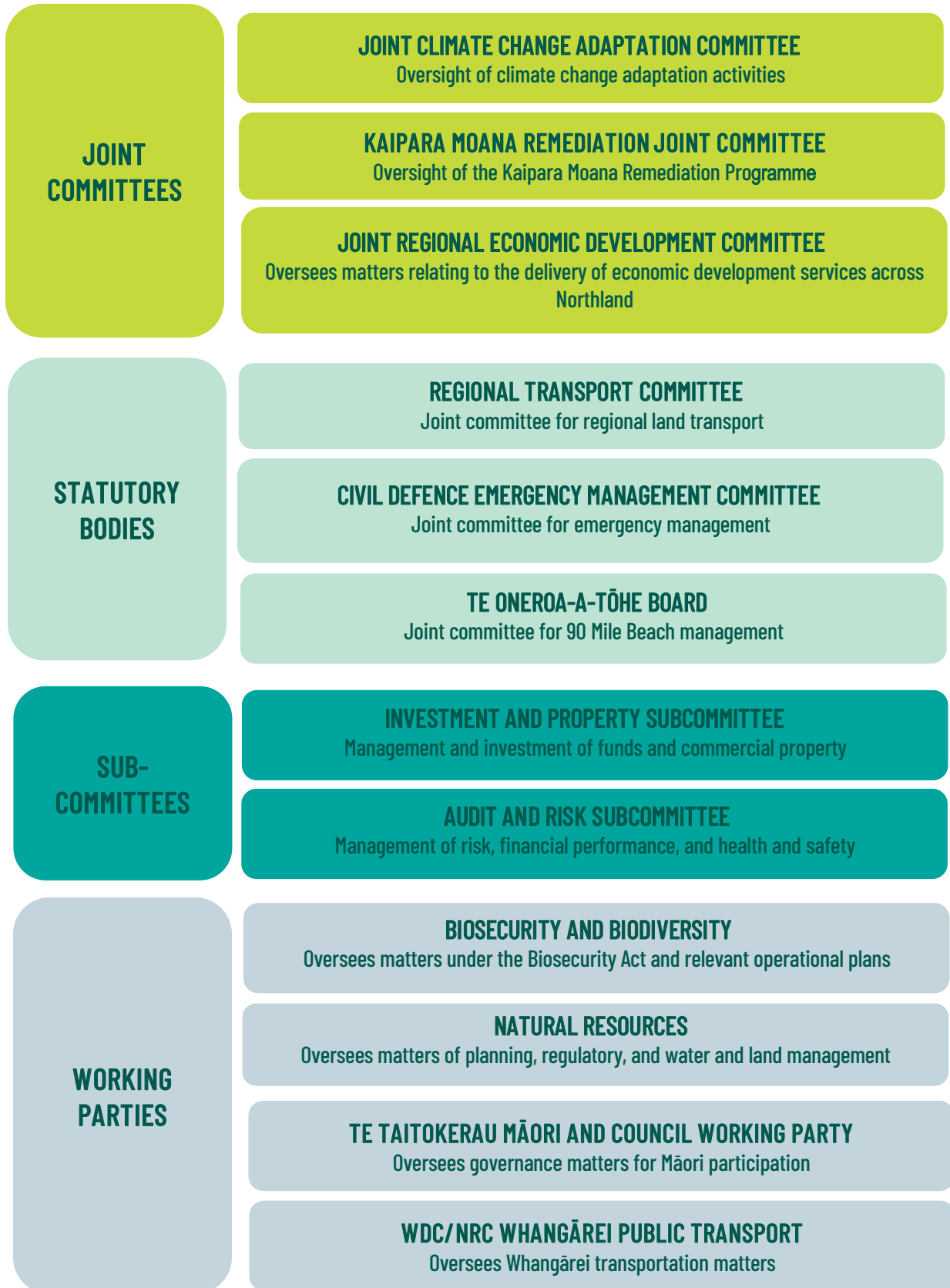


Ō koutou Kaikaunihera

Your regional councillors



Governance structure



Council membership, responsibilities and advisors

Regional council representation on committees and boards

Regional Transport Committee

Councillors Blackwell (Deputy Chair) and Carr (Chair)

This statutory committee brings together Northland's four councils and Waka Kotahi NZ Transport Agency, and oversees strategic transport planning and passenger transport functions for the Northland region.

Civil Defence Emergency Management Committee (CDEM Group)

Regional council membership: Councillors Crow and Stolwerk (alternative)

This statutory committee brings together Northland's four councils (with Fire and Emergency and NZ Police in an observer capacity) and sets the strategic direction for the CDEM Group.

Te Oneroa-a-Tōhe Board

Regional council membership: Councillors Carr and Jones

This board is a statutory body as a result of Treaty Settlement and is a joint committee with Far North District Council (FNDC), Te Rūnanga o Te Rarawa, Te Manawa o Ngāti Kuri Trust, Te Rūnanga Nui o Te Aupouri Trust, Te Rūnanga o Ngāi Takoto. The Board consists of eight members as follows: one member appointed from each of the four Te Hiku iwi (settlement entities), two members appointed by regional council (being councillors holding office), and two members appointed by FNDC (being the Mayor and a councillor holding office).

Joint Climate Change Adaptation Committee

Regional council membership: Councillors Macdonald (Deputy Chair) and Crow (alternative)

NRC iwi/hapū representative

This joint committee provides direction and oversight of the development and implementation of climate change adaptation activities by local government in Te Taitokerau.

Kaipara Moana Remediation Joint Committee

Regional council membership: Councillors Blackwell, Crow, and Macdonald

This joint committee consists of six appointed Kaipara uri entities, three elected members appointed by Auckland Council and three elected members appointed by NRC. It provides oversight of the Kaipara Moana Remediation Programme.

Joint Regional Economic Development Committee

Regional council membership: Councillors Robinson and Shortland

Two councillors each from both Kaipara and Far North District Councils

This joint committee oversees matters relating to the delivery of economic development services across Northland.

Council Subcommittees

Investment and Property Subcommittee

Councillors Blackwell, Crow, Crawford, Jones, Shortland (ex officio), Stolwerk (Chair), independent consultant (x1), independent financial advisor (x1), independent risk advisor (x1), and independent tāngata whenua (x2)

Audit and Risk Subcommittee

Councillors Carr, Jones (Chair), Macdonald, Robinson, Shortland (ex officio), Stolwerk, independent financial advisor (x1), independent risk advisor (x1), and independent tāngata whenua (x2).

Council Working Parties

- » WDC/NRC Whangārei Public Transport Working Party – Councillors Carr, Crow (Chair), Stolwerk, and three Whangārei District councillors
- » Natural Resources Working Party – Councillors Carr, Crawford, Macdonald (Chair), Robinson, Shortland (ex officio), and four members of Te Taitokerau Māori and Council (TTMAC) Working Party
- » Biosecurity and Biodiversity Working Party – Councillors Blackwell, Crow, Crawford (Chair), Robinson, Shortland (ex officio), and four members of Te Taitokerau Māori and Council (TTMAC) Working Party
- » Te Taitokerau Māori and Council Working Party (TTMAC) – up to 30 members in total consisting of full council, and up to 21 appointed iwi and hapū members from Taitokerau Māori. The working party is co-chaired by Councillor Robinson and Pita Tipene, Ngātihine representative.

Collaborative Community Working Groups

- » Kāeo-Whangaroa River Working Group – Councillors Carr (alternative), Robinson (Chair)
- » Kaihū River Working Group – Councillor Blackwell (Chair)
- » Kerikeri River Working Group – Councillors Carr (Chair), Robinson (alternative)
- » Ruakākā River Working Group – Councillor Stolwerk (Chair)
- » Taumārere River Liaison Working Group – Councillors Carr (alternative), Crawford (Co-Chair)
- » Urban Whangārei Working Group – Councillor Craw (Chair)
- » Awanui River Working Group – Councillors Carr (Chair), Jones (alternative).

Councillor portfolios

- » Appeals on Regional Plan – Councillor Macdonald
- » Kaipara Moana Working Party – Councillors Jones and Shortland
- » Northland Conservation Board – Councillor Crawford
- » Shareholder representative for Northland Marsden Maritime Holdings Limited – Councillor Shortland
- » Shareholder representative for Northland Inc. Limited – Councillor Jones
- » Shareholder representative on Regional Software Holdings Limited – Councillor Shortland
- » Upper North Island Strategic Alliance (UNISA) – Councillor Shortland
- » Zone One (LGNZ) – Councillor Shortland.

Advisors

Auditors:

- » Deloitte Limited on behalf of the Auditor-General

Bankers:

- » ASB Bank
- » ANZ Bank
- » Bank of New Zealand

Solicitors:

- » Brookfields Lawyers
- » Buddle Findlay
- » Cochrane Advisory
- » Duncan Cotterill
- » Karenza de Silva
- » Lizzy Wiessing
- » Marsden Woods Inskip & Smith
- » SBM Legal
- » Simpson Grierson
- » Thomson Wilson Law
- » Webb Ross McNab Kilpatrick
- » Wynn Williams

Independent Advisors/Consultants:

- » Steve Watene - Risk
- » Stuart Henderson - Financial
- » PricewaterhouseCoopers - Treasury
- » Eriksens Global - Investments

Chief Executive Officer:

The Tāhūhū Rangapū (Chief Executive Officer) Jonathan Gibbard is responsible for setting the direction of the council within the policy framework provided by councillors. The Executive Leadership Team is accountable to him and he is accountable to the council.

Council's strategic direction

This is the second Annual Report following the adoption of the Long Term Plan 2021-2031 in June 2021. As part of developing the Long Term Plan, council gave careful consideration to the service we provide to our community, what we're working to achieve, and our priorities for making this happen. This is outlined as our strategic direction, which is driven by our vision: 'Our Northland - together we thrive'. Our strategic direction also sets out council's mission and community outcomes, which drive the activities and performance measures set out in the long term plan, and are reported on in this Annual Report.



VISION
Our Northland – together we thrive
Tō tātou Taitokerau – ka whai hua tātou

MISSION
Working together to create a healthy environment, strong economy and resilient communities



Healthy waters for the environment and our people
The fresh and coastal waters of Te Taitokerau are clean and abundant, supporting a healthy environment and the needs of our people.

Safe and effective transport networks connecting our region
Transport networks are safe, well organised and increasingly low emission, connecting communities and supporting our regional economy.

Resilient, adaptable communities in a changing climate
Communities are well prepared for the growing effects of climate change and the hazards our region faces, such as droughts and floods.

Meaningful partnerships with tangata whenua
Strong outcomes for Māori through enduring relationships between iwi/hapū and council.

Protected and flourishing native life
The incredible array of native taonga in Te Taitokerau is treasured and protected, on land and in the water.

A strong and sustainable regional economy
A sustainable economy, supporting a healthy standard of living and wellbeing in Te Taitokerau.

Our year in review

Our Long Term Plan 2021-2031 is our 10 year roadmap for supporting Te Taitokerau Northland's growth and wellbeing, while navigating the unpredictable and changing world we now live in. Achieving environmental, social, economic and cultural wellbeing will only truly happen as we continue to build meaningful partnerships, with everyone from tangata whenua to individual landowners. Resilience is also key, and now more than ever we need to keep building resilience and supporting our communities through regional emergency management and recovery, flood risk reduction and climate change adaption.

Critical work continues on freshwater health, protecting our native habitats, developing enduring relationships with hapū and iwi, delivering on our commitments to our communities, and leveraging central government funding for the benefit of our region.

The community outcomes that we want to achieve can be found in 'Te Pae Tawhiti - Our vision 2021-2031', a document where we explain what council's long-term aims are for the region, and what we plan to deliver to make a real difference over the next three and 10 years.



Some of our progress is reported in this annual report, but it's just a snapshot – the progress is much wider. Here are some of our highlights from the year:

Challenges we've faced

Cyclone Gabrielle

Cyclone Gabrielle was the worst storm event and largest response Northland has seen in decades. Response to this event required activation of all three district councils' Emergency Operations Centres (EOCs), along with the Northland Regional Council's Emergency Coordination Centre (ECC). A Regional State of Emergency was also declared to support the response, with this later being superseded by a National State of Emergency. The response phase to Cyclone Gabrielle lasted two weeks and required a large amount of staff resource from not only the Civil Defence Emergency Management (CDEM) team but from teams across all Northland's councils, emergency services, critical infrastructure providers, and more. Recovery work from Cyclone Gabrielle is still ongoing. For events of the scale and impact of Cyclone Gabrielle, this period takes longer, involves more people, and requires more resources, including funding.

We responded to numerous weather events over the past year, with Northland experiencing its wettest year on record from July 2022 to June 2023. These events were all monitored by CDEM staff, with some of the most notable of these being; the August 2022 rain event which closed the Mangamuka Gorge, Cyclone Hale, Cyclone Gabrielle, the February Mangawhai extreme rain event, and May 2023 thunderstorms.

COVID-19

The COVID-19 pandemic has continued to impact on the home and work lives of people globally over the past year and again we have not been spared from this. Council recorded almost 3800 hours (equivalent to more than 100 weeks) of COVID-19 sick leave over the year with spikes in July and November/December 2022 and May 2023. We have continued to be flexible and adaptable to ensure we focus on delivering our most important services to the high standards expected of us.

Skills shortages

Health and Safety, engineers, water scientists, Māori engagement & IT roles continue to be among the most difficult roles for us to fill, in part due to higher salaries on offer elsewhere.

Natural environment

Environmental science and monitoring

Our Natural Resources teams have been hard at work over the past 12 months with work including initiating catchment investigations in Ahipara, Bream Bay and Lake Taharoa and completing a report on a Raumanga catchment investigation.

We have also investigated what may have triggered a large algae bloom in the Whangārei Harbour during April 2023 and fine-tuned a flood forecasting model for Kaitaia, which can predict a major flood in the upper catchments above Kaitaia.

We've developed a digital river network for Northland using remote sensing data, meaning council now has the most accurately mapped rivers in New Zealand and successfully deployed 50 dissolved oxygen sensors in rivers across Northland to measure the health of our waterways.

We have also successfully implemented Safeswim, which is a predicative model developed by Auckland Council to warn swimmers of potential risk before they enter the water and begun operating a new radar system for tracking storms across Northland real time.

Kaipara Moana Remediation Programme

In October 2020, the Ministry for the Environment, Kaipara Uri (Ngā Maunga Whakahii o Kaipara, Te Rūnanga o Ngāti Whātua, Te Uri o Hau), NRC and Auckland Council signed a Memorandum of Understanding to jointly protect and restore the mauri of the Kaipara Moana. Kaipara Moana Remediation (KMR) was subsequently formed to invest in projects with the long-term aim of halving sediment flows across the 6,000km² Kaipara Moana catchment.

As of 30 June 2023, KMR is 18 months into operational delivery. We have engaged with over a third of the landowners in the catchment, and contracted over 440 Sediment Reduction Plans covering 94,000 hectares. Under the Plans, more than 480kms of fencing and 950,000 native plants are either in the ground or contracted.

Marine biosecurity

In May 2023, haukainga of Te Rāwhiti identified the exotic caulerpa species, *Caulerpa brachypus* and *Caulerpa parvifolia* within their rohe, two years after the species was first discovered in Aotea/Great Barrier Island. Once identification was formally confirmed, the Ministry for Primary Industries (MPI), and council along with local hapū, initiated a response, which involves searching a wide area of the sea floor using teams of divers and the use of suction dredges to remove the invasive seaweed.

Hapū, council, and MPI have established a collaborative approach with the shared intention to eliminate caulerpa in Te Rāwhiti. A rāhui and complementary Controlled Area Notice (CAN) has been imposed and an extensive effort has

been made by council and NIWA dive teams to delimit and determine the extent of the population with chlorine-imbued benthic mats used to treat small, isolated patches of caulerpa outside of the rāhui /CAN.

Meanwhile, our 2022–2023 hull surveillance season concluded with 2037 vessels inspected and all incidents responded to promptly and successfully.

Biosecurity partnerships

The Biosecurity Partnerships Team works with communities to reduce established populations of pest animals and plants through the Biofund, Community Pest Control Area (CPCA), and High Value Area (HVA) programmes. Our stakeholders can conduct biosecurity mahi over differing landscape sizes, from relatively small (up to 100 ha; Biofund) to very large (20,000+ ha; HVA). During 2022–23, we awarded 62 Biofund grants, continued to fund 31 CPCAs, established two new CPCAs over a combined 1568ha, and maintained our resourcing of seven HVAs covering 130,608ha.

We also work within the Whangārei urban area to support community-led pest control through the Tiakina Whangārei programme. During 2022–23 we engaged with six Whangārei based schools, held or supported six community events, supported Pukenui Western Hills Forest Trust to increase pest control infrastructure across 70ha of native bush adjacent to the city, and coordinated the installation of 90ha of additional pest infrastructure within Parihaka Scenic Reserve.

Predator Free 2050 - Whangārei

This programme is in its second year and has moved from a knock-down to a mop-up phase across 1500ha of Te Whara, Taurikura and surrounding farmland. Knock-down of pests has commenced on a further 1400ha, and preparation on a further 3700ha. Pre-elimination monitoring on 3100ha of the buffer area has also been completed with pleasingly low possum numbers reported across several of the blocks that will form the virtual barrier between Parua Bay village and Pataua North. More than 400 landowners have directly supported the project so far by allowing elimination work to be carried out on their land and by getting in behind the wider kaupapa.

Predator Free 2050 - Pewhairangi Whanui

This programme spans the Purerua-Mataroa, Rākaumangamanga, and Russell Peninsulas. Predator Free Russell has received overwhelming community buy-in over the last year shown by almost 100% landowner support across the project area, along with rat catch numbers trending toward zero, and zero possum catches or detection over the last quarter. Servicing almost 6000 devices in the Old Russell Peninsula area and over 1200 devices in the Orongo Bay area, on 10-day cycles, they are now at the end of the knock-down phase and will be moving into a final mop-up phase soon.

Predator Free Purerua – Mataroa

This programme has begun delivery of elimination mahi and is being delivered jointly by Kiwi Coast and Ngāti Rehia-Te Ahutai. Ngāti Torēhina kaumatua and kuia have provided tīkanga and guidance for the delivery of the project in the eastern zones, with Ngāti Rehia and Predator Free Taiao Lead designing and implementing the western zones mahi.

Predator Free Rākaumangamanga

Project design and delivery of this programme is being led by Te Rawhiti 3B2 Ahu Whēnua Trust. Project plans and budgets have been completed and support in principle provided by Ngāti Kuta and Patukeha hapū. Progress to implementation has been delayed with the outbreak of the marine pest *Caulerpa*, which has involved many of the hapū team who are also leading the predator free mahi. Commencement of the elimination delivery is expected by late August.

Pest plants

In addition to supporting the community led pest plant work in HVAs, CPCAs, and Biofund delivery, the pest plant team ran 12 workshops and attended 11 community events to help encourage community action on pest plants and develop pest plant identification and control skills, as well as providing advice and support to hapū and other community groups.

Council also led the delivery of the National Wilding Conifer programme in Northland. Over the course of the year, more than 60,000 wilding pines were removed, primarily from dune, gumland and wetland habitats.

Regional Plan for Northland

Appeals to the Proposed Regional Plan have been resolved through a number of Environment Court decisions over the last year including decisions relating to vehicles on beaches, marine protection and significant ecological areas. This means the Proposed Regional Plan is now very close to being operative with a final step being seeking approval from the Minister of Conservation for coastal provisions. The resolution of appeals has taken a significant amount of work over the last five years or so and is a major milestone for council – it also means more clarity and certainty in terms of the status of regional plan provisions.

Freshwater Plan

Work continues on the Freshwater Plan change – this is a new set of policies and rules for the management of freshwater. It is a key part of council's response to the direction in 'Essential freshwater' from Central Government to improve the state of freshwater. Work to date has included publication of the 'baseline state' for lakes and rivers in Te Taitokerau (how our rivers and lakes compare with government measures for water quality and aquatic ecosystem health). A draft freshwater plan change is being

developed through a series of workshops with council and representatives from the Te Taitokerau Māori and Council Working Party. It has also benefited from input from Tangata Whenua Water Advisory Group and Primary Sector Liaison Group. Engagement with our communities on the plan change will start in October 2023.

Environmental incidents

For the year ending 30 June 2023, a total of 917 incidents were reported to our 24/7 Environmental Hotline. Of these 359 (40%) were air quality incidents, followed by 278 water quality; 155 land use; 74 coastal; 45 waste management and six water quantity incidents.

Our monitoring officers made 497 site visits to investigate 453 confirmed breaches of a rule, national regulations or a resource consent.

Consents

A total of 1158 consent application decisions were made during the financial year: 206 Coastal permits, 251 discharge permits, 234 land use consents and 467 water permits. There were no appeals on any decisions. An outstanding appeal on council's decision to grant a suite of consents to an applicant at Opua was determined by the Environment Court with council's decision being upheld. The public hearing for replacement consents by the Far North District Council for the continued operation of the Omapere and Kokukohu Wastewater treatment plants was held in May 2023. An Environment Court appeal on 24 groundwater take applications from the Aupouri Aquifer is ongoing.

Community resilience

Awanui Flood Scheme upgrade

We have completed Year Three of the planned three-year accelerated works programme from Shovel Ready stimulus because of COVID-19. However, summer rain has considerably slowed progress and we have negotiated an extension of time with Kānoa – Ministry of Business, Innovation and Employment to complete the Awanui works in the new financial year ending July 2024. Design of the extensions to Quarry and Donald Road bridges is complete and procurement for these projects are progressing. We have planted more than 50,000 trees on the completed scheme upgrade areas, with local nursery and hapū employed as well as community planting days that included local schools.

Otiria-Moerewa flood mitigation spillway and bridge

Stage 1 of this project has been completed and Stage 2 Pokapu Bridge replacement is well underway. A final and third stage has been awarded and is being carried out at the same time as work on the bridge. It involves excavation

of the remaining 800-metres of spillway and the eventual removal of the existing Pokapu Rd road bridge. We are expecting completion by Christmas 2023.

Climate change resilience

We acknowledge the urgent need to respond to the climate change crisis. We are living in te ao hurihuri, the ever-changing world, where the historic and ongoing release of greenhouse gases is already altering the environment that supports us, threatening to cause severe social and environmental disruption. In the interests of unborn generations, our communities and our precious taonga, we must act now.

Our climate commitments are reflected in the two climate strategies we have adopted; Ngā Taumata o te Moana: our strategy for tackling climate change, (adopted in July 2021) and Te Tai Tokerau Climate Adaptation Strategy (adopted by all four Northland councils in April 2022).

To enhance the delivery of both strategies we initiated a joint project to consolidate and align the implementation programme internally, but also with our partner councils. Establishing a clear and well considered climate programme allows us to focus on the areas that will result in the greatest change and help us prioritise our work. This project will also allow us to report regularly on our progress against our climate commitments.

Looking ahead

Northland communities are particularly exposed to climate change with many of our settlements, town centres, and roads sitting on coastal floodplains, exposed to sea level rise, and increased flooding. This year we have taken a fresh look at how we work to reduce flood risk across the region. We recognise that we are not able to protect everyone and everything and so we have set out a framework that will help us make robust, enduring, climate-resilient decisions together with affected communities. We have many roles to play in reducing flood risk – in planning rules, policy settings, emergency management, stopbanks and levees, hydrological data and monitoring, early warning systems and community adaptation planning. This approach will be consulted on and further developed in the upcoming long term plan.

In the emissions reduction realm, we have made significant progress in understanding our carbon footprint and set our baseline reporting period – the 2021/22 financial year. We are now in the process of formalising and adopting a corporate Emissions Reduction Plan that will set us short and longer term targets. To achieve those targets, work is commencing on formulating options for how we might reduce our footprint over time.

Emergency management

Work continues on a tsunami siren upgrade project, which will see the installation of 96 new tsunami warning sirens across the region. The project is being funded by all four

of Northland's councils through their long-term plans, and with good progress being made in 2023, the project is set to be completed over the next two to three years.

Planning and stakeholder engagement for the development of a Multi-Agency Emergency Coordination Centre (MAECC) for Northland also continues. A MAECC will provide a central, purpose-built facility that will allow for improved collaboration between Civil Defence Emergency Management (CDEM) staff, emergency services and other agencies during responses.

Transport

Passenger numbers on the CityLink Service have shown a positive upward trend, increasing from 283,364 in 2021/2022, to 349,755 in 2022/2023. The majority of additional passengers are schoolchildren.

Unfortunately, the number of incidents of antisocial behaviour both on the buses and at the bus terminus has not decreased. This has resulted in a decrease in the number of older people using the bus service and opting to use the Total Mobility Scheme instead.

The once per week Hikurangi Link service currently operates a round trip on a Thursday. After a request from the Hikurangi Business Association a trial Tuesday run will also be introduced in the first quarter of the 2023/2024 financial year. Similarly, the Bream Bay Link service also operates once per week on Thursdays. Due to passenger numbers, an additional service on a Tuesday is being investigated along with the feasibility of extending the route to include One Tree Point.

Far North Link/Mid North Link/Hokianga Link services continued to struggle to attract additional passengers during the year. However, for most that use them this is their lifeline to medical, social, and shopping services.

The Total Mobility Scheme in Whangārei has shown a marked increase in the number of clients registering and the number of trips taken. The Far North Total Mobility Scheme is in its infancy stage and continues to grow. The number of clients registered in 2021/2022 was 97 and this rose to 189 by June 2023.

Regional Leadership

New CEO takes reins

October 2022 saw senior council manager Jonathan Gibbard officially take the reins as Northland Regional Council's new Tāhūhū Rangapū – Chief Executive. The new CEO was chosen from a shortlist of four applicants after a year-long intensive search. Mr Gibbard – who lives at Tūtūkākā with his partner and their son – replaced retiring CEO Malcolm Nicolson, who had led council since January 2012. In June

2023 Mr Nicolson was made a Member of the New Zealand Order of Merit in the King's Birthday Honours for services to local government and the community.

Local body elections

At the local body elections in October 2022, we formally introduced Te Raki, a new regional Māori constituency, with two dedicated members – new council Chair Tui Shortland (the first wāhine Māori regional council Chair) and colleague Peter-Lucas Jones – joining council. Our decision to include a Māori constituency was formally made in October 2021 and collectively Northland has shown leadership by becoming the only region in New Zealand where all councils have adopted Māori constituencies/wards and representation. Twenty-four nominations were received for the nine available positions on the council as a whole.

Building a Te Tiriti o Waitangi partnership with tangata whenua of Te Taitokerau

Council is committed to building meaningful relationships that are reflective of a Te Tiriti o Waitangi partnership. We are working proactively to strengthen, resource and adapt structures and processes to develop relevant responses for iwi and hapū to engage with council. These relationships enable council to deliver tangible benefits that build a resilient and prosperous region.

Adoption of Tāiki ē, Te Tiriti Strategy and implementation plan

Tāiki ē outlines 26 priority actions to be taken to achieve shared outcomes guided by council's Te Pae Tawhiti – Our Vision 2021 – 2031 and Te Taitokerau Māori and Council Committee (TTMAC) Strategic Intent Te Pae Tawhiti | Vision 2040 and Te Kaupapa | Mission Statement.

Te Tiriti o Waitangi organisational review

Council's Te Tiriti Health Check was included in the Long Term Plan 2021-2031 following input and advice from the tangata whenua caucus members of TTMAC. In September 2022 Buddle Findlay and Whāia Legal submitted a final report to council which measured council's performance against key benchmarks and resulted in a number of recommendations. These are incorporated into a regular review and update with the newly-established TTMAC as a key part of the long term plan and Tāiki ē implementation plan.

Te Taitokerau Māori and Council Working Party (TTMAC)

The 2022-23 financial year saw the successful re-establishment of TTMAC, which consists of all nine councillors and 21 iwi and hapū representatives mandated by their respective iwi authorities and hapū entities co-chaired by Ngātihine representative, Pita Tipene and Councillor Marty Robinson. TTMAC is pivotal in achieving meaningful outcomes for the region.

Economic development

A major focus of work for 2022/23 was supporting the Joint Regional Economic Development Committee (JREDC). The JREDC was established by Northland Regional Council, Far North District Council and Kaipara District Council to work together on economic development related activities, including the joint shareholder responsibilities for Northland Inc and took effect in July 2021. A new joint committee was appointed after last year's local body elections. A major responsibility of the joint committee in the first half of 2023 was to appoint new directors to Northland Inc for terms beginning 01 July 2023. Four new directors were appointed to join the two directors whose terms were still continuing. The other major responsibility of the joint committee is to allocate funding from the Investment and Growth Reserve. An additional \$60,000 in funding was allocated to Northland Inc to continue its work in the primary sector in 2022/23, building on the E350 farm extension programme and other project-based work being led out by Northland Inc including peanut trials. This has been supported by a further \$150,000 in funding for 2023/24 for the Tuputupu Grow Northland Initiative. Key objectives of Tuputupu are to provide farmers with land-use optimisation advice and support the expansion of value-added processing of primary products in Northland.

A funding agreement was established with Te Tai Tokerau Water Trust to provide support for the construction of the Kaipara Water Scheme near Dargaville. Funding has been allocated from the Regional Projects Reserve to support both this scheme and a proposed mid-North scheme to be developed in 2023-25.

Tū i te ora Scholarships 2023

Six \$4000 scholarships designed to provide a springboard for future environmental leaders were awarded. We received more than 20 applications for the 'Tū i te ora Scholarships' which recognise, encourage and support students to undertake study, research or training that relates to our environment, whilst contributing to council's vision 'Our Northland – together we thrive'. This year the recipients will join council from mid-November 2023 to mid-February 2024 for workplace experience in the Governance and Engagement, Biosecurity, Community Resilience and Environmental Services departments. Winners were Ruby Crawford, Stephanie Membery, Jack Panoho, Malindi Reihana-Ruka, Te Karira (TK) Ruakere-Norris and Shavonne Toko.

Whakamānawa ā Taiao – Environmental Awards 2023

Although our fifth annual awards ceremony was held in July 2023 (to align with Matariki) much of the work – including the nomination process and judging – occurred in the 2022/23 financial year.

CBEC EcoSolutions was named the awards' 2023 Te Tohu Matua – Supreme Award winner demonstrating a strong ongoing commitment to reducing waste in Northland through its Community Compost Connection Programme. These awards – first held in 2019 – are an opportunity for Northlanders to be recognised and appreciated for their mahi across Te Taitokerau.

Land-based finfish farm

In February 2023, investment partners council and NIWA declared practical completion of the core infrastructure and buildings of a new land-based aquaculture facility at Ruakākā, one promoting a more environmentally friendly future for the industry. NIWA provides the scientific know-how, specialist equipment and the product sales, marketing and restaurant distribution of the kingfish now being grown there. Council supports the project through specific lease agreements on the building. When operating at full capacity, the facility is projected to sustainably produce up to 600 tonnes of harvest fish annually.

Enterprise project roll-out

Legislation has increased council's obligations around environmental work, information management, health and safety and data management. The result is Enterprise, the most significant digital project council has rolled out in the past decade. Both the Human Capital Management and Asset Management modules have now been implemented.

Implementation of the full Finance, Supply Management, Billing, Accounts Receivables, Expense Management and Timesheeting are in progress.



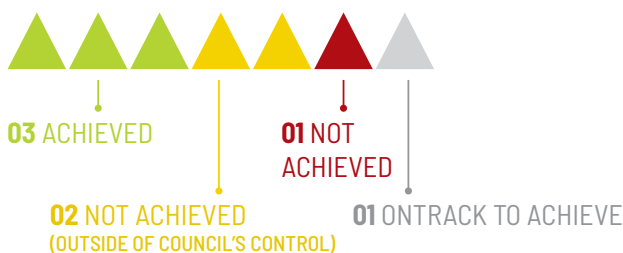
Achievement of key performance indicators

Natural environment » Total 16



For more info see page 31

Community resilience » Total 07



For more info see page 44

Regional leadership » Total 08



For more info see page 53

Meaningful relationships with tangata whenua

Building a Te Tiriti o Waitangi partnership with tangata whenua of Te Taitokerau

Council is committed to building meaningful relationships that are reflective of a Te Tiriti o Waitangi partnership. Consequently, council is working proactively to strengthen, resource and adapt structures and processes to develop relevant responses for iwi and hapū to engage with council. These relationships enable council to deliver tangible benefits that build a resilient and prosperous region.

Significant highlights for the July 2022 – June 2023 year are:

Pōwhiri and induction for newly elected councillors

A pōwhiri for newly elected members was held at Te Puna o te Matauranga Marae, Te Pukenga in October 2022 welcoming in two new Māori constituency councillors, with an inaugural meeting held on the 25 October 2022 where elected members were sworn in with many choosing to use both English and te reo Māori translations. At the inaugural meeting the Chair and Deputy Chair of council were elected.



NRC councillors L to R: Marty Robinson, John Blackwell, Peter-Lucas Jones, Joe Carr, Geoff Crawford, Tui Shortland, Jack Craw, Amy Macdonald, Rick Stolwerk.

Councillor Tui Shortland was elected as the Chair and notably the first wāhine Māori in Te Taitokerau to hold this role supported by returning councillor, Jack Craw as Deputy Chair.

Council Adoption of Tāiki ē, Te Tiriti Strategy and Implementation Plan

Our vision for the future is only as good as the actions we set in place to achieve it. Tāiki ē outlines 26 priority actions to be taken to achieve shared outcomes guided by councils Te Pae Tawhiti – Our Vision 2021 – 2031 and Te Taitokerau

Māori and Council Committee (TTMAC) Strategic Intent Te Pae Tawhiti | Vision 2040 and Te Kaupapa | Mission Statement. The implementation plan focuses specifically on actions to achieve desired goals for capacity and capability and Māori representation. Tāiki ē has been prepared on behalf of council and TTMAC. Both parties acknowledge that there are other groups, agreements, and relationships, such as with Te Kahu o Taonui (TKoT), Mana Whakahono a Rohe agreements and Memorandum of Understandings, that council has that are separate to TTMAC. This implementation plan does not override those existing relationships and agreements.

The ingoa or name Tāiki ē denotes the intent to a collective commitment that “we come together collectively to get the mahi done” as described by the TTMAC Co-Chair with a Kaupapa/Mission “He iwi tahi tātou kia ora ai te Taiao” translated as “Kawanatanga and Rangatiratanga work together for the well-being of the environment”. Tāiki ē focuses specifically on actions to achieve the desired Ngā Whaingā/Goals for capacity, capability and Māori Representation as represented in the TTMAC Strategic Intent 2021-2040 ([found here](#)). There is a commitment for further work to be undertaken for the remaining Ngā Whaingā/Goals outlined in the strategic intent, these being Water/Marine, Climate Crisis and Economic Development.

Te Tiriti o Waitangi Organisational Review (Tiriti Health Check)

Council’s Te Tiriti Health Check was included in the Long Term Plan 2021-2031 following input and advice from the tangata whenua caucus members of TTMAC. The Te Tiriti Health Check utilises the Te Arawhiti Māori Crown Relations Capability Framework as a basis to measure council’s performance against key benchmarks. The Māori Technical Advisory Group (MTAG) set out a programme of work that identified six key areas for council to prioritise in Year 1 (as part of an ongoing annual review that will focus on different areas each year):

- » Governance: Understanding of Māori council relations priorities
- » Relationships with Māori: Relationship management
- » Relationships with Māori: Engagement, partnerships, and empowerment
- » Relationships with Māori: Procurement Structural: Addressing institutional racism
- » Policy and services: Evaluation

Council recognises the importance of a Te Tiriti framework that holds accountability for its partnership with Māori and has an ongoing commitment to implement tangible

outcomes resulting from recommendations of an independent report (in partnership with iwi and hapū). This is the first time that council has undertaken such a comprehensive approach to Te Tiriti o Waitangi and as such, it is an iterative process involving key stakeholders working towards the long-term vision of building enduring relationships with council and tangata whenua, which is captured in Te Pae Tawhiti 2021-2031.

In September 2022 Buddle Findlay and Whāia Legal, which was engaged by council to undertake a Te Tiriti health check submitted a final report to the council for its formal acknowledgement. The purpose of the Tiriti health check was to provide an annual independent assessment as to how the council understands and implements its Te Tiriti o Waitangi obligations in engaging with tangata whenua and mana whenua framework and key performance standards.

The full and final report (**found here**) undertaken in partnership with iwi and hapū technical advisors made recommendations summarised as below:

- 1 The partners should develop a shared view of what successful partnership looks like
- 2 The current state is a positive point in the journey, but it should not be seen as the end point
- 3 That an agreed work programme be developed that allows the council and its Treaty partners to identify areas where they share a common objective or view (e.g., on major legislative reform such as the RMA or the three waters reform)
- 4 The issue of the extent of legislative constraints should be addressed and tested, so the partners have a clear view of what is possible in terms of the future shape of the partnership
- 5 Tāiki ē should continue to be implemented, funded, and reviewed with key performance and review measures
- 6 Consider how tangata whenua members can be fully resourced and supported to contribute and participate – the current demands on a small number of people are too high and that is not sustainable
- 7 Set clear parameters for funding Tiriti partners to participate in council processes and projects involving mana whenua
- 8 Ensure that the council is clear on which iwi/hapū/other entities it should be talking to in each context and prepare a clear strategy/direction for this
- 9 Ensure that tangata whenua feedback on proposals is clearly recorded and reported back on
- 10 Consult with and/or involve Māori in processes for recruitment and appointment of council staff
- 11 Implement a regular review of processes for internal communication and planning between governance and

operations staff at the council, to ensure consistency of engagement and delivery on projects and Te Tiriti objectives

- 12 Develop (or continue to develop and implement through Te Whāriki) an agreed work plan on building the capability and capacity of councillors and council staff in Te Tiriti (as set out in Te Whāriki) and He Whakaputanga, and implement regular reviews of the work programme
- 13 Develop a clear framework for the identification and appropriate treatment of mātauranga Māori within the operations of the council and how it can be protected and developed in Tāiki ē
- 14 Identify the specific issues for Māori in relation to the considering and granting of resource consents and develop a regular plan and review mechanism to respond to issues raised by hapū and iwi.

These are incorporated into a regular review and update with the newly established TTMAC as a key part of the long term plan and Tāiki ē implementation plan.

Te Taitokerau Māori and Council Working Party (TTMAC)

Te Taitokerau Māori and Council Working Party was successfully re-established. It consists of all nine councillors and 21 iwi and hapū representatives mandated by their respective iwi authorities and hapū entities co-chaired by Ngātihine representative, Pita Tipene, and Councillor Marty Robinson. TTMAC is pivotal in achieving meaningful outcomes for the region. The TTMAC working party's Strategic Intent 2021-2040 (nrc.govt.nz/maoripartnership) articulates its vision, mission and key whāinga. Representatives for the financial year are:

- » Kahukuraariki Trust Board (Ngāti Kahu ki Whangaroa)
- » Ngāti Hau
- » Ngāti Kuta
- » Ngāti Rehia
- » Ngāti Tara of Ngāti Kahu
- » Ngātiwai Trust Board
- » Patuharakeke Te Iwi Trust Board
- » Te Parawhau Hapū Authority Charitable Trust
- » Te Roroa
- » Te Rūnanga Nui o Te Aupōuri Trust
- » Te Rūnanga o Ngāti Hine
- » Te Rūnanga o Ngāti Whātua
- » Te Rūnanga o Te Rarawa
- » Te Rūnanga O Whāingaroa

- » Te Rūnanga-Ā-Iwi-O-Ngāpuhi
- » Te Uri o Hau Settlement Trust
- » Te Waiāriki, Ngāti Korora, Ngāti Taka Hapū Iwi Trust
- » Te Whakaminenga O Te Hikutu Hapu-Whanau
- » Te Whakapiko Hapū
- » Partnering with tangata whenua on freshwater improvement and biosecurity projects
- » Investing in GIS tools and mapping projects to ensure council develops a better understanding of rohe boundaries and respective marae, hapū and iwi representatives in Te Taitokerau.

Te Whāriki Māori responsiveness policy and framework

Council continues to deliver relevant core cultural competency framework and training, known as Te Whāriki, in a holistic programme of change that embraces Te Tiriti o Waitangi. We've subsequently contracted Groundworks - Facilitating Change to deliver a targeted Te Tiriti o Waitangi programme for councillors and staff.

The workshop outcomes include:

- » Honouring Te Tiriti within organisations
- » Shared understanding of the historical and current significant of Te Tiriti
- » Applications of Te Tiriti to a local government context.

By the end of June 2023, 100% of the Executive Leadership Team and elected members had attended the Te Tiriti o Waitangi workshop with an intent to roll out the programme to all staff in the next financial year.

Building capability and capacity

Council has increased both staff across the organisation and within the Māori Relationships Team to build capabilities to respond appropriately to the needs and aspirations of tāngata whenua.

Ongoing mahi

Additionally, council remains committed to and continues to:

- » Respond to resource consent issues being raised by iwi and hapū and how we can work to improve our responses when challenged by iwi and hapū regarding council policies and processes
- » Review and allocate a contestable fund for hapū/iwi environmental monitoring plans to enable iwi and hapū to create and/or review plans that identify cultural values and taonga that must be recognised by council in their policy, plan, and regulatory functions
- » Supporting Mana Whakahono-ā-rohe agreements to ensure more opportunities for tangata whenua and hapū in resource management processes
- » Allocating four of eight regional Tū I te ora Scholarships for Māori scholars, supporting students to undertake study, research or training aligned to council's vision and mission

Climate change resilience

The climate crisis is our generation's biggest challenge, and it's already an issue in Te Taitokerau. We must respond by transforming how our society and economy operate.

Northland Regional Council acknowledges the urgent need to respond to the climate change crisis. We are living in te ao hurihuri, the ever-changing world, where the historic and ongoing release of greenhouse gases is already altering the environment that supports us, threatening to cause severe social and environmental disruption. In the interests of unborn generations, our communities and our precious taonga, we must act now.

Implementing our climate strategies

Here at council, our climate commitments are reflected in the two climate strategies we have adopted:

- » Ngā Taumata o te Moana: our strategy for tackling climate change, which was adopted in July 2021, and
- » Te Tai Tokerau Climate Adaptation Strategy, which was adopted by all four Northland councils in April 2022.

To enhance the delivery of both strategies we initiated a joint project to consolidate and align the implementation programme internally but also with our partner councils. Establishing a clear and well considered climate programme allows us to focus on the areas that will result in the greatest change and help us prioritise our work. This project will also allow us to report regularly on our progress against our climate commitments.

Looking ahead

Northland communities are particularly exposed to climate change with many of our settlements, town centres, and roads sitting on coastal floodplains, exposed to sea level rise, and increased flooding. This year we have taken a fresh look at how we work to reduce flood risk across the region. We recognise that we are not able to protect everyone and everything and so we have set out a framework that will help us make robust, enduring, climate-resilient decisions together with affected communities. We have many roles to play in reducing flood risk – in planning rules, policy settings, emergency management, stopbanks and levees, hydrological data and monitoring, early warning systems and community adaptation planning. This approach will be consulted on and further developed in the upcoming long term plan.

Over the past year, we've worked on a range of activities including:

- » Continuing to support improvements to water resilience infrastructure in vulnerable rural communities through grant funding. A hāpori led partnership model has been successful in identifying and working with priority whānau to deliver much needed healthy water supply to those most in need. To date water tanks have been installed from Whangaroa in the north, to Otiria, Kaikohe and Kaihu benefiting hundreds of whānau. More tanks are scheduled to be delivered in 2023/24, further building water resilience across Taitokerau and preparing our communities for the impacts of a changing climate.
- » Establishing grants to support consideration and planning for climate change through Iwi/Hapū Environmental Management Plans (IHEMP). The consideration of climate change in IHEMP provides a strong (statutory) foundation for hāpori led action to adapt and build resilience to climate change.
- » Continuing to invest in low or zero emissions technology to support our operations, including installation of a 63kW rooftop solar array on the new Kaipara service centre and an increase in the number of electric vehicles for our corporate fleet.
- » Actively seeking opportunities to encourage innovation in tackling the climate crisis. This has been achieved through the sponsorship of environmental awards, business awards, local climate hui, supporting climate action in schools, professional development and by continuing to support the organisation's intern programme with ongoing support for summer students. We need to actively encourage, enable, and support the leaders of tomorrow by helping build this pipeline of kaimahi.
- » Staff contributing to the development and seeking influence over several key central government policy changes, including post-Cyclone Gabrielle recovery and the Government's Future of Severely Affected Land work, the proposed Climate Change Adaptation Bill, a number of pieces of work on managed retreat and natural hazards risk management, proposed changes to the Emissions Trading Scheme, and others. The significant volume of potential policy changes has required staff to be agile and responsive and think about the impacts of any changes on Northland's environment and communities.

- » Developing an online map and photo gallery documenting water levels of king tides throughout Northland. The King Tides Taitokerau Project enables the community to get involved and easily share photos of king tides in their locations. By using photos of today's king tides (higher than normal tides), we can get a feel for how sea level rise will elevate average tides and where they will have the most impact. This essentially gives us a glimpse into the future of what Northland's coastline may look like with sea level rise.
- » Continuing a rolling programme of improvements to our corporate systems and processes to embed climate action as 'business as usual' throughout our operations. Our council reports now require explicit consideration of how any decisions made will impact upon the climate, may be impacted by the climate and require an assessment of how consistent the decision would be with our climate commitments.
- » Continuing to support community adaptation planning projects in partnership with our district council colleagues. Technical and financial assistance has been made available to support the Ruawai adaptive pathways project led by Kaipara District Council, while programme design expertise and advice has been delivered to Far

North and Whangarei District Councils. Our natural hazard modelling and first pass risk assessment work has been used to inform priority locations for where adaptation planning should commence.

In the emissions reduction realm, we have made significant progress in understanding our organisational greenhouse gas inventory (or carbon footprint) and set our baseline reporting period – the 2021/22 financial year. We are now in the process of formalising and adopting a corporate Emissions Reduction Plan that will set us short and longer term targets. To achieve those targets, work is commencing on formulating options for how we might reduce our footprint over time.

We have also achieved the requirements and received certification under the Toitu Carbonreduce Programme.

We have started to extend the regional collaboration that exists for adaptation to include mitigation as well. A project to better understand our greenhouse gas inventory for all Te Taitokerau was initiated and supported by all Northland councils. Once the inventory is known, we will undertake an assessment of how we can utilise the data to accelerate region-wide mitigation action and our progress toward net zero and beyond.



King tide at Whangārei Cruising Club

Compliance statement

Northland Regional Council

Annual Report

For the year ended 30 June 2023.

Statement of Compliance

The council and its officers are responsible for preparing this report and financial statements, including the statement of service performance, 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 and operating results of the council and its subsidiaries for the year ended 30 June 2023.



Tui Shortland
Kahurangi (Chair)

Date: 27 September 2023



Jonathan Gibbard
Tāhūhū Rangapū (Chief Executive Officer)

Independent Auditor's Report

To The Readers Of Northland Regional Council's Annual Report For The Year Ended 30 June 2023

The Auditor-General is the auditor of Northland Regional Council (the Regional Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Bennie Greyling, using the staff and resources of Deloitte Limited, to report on the information in the Regional 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 Regional 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 Regional Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.
- We refer to this information as "the disclosure requirements" in our report.
- We completed our work on 27 September 2023. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 66 to 121:
- present fairly, in all material respects:
- the Regional Council's and Group's financial position as at 30 June 2023;
- the results of the operations and cash flows for the year ended on that date; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the funding impact statement on page 125 to 126, 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 Regional Council's long term plan;
- the statement of service performance of the Regional Council on pages 32 to 61:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, 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; and
- the statement about capital expenditure for each group of activities on pages 32 to 61, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's long term plan; and
- the funding impact statement for each group of activities on pages 32 to 61, 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 Regional Council's long term plan.

Report on the disclosure requirements

We report that the Regional 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 62 to 64, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council and Group's audited information and, where applicable, the Regional Council's long term plan.
- The basis for our opinion is explained below. 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.

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 Regional 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 Regional 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 Regional 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 Council Activities, as a reasonable basis for assessing the levels of service achieved and reported by the Regional 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 Regional Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Regional Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

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

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 6 to 24 and 128-139, but does not include the audited information and the disclosure requirements.

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

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

Independence

We are independent of the Regional 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 (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit we have carried out engagements with respect to a limited assurance report pursuant to the Council's Trust Deed, and maintenance of the register of security stock. We have also performed an agreed procedures report in relation to the Kaipara Moana Remediation project, and a review of certain rates revenue collection processes and controls. These services have not impaired our independence as auditor of the Council. Other than these engagements we have no relationship with or interests in the Regional Council or its subsidiaries and controlled entities.



Bennie Greyling
For Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand
27 September 2023

Wāhanga tuarua: Ngā mahi ā te kaunihera

Section two: Council activities



Overview of our activities

Northland Regional Council is required by law to deliver a range of core services, and strives for excellence in delivering these. There are other services that we deliver outside of our legal requirements.

We do this where we can (within legislative mandate) to respond to requests from our communities, address issues that arise, and make the most of opportunities, where the service or activity contributes to achieving good outcomes across the region.

In 2021 council approved the **Long Term Plan 2021-2031**, which sets out the range of services we intend to deliver during the next 10 years.



These services are broken down into activities and are grouped as follows:

- » **Natural environment** - science, catchment management, biodiversity, biosecurity, planning and policy, consents, and compliance monitoring
- » **Community resilience** - flood protection, climate change resilience, emergency management, oil pollution response, harbour safety and navigation, and transport
- » **Regional leadership** - governance, Māori partnerships, economic development, community engagement, customer services, corporate services.

The Long Term Plan 2021-2031 identified the significant aspects of each service and set performance measures and targets for these to enable the level of service to be assessed

These performance measures and targets are reported on for the second time in this Annual Report 2023.

Te Taiao

Natural environment

Tiakina te taiao, tiakina te iwi e

We look after the environment, the environment looks after us

This group includes the following activities:

- » Science
- » Catchment management
- » Biodiversity
- » Biosecurity
- » Planning and policy
- » Consents
- » Compliance monitoring.

These activities contribute to the following council community outcomes:

- » Healthy waters for the environment and our people
- » Protected and flourishing native life
- » Resilient, adaptable communities in a changing climate
- » Meaningful partnerships with tangata whenua.

Northland's natural resources are critical to the wellbeing of the region and its community

The range of activities required to manage our natural resources is captured in this natural environment group of activities: it combines our focus on quality data and science, programmes of protection and enhancement, and management via council's regulatory and planning responsibilities. Our natural environment work relies on collaboration with other agencies, communities and landowners to achieve great outcomes.

Changes to level of service

In the natural environment group of activities, the levels of service within each activity remained the same. Performance measures and targets have not all been achieved, with 10 of 16 performance targets met. Of the six targets not met, four of these were due to weather related issues and therefore outside of councils control. The two remaining targets not achieved were due to resourcing constraints.

What we did

Environmental science and monitoring

The Natural Resources teams has been hard at work over the past 12 months:

- » Initiating catchment investigations in Ahipara, Bream Bay and Lake Taharoa and completing the report on the Raumanga catchment investigation.
- » Investigating what may have triggered the large algae bloom in the Whangārei Harbour during April 2023.
- » Fine tuning a flood forecasting model for Kaitaia, which can predict a major flood in the upper catchments above Kaitaia.
- » Developing a digital river network for Northland using remote sensing data, meaning council now has the most accurately mapped rivers in New Zealand.
- » Successfully deploying 50 dissolved oxygen sensors in rivers across Northland to measure the health of our waterways.
- » Collecting baseline data on a farm in the Far North to measure the effectiveness of land management techniques used to improve water quality as they are implemented across the farm.
- » Trialling cameras in a new way to measure flows in flooded rivers and increase the resilience of council's flood monitoring system. Traditionally, flood monitoring gear has been set up on bridges, however, learnings from Cyclone Gabrielle in Hawkes Bay and Tairāwhiti were to not install flood monitoring gear on bridges.

In addition to the monitoring carried out and recorded as performance measures in this report, the monitoring teams have:

- » Successfully implemented Safeswim, which is a predicative model developed by Auckland Council to warn swimmers of potential risk before they enter the water.
- » Begun operating a new radar system for tracking storms across Northland real time.

Another key area of focus has been making more data available to the public after collection. Council has developed a tool to run automated checks on water data, which will save a significant amount of time. What currently takes around two days to quality check river water level data manually will now take about one hour to complete with the tool.

Catchment management

Environment Fund

This financial year saw a total of \$366,000 of grant funding delivered across Northland to support improved water quality and biodiversity outcomes as follows:

- » Fencing waterways (\$210,149)
- » Fencing wetlands (\$136,284)
- » Fencing forest habitats (\$20,037).

In addition to these on-the-ground works, council provides funding for other activities aimed at supporting communities through the Tangata Whenua and Catchment Group Fund. This year's allocation of the funding was limited due to a diversion of resources to support cyclone recovery work. However, the delivery of seven Stream Health Monitoring Assessment Kit events by Whitebait Connection were supported. These events happened with Te Rarawa, Waipu Waters, Whirinaki Trust, Te Uri O Hau, Matihetihe marae, Patuharakeke hapū, and Rangikohu marae.

Soil conservation

Northland has major erosion issues, with more than 60% of the region and 40% of the region's grazing land classified as highly erodible. Poplars and willows play an important role in mitigating erosion risk within hill country farming operations and as a reflection of this, the council operates a poplar and willow nursery aimed at providing subsidised planting material to hill country farmers across the region.

This year 8440 stems were produced and supplied to farmers throughout the region for planting into erosion prone hill country areas. By using the council grants funding, along with government funding, the cost of this planting to farmers was heavily subsidised.

Central government funded projects

This year saw the successful completion of several significant multi-year central government funded projects.

The Ministry for the Environment funded Waimā Waitai Waioira a five-year partnership project that commenced in 2018. The project represents the culmination of a partnership between mana whenua within the Northern Waioira catchment, community organisations and council, and the arrangement has given rise to some significant advancements in the way in which council works with mana whenua. Partnering with mana whenua and both national and local authorities has led to more robust

decision-making processes, more meaningful outcomes, and continued support for the kaupapa from local residents.

Throughout the project partnership, a snapshot of the work delivered includes:

- » Construction of 60km of waterway fencing
- » Planting of 395,400 riparian / wetland plants
- » 137 Farm Mitigation Plans
- » Completion of Te Kawa Wairoa (mātauranga Māori research project).

The Ministry for Primary Industries/Te Uru Rakau funded Sustainable Hill Country and Regional Priorities (SHaRP) project was a four-year project built upon previous work undertaken by the council, starting with the Kaipara Hill Country Erosion Project in 2015-2018. Despite several hurdles along the way, delivery of SHaRP project was a resounding success either meeting or exceeding all land treatment targets. Some of these targets were delivered below budget, providing an opportunity to deliver additional pieces of work, such as a soil conservation strategy, erosion susceptibility mapping, and a poplar and willow monitoring programme at no additional cost.

Throughout the project partnership, a snapshot of the work delivered includes:

- » 78km of fencing that retired 539ha of Highly Erodible Land
- » Planting of 383,936 trees, creating 230ha of new forest
- » 19,313 poplar and willow trees supplied for erosion control in pasture
- » 391 farm plans/soil conservation plans developed covering 98,117ha
- » Timber research and trials to support market development for poplar timber.

Kaipara Moana Remediation Programme

As of 30 June 2023, we're 18 months into operational delivery of the Kaipara Moana Remediation Programme (KMR) and have now engaged with more than a third of the estimated 1500 landowners in the catchment and achieved more than 440 sediment reduction plans contracted with landowners to support sediment reduction projects, covering 94,000ha of land. These sediment reduction plans have facilitated more than 480km of fencing completed or contracted – the distance from Auckland to Rotorua and back – and over 950,000 native plants in the ground or contracted to plant.

There are 28 local businesses and 21 nurseries across the catchment that have been accredited as KMR suppliers, and are benefiting from KMR employment and/or investments. Fifty-three people have been trained as KMR Field Advisors – many from local iwi/hapū – and more than

\$10.3M of sediment reduction projects have been completed or are underway, supporting local employment. An estimated 180,000 hours of new work have been created by KMR's operations.

The programmes digital tools suite has progressed well, with Mātai Onekura, our Whenua Planning Tool, operational and supported by an Indicative Sediment Risk Layer. Mātai Onekura provides a streamlined way to identify and manage sediment risks on farm.

There are 19 'Navigator' (flagship) project sites in development across the Kaipara Moana catchment from landowners keen to lead larger-scale or innovative sediment reduction projects. Project leaders will share their experience with others in their community, iwi/hapū or sector. Two of these Navigator projects are already operational.

Kōrero Tuku Iho is the cultural dimension of the programme. Using a 'kaitiaki in action' approach, development of the first three place-based projects were progressed to express tangata whenua priorities for restoration.

Under a strategic partnership with the New Zealand Association of Resource Management, the programme has piloted the first two national training courses, which will form part of the accreditation system for Freshwater Farm Planners, boosting capacity in the region to support the recently released Freshwater Farm Plan regulations.

Biodiversity

Partnerships

Partnerships with Māori and the wider community are incorporated into nearly all the mahi the biodiversity team does in the coastal, freshwater, and terrestrial space. Hui or wānanga were held with several iwi around freshwater mahi, including Ngāti Kuri, Te Aupōuri, Ngāi Takoto and Te Roroa. Terrestrial mahi at Tāika (Mt Tiger) involved mana whenua. A joint presentation between council and Winiwini Kingi – Cultural Advisor for Te Kahu o Torongare – on Partnerships for Better Outcomes in Te Taitokerau was given at the Biennial NZ Plant Conservation Network conference in Queenstown. The CoastCare/Coastal Biodiversity Team continued to work alongside iwi, hapū and marae including Patuharakeke, Te Rarawa, Ahipara Takiwa, Parapara, Haitataimarangi and Matihetihe marae on coastal restoration, education and dune monitoring.

Terrestrial and general

Advice and biodiversity plans have been provided to landowners throughout the year. Work began on delivering the recommendations from the Tāika (Mt Tiger) Biodiversity Report on protecting forest remnants in the NRC-owned plantation forestry in partnership with other NRC teams and mana whenua. This included further survey, setup of baseline output and outcome monitoring, fencing, and weed and pest control. Significant support and biodiversity technical advice has been provided to several council

programmes, along with terrestrial fencing projects organised by the Land and Biodiversity Departments involved a total of \$20,037 for forest blocks funded through the Environment Fund (See Land Management Section). One staff member assisted Manaaki Whenua Landcare Research with remeasurement of a network of permanent forest plots in Puketi Ngāhere. This was an excellent opportunity to connect with and learn from some of NZ's best forest ecologists.

The Biodiversity Team (Te Tira Rerenga Rauropi) Annual Operational Report 2021-2022 was produced – the first such report the team has produced, with the aim of more consistent team planning and delivery with a continuous improvement focus.

CoastCare

CoastCare groups and projects have continued to be supported to achieve protection and restoration of dune systems across Northland, with more than 16,000 plants provided through the CoastCare programme for 17 sites. As well as plants and other materials, support included restoration advice, organising, and attending planting days and weed control. Key CoastCare messages have been promoted through newsletters, social media campaigns, media releases, signage, and other communications. For Seaweek, locally organised events were attended at Ruakākā and Taupo Bay. An event was held at Matihetihe Marae, 'Karanga Ki Uta, Karanga ki Tai - The Call of The Land, The Call of the Tide' involving a number of staff from across the organisation and other agencies. It was attended by 75 students from local schools. Dune vegetation monitoring was undertaken by staff and interns with local kaitiaki, schools and CoastCare groups at 12 sites with the data made publicly available. In addition, the pilot study to monitor fauna at Bream Bay dune sites in collaboration with Patuharakeke Te Iwi Trust Board continued. The information gained through monitoring helps to inform our management of the dunes and working with iwi and community groups helps improve understanding of dune systems.

Wetlands

Advice and restoration plans were provided throughout the year to landowners to support wetland projects. A total of \$136,284 was spent on fencing wetlands through the Environment Fund (via the Land Team). Wetland Condition Index (WCI) monitoring was completed over summer for the four cycles of monitoring since 2011, therefore the programme is up-to-date. Most wetlands remain either steady in ecological condition or are improving. Council now has 32 wetlands monitored using WCI. Wetland mapping was progressed with an external provider with an initial set of polygons and candidate polygons delivered. Completing and verifying sites is the next step. Manaaki Whenua Landcare Research produced a framework for State of the Environment monitoring of 61 representative Northland wetlands which will deliver the requirements of the National Policy Statement for Freshwater Management.

Biodiversity staff have given advice around several wetland compliance matters and are involved in one ongoing prosecution.

Planning has started for an inhouse wetland training series, where 20 registered participants will learn to identify wetland types, how to delineate a wetland, and begin to develop the botany skills that underpin these techniques. This will provide a foundation for developing the skills council staff require for delivering regulatory requirements of the National Policy Statement for Freshwater Management around wetlands.

Lakes

There were 12 lakes surveyed with NIWA in March 2023, bringing the programme closer to being up to date with Lake Submerged Plant Index (LakeSPI) and the National Policy Statement for Freshwater Management requirements. Recovering populations of the Nationally Critical native plant *Trithuria inconspicua* were found at Lake Ngatu after adequate rainfall recharged the lake. It was also found that submerged vegetation in Lake Taharoa (Kai Iwi Lakes) had declined dramatically with close to zero plant cover scores and no LakeSPI able to be generated. Nearby Lakes Kai Iwi and Waikare were found to still have 'Excellent' submerged plant scores, though some declines in native submerged plant beds were noted at Lake Kai Iwi. Investigations were undertaken across several teams around the impacts of Cyclone Gabrielle, water budgets, and water quality at Lake Taharoa. This information was shared with mana whenua (Te Roroa and Te Kūihi), and the Taharoa Domain Governance Committee, and a media release put out. It was concluded that the impacts of weather including Cyclone Gabrielle, rainfall events, low water levels (to begin with), and warmer than normal temperatures had been the main contributing factor.

FIF Dune Lakes

For the third year post-herbicide treatment, no African oxygen weed (*Lagarosiphon major*) was found in Lake Ngatu. Eradication will be declared in 2025 if the lake remains clear of this serious pest. Reglone (Diquat) herbicide followed by Aquathol K (Endothal) was applied to Lakes Tutaki and Egg (Poutō) to control an invasive aquatic weed, hornwort (*Ceratophyllum demersum*), and small amounts of egeria oxygen weed (*Egeria densa*) in Tutaki. Aquathol K was also applied at Lake Karaka (Poutō) and Mt Camel North Lake (Houhora). Diver monitoring after the herbicide applications found no sign of hornwort in Lakes Tutaki or Egg, and ongoing monitoring is planned. Mount Camel North and Lake Karaka still have some hornwort so will be treated with herbicide again in the summer of 2024.

Two pest fishing events at Lake Kapoai (Te Kōpuru) removed 317 tench, bringing the total number of tench removed to 6163 during the FIF Dune Lakes Project. Grass carp are herbivorous, exotic fish, often released to control aquatic

weeds like hornwort. Two fishing events removed 34 grass carp (8% of the original number of fish released) from Wai Te Huahua (Lake Heather, Awanui), with a total biomass of 181.7kg. These events were a collaborative effort between council and Ngāi Takoto Kaitiaki Rangers and allowed the kaitiaki to become skilled in removing grass carp from their own lake. Grass carp removal at Roto-otuauro (Lake Swan) removed another 11 fish over three days, bringing the total number of grass carp removed from this lake to 105 (13% of the original number released).

Hui were held with four iwi around further partnership work post FIF Project. Staff participated at a Te Ahu Tū Roa noho taiao event at Lake Ngatu.

Biosecurity

Biosecurity partnerships

The Biosecurity Partnerships Team works with communities to reduce established populations of pest animals and plants through the Biofund, Community Pest Control Area (CPCA), and High Value Area (HVA) programmes. These programmes are scalable, meaning that our stakeholders can conduct biosecurity mahi over differing landscape sizes, from relatively small (up to 100 ha; Biofund) to very large (20,000+ ha; HVA). During 2022-23, we awarded 62 Biofund grants, continued to fund 31 CPCAs, established two new CPCAs over a combined 1568ha, and maintained our resourcing of seven HVAs covering 130,608ha.

We also work within the Whangārei urban area to support community-led pest control through the Tiakina Whangārei programme (www.tiakinawhangarei.co.nz). During 2022-23 we engaged with six Whangārei based schools, held or supported six community events, supported Pukenui Western Hills Forest Trust to increase pest control infrastructure across 70ha of native bush adjacent to the city, and coordinated the installation of 90ha of additional pest infrastructure within Parihaka Scenic Reserve.

Furthermore, we have been working in partnership with the Kiwi Coast Trust (www.kiwicoast.org.nz) formally since 2017. The Kiwi Coast is a collaborative initiative that acts as a conduit between 210 entity, community, hapū or iwi-led conservation projects across Northland. These groups (many of which are receiving funding through council partnerships programmes) are actively managing predators over 245,000ha and trap catch data shows that these groups have removed 708,536 pests since records began 10 years ago. This landscape scale, collaborative approach to pest management is protecting kiwi and other native wildlife and allowing them to safely disperse into new areas.

Finally, biodiversity monitoring indicates that our native species are responding to this coordinated approach to pest management. For example, kiwi call counts in areas like the Whangārei Heads HVA continue to increase and Backyard Kiwi (www.backyardkiwi.org.nz) estimates that the population size is now 1115 in that area (up from an estimated 80 which was recorded in 2001).

Marine biosecurity

The 2022–2023 hull surveillance season concluded with 2037 vessels inspected and all incidents responded to promptly and successfully.

The Marine Biosecurity Team has made significant strides in the advocacy and education space this year. The team has actively engaged with the community through a wide range of 30 events held in diverse locations. These events have included participants from various backgrounds, ensuring a broad reach and diverse perspectives. Notably, the team has fostered and strengthened partnerships with Experiencing Marine Reserves, TriOceans, Ngāti Kuri, and Sails for Science. These collaborations have been instrumental in expanding our understanding of marine biosecurity within the community and implementing behavioural changes that support the overall marine biosecurity program in Te Taitokerau and beyond.

Additionally, the team has also continued to strengthen national collaborations with key organizations like Cawthron Institute, the Top of the North partnership, and the Blue Cradle Foundation. These partnerships at a national level have been pivotal in enhancing knowledge exchange and coordinating efforts to address marine biosecurity challenges effectively.

In May 2023, haukainga of Te Rāwhiti identified the exotic caulerpa species, *Caulerpa brachypus* and *Caulerpa parvifolia* within their rohe, two years after the species was first discovered in Aotea/Great Barrier Island. Once identification was formally confirmed, the Ministry for Primary Industries (MPI), and council along with the local hapū, initiated a response, which involves searching a wide area of the sea floor using teams of divers and the use of suction dredges to remove the invasive seaweed.

Hapū, council, and MPI have established a collaborative approach with the shared intention to eliminate caulerpa in Te Rāwhiti. A rāhui and complementary Controlled Area Notice (CAN) has been imposed and an extensive effort has been made by council and NIWA dive teams to delimit and determine the extent of the population with chlorine-imbued benthic mats used to treat small isolated patches of caulerpa outside of the rāhui /CAN. Hapū and council have collectively petitioned and gained support from the Minister for Biosecurity to stand up a programme to proceed with elimination and are currently in the process of collectively initiating a plan.

Besides operational activities, efforts have significantly intensified to inform the public and key stakeholders about the restrictions in the infested area and how to report further sightings of exotic caulerpa.

Pest plants

In addition to supporting the community-led pest plant work in HVAs, CPCAs, and Biofund delivery, the Pest Plant Team ran 12 workshops and attended 11 community events to help

encourage community action on pest plants and develop pest plant identification and control skills, as well as providing advice and support to hapū and other community groups.

Council also led the delivery of the National Wilding Conifer Programme in Northland. Over the course of the year, more than 60,000 wilding pines were removed, primarily from dune, gumland and wetland habitats.

Fifty-four nursery inspections were completed to check for nationally and regionally banned pest species and remind nurseries of their obligations.

All road and rail agencies were repeatedly engaged with regarding submitting five-year weed management plans as required under the Northland Regional Pest and Marine Pathway Management Plan 2017–2027. A guidance document was developed and provided to the agencies to assist with this plan development. KiwiRail was the only agency to progress this and submit a draft plan and staff are working with KiwiRail representatives to refine this to meet the plan requirements.

In our low incidence programmes for Exclusion, Eradication and Progressive Containment species, more than 1800 site or property inspections and control visits were completed. In addition, extensive surveillance, including a substantial amount of high intensity grid search in forested areas, was undertaken to delimit new incursion sites and sites not previously delimited due to funding constraints. Council also managed the delivery of the Ministry for Primary Industries' Manchurian Wild Rice National Interest Pest Response Programme, with more than 380 inspection/treatment visits completed for this programme.

A development project for a new ArcGIS mapping and data platform for our low incidence programmes was initiated and is now 70% complete. This system is utilising common elements used in other regional council systems with a view to improving data sharing in future.

Predator Free 2050 - Whangārei

This programme is in its second year and has moved from a knock-down to a mop-up phase across 1500ha of Te Whara, Taurikura and surrounding farmland. Knock-down of pests has commenced on a further 1400ha, and preparation on a further 3700ha. Pre-elimination monitoring on 3100ha of the buffer area has also been completed with pleasingly low possum numbers reported across several of the blocks that will form the virtual barrier between Parua Bay village and Pataua North. More than 400 landowners have directly supported the project so far by allowing elimination work to be carried out on their land and by getting in behind the wider kaupapa.

Continued partnering with local Pataua South uri will see an elimination plan created and delivered by uri members, with opportunity for expansion into other areas. Ongoing

engagement with Whangārei hapū members has progressed well, and opportunities explored for closer kaunihera, hapori and hapū partnerships.

Team members have supported numerous community events throughout the year and have continued to grow the relationship with Parua Bay and Whangārei Heads Primary Schools. Kiwi Coast and Kiwi Link connections have been expanded to include options for their involvement in the buffer area and further mustelid suppression.

The programme is at an exciting time with expansion into new areas and a focus on supporting closer connections with hapū and community groups.

Predator Free 2050 - Pewhairangi Whanui

This programme spans the Purerua-Mataroa, Rakaumangamanga, and Russell Peninsulas. Predator Free Russell has received overwhelming community buy-in over the last year shown by almost 100% landowner support across the project area, along with rat catch numbers trending toward zero, and zero possum catches or detection over the last quarter. Servicing almost 6000 devices in the Old Russell Peninsula area and more than 1200 devices in the Orongo Bay area, on 10-day cycles, they are now at the end of the knock-down phase and will be moving into the final mop-up phase soon.

Predator Free Purerua - Mataroa has commenced delivery of elimination mahi and is being delivered jointly by Kiwi Coast and Ngāti Rehia-Te Ahutai. Ngāti Torēhina kaumatua and kuia have provided tīkanga and guidance for the delivery of the project in the eastern zones, with Ngāti Rehia and Predator Free Taiao Lead designing and implementing the western zones mahi. Ngāti Rehia - Predator Free Te Ahutai recently embarked on an uplifting wananga to name the project and capture the essence of the kaupapa. An experienced trapper (Ngāti Rēhia whakapapa) has been employed to deliver the western zone enhanced suppression mahi.

Predator Free Rakaumangamanga project design and delivery is being led by Te Rawhiti 3B2 Ahu Whēnua Trust. Project plans and budgets have been completed and support in principle provided by Ngāti Kuta and Patukeha hapū. Progress to implementation has been delayed with the outbreak of the marine pest *Caulerpa*, which has involved many of the hapū team who are also leading the predator free mahi. Commencement of the elimination delivery is expected by late August.

An ArcGIS mapping and data platform is being rolled out across the three peninsula to record real-time data and to track results. Filming started on the promotional video and will showcase the Predator Free kaupapa in this iconic landscape.

Kauri protection

Approximately 250ha of kauri forest was protected by new fencing, and 1100m of walking track upgraded or maintained to protect kauri. The team attended 12 engagements including school visits (talking to 460 students), the Northland Field Days at Dargaville, the Paparoa A&P Show, and the 60th anniversary of the Matakōhe Kauri Museum in October. In addition, 12 hygiene stations were installed.

The Kauri Protection Project, funded by the Provincial Growth Fund, was completed in October 2022. This 22 month project included seven track upgrades totalling 16km, which was above the initial estimate of 13.89kms, and within the \$2M budget despite delays and challenges throughout the course of it.

Incursions and response: Wallaby sightings

Following the sighting of a wallaby in Waipoua Forest in December 2022, a surveillance response was initiated with support from Tipu Matoro/Wallaby Free Aotearoa (MPI). A wallaby indicator dog that detects wallaby droppings was used through the area, along with the establishment of a trail camera network of 25 cameras, which were deployed for two separate phases over six weeks. No signs of wallabies were found, however, bad weather and the lack of suitably qualified and available contractors impacted operations.

Reports from the public in Glenbervie and Pukenui Forests of a wallaby was also followed up (trail camera surveillance) however no further evidence has been found. Passive surveillance will continue with "Have you seen it - report it" signage to remain in the area for another few months.

Multi-agency Wild Deer Eradication Programme

Northland Regional Council, in partnership with DOC, hapū and iwi, the deer farming industry, and Auckland Council, has begun the early planning phase to develop a Te Taitokerau Deer Eradication Strategy with the vision "No Wild Deer in Te Taitokerau". The development of any such strategy will involve an extensive and inclusive consultation process to give effect to Te Tiriti, developing better partnerships with our deer industry and farmers, community, and other stakeholders. This will deliver a staged programme of work that is developed by the region for the region.

Phase 1. Russell State Forest Sika Deer Eradication

More than 212 wild goats were removed from Russell State Forest ahead of the DNA survey (collection of sika faecal pellets that was completed in October 2022). As part of the operational activities for the survey, a wananga was held on te ao Māori approaches to managing the impacts of pigs, goats, deer in the ngahere, and kaimahi and kaitiaki from the area were part of the collection team. From the results we were able to identify at least 17 individuals and their locations. There were several samples that were unable to be identified due to degradation. This doesn't mean there

are only 17 deer in the forest but provides us some information on the sex ratio and a minimum number of individuals. It is likely that the population is somewhere between 30 and 40 individuals. We can use this information, alongside the recommendations contained within the feasibility study to design an eradication plan.

The intent of the programme is to have place-based co-design partnership and decision making for each of the 14 known sites across the region. A working group for Russell is being developed and will consist of hapū, Northland Regional Council, Department of Conservation (DOC), and technical experts in animal eradication programmes. Although the first meeting was delayed due to the recent *Caulerpa* incursion in the area, the group is still aiming for operations to begin from October 2023.

Wild deer incursion response

We had several reported deer sightings over the year including four incursions following escaped animals from deer farms in the first five months of 2023. Substandard or aging fences are known issues across several permitted deer farms in Northland. Deer farms (including inspections) are managed by DOC. This further demonstrates a need for a multi-agency approach to the management of deer in Northland.

Wild animal control

Like much of the country, feral pig numbers have been exploding across Te Taitokerau and council receives daily enquires from landowners regarding pig damage and requests for assistance. The team is looking at construction of additional traps to help meet the demand and reduce the backlog as well as forming a more strategic plan and partnership with other agencies, such as DOC which is also responsible for the management of feral pigs.

Freshwater pests - engagement

Northland's pest fish, and particularly the Check, Clean Dry (CCD) Programme, was hampered by poor weather conditions (including Cyclone Gabrielle) and COVID-19 related issues. As a result of delays, council shifted focus from community engagement via event attendance, to developing a year-round strategic pathway management programme (see Hapū/Iwi Partnerships below). We completely revamped council's inhouse CCD processes with the idea to make it as easy as possible for staff to comply with good biosecurity hygiene. We provided opportunities and CCD advice for staff from other areas of the business where day-to-day activities might include accessing waterways.

This year, the team took the opportunity to raise aquatic pest awareness at the Northland Field Days at Dargaville. The theme was "Don't let pets become pests" with taxidermy pest fish models on display, but the undeniable star of the show was 'Snappy' the live red-eared slider turtle. The new turtle display provided a visual demonstration of how

aquatic pest animals and plants can impact water quality and our environment (linking in with our other important biosecurity mahi), while providing simple solutions to prevent the spread – such as CCD. Over the course of the weekend, the team received lots of new requests for assistance with pest fish, including a farmer who reported having a pond filled with at least 20 slider turtles. Red-eared sliders are becoming a significant issue for the northern regions of New Zealand and are a good example of a sleeper pest becoming an issue because of climate change. We are working with regional councils, DOC, and Waikato University on a nationally coordinated approach to this growing pest issue.

Hapū/iwi partnerships - pest fish mahi tahi

We took the first steps in developing the new site-led pest fish surveillance and response programme for our high-value dune lakes. The team ran a pest fish incursion response training exercise with Te Roroa kaimahi and Kaipara District Council Rangers in Lake Kai Iwi. The plans will be developed in partnership with hapū/iwi across Te Taitokerau in conjunction with other key stakeholders such as DOC, Fish and Game, and the local council.

Under our new CCD model, we are trialling hands-on training sessions with our hapū kaitiaki and mana moana ambassadors; the training will include information sharing sessions on freshwater pests (using our 3D pest fish models for visual display) under the themes: what pest is where and what they do to our precious awa, and what we can do to protect our patch (cleaning of gear and ourselves and our animals). It will finish with an opportunity to clean kayaks, fyke (hīnaki) and/or other nets to demonstrate how easy the CCD process is. During these events they can also bring whanau to share in the learnings.

Freshwater pests - operations

With Northland's large network of rivers, streams, and more than 400 dune lakes, the fostering of strong working relationships with other key stakeholders is essential to be able to deliver an effective Pest Fish Programme.

Reports of rudd in Lake Manuwai

Following reports of rudd in Lake Manuwai to Fish and Game, a surveillance netting operation was carried out with support from council and DOC. Rudd are not previously known in this lake and are considered a significant pest fish. Thankfully, no rudd were taken during this operation. However, we will look to use the camera surveillance system (on the floating feeder) to monitor for rudd in future operations.

Koi carp surveillance

Koi are a progressive containment species and any reports outside of the known areas are treated seriously. In partnership with DOC, surveillance activities have been underway in the Awanui, Parapara and Karemuhako Rivers (Kaitaia). Following two years of successive operations in

the Karemuhako, the team has confirmed goldfish populations but no koi carp. The operational efforts, along with eDNA sampling, has seen the status of koi carp in this river system (previously thought to be present) moved from undetected to not detectable. The containment zone around this system will be adjusted to reflect the absence of koi carp. Similarly, the status of a report of koi carp in the Kaka Street drain (near Mitre10) Whangārei has also been a long-standing unconfirmed koi incursion record, dating back several years. This winter (June 2023) a small-scale netting operation was able to successfully capture the fish and confirmed they were goldfish. We are now confident that this fishing effort, along with earlier eDNA sampling (positive for goldfish), further indicate the absence of koi carp in this site and the status of the drainage network can be updated to reflect this. Two new river sites have been added to our surveillance programme for the new year (Kaihu River and the Awakino River) with recent reports from the public.

In addition, the team assisted in a week-long operation with DOC to remove koi carp from Martin's Dam, Paparoa. This is a high-priority site for DOC as it is also a possible release site for orfe, which is another harmful pest fish. The team used this opportunity to trial our new surveillance and control tools including a floating fish feeder and surveillance camera. It is hoped that these tools will be able to be deployed to increase the efficacy of our pest fish programme.

Freshwater pests – cross organisational initiatives

The team supported the operational activities for the FIF Grass carp removal work managed by the Biodiversity Team and reported on above.

Under the National Policy Statement for Freshwater Management, council has a responsibility for the management and compliance of fish passages in our region. Boffa Miskell has been contracted to support the council in developing a plan on how we are going to meet our obligations, which is required to be in place by December 2023. As part of this process, our Pest Fish Officer has been part of the working group to understand how to mitigate barriers to native migratory species in the presence of overlapping pest fish populations.

The National Policy Statement for Freshwater Management also requires councils to set baseline states for 22 compulsory attributes for rivers and lakes, and any other attributes identified by councils for inclusion in their freshwater plan change. A part of the development of the attributes, the team has provided expert advice on the new proposed exotic pest fish attribute that have the potential to impact on lake ecosystem health and water quality process. The implementation of this plan will significantly impact the obligations for council under our pest fish programme.

Planning and policy

Regional Plan for Northland

Appeals to the Proposed Regional Plan have been resolved through a number of Environment Court decisions over the last year including decisions relating to vehicles on beaches, marine protection and significant ecological areas. This means the Proposed Regional Plan is now very close to being operative, with a final step of seeking approval from the Minister of Conservation for coastal provisions. The resolution of appeals has taken a significant amount of work over the last five or so years and is a major milestone for council – it also means more clarity and certainty in terms of the status of regional plan provisions. Updates to the appeals version of the plan have been published on a regular basis on our website (nrc.govt.nz/newregionalplan).

Freshwater Plan

Work continues on the Freshwater Plan change – this is a new set of policies and rules for the management of freshwater. It is a key part of council's response to the direction in 'Essential freshwater' from central government to improve the state of freshwater. Work to date has included publication of the 'baseline state' for lakes and rivers in Te Taitokerau (how our rivers and lakes compare with government measures for water quality and aquatic ecosystem health). A draft freshwater plan change is being developed through a series of workshops with council and representatives from the Te Taitokerau Māori and Council Working Party. It has also benefited from input from the Tangata Whenua Water Advisory Group and Primary Sector Liaison Group. Engagement with our communities on the plan change will start in October 2023. Feedback from this process will be used to inform development of the Proposed Freshwater Plan change for formal notification around September 2024.

Regional Policy Statement (RPS) – efficiency and effectiveness review

The RPS became operative in May 2016 and council has been undertaking a review of how efficient and effective it has been in delivering on the outcomes it sought to achieve. An opportunity for public feedback on the outcome of the review will be provided later this year – this will inform council decisions on the scope of any changes to the RPS alongside the compulsory changes required by national legislation.

Consents

A total of 1158 consent application decisions were made during the financial year:

- » Coastal permits – 206
- » Discharge permits – 251
- » Land use consents – 234
- » Water permits – 467

There were no appeals on any decisions. An outstanding appeal on council's decision to grant a suite of consents to an applicant at Opua was determined by the Environment Court with council's decision being upheld. The public hearing for replacement consents by the Far North District Council for the continued operation of the Omapere and Kokukohu Wastewater treatment plants was held in May 2023. The Environment Court appeal on 24 groundwater take applications from the Aupouri Aquifer is still ongoing.

Compliance monitoring

In addition to the compliance monitoring carried out and recorded as performance measures in this report, council also received 300 notifications under the National Environmental Standard – Plantation Forestry and carried out 121 site inspections to check compliance.

Council took the following enforcement actions in relation to non-compliance with resource consent conditions, regional rules, or national regulations:

- » 126 infringement notices (92 in 2021/22)
- » 226 abatement notices (200 in 2021/22)
- » Five prosecutions initiated (two in 2021/22)

1.1 Science

Performance measures and targets

1.1.1 Information on water quantity and water resources including rainfall, river flow, groundwater and flood levels is made available

1.1.2 Information on the life-supporting capacity of water (fresh and marine) is made available

1.1.3 Information on the standards for ambient air quality is made available

Performance measure	Target	2022/23 result
Percentage of time that flood-level monitoring is accurate (to enable flood warnings to be developed) and is made available to the community	100%	100% - achieved 2021/22: 100% - achieved
Percentage of NRC environmental networks monitored for water quality and quantity, and ecology, with results made available to the community	100%	100% - achieved 2021/22: 100% - achieved
Percentage of time that continuous monitoring of air sheds is achieved, with any exceedances of National Environmental Standards reported and made available to the community	100%	100% - achieved 2021/22: 100% - achieved
Percentage of data from routinely monitored sites that meets quality standards and is made available to the community within 12 months of collection	90% or more	88% - not achieved Due to rivers being in flood on several occasions, some parameters (such as chlorophyll) couldn't be sampled. 2021/22: 95.9% - achieved

1.2 Catchment management

Performance measures and targets

1.2 Improved water quality is advanced through advice and funding to support sustainable land management

Performance measure	Target	2022/23 result
Number of subsidised poplar poles provided for erosion-prone land by the council-owned nursery	2022/23: 7,000	8440 - achieved 2021/22: 8030 - achieved
The percentage of Environment Fund allocation (in dollar value) that proceeds to completion of successful projects that meet council objectives	95% or more	71% - not achieved Due to the unseasonably wet summer, coupled with numerous extreme weather events, many projects were withdrawn by landowners. 2021/22: 83% - not achieved
Successful delivery of Kaipara Moana Remediation Project workplan milestones through the contribution of financial, governance, staff and technical support	100% of milestones (as set out in the project workplan)	100% - achieved 2021/22: 100% achieved
Percentage of routinely monitored river sites with a Water Quality Index (WQI) score of 'Excellent' or 'Good'	Maintain or increase	45% - achieved 2021/22: 37% - baseline established

1.3 Biodiversity

Performance measures and targets

1.3 Indigenous biodiversity and ecosystems are maintained and enhanced, particularly around our rivers, lakes, wetlands and coastal margins

Performance measure	Target	2022/23 result
Number of plants provided through CoastCare programme	2022/23: 15,000	16,838 - achieved 2021/22: 12,290 - not achieved (target 14,000)
Number of top-ranked lakes identified in the Northland Lakes Strategy that are under active management ¹ with stock excluded	20 lakes	18 lakes - not achieved Due to staff COVID-19 related sickness and weather cancellations, the annual ecological survey/ monitoring had fallen behind schedule, although this is now back on track except for Te Ketekete Lagoon, which has long term weed issues and will be monitored in autumn 2024. We continue to try and work with the landowners of Rotokawau, Poutō, one lake without full stock exclusion, to upgrade damaged fences and fully exclude stock. 2021/22: 19 lakes - not achieved

1 Active management includes basic care standards for lakes: nutrient management, ecological monitoring, submerged weed surveillance, and weed and pest control if necessary

1.4 Biosecurity

Performance measures and targets

1.4.1 Community involvement in pest management is promoted in urban and rural environments through successful implementation of initiatives in the regional pest management plan

1.4.2 The introduction and spread of marine pests is slowed through inter-regional management

Performance measure	Target	2022/23 result
Increase in hectares of land under Community Pest Control Area Plans (CPCAs) per annum	5000ha annually	1568ha - not achieved Due to the heavy rainfall and wind experienced this year, landowners' ability, and the ability of our contractors to engage and implement plans, was affected. We expect this to improve in the coming year. 2021/22: 7345ha - achieved
Survey at least 2000 vessel hulls for marine pests each year as part of marine biosecurity surveillance programme	2000 hulls annually	2037 hulls - achieved 2021/22: 2061 hulls - achieved

1.5 Planning and policy

Performance measure and target

1.5 Good management of Northland's environment is supported by up-to-date legislative planning documents based on sound evidence and processes

Performance measure	Target	2022/23 result
Percentage of environmental planning legislative requirements achieved each year	100% of requirements met	Not achieved The five-year efficiency and effectiveness review of the Regional Policy Statement was due May 2021, however, has been delayed due to resourcing and other competing priorities. Council approved this delay in April 2021. The review is now largely complete, and while it has not yet been published, it indicates there are some beneficial updates that could be made but nothing vital requiring urgent changes. There is no statutory requirement to make changes as part of this review. 2021/22:100% - achieved

1.6 Consents

Performance measure and target

1.6 Processing and administering of resource consents is efficient and effective

Performance measure	Target	2022/23 result
Percentage of all resource consent applications that are processed within the statutory timeframes	100%	99.70% - not achieved Two out of 663 consents were not processed within the statutory timeframes due to applicants not providing their agreement to an extension of processing time. 2021/22: 99.92% - not achieved

1.7 Compliance monitoring

Performance measures and targets

1.7 Compliance monitoring of resource consents, and response to reported environmental incidents, is timely and effective

Performance measure	Target	2022/23 result
Percentage of consents that are monitored as per the council's consent monitoring programme	90% or more	96% - achieved 2021/22: 95% - achieved
Percentage of environmental incidents reported to the Environmental Hotline resolved within 30 working days	80% or more resolved within 30 working days	87% - achieved 2021/22: 80% - achieved

Te Taiao | Natural environment

Funding Impact Statement

<i>For the period ending 30 June</i>	Long Term Plan 2021/22 \$000	Long Term Plan 2022/23 \$000	Actual 2022/23 \$000
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	-	-	300
Targeted rates	20,346	22,272	22,469
Subsidies and grants for operating purposes	6,345	4,488	6,000
Fees and charges	2,640	2,841	3,318
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	5	27
TOTAL OPERATING FUNDING	29,331	29,606	32,114
Applications of operating funding			
Payments to staff and suppliers	27,224	27,868	28,179
Finance costs	14	28	-
Internal charges and overheads applied	8,754	9,232	9,358
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	35,992	37,128	37,537
Surplus/(deficit) of operating funding	(6,661)	7,521	(5,423)
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	-
Applications of capital funding			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	398	1,005	610
to replace existing assets	117	95	45
Increase/(decrease) in reserves	(548)	(417)	884
Increase/(decrease) of investments	(6,627)	(8,204)	(6,962)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(6,661)	(7,520)	(5,423)
Surplus/(deficit) of capital funding	6,661	7,521	5,423
FUNDING BALANCE	-	-	-

Te Taiao | Natural environment

Major variances compared to Year 2 (2022/23) of the Long Term Plan 2021-2031

Operating Funding

Operating Funding is \$2.508m more than the long term plan predominantly due to:

- » Higher than planned rates income for the year
- » Higher than planned consent monitoring and application income
- » Higher than planned Kauri protection programme funding
- » Higher than planned wilding conifers management funding
- » Higher than planned pest management funding

Application of Operational Funding

Application of the operating funding is \$409k more than the long term plan predominantly due to:

- » Higher than planned costs for wilding conifer programmes

Manawaroa te hapori

Community resilience

Hei aha te mea nui i tenei Ao? He tangata, he tangata, he tangata

What is the greatest thing in the world? It is people, it is community

This group includes the following activities:

- » Flood protection. This is required as a group of activities on its own under the Local Government Act, but is included here as part of the community resilience package. It has a separate funding impact statement at the end of this section.
- » Climate change resilience
- » Emergency management
- » Oil pollution response
- » Harbour safety and navigation
- » Transport.

These activities contribute to the following council community outcomes:

- » Resilient, adaptable communities in a changing climate
- » Safe and effective transport networks connecting our region.

Northland's awe-inspiring geography provides us with places to visit, play and make a living, but it also makes us vulnerable to high-intensity rainfall, drought and other hazards. The region covers a significant area, on land and out on the water. Council is continually working to improve Northland's safety and resilience, and stay one step ahead of the next challenge we're likely to face.

Our community resilience group of activities pulls together different aspects of resilience. This mahi involves our efforts to keep people safe on the roads and on the water; identifying, assessing and providing information on natural hazards, in particular working to protect Northland communities from flood hazards; preparing for climate change and emergency situations, and responding when we need to. All these activities rely heavily on collaboration with our communities, tangata whenua, other agencies and landowners to achieve shared goals.

Changes to levels of service

In the community resilience group of activities, the levels of service within each activity remained the same. Of the seven performance measures and targets, three of these have been achieved, one is on track to being achieved, and three have not been met. Of the three targets not met, one is due to a delay in external information required, one is due to an increase in the road toll and storm events effecting works, and one is due to a lack in resourcing and increased workloads.

What we did

Flood protection

The upgrading of the Whangārei hydraulic flood model and related maps, in collaboration with Whangārei District Council, is complete. Staff are now ground truthing outputs before uploading the flood extents rasters to our Natural Hazards portal.

Awanui Flood Scheme upgrade

We have completed Year Three of the planned three-year accelerated works programme from Shovel Ready stimulus because of COVID-19. However, summer rain has considerably slowed progress and we have negotiated an extension of time with Kānoa – Ministry of Business, Innovation and Employment to complete the Awanui works in the next financial year ending July 2024.

Design of the extensions to Quarry and Donald Road bridges is complete and procurement for these projects are progressing.

We have planted more than 50,000 trees on the completed scheme upgrade areas, with local nursery and hapū employed as well as community planting days that included local schools. Where possible, native corridors along the riverbanks will enhance biodiversity adding another feature to the primary function of flood protection.

Otiria-Moerewa flood mitigation spillway and bridge

Stage 1 has been completed and Stage 2 Pokapu Bridge replacement is well underway with the bridge beams completed. Stage 3 has been awarded and construction is running concurrently with Stage 2. We are expecting completion by Christmas 2023.

Climate change

Our work on climate change is outlined in section one of this report titled 'Climate change resilience'.

Emergency management

Projects

Work continues on the tsunami siren upgrade project, which will see the installation of 96 new tsunami warning sirens across the region. The project is being funded by all four of Northland's councils through their long term plans, and with good progress being made in 2023, the project is set to be completed over the next two to three years. As of 30 June 2023, the first two shipments of sirens have arrived at council's warehouse, and the sirens are currently going through the resource consent process for each district – with community and stakeholder engagement currently underway as well.

Planning and stakeholder engagement for the development of a Multi-Agency Emergency Coordination Centre (MAECC) for Northland also continues. A MAECC will provide a central, purpose-built facility that will allow for improved collaboration between Civil Defence Emergency Management (CDEM) staff, emergency services and other agencies during responses.

Response

The group has responded to numerous weather events over the past year, with Northland experiencing its wettest year on record from July 2022 to June 2023. These events were all monitored by CDEM staff, with some of the most notable of these being; the August 2022 rain event which closed the Mangamuka Gorge, Cyclone Hale, Cyclone Gabrielle, the February Mangawhai extreme rain event, and May 2023 thunderstorms.

Civil Defence Emergency Management professionals responded to these weather events and more, but Cyclone Gabrielle was the worst storm event and largest response Northland has seen in decades. The response to this event required activation of all three district councils' Emergency Operations Centres (EOC's), along with the Northland Regional Council's Emergency Coordination Centre (ECC). A Regional State of Emergency was also declared to support the response, with this later being superseded by a National State of Emergency. The response phase to Cyclone Gabrielle lasted two weeks and required a large amount of staff resource from not only the CDEM team but from teams across all Northland's councils, emergency services, critical infrastructure providers, and more.

Recovery

Recovery work from Cyclone Gabrielle is still ongoing. For events of the scale and impact of Cyclone Gabrielle, this period takes longer, involves more people, and requires more resources, including funding. This work is again coordinated by Northland CDEM, led by the Group Recovery Manager, with work completed by regional and district councils, and a wide range of partner agencies. More detail on the recovery can be found in the Cyclone Gabrielle 2023 Regional Recovery Plan.

Harbour safety and navigation

There were 205 maritime incidents logged this year. The year was notable for the wettest season and poorest summer for decades with a consequential reduction in the amount of recreational boating. However, there was also a considerable number of high wind speed storms, including Cyclone Gabrielle, which resulted in a higher than usual number of sunken and damaged vessels that the maritime team had to deal with. This added to the already high number of abandoned and derelict vessels that are a general theme around the world as the recreational fleet ages. In all, 29 wrecks were dealt with.

Work around improving boating safety has increased, as Northland has unfortunately had an increasingly bad record for drownings. The council received funding from the fuel excise duty fund managed by Maritime NZ and carried out several initiatives targeted at particularly remote communities and improving links with iwi and hapū. Attending public events, creating lifejacket hubs, and utilising summer ambassadors were a core part of the summer safety campaign.

Repairs and maintenance of buoys and beacons this year focussed on Whangārei, Tutukākā and Whangaruru Harbours. Notably, despite the poor level of sunlight, the solar lights managed well around the region.

In relation to commercial shipping, the Whangārei and Bay of Islands Harbours received a national port and harbour safety code review. One of the results was a requirement that Channel Infrastructure, a relatively new entity, provide a safety management system. This has now been completed.

Cruise ships returned to the Bay of Islands for the first time since COVID-19. There were 65 cruise ships booked in, however, because of poor weather and Ministry for Primary Industries biosecurity hull checks, 25 were cancelled.

Regional transport

Regional Land Transport Plan 2021/2027 - Three year review

Work on the Regional Land Transport Plan 2021/2027 - Three year review commenced in December 2022.

The Draft Government Policy Statement on Land Transport 2024 that directs where available funding should be directed was not released on time which delayed this process. However, work continues through the Regional Transport Committee.

Contracted bus services Government funding assistance

The government funding assistance for reduced fares on buses and on the Total Mobility Scheme continued through the financial year.

CityLink service

Passenger numbers on the CityLink Service have shown a positive upward trend, increasing from 326,849 in 2020/2021, and 283,364 in 2021/2022, to 349,755 in 2022/2023. The majority of additional passengers are schoolchildren.

Unfortunately, the number of incidents of antisocial behaviour both on the buses and at the bus terminus has not decreased. This has resulted in a decrease in the number of older people using the bus service and opting to use the Total Mobility Scheme instead.

The drivers required to operate the proposed school children's buses were unable to be sourced. It is anticipated that these buses will commence operation in the first quarter of the 2023/2024 financial year.

SuperGold Card passenger numbers have hit an all-time low, with older people moving away from the buses to the Total Mobility Scheme due to the continued antisocial behaviour on buses and at the terminus.

Hikurangi Link service

This once per week service currently operates a round trip on a Thursday. However, a request was received from the Hikurangi Business Association to trial a Tuesday run and this will be introduced in the first quarter of the 2023/2024 financial year.

Far North Link/Mid North Link/Hokianga Link services

These services continued to struggle to attract additional passengers during the year. However, for most that use them this is their lifeline to medical, social, and shopping services.

Bream Bay Link service

This service operates once per week on Thursdays. Due to passenger numbers, an additional service on a Tuesday is being investigated along with the feasibility of extending the route to include One Tree Point.

National bus driver shortage

The national bus driver shortage continued during the financial year. The larger bus companies are increasing the employment of staff from overseas and while this has helped, there is still a long way to go until this situation is resolved.

Total Mobility

Total Mobility Scheme - Whangārei

The Total Mobility Scheme in Whangārei has shown a marked increase in the number of clients registering and the number of trips taken. This increase can be directly attributed to SuperGold Card bus passengers moving to the scheme, along with a further increase in subsidies that effectively reduced the client share of the fare.

This increase resulted in additional funding being sought from both Waka Kotahi and Whangārei District Council to cover the additional costs incurred. Both organisations have been approached and have agreed to increase funding for the 2023/2024 financial year onward.

Total Mobility Scheme - Far North

The Far North Total Mobility Scheme is in its infancy stage and continues to grow. The number of clients registered in 2021/2022 was 97 and this rose to 189 by June 2023.

Maximum subsidies were increased in November/December 2022, which assisted with this increase.

Staff are now looking to broaden the reach of the scheme both geographically and service provider wise to allow for greater use.

Regional road safety

Regional road safety remains a regionally collaborative effort in the drive to meet the nationally set target of a 40% reduction in deaths and serious injuries by 2040.

Unfortunately, during the period 1 January 2022 to 31 December 2022, there were 15 deaths on the region's roads. For the period 1 January 2023 to 30 June 2023, there were 23.

Speed, alcohol, and failure to wear a safety belt remain the biggest issues facing the region in the efforts to reduce the trauma on its roads.

2.1 Flood protection

Performance measure and target

2.1 Life and property are protected by the building, monitoring and maintenance of flood schemes

Performance measure	Target	2022/23 result
Number of flood events occurring as a result of failures of flood protection systems below specified design levels, for the Awanui, Whangārei, Kāeo, Panguru and Otiria/Moerewa schemes	Zero	Zero - achieved 2021/22: zero - achieved

2.2 Climate change resilience

Performance measure and target

2.2 Council provides proactive and coordinated planning for projected climate change and adaptation responses

Performance measure	Target	2022/23 result
Development, delivery and implementation of key regional climate change plans and documents	2022-2024: » Implementation of regional adaptation strategy	On track to achieve Two climate strategies have been adopted comprising 89 actions. Progress has been made in many key areas, including hazard and risk assessments and iwi/hapū adaptation planning. Community adaptation plans are the key vehicle for delivering local adaptation actions and this work has commenced and is being led by Kaipara, Far North and Whangārei Districts. Work is also being undertaken to consolidate both action plans (for NRC), develop a clear programme logic and devise a robust Monitoring Evaluation and Reporting framework. 2021/22: 100% - achieved

2.3 Emergency management

Performance measure and target

2.3 Communities are supported to understand, plan for and manage hazards and risks

Performance measure	Target	2022/23 result
Percentage of engaged communities subject to significant hazards that are supported to develop community response plans to guide their responses	100%	100% - achieved 2021/22: 100% - achieved

2.4 Oil pollution response

Performance measure and target

2.4 An efficient and responsive oil pollution response is maintained

Performance measure	Target	2022/23 result
Maintain a regional oil spill response plan, including a minimum of 30 up-to-date trained responders	Maintain a minimum of 30 responders at all times	35 responders - achieved 2021/22: 30 responders - achieved

2.5 Harbour safety and navigation

Performance measure and target

2.5 Regional navigational safety is maintained, and marine activities are safely managed

Performance measure	Target	2022/23 result
Marine activities are safely managed, with nationally compliant harbour safety management systems that comply with the Port and Harbour Marine Safety Code operational safety management system ¹	100%	95% - not achieved A code review was carried out in 2022 and Channel Infrastructure was required to provide a developed and documented safety management system. This safety management system was completed but not signed off by the secretariat during the reporting period. 2021/22: 100% achieved

1 Compliance with the Port and Harbour Marine Safety Code is measured by conducting an annual self-assessment and periodic peer review

2.6 Transport

Performance measures and targets

2.6 A resilient transport network is planned for and implemented, including passenger transport services

Performance measure	Target	2022/23 result
Percentage of passengers surveyed on the Whangārei, Kaitaia and Mid-North bus services that are satisfied with the overall service provided	90% or more from 3/3 measures	Not achieved Waka Kotahi requires these surveys be undertaken every two years. This was done on the Whangārei CityLink service in June 2022, however, due to staff shortages and increasing work load, surveys were not undertaken on the Kaitaia and Mid North services. 2021/22: not achieved
Achievement of key Northland Transport deliverables, measured as an aggregated score, for: <ul style="list-style-type: none"> » road safety » capital works programmes » maintenance programmes » response to customer service requests 	Aggregated score for achievement of deliverables is greater than 75%	74.2% - not achieved Non-achievement was largely due to the road toll increase and both the maintenance and capital works delivery programmes being negatively impacted by storm events. 2021/22: 80.9 - achieved

Manawaroa te hapori | Flood protection

Funding Impact Statement

<i>For the period ending 30 June</i>	Long Term Plan 2021/22 \$000	Long Term Plan 2022/23 \$000	Actual 2022/23 \$000
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	-	-	58
Targeted rates	4,387	4,581	4,588
Subsidies and grants for operating purposes	3,940	5,140	-
Fees and charges	-	-	4
Internal charges and overheads recovered	5	5	18
Local authorities fuel tax, fines, infringement fees and other receipts	37	84	51
TOTAL OPERATING FUNDING	8,369	9,810	4,719
Applications of operating funding			
Payments to staff and suppliers	1,451	1,601	1,557
Finance costs	452	522	250
Internal charges and overheads applied	554	585	799
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	2,457	2,708	2,606
Surplus/(deficit) of operating funding	5,912	7,102	2,113
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	4,971
Increase/(decrease) in debt	2,468	3,567	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	2,468	3,567	4,971
Applications of capital funding			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	6,703	8,784	9,070
to replace existing assets	-	-	-
Increase/(decrease) in reserves	5,205	6,257	(2,643)
Increase/(decrease) of investments	(3,528)	(4,372)	657
TOTAL APPLICATIONS OF CAPITAL FUNDING	8,380	10,669	7,084
Surplus/(deficit) of capital funding	(5,912)	(7,102)	(2,113)
FUNDING BALANCE	-	-	-

Manawaroa te hapori | Flood protection

Major variances compared to Year 2 (2022/23) of the Long Term Plan 2021-2031

Operating Funding

Operating funding is \$5.091m lower than the long term plan predominantly due to:

- » \$4.971m of subsidies being classified as funding for capital purposes.

Sources of Capital Funding

Sources of capital funding is \$1.404m higher than the long term plan predominantly due to:

- » Grants for flood infrastructure programs being classified as capital funding

Offset by;

- » No borrowing on flood infrastructure work as planned.

Capital Expenditure

Capital Expenditure is \$286k higher than the long term plan predominantly due to:

- » Higher than planned flood infrastructure works.

Manawaroa te hapori | Community resilience

Funding Impact Statement

<i>For the period ending 30 June</i>	Long Term Plan 2021/22 \$000	Long Term Plan 2022/23 \$000	Actual 2022/23 \$000
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	-	-	91
Targeted rates	6,142	7,793	7,596
Subsidies and grants for operating purposes	3,780	4,169	4,640
Fees and charges	1,550	1,640	2,008
Internal charges and overheads recovered	-	-	15
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL OPERATING FUNDING	11,472	13,602	14,350
Applications of operating funding			
Payments to staff and suppliers	10,031	11,042	10,560
Finance costs	-	113	25
Internal charges and overheads applied	1,744	1,838	1,751
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	11,775	12,993	12,336
Surplus/(deficit) of operating funding	(303)	609	2,014
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	828
Increase/(decrease) in debt	-	4,500	1,364
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	4,500	2,192
Applications of capital funding			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	-	4,500	34
to replace existing assets	1,201	2,618	2,913
Increase/(decrease) in reserves	(59)	297	697
Increase/(decrease) of investments	(1,445)	(2,306)	562
TOTAL APPLICATIONS OF CAPITAL FUNDING	(303)	5,109	4,206
Surplus/(deficit) of capital funding	303	(609)	(2,014)
FUNDING BALANCE	-	-	-

Manawaroa te hapori | Community resilience

Major variances compared to Year 2 (2022/23) of the Long Term Plan 2021-2031

Operating funding (including subsidies and grants received for capital purposes) is \$1.576m more than the long term plan predominantly due to:

- » Higher subsidies for Tsunami Siren network not in the long term plan
- » Higher cost recoveries from the Northern Transport Alliance
- » Higher subsidies for council public transport services

Application of Operational Funding

Application of the operating funding is \$657k less than the long term plan predominantly due to:

- » Lower than planned cost on councils share of Northern Transport Alliance costs
- » No finance costs this year as planned

Hautūtanga ā rohe

Regional leadership

Mā e huru huru, ka rere te manu

With support, anything can be accomplished

This group includes the following activities:

- » Governance
- » Māori partnerships
- » Economic development
- » Community engagement
- » Customer services
- » Corporate services.

The activities contribute to the following council community outcomes:

- » Healthy waters for the environment and our people
- » Protected and flourishing native life
- » Resilient, adaptable communities in a changing climate
- » A strong and sustainable regional economy
- » Meaningful partnerships with tangata whenua
- » Safe and effective transport networks connecting our region.

There's a lot we do that our community can see, touch and experience, such as trapping pests, planting plants or riding buses. But many of the things we do are less visible, yet critical to the successful operation of council. Having a good understanding of the wants and needs of Northland's people to inform strong leadership and decision-making, ensuring that we're ahead of the game with statutory obligations to Māori, and that we're transparent and accessible – this underpins all that we do as regional leaders.

The regional leadership group of activities sets out what we're doing in these areas, and encompasses the essential corporate and support functions required to ensure we're running in the most efficient, accountable and legislatively compliant manner. It also captures the work we're doing to promote sustainable economic development for Northland.

Changes to levels of service

In the regional leadership group of activities, levels of service within each activity remained the same. However, performance measures and targets have not all been achieved with only four of eight performance targets met. Of the four targets not met, one of these was due to a variety of reasons including high workloads and ambiguity of the request, one was due to the reestablishment of TTMAC and subsequent partnering group, one was due to an increase in activity in a post COVID-19 environment, and one was due to resourcing and lack of system functionality.

What we did

Governance

Local body elections were held in 2022 with Election Day on Saturday 8 October 2022. This election was run using the First Past the Post Electoral System based on the regional council's new representation arrangements, with a significant milestone being the inclusion of Māori constituencies for the first time. Elections were undertaken for nine members from eight constituencies as follows:

- » Far North General (one general councillor)
- » Bay of Islands-Whangaroa General (one general councillor)
- » Kaipara General (one general councillor)
- » Mid North General (one general councillor)
- » Coastal Central General (one general councillor)
- » Whangārei Central General (one general councillor)
Coastal South General (one general councillor)
- » Te Raki Māori (two Māori councillors)

There were 24 nominations received for the nine positions on the regional council. The election was conducted by postal vote, resulting in 43.2% voter returns (compared to national average of 45.58%).

Councillors were sworn in at the inaugural council meeting held on 25 October 2022, with another significant milestone being the appointment of the first wāhine Māori regional council Chair.

Councillors were engaged in a comprehensive induction programme through the remainder of the year to ensure members were fully aware of their roles and responsibilities, and that of the organisation as a whole. This also addressed key issues and opportunities for the triennium ahead.

Meaningful relationships with tangata whenua

Our work with Māori is outlined in section one of this report titled 'Meaningful relationships with tangata whenua'

Economic development

A major focus of work for 2022/2023 was supporting the Joint Regional Economic Development Committee (JREDC). The JREDC was established by Northland Regional Council, Far North District Council and Kaipara District Council to work together on economic development related activities, including the joint shareholder responsibilities for Northland Inc, which took effect 1 July 2021. A new joint committee was appointed at the start of the new triennium.

A major responsibility of the joint committee in the first half of 2023 was to appoint new directors to Northland Inc for terms beginning 1 July 2023. Four new directors were appointed to join the two directors whose terms were continuing. The other major responsibility of the joint committee is to allocate funding from the Investment and Growth Reserve. An additional \$60,000 in funding was allocated to Northland Inc to continue its work in the primary sector in 2022/2023, building on the E350 farm extension programme and other project-based work being led by Northland Inc, including peanut trials. This has been supported by a further \$150,000 in funding for 2023/2024 for the Tuputupu Grow Northland Initiative. Key objectives of Tuputupu are to provide farmers with land-use optimisation advice and support the expansion of value-added processing of primary products in Northland.

A funding agreement was established with Te Tai Tokerau Water Trust to provide support for the construction of the Kaipara Water Scheme near Dargaville. Funding has been allocated from the Regional Projects Reserve to support both this scheme and a proposed mid North scheme to be developed in 2023-2025.

Support was also given to Northland Inc in its role as facilitator of the development of a regional economic development strategy called Te Rerenga. This co-designed strategy will be intergenerational and developed in partnership with iwi and hapū, communities and industry sectors, alongside local and central government. The date for completion of the strategy has been extended to September 2023.

Council continued to lobby central government for improved infrastructure, including digital connectivity, transport networks and marine industry development. Four issues of the Northland Economic Quarterly were published. The four Northland local authorities worked together to develop a consistent set of populations projections to aid the development of long term plans for 2024-2034.

Community engagement

The 2023 Tu i te ora Scholarships were awarded to six Northland students. Each recipient receives \$4000 financial assistance, plus paid work experience at council from November 2023 – February 2024. This is the fourth year that council has awarded the scholarships, and the first time that work experience has been included as part of the scholarship package. Recipients will join the Governance and Engagement, Biosecurity, Community Resilience, and Environmental Services groups.

The fifth Whakamānawa ā Taiao – Environmental Awards celebration event was held in July in Whangārei with the event moving from May to align with Matariki. The awards are about recognising and celebrating individuals and groups that are making a difference to help Taitokerau thrive. This year we had 12 winners (nine category winners, one supreme winner, and three special awards winners), and 18 finalists.

Council staff were pleased to be back at the Northland Field Days in Dargaville on March 2-4 2023. This event showed the incredible resilience of the local and regional community to pull together the event, just weeks after being hit by Cyclone Gabrielle. There was great participation, interest, and engagement with our communities at council's site, with the stand-out feature being the Weta-Workshops kauri model, and 'Snappy' the pest turtle. Our display featured important aspects of our work including, wetlands, groundwater (Freshwater Plan), pest plants and animals, kauri protection, deer eradication, and land management. Staff were kept busy over the three-day event interacting with hundreds of people and assisting with a range of queries. In addition to the conversations at field days, we received more than 30 queries to follow up.

Council allocated \$23,000 of funding via the annual Environmental Leaders' Fund (ELF) to 30 early childhood centres and schools across Northland. Funding is provided for native planting and riparian restoration projects, fencing, shade house and nursery construction, and Stream Health Monitoring Assessment Kits for water quality monitoring. In addition to the ELF fund, another \$6300 worth of trapping hardware from council's biosecurity fund was granted to eight schools carrying out pest control projects.

Education

We are now at capacity with 151 Enviroschools. We ran three 'Te Moana' themed Enviroschools Encounter events for primary schools at Pahi, Taipa and Whangārei. Our NCEA-based courses – Project Pest Control and Wai Fencing – continue to gain numbers, requiring an extra course. Enviroschools and Kaipara Moana Remediation are working closely via the Enviroschools Wai Restoration project. This project – birthed in Te Taitokerau – continues to gain momentum nationally.

Customer services

The total number of incoming calls through customer services was 21,863, with 96.4% of these being answered within 30 seconds. The mailroom processed 8908 items of mail.

The continuous residents survey that replaced the 'one-off' survey previously run has been successful, with 194 survey responses received over the financial year. In this survey people can tell us what's important to them and what they think we can do better, and the new format lets them provide this feedback at a time that suits them.

Corporate services

Section 17a service review

No section 17a service delivery reviews were completed during the financial year due to resourcing issues. Seven service delivery reviews are planned over the next six months to meet the requirements of section 17a.

Commercial property developments

In February 2023, investment partners council and NIWA declared practical completion of the core infrastructure and buildings of a new land-based aquaculture facility at Ruakākā, one promoting a more environmentally friendly

future for the industry. NIWA provides the scientific know-how, specialist equipment and the product sales, marketing and restaurant distribution of the kingfish now being grown there. Council supports the project through specific lease agreements on the building. When operating at full capacity, the facility is projected to demonstrate the practical use of this type of technology for the commercial, whole-of-cycle production of kingfish by sustainably producing up to 600 tonnes of harvest fish per year.

Enterprise System Refresh Project

Both the Human Capital Management and Asset Management modules have now been implemented. Implementation of the full Finance, Supply Management, Billing, Accounts Receivables, Expense Management and Timesheeting are in progress.

Regional Sporting Facility Rate allocation

Council completed the full disbursement of \$1.4m Regional Sporting Facility Rate funding to the Te Hiku Sports Hub project, a community-led initiative whose primary goal is to create a multi-functional sporting and recreational hub in Kaitaia. The project will ultimately encompass a 25m lane pool, and learn to swim and hydrotherapy pools, plus multipurpose sports fields, a shared club room and flexible meeting spaces, team changing rooms, cardio fitness gym, multi-sport courts and facilities, a playground and a trim track.

Council has also distributed the first tranche of a total \$700,000 rate funding to the Sportsville Kaikohe Lindvart Park project, a facility that services a wide variety of sporting codes including Rugby union, Rugby league, hockey, table tennis, football, netball, tennis, softball and touch. Provision of these sports will be enhanced as part of the project, but the main addition will be an indoor facility catering for basketball, volleyball and other indoor activities.

3.1 Governance

Performance measures and targets

3.1 Council maintains effective, open and transparent democratic processes

Performance measure	Target	2022/23 result
Percentage of official information requests that are responded to within 20 working days	100%	97% - not achieved There were 200 requests received in the financial year, and seven of these were not addressed within the statutory timeframe. Reasons included high workload, system management issues, assignment to staff on leave, clarification sought and ambiguous requests. One request that was acknowledged and subsequently withdrawn but not closed has not been counted. 2021/22: 94.1% - not achieved
Percentage of time that elected members attend council meetings	90%	97.25% - achieved 2021/22: 93.2% - achieved

3.2 Māori partnerships

Performance measures and targets

3.2 Regional leaders have the capabilities and skills to support council's enduring relationships and active engagement with Māori

Performance measure	Target	2022/23 result
An independent Treaty health check is completed annually	Annual completion	Not achieved An independent health check is in progress, however, has been delayed due to the time required to re establish TTMAC after elections and further time required to confirm the re establishment of the iwi an hapu based Maori Technical Advisory Group. The contract is to be prioritised and work to commence by end of July. A review and the non-achievement has been communicated with iwi and hapū members of TTMAC. 2021/22: incomplete - not achieved
All councillors and executive leadership team participate in annual core cultural competency training	100%	100% - achieved 2021/22: 100% - achieved

3.3 Economic development

Performance measure and target

3.3 Northland's economic wellbeing is enhanced by the coordination and delivery of economic development services, activities and funding across Northland

Performance measure	Target	2022/23 result
Percentage of key performance indicators set out in Northland Inc's draft annual report that are achieved by 30 June each year	100%	88% - not achieved 14 of the 16 KPIs set for Northland Inc for 2022/23 were met. The two not met relate to the change in carbon footprint and the number of high impact projects that are implemented. The targeted reduction in carbon footprint was not achieved due to the increased activity in a post COVID-19 environment that compares to a baseline year of limited travel/activity due to the pandemic. 2021/22: 83% - not achieved

3.4 Community engagement

Performance measure and target

3.4 Communities are well informed about council's work, know how to get involved, and are engaged in council processes

Performance measure	Target	2022/23 result
Percentage of residents surveyed who are satisfied with overall communication, community involvement and engagement	Maintain or increase	35% - achieved 2021/22: 33% satisfied - baseline established

3.5 Customer services

Performance measure and target

3.5 Council provides efficient and meaningful customer service

Performance measure	Target	2022/23 result
Percentage of customers surveyed who are satisfied with the quality of service received following an interaction with council	Maintain or increase	69.5% - achieved 2021/22: 68.9% achieved Baseline: 58%

3.6 Corporate services

Performance measure and target

3.6 Corporate systems and investment are efficient and forward-thinking to support council activities

Performance measure	Target	2022/23 result
Key project milestones for the council's technology solutions are met as per the project plan	2022/23: 100% of enterprise system modules implemented	60% - not achieved The Human Capital Management, Budget and Planning, Chart of Accounts, and Enterprise Assets module implementation is complete. The Financials, Source to Settle and Contracts modules are partly designed and tested. However, the functionality of the Account Receivable module is currently not adequate. Due to availability of key resources through July/August and functionality not present, the project was paused. Currently reviewing direction and assessing alternate design options to provide a functional Account Receivable module. 2021/22: 54% - achieved (target of 40% of enterprise system modules implemented)

Hautūtanga ā rohe | Regional leadership

Funding Impact Statement

<i>For the period ending 30 June</i>	Long Term Plan 2021/22 \$000	Long Term Plan 2022/23 \$000	Actual 2022/23 \$000
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	-	-	110
Targeted rates	6,699	8,110	8,304
Subsidies and grants for operating purposes	268	387	432
Fees and charges	256	151	576
Internal charges and overheads recovered	12,568	13,253	13,530
Local authorities fuel tax, fines, infringement fees and other receipts	15,487	11,623	11,513
TOTAL OPERATING FUNDING	35,278	33,524	34,465
Applications of operating funding			
Payments to staff and suppliers	25,362	24,553	26,262
Finance costs	293	422	372
Internal charges and overheads applied	1,509	1,591	1,563
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	27,164	26,566	28,197
Surplus/(deficit) of operating funding	8,114	6,958	6,268
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Increase/(decrease) in debt	-	-	3,035
Gross proceeds from sale of assets	-	-	595
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	3,630
Applications of capital funding			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	9,304	2,492	7,154
to replace existing assets	363	419	751
Increase/(decrease) in reserves	(4,681)	(1,521)	(6,799)
Increase/(decrease) of investments	3,128	5,568	8,792
TOTAL APPLICATIONS OF CAPITAL FUNDING	8,114	6,958	9,898
Surplus/(deficit) of capital funding	(8,114)	(6,958)	(6,268)
FUNDING BALANCE	-	-	-

Hautūtanga ā rohe | Regional leadership

Major variances compared to Year 2 (2022/23) of the Long Term Plan 2021-2031

Operating funding is \$941k more than the long term plan predominantly due to:

- » Higher than planned rates income for the financial year
- » Tenancy recovery income not in long term plan

Application of Operational Funding

Application of the operating funding is \$1.631m higher than the long term plan predominantly due to:

- » Costs of enterprise system implementation higher than planned
- » Higher than planned cost for council occupied properties

Partially offset by

- » Lower than planned regional economic development grants

Capital Expenditure

Capital Expenditure is \$4.994m more than the long term plan predominantly due to:

- » Higher than planned commercial property development costs
- » Higher than planned council property improvements costs

Financial prudence

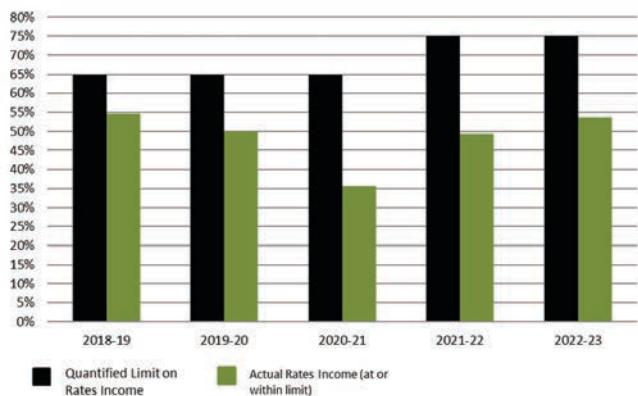
Rates affordability benchmarks

The council meets the rates affordability benchmark if:

- » Its actual rates income equals or is less than each quantified limit on rates (no more than 65% total revenue); and
- » Its actual rates increases equal or are less than each quantified limit on rates increases.

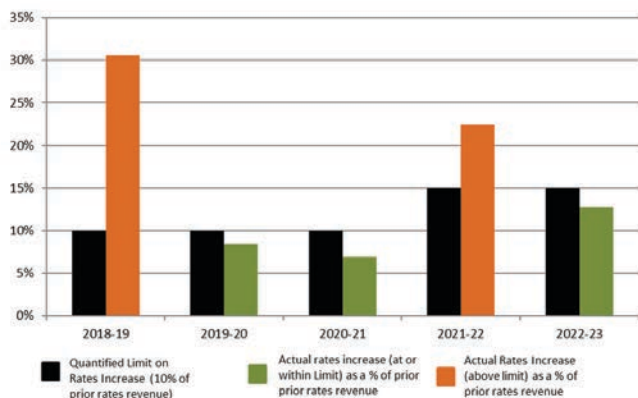
Rates income affordability

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's Long Term Plan 2021-2031. The quantified limit is no more than 75% of total revenue in 2022-23 and 2021-22 but for prior years it was 65%.



Rates increase affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases in the financial strategy included in the council's Long Term Plan 2021-2031. The quantified limit is 15% for 2022-23 and 2021-22 but for the prior years it was 10%.



In years 2018-19 and 2021-22 council decided to breach its quantified limit on rates rises in order to undertake programmes that allow it to meet community and central government expectations. This is considered an exceptional year and an opportunity to position council for the medium to long term.

Debt affordability benchmarks

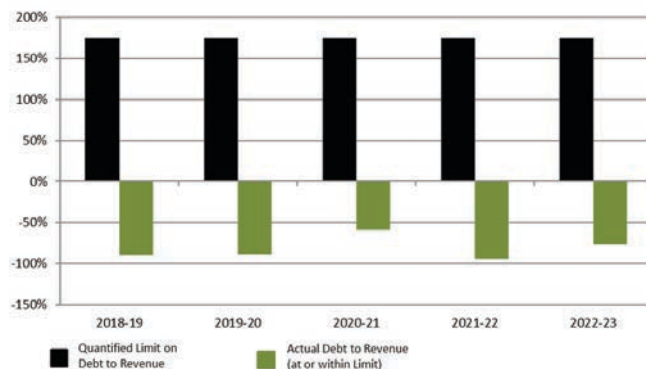
The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graphs compare the council's actual borrowing with quantified limits on borrowing stated in the financial strategy included in the council's Long Term Plan 2021-2031.

Northland Regional Council has \$18.36M of external debt.

Net debt to total revenue

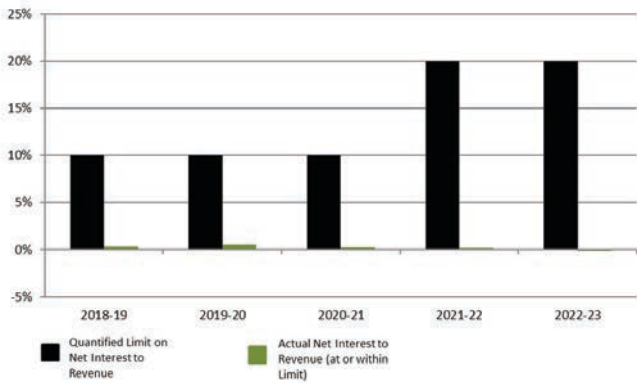
The quantified limit for net debt as a proportion of total revenue is 175%.



Northland Regional Council carries significant investments categorised as non-current assets that could be liquidated if required.

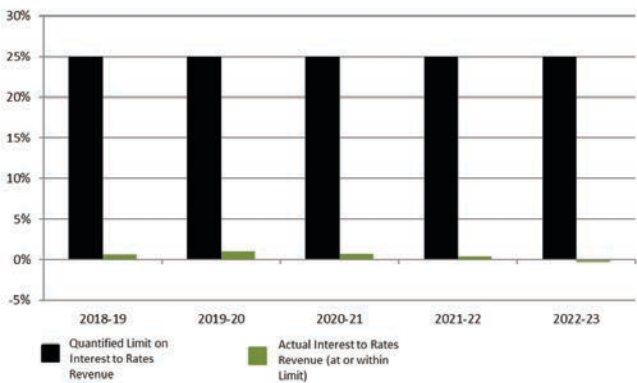
Net interest to total revenue

The quantified limit for net interest as a proportion of total revenue is 20% for 2022-23 and 2021-22 and 10% for previous financial years.



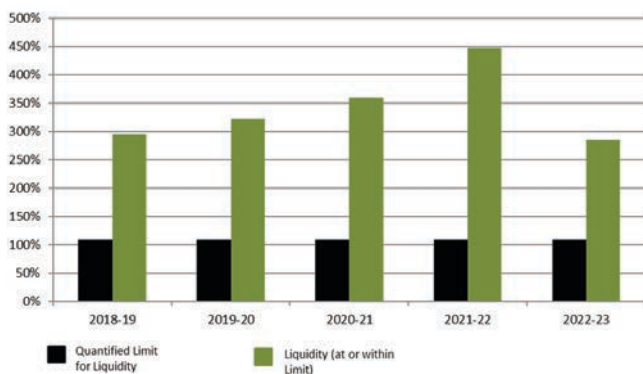
Net interest to annual rates revenue

The quantified limit for net interest as a proportion of annual rates revenue is 25%.



Liquidity

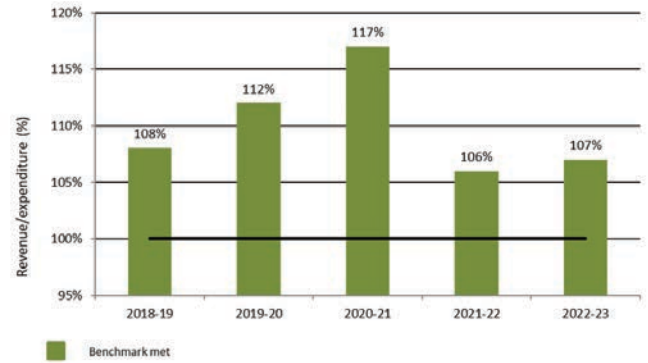
Council measures liquidity as total externally managed funds over total external borrowings. The quantified limit for liquidity is set as a minimum of 110%. From 2021-22 the total externally managed funds excludes any private equity funds.



Balanced budget benchmark

This graph shows council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of

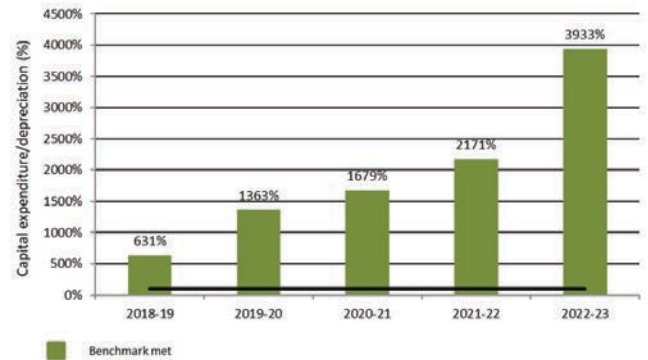
property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The totals used in the graph do include gains or losses on disposal of property, plant, or equipment. Council meets this benchmark if its revenue equals or is greater than its operating expenses. The benchmark is represented by the black line.



Essential services benchmark

This graph shows the council's capital expenditure on network services (flood protection) as a proportion of depreciation on network services.

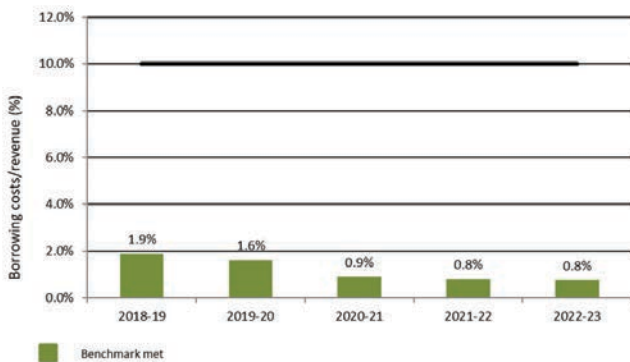
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. The benchmark is represented by the black line.



Debt servicing benchmark

The following 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, or equipment).

Because Statistics New Zealand projects the population served by the council will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue. The benchmark is represented by the black line.

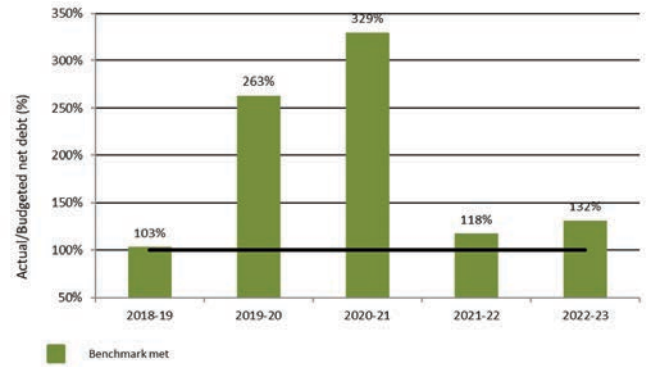


Debt control benchmark

The following 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).

Northland Regional Council has low external debt, so therefore has planned to have net assets in all the years represented in the following graph. Financial assets (excluding trade and other receivables) were planned to exceed its financial liabilities.

The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt. For the purposes of this measure 100% equals planned net assets and an amount higher than 100% represents lower net debt than planned. The benchmark is represented by the black line.

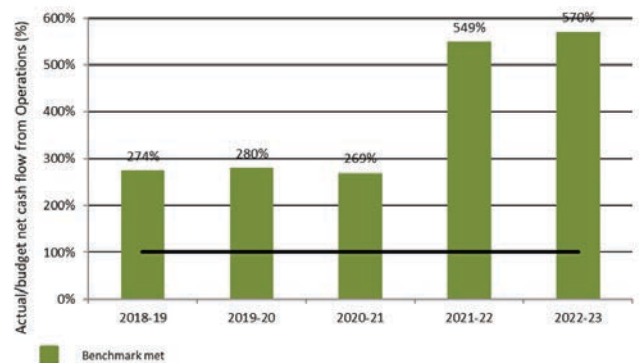


2019-20 and 2020-21 reflect lower actual net debt due to the sale proceeds of the MPRL JV being held in council's investment portfolio, lower than planned financial assets being required to fund development projects that were delayed due to COVID-19, and lower than planned borrowings required for capital works.

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. For the purposes of this measure 100% equals planned net cash flow. The benchmark is represented by the black line.



Wāhanga tuatoru: Tauākī pūtea

Section three: Financial statements



Statement of comprehensive revenue and expense

For the year ended 30 June 2023	Note	Council 30-Jun-23 \$000	Annual Plan 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Revenue						
Rates		43,515	42,795	38,605	43,515	38,605
Fees and charges		5,907	4,310	4,956	8,973	7,036
Subsidies and grants		16,870	15,559	16,591	16,870	16,591
Revenue from activities		-	-	-	20	16
Interest revenue		669	167	372	672	372
Other revenue	2(ii)	6,982	6,744	6,916	11,184	9,336
Other gains	2(iii)	6,985	4,601	10,620	6,756	14,541
TOTAL REVENUE	1	80,928	74,176	78,060	87,990	86,497
Expenses						
Personnel costs	3	25,283	26,527	22,265	27,106	23,690
Depreciation and amortisation expense	13	1,734	2,385	1,517	2,280	2,060
Finance costs		555	1,102	528	2,180	1,516
Other expenses	4	41,308	39,808	39,218	48,143	44,334
TOTAL EXPENSES	1	68,880	69,822	63,528	79,709	71,600
Share of associate and joint venture company surplus/(deficit)	12(i),(ii)	51	-	(145)	8,186	8,287
SURPLUS/(DEFICIT) BEFORE TAX		12,099	4,354	14,387	16,467	23,184
Income tax expense	5	-	-	-	(25)	168
SURPLUS/(DEFICIT) AFTER TAX		12,099	4,354	14,387	16,442	23,352
SURPLUS/(DEFICIT) ATTRIBUTABLE TO:						
Northland Regional Council		12,099	4,354	14,387	12,784	17,345
Non-controlling interest					3,658	6,007
Other comprehensive revenue and expense						
<i>Items that will be reclassified to surplus/(deficit):</i>						
Net hedging movement	16(ii)	-			423	1,346
<i>Items that will not be reclassified to surplus/(deficit):</i>						
Gains/(loss) on property revaluations (other than investment properties)		282	-	2,477	(5,962)	10,509
Gains/(loss) on carbon credit revaluations	14	(629)	-	568	(629)	568
Gains/(loss) on Infrastructure Asset revaluations	20	2,559	-	1,547	2,559	1,547
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE		2,212	-	4,592	(3,609)	13,970
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		14,311	4,354	18,979	12,833	37,322
TOTAL COMPREHENSIVE REVENUE AND EXPENSE ATTRIBUTABLE TO:						
Northland Regional Council					11,876	26,964
Non-controlling interest in Marsden Maritime Holdings Limited					957	10,358
					12,833	37,322

The financial statements should be read in conjunction with the Statement of accounting policies and Notes to the financial statements.

Major variances compared to the Annual Plan 2022-2023 (in thousands)

Revenue

Revenue is \$6,752 more than long term plan, mainly due to;

- » Higher than budgeted rates of \$720
- » Higher than budgeted pilotage income \$619
- » Higher than budget monitoring and consent income of \$585
- » Higher than budgeted biosecurity and recovery of \$244
- » Higher than budgeted tenancy recoveries of \$151
- » Higher than budgeted nursery sales of \$142
- » Unbudgeted interest revenue of \$314
- » Higher than budgeted interest on cash deposits of \$188
- » Higher than budget investment property revenue of \$237
- » Unbudgeted revaluation of investment property of \$2,839
- » Unbudgeted revaluation of forestry assets of \$180
- » Higher than budgeted subsidies for Awanui river capital works of \$434
- » Higher than budgeted subsidies for Tsunami Sirens project works \$665
- » Unbudgeted subsidies for Kauri protection and boardwalk projects of \$780
- » Unbudgeted subsidies for Wilding Conifers projects of \$875
- » Higher than budgeted subsidies for Wairoa Awa improvement project of \$220

Partially offset by:

- » Lower than budgeted gains on externally managed funds of \$614
- » Lower than budgeted subsidies for predator free programmes of \$942
- » Lower than budgeted subsidies for flood infrastructure capital works of \$605
- » Lower than budgeted recoveries from Northern Transport Alliance of \$350

Expenditure

Expenditure is \$942 less than the long-term plan, mainly due to:

- » Lower than budgeted depreciation of \$651 mostly related to vehicles fully depreciated and leasing of IT equipment.
- » Lower than budgeted interest costs of \$547 related to lower than budgeted borrowings for the year
- » Lower than budgeted salaries of \$1,592 which relates mainly to Environmental Services and Biosecurity work programmes.
- » Lower than budgeted expenditure on predatory free programme of \$1,400
- » Lower than budgeted expenditure on Transport programmes of \$1,062
- » Lower than budgeted grants for environmental fund of \$564
- » Lower than budgeted expenditure for soil mapping projects of \$242
- » Lower than budgeted regional sports grants of \$700
- » Lower than budgeted expenditure for Awanui river programme of \$311
- » Lower than budgeted funding for Iwi hapu environment monitoring of \$99

Partially offset by:

- » Unbudgeted movements in employee entitlements of \$348
- » Higher than budgeted provision for doubtful debts on receivables of \$99
- » Higher than budgeted expenditure on community pest control of \$330
- » Higher than budgeted vehicle running costs of \$75
- » Higher than budgeted expenditure on the implementation of a new enterprise systems of \$1,719
- » Unbudgeted expenditure on Kauri boardwalk and protection programme of \$1,080
- » Higher than budgeted expenditure for flood infrastructure modelling of \$164
- » Higher than budgeted expenditure for wetland mapping programmes of \$125
- » Higher than budgeted expenditure for Silka deer eradication of \$22
- » Higher than budgeted legal costs of \$334 for mainly regional review, flood programmes and incident response
- » Higher than budgeted expenditure for pilotage services of \$54
- » Higher than budgeted expenditure for coastal management costs of \$157

- » Higher than budgeted costs for council occupied properties of \$127
- » Higher than budgeted expenditure for organisational insurance of \$106
- » Unbudgeted expenditure for wilding conifers programmes of \$875
- » Unbudgeted expenditure for Tsunami siren project of \$544

Statement of changes in equity

For the year ended 30 June 2023	Note	Accumulated funds \$000	Reserves \$000	Total Council \$000	Annual Plan \$000
Council					
Balance at 30 June 2021		157,900	33,059	190,959	177,800
Restated balance at 1 July 2022		157,900	33,059	190,959	177,800
Total comprehensive revenue and expense for the year		18,979	-	18,979	18,979
Net transfers in special reserves	20	(33,272)	33,272	-	-
Net transfers in other reserves		(4,592)	4,592	-	-
Balance at 30 June 2022		139,015	70,923	209,938	196,779
Total comprehensive revenue and expense for the year		14,311	-	14,311	4,354
Net transfers in special reserves	20	7,862	(7,862)	-	-
Net transfers in other reserves	20	(2,212)	2,212	-	-
Balance at 30 June 2023		158,976	65,273	224,249	201,133

For the year ended 30 June 2023	Note	Accumulated funds \$000	Reserves \$000	Subtotal Group \$000	Non-controlling interest \$000	Total Group \$000
Group						
Restated Balance at 30 June 2021		194,983	68,422	263,405	70,475	333,880
Total comprehensive revenue and expense for the year		26,964	-	26,964	10,358	37,322
Net transfers in special reserves	20	(33,272)	33,272	-	-	-
Net transfers in other reserves	20	(9,619)	9,619	-	-	-
Dividends paid		-	-	-	(3,305)	(3,305)
Balance at 30 June 2022		179,056	111,313	290,369	77,528	367,897
Total comprehensive revenue and expense for the year		11,876	-	11,876	957	12,833
Net transfers in special reserves	20	7,862	(7,862)	-	-	-
Net transfers in other reserves		908	(908)	-	-	-
Dividends paid		-	-	-	(3,064)	(3,064)
Balance at 30 June 2023		199,702	102,543	302,245	75,421	377,666

The financial statements should be read in conjunction with the Statement of accounting policies and Notes to the financial statements.

Statement of financial position

as at 30 June 2023	Note	Council 30-Jun-23 \$000	Annual Plan 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
EQUITY						
Accumulated funds	20	158,976	149,673	139,015	199,702	179,056
Reserves	20	65,273	51,460	70,923	102,543	111,313
Total equity attributable to Northland Regional Council		224,249	201,133	209,938	302,245	290,369
Non-controlling interest	20				75,421	77,528
TOTAL EQUITY		224,249	201,133	209,938	377,666	367,897
ASSETS						
Current assets						
Cash and cash equivalents	6	7,477	873	4,528	7,550	4,758
Receivables	7	8,436	7,417	6,362	8,929	6,623
Inventory	8	276	271	270	383	424
Investment property assets held for sale	9	-	715	987	-	987
Other financial assets	10	11,442	16,043	22,314	11,442	22,314
TOTAL CURRENT ASSETS		27,631	25,319	34,461	28,304	35,106
Non-current assets						
Investment property	11	84,153	75,171	74,370	194,100	182,749
Other financial assets	10	61,307	61,683	60,469	61,699	60,817
Investment in subsidiaries (excluding council control organisations) and joint venture company	12(i)	7,828	7,828	7,828	57,185	61,448
Investment in Council Controlled Organisations	12(ii)	392	738	341	392	341
Property, plant and equipment	13	64,362	68,019	55,794	91,332	85,083
Capital projects in progress	13	7,410	-	1,592	7,813	1,831
Intangible assets	14	880	830	1,399	880	1,399
Forestry assets	15	4,242	3,703	4,062	4,242	4,062
Derivative financial instruments	16(i)				968	672
Deferred tax asset	5	-	-	-	-	7
TOTAL NON-CURRENT ASSETS		230,574	217,972	205,855	418,611	398,409
TOTAL ASSETS		258,205	243,291	240,316	446,915	433,515

As at 30 June 2023	Note	Council 30-Jun-23 \$000	Annual Plan 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
LIABILITIES						
Current liabilities						
Payables and deferred revenue	17	12,042	7,385	12,455	13,114	14,238
Employee entitlements	18	3,242	2,588	3,011	3,291	3,058
Borrowings and other financial liabilities	19	-	-	-	-	7,550
TOTAL CURRENT LIABILITIES		15,284	9,973	15,466	16,405	24,846
Non-current liabilities						
Payables and deferred revenue	17	296	610	937	2,445	2,797
Employee entitlements	18	18	21	17	18	17
Deferred tax liability		-	-	-	73	-
Borrowings and other financial liabilities	19	18,358	31,554	13,958	50,308	37,958
TOTAL NON-CURRENT LIABILITIES		18,672	32,185	14,912	52,844	40,772
TOTAL LIABILITIES		33,956	42,158	30,378	69,249	65,618
NET ASSETS		224,249	201,133	209,938	377,666	367,897

The financial statements should be read in conjunction with the Statement of accounting policies and Notes to the financial statements.

Major variances compared to the Annual Plan 2022-2023 (in thousands)

Asset variances

Current

Cash and cash equivalents are \$6,604 greater than the annual plan predominantly due to:

- » Holding higher than normal amounts of cash due to short term cashflow requirements

Receivables are \$1,019 higher than the annual plan due to:

- » Higher levels of outstanding general and rates debtors at year end than planned.

Investment Property assets held for resale are \$715 lower than due to:

- » No investment property identified to be sold as planned.

Other financial assets are \$4,601 less than the annual plan primarily due to:

- » A lower balance of short-term investments held due to the timing of cashflow requirements including commercial property transactions.

Non-current

Investment Property is \$8,892 more than the annual plan due to:

- » Expenditure on commercial property development
- » Revaluation of investment property

Other financial assets are \$376 less than the annual plan due to:

- » Lower than budgeted gains on the long term funds for the year

Property, plant and equipment are \$3,657 lower than the annual plan due to:

- » The deferred development of commercial properties planned for the year
- » Delayed infrastructure asset

Capital projects in progress are \$7,410 more than the annual plan due to:

- » A number of partial assets not able to be fully capitalised at year end, including multiple flood schemes and the replacement of a pilot vessel

Forestry assets are \$539 more than the annual plan predominantly due to:

- » Gains on the revaluation of forestry assets for this year.

Liability variances

Current

Payables and deferred revenue is \$4,657 more than the annual plan due to:

- » High number of invoices payable at the end of this financial year, including capital work invoices
- » Higher than planned levels of funding received in advance for work programmes not undertaken this year.

Employee entitlements are \$654 more than the annual plan due to:

- » An increase in total employees
- » An increase in employee leave balances

Non-current

Payables and deferred revenue is \$314 less than the annual plan due to:

- » Lower than planned levels of non-current funding received in advance for work not undertaken this year

Borrowings and other financial liabilities are \$13,196 less than the annual plan due to:

- » Requiring lower than planned borrowing for the implementation of the enterprise system and replacement vessel.
- » Not requiring any borrowing for Tsunami Sirens and Kaipara Moana projects due to lower than planned expenditure during the year, that required new borrowings.

Equity variances

Accumulated funds are \$9,353 more than the annual plan predominantly due to:

- » The annual plan budget was prepared in advance of 30 June 2022 retained earnings being finalised. As such the budgeted 30 June 2023, balance of retained earnings is \$150m - based upon the actual 30 July 2023 retained earnings balance of \$150m, plus very minor budget surpluses over the 2021/22 and 2022/23 financial years.
- » The 2022/23 actual closing balances of \$159m is \$9m higher than budgeted, as it includes accumulated unbudgeted surplus before transfer to reserves of \$9m (2021/22 -11m; 2022/23 - \$20m predominantly due to recognition of actual and unbudgeted non-cash items relating to fair value movements on investment properties, and forestry holdings.

Reserves are \$13,867 more than the long term plan predominantly due to:

- » Unbudgeted funds that were unspent in 2022/23 being set aside in a special reserve to fund the completion of unfinished work programmes in 2023/24
- » Revaluation reserves being greater than budget as the fair value movements on councils' infrastructural assets, land and buildings and carbon credits are not budgeted due to the uncertain nature of these items
- » At year-end the balance of the flood infrastructure reserve is higher than budget as council utilised a larger level of external subsidies than was budgeted to fund

flood infrastructure capital works instead of using reserve funds

- » At year end the balance of the enterprise system reserve is higher than budget as the expenditure at this stage of the project was lower than planned resulting in a lower funding requirement from this reserve than originally anticipated.

Statement of cash flows

For the year ended 30 June 2023	Council 30-Jun-23 \$000	Annual Plan 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Cash flows from operating activities					
Receipts from rates revenue	41,846	42,252	37,661	41,846	37,661
Receipts from customers	8,637	9,102	8,161	19,349	16,587
Interest received	499	167	320	502	320
Dividends received	3,543	3,542	3,820	8,440	9,529
Subsidies and grants received	18,333	17,429	18,760	18,333	18,760
Payments to suppliers and employees/members	(66,780)	(77,238)	(53,310)	(75,354)	(59,416)
Interest paid	(555)	(1,102)	(528)	(2,180)	(1,516)
Income tax paid	-	-	-	(27)	(27)
Net goods and services tax received/(paid)	(442)	4,476	655	(442)	655
Net cash from operating activities	5,081	(1,372)	15,539	10,467	22,553
Cash flows from investing activities					
Receipts from sale of property, plant and equipment	681	-	68	681	72
Receipts from sale of investment property and assets held for sale	-	-	25,040	-	25,040
Receipt from the sale of investments	45,385	17,397	35,847	45,385	35,847
Loan repayments received	1,005	-	-	1,005	-
Purchase of property, plant and equipment and intangible assets	(13,793)	(28,861)	(10,517)	(14,078)	(10,945)
Purchase of investment property	(7,431)	-	(6,064)	(10,025)	(16,872)
Purchase of financial investments	(32,379)	(3,776)	(63,370)	(32,379)	(63,370)
Disposal of investment in subsidiary	-	-	-	-	(2,715)
Net cash from investing activities	(6,532)	(15,240)	(18,996)	(9,411)	(32,943)
Cash flows from financing activities					
Proceeds received from ASB facility	-	-	-	400	7,600
Dividends paid	-	-	-	(3,064)	(3,305)
Proceeds from borrowings	4,400	13,596	-	4,400	-
Repayment of borrowings	-	-	-	-	-
Net cash from financing activities	4,400	13,596	-	1,736	4,295
Net increase (decrease) in cash, cash equivalents and bank overdrafts	2,949	(3,016)	(3,457)	2,792	(6,095)
Cash, cash equivalents and bank overdrafts at the beginning of the year	4,528	3,889	7,985	4,758	10,853
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR	7,477	873	4,528	7,550	4,758

Reconciliation of net surplus after tax to the cash flows from operations

For the year ended 30 June 2023	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Surplus/(deficit) after tax	12,099	14,387	16,442	23,352
Add/(less) non cash items				
Depreciation & amortisation expense	1,734	1,517	2,280	2,060
Share of associate companies' (surplus)/loss	(51)	145	234	1,225
(Gain)/loss on disposal of subsidiary	-	-	-	161
Fair value adjustments	(3,019)	(10,584)	(2,790)	(14,399)
Non cash (gain)/loss on externally managed funds and loans	(3,940)	2,805	(3,940)	2,805
Other non-cash items	(36)	(45)	(36)	(45)
Total non cash items	(5,312)	(6,162)	(4,252)	(8,193)
Add/(less) items classified as investing or financing activities				
(Gains)/loss on sale of property plant and equipment	(21)	(37)	(21)	(35)
(Gains)/loss on sale of investment properties and assets held for sale	-	1,112	-	1,112
Total items classified as investing or financing activities	(21)	1,075	(21)	1,077
Add/(Less) movements in working capital				
Decrease (increase) in trade and other receivables	(1,794)	433	(2,051)	1,092
Decrease (increase) in prepayments	(281)	(198)	(255)	(107)
Decrease (increase) in inventory	(6)	1	41	(59)
(Decrease) increase in tax payable	-	-	80	(7)
(Decrease) increase in trade and other payables	(1,010)	4,744	(1,432)	1,389
(Decrease) increase in revenue received in advance	(44)	(2,134)	(44)	(2,134)
(Decrease) Increase in employee entitlements accrual	232	474	234	392
Investing capital items included in working capital movements	1,218	2,919	1,725	5,751
	(1,685)	6,239	(1,702)	6,317
Net cashflows from operating activities	5,081	15,539	10,467	22,553

Statement of accounting policies

Reporting entity

Northland Regional Council is a local authority established under, and governed by, the Local Government Act 2002 and the Local Government (Rating) Act 2002.

The group consists of the ultimate parent, Northland Regional Council and its subsidiary Marsden Maritime Holdings Limited (53.61% owned). The council's equity share of its associates, Northland Inc. Limited (33.3%) and Regional Software Holdings Limited (16.75% for the IRIS programme; 10.87% for the IRIS Next Generation programme), is equity accounted into the parent entity financial statements.

Northland Regional Council and its subsidiary and associates are incorporated, domiciled and operate in New Zealand.

The primary objective of Northland Regional Council is to provide goods or services and perform regulatory functions for the community benefit rather than making a financial return. Accordingly, Northland Regional Council has designated itself and the group as Public Benefit Entities for financial reporting purposes.

Reporting period

The financial statements of the council and group are for the year ended 30 June 2023. The financial statements were authorised for issue by council on 27 September 2023.

Basis of preparation

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

Statement of Compliance

The financial statements of the council and group have been prepared in accordance with the requirements of the LGA 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 financial statements comply with PBE accounting standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars, which is the functional currency of Northland Regional Council and all values are rounded to the nearest thousand dollars (\$000).

Changes in Accounting Policies

PBE IPSAS 41 Financial Instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes PBE IPSAS 29 Financial Instruments Recognition and Measurement. The main changes 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 credit losses, which may result in earlier recognition of impairment losses.
- » Revised hedge accounting requirements to better reflect the management of risks.

In accordance with the transitioning provisions in PBE IPSAS 3, the Council and group have elected not to restate the comparative information associated with the transition to PBE IPSAS 41 as the impact was considered immaterial. The prior period adjustments arising from the adoption of PBE IPSAS 41 are recognised in the current year.

The accounting policies for the year ended 30 June 2023 that have been updated to comply with PBE IPSAS 41 relate to:

- » Note 7 Current Receivables – This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified expected credit loss model.
- » Note 10 Other financial assets – This policy has been updated to reflect:
 - » the new financial asset classification categories, however the recognition and measurement of the council and groups financial instruments remain unchanged.

Other changes in accounting policies

There have been no changes in accounting policies during 2023.

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;

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Basis of consolidation

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, revenues and expenses are eliminated on consolidation.

Foreign currency transactions

Foreign currency transactions (including those for which forward exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus/deficit, except when deferred in equity as qualifying cash flow hedges.

Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables, and creditors and other payables, which are stated on a GST inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (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.

Budget figures

The 2023 budget figures are those approved by the council in its 2022/2023 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions 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.

Council and group investment property and owner occupied property (land and buildings) are revalued annually by independent valuers. The fair value of the investment

properties is based on the market values, being the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction. Due to the relatively low level of recent transactions in some areas, these valuations are inherently subjective. The estimates and assumptions that have a significant risk of causing a material adjustment to the fair value of investment property and owner occupied property are provided in Notes 11 and 13 respectively.

Council's infrastructure assets are revalued by an independent valuer at regular intervals, with the most recent infrastructure valuation, undertaken in 2023. There are a number of estimates and assumptions exercised when valuing the individual elements (stop banks, floodgates, spillways) of infrastructure assets, such as estimating the age, condition, optimisation and remaining life of each element. A comparison of the carrying value of infrastructure assets and the fair value of infrastructure assets using market-based evidence is undertaken annually. In assessing generic market changes there is inherent uncertainty, and actual results may vary from estimates and these variations may be significantly more or less favourable than assumed depending on the asset class in question. Further detail is provided in Note 13.

Council's forestry assets are revalued annually by an independent valuer. There are a number of estimates and assumptions exercised when valuing forestry assets such as estimating the discount rates to determine future tree crop cash flows. Further detail is provided in Note 15.

The estimation of the useful lives of assets has been predominantly based on historical experience. Useful lives are reviewed on an annual basis and adjustments are made when considered necessary.

Marsden Maritime Holdings Limited has determined that it is appropriate to only recognise tax losses in the financial statements to a level that directly offsets the deferred tax liability. Further detail is provided in Note 5.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2023.

Council's investment in Regional Software Holdings Limited has been treated as an associate as it is considered that council holds significant influence over the financial and operating policies of Regional Software Holdings Limited due to the fact that a member of council's executive leadership team is on the board of directors of Regional Software Holdings Limited.

Council's investment in Northland Inc. Limited has been treated as an associate as it is considered that council holds significant influence over the financial and operating policies of Northland Inc. Limited due to the fact that

council shares joint control of Northland Inc. Limited with Kaipara District Council (33.3%) and Far North District Council (33.3%).

Notes to the financial statements

Note 1: Summary revenue and expenditure for groups of activities

Accounting policy

Northland Regional Council has derived the cost of service for each significant activity of the council using the cost allocation system outlined below. Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity. Direct costs are charged directly to significant activities. Indirect costs are charged to significant operating activities using appropriate cost drivers such as staff numbers. There have been no changes to the cost allocation methodology during the year.

Breakdown of summary revenue and expenditure for group of activities:

	Council 30-Jun-23 \$000	Annual Plan 30-Jun-23 \$000	Council 30-Jun-22 \$000
Revenue			
Community Resilience	15,178	14,110	11,782
Natural Environment	32,114	30,019	30,452
Flood Protection	9,690	9,856	10,126
Regional Leadership	34,465	34,441	28,121
Total activity revenue and rates as per activity funding impact statements	91,447	88,426	80,482
Internal charges and overheads recovered	(13,564)	(14,250)	(13,042)
Other gains not attributable to an activity	3,045	-	10,620
Total revenue as per statement of comprehensive revenue and expense	80,928	74,176	78,060
Expenses			
Community Resilience	12,336	11,025	10,877
Natural Environment	37,537	28,674	33,578
Flood Protection	2,606	2,096	2,925
Regional Leadership	28,197	39,892	26,561
Total activity expenses as per activity funding impact statements	80,676	81,687	73,941
Internal charges and overheads recovered	(13,564)	(14,250)	(13,042)
Other expenses not attributable to an activity	34	-	1,112
Depreciation and amortisation	1,734	2,385	1,517
Total expenses as per statement of comprehensive revenue and expense	68,880	69,822	63,528

BREAKDOWN OF DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY	Note	Council 30-Jun-23 \$000	Annual Plan 30-Jun-23 \$000	Council 30-Jun-22 \$000
Community Resilience		151	223	142
Natural Environment		517	576	482
Flood Protection		240	275	223
Regional Leadership		826	1,311	668
Regulatory Services		-	-	-
Corporate Excellence		-	-	-
TOTAL DEPRECIATION AND AMORTISATION EXPENSE	13	1,734	2,385	1,517

Note 2: Revenue

Accounting policy

Revenue is measured at fair value.

Rates revenue: Rates are set annually by a resolution of council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised and brought to account when the rates are payable based on the council's best estimate of what is expected to be collected. Rate penalties arising from late payment are recognised as revenue when rates become overdue. Rates remissions are recognised as a reduction of rates revenue when the council has received an application that satisfies its rates remission policy. These transactions are classified as non-exchange transactions.

Fees and charges: Fees and charges are recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services provided. The majority of this type of revenue is exchange transactions.

Grants and subsidies: Grants and subsidies are recognised as revenue when the primary conditions of entitlement have been met. These are non-exchange revenue transactions. Where a transfer is subject to conditions that, if unfulfilled, require the return of transferred resources, council recognises a liability until the condition is fulfilled.

Sales of goods: Revenue from the sale of goods is recognised when a product is sold to a customer.

Interest: Interest income is recognised using the effective interest method.

Other revenue – Dividends: Dividends are recognised when the right to receive payment has been established. Dividend income is recorded at the cash amount received, being net of taxation imputation credits.

Rental revenue: Rental revenue from investment property is recognised in the surplus or deficit on a straight-line basis over the term of the lease. Any short term rent relief provided is fully recognised in the period in which it occurs.

Funds collected for other organisations: Funds are collected for other organisations, including central government. Any funds held at balance date are included in term and current liabilities. Amounts collected on behalf of third parties are not recognised as revenue, except for the commissions or fees earned.

Vested assets: Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the council are recognised as revenue when the control over the asset is obtained.

Infringement fees and fines: Infringement fees and fines are recognised when the infringement notice is issued.

Externally managed investment fund gains: Externally managed investment funds are measured at fair value, and any gains or losses on re-measurement are recognised in the surplus or deficit.

2(i) Rates remission, penalties, early payment discounts

Rates revenue is shown net of rates remissions and postponements. The Northland Regional Council's rates remission policies allow it to remit approved rates as per the Rates Remission Policies of the Territorial Authorities that collect Northland Regional Council's rates on its behalf. There were no early payment discounts in 2022/23 (2021/22: Nil).

2(ii) Breakdown of other revenue

	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Rental revenue from investment properties	3,439	3,096	11,184	9,336
Dividend revenue - Marsden Maritime Holdings Limited	3,543	3,820	-	-
Total other revenue	6,982	6,916	11,184	9,336

Operating leases as lessor

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

	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Not later than one year	3,267	1,841	7,383	5,350
Later than one year and not later than five years	5,676	3,271	15,267	12,234
Later than five years	2,552	1,931	10,177	6,358
Total non-cancellable operating leases	11,495	7,043	32,827	23,942

Council

Operating leases relate to investment properties owned by Northland Regional Council. The majority (in terms of numbers) of council's investment property portfolio is made up of leasehold properties. These leasehold properties have perpetual lease terms ranging from 5 to 21 years. The lessee has the option to renew the lease at the completion of each term. All leases contain market review clauses at varying cycles or upon renewal. The lessee does not have a right to purchase the property at the expiry of the lease. Council has four residential properties with fixed or periodic tenancies and owns 37 freehold commercial properties, of which eight are owner occupied, three are vacant, and the remaining have lease terms of between one month and 15 years.

Marsden Maritime Holdings Limited

Marsden Maritime Holdings Limited leases land and buildings to a variety of customers within close proximity to the port. These non cancellable leases have remaining terms of between one month and 24 years. All leases include a clause to enable upward revision of the rental charge on contractual rent review dates according to prevailing market conditions.

No contingent rents have been recognised during the year.

2(iii) Breakdown of other gains:

	Note	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Gain on revaluation of investment property	11	2,839	7,509	2,566	11,427
Gain on revaluation of investment property assets held for sale	9	-	50	-	50
Gain on revaluation of infrastructural assets		-	1,187	-	1,187
Gain on revaluation of forestry assets	15	180	359	180	359
Gain on revaluation of buildings and amenities		-	1,478	-	1,478
Gain on disposal of property, plant and equipment		21	37	21	40
Total non-financial instruments gains		3,040	10,620	2,767	14,541
Externally Managed Investment Funds		3,940	-	3,940	-
Gain on fair value adjustment of financial investments		-	-	44	-
Reversal of impairment		5	-	5	-
Total financial instruments gains		3,945	-	3,989	-
Total other gains		6,985	10,620	6,756	14,541

The fair value gains on investment property arise from the annual revaluation of these investments.

Note 3: Personnel costs

Accounting policy

Personnel costs includes salaries, wages, leave and other employee-earned compensation. Employer contributions to KiwiSaver and the National Provident Fund; Pension National Scheme, and Lump Sum National scheme are accounted for as defined contribution plans and are recognised in the surplus or deficit as incurred.

Breakdown of personnel costs and further information:

	Note	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Salaries and wages		24,383	21,212	26,204	22,646
Employer contributions to defined contribution plans		668	579	668	579
Increase/(decrease) in employee benefit liabilities	18	232	474	234	465
Total personnel costs		25,283	22,265	27,106	23,690

Chief Executive remuneration

The Chief Executive of the council was appointed in accordance with section 42 of the Local Government Act.

The total remuneration (including any non financial benefits) paid or payable for the year ended 30 June 2023 to the Chief Executive was \$442,954 (2022: \$341,034).

	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000
Salary	337	319
Accrued and untaken leave paid on termination	83	-
Vehicle - FBT cost	12	11
Kiwisaver employer contribution	10	10
Memberships and allowances	1	1
Total remuneration	443	341

Elected representatives

Elected representatives received the following remuneration:

	Note	Salary 30-Jun-23 \$000	Non-salary 30-Jun-23 \$000	Total Council Remuneration 30-Jun-23 \$000	Total Council Remuneration 30-Jun-22 \$000
Tui Shortland, Chair		88	3	91	-
Jack Crow, Deputy Chair		73	2	75	73
John Blackwell		46	4	50	-
Joe Carr		46	2	48	-
Geoff Crawford		46	-	46	-
Peter-Lucas Jones		46	2	48	-
Amy Macdonald		67	2	69	74
Marty Robinson		67	8	75	75
Rick Stolworthy		67	8	75	77
Penny Smart, ex Chair		38	-	38	128
Justin Blaikie, ex Deputy Chair		24	2	26	82
Terry Archer, ex Councillor		21	3	24	72
Colin Kitchen, ex Councillor		21	-	21	77
Joce Yeoman, ex Councillor		21	1	22	75
Total elected representatives' remuneration	4	671	37	708	733

With the enactment of the Local Government Act 2002, the Remuneration Authority is responsible for setting the remuneration levels for elected members. The council monetary remuneration (salary) detail above was determined by the Remuneration Authority. Councillors are able to claim an allowance for mileage, child care, travel time and communications. These allowances are set by the Remuneration Authority and paid to Councillors based on claims approved by the council chair and chief executive.

Council employee remuneration by band

The annual remuneration by band for council employees as at 30 June 2023 is detailed below. For employees receiving remuneration of \$60,000 or more, they are grouped into \$20,000 bands as presented below. For any \$20,000 bands with five or fewer employees in the band, they are combined upwards with the next banding as stipulated in the Local Government Act 2002.

Total annual remuneration by band for employees at 30 June:	Council 30-Jun-23	Council 30-Jun-22
< \$60,000	43	58
\$60,000 - \$79,999	103	113
\$80,000 - \$99,999	98	72
\$100,000 - \$119,999	27	19
\$120,000 - \$139,999	11	6
\$140,000 - \$159,999	8	8
\$160,000 - \$239,999	10	6
\$340,000 - \$369,999	1	1
Total employees	301	283

Total remuneration includes any non financial benefits provided to employees.

At 30 June 2023, the council employed 266 (2022: 248) full time employees with the balance of staff representing 15.33 (2022: 17.79) full time equivalent employees. A full time employee is determined on the basis of a 37.5, and 40 hour where applicable, working week.

Severance payments

For the year ending 30 June 2023, the council made one severance payment to an employee of \$20,000 (2022: nil).

Note 4: Other expenses

Accounting Policy

Expenditure is recognised when goods and services have been received.

Grant expenditure: Non-discretionary grants are those grants that are awarded when the grant application meets the specified 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 the grant on receipt of the grant application and are recognised as expenditure when the grant conditions have been satisfied.

Operating leases: An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. All the leases of the council and group are operating leases.

Breakdown of other expenses and further information:

	Note	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Fees to external auditors:					
Fees to Deloitte for audit of financial statements		179	156	179	156
Fees to Deloitte for other services*		37	70	37	70
Fees to OAG for audit of financial statements		11	11	11	11
Fees to EY for the audit of the Marsden Maritime Holdings Group		-	-	109	94
Directors'/Councillors' fees and trustee remuneration	3	708	733	1,274	1,016
Donations		1,609	1,902	1,626	1,904
Operating lease payments		296	289	311	304
Impairment on Investment in Associate		-	-	-	-
Current year rates written off		52	94	52	94
Impairment of receivables	7	1,071	1,005	1,127	1,005
Operating grants to Northland Inc. Limited		1,824	1,637	1,824	1,637
Other payments to Northland Inc. Limited		226	318	226	318
Payments to Regional Software Holdings Limited		800	391	800	391
Loss on externally managed investment funds		-	2,804	-	2,804
Loss on disposal of investment property assets held for sale		-	1,112	-	1,112
Loss on fair value adjustment of financial investments		34	-	34	103
Other operating expenses		34,461	28,696	40,533	33,315
Total other expenses		41,308	39,218	48,143	44,334

* The fees paid to Deloitte for other services for the year ending 30 June 2023 were for a review of the rating process and controls of a district council who collects rates on behalf of Northland Regional Council, and for the audit assurance report prepared in respect to councils debenture trust deed.

Council acts as an agent in relation to the Kaipara Moana Remediation Programme (KMRP) and accordingly costs and funding are not recorded in council's financial statements. However for completeness we note Deloitte undertakes an agreed procedures engagement for the KMRP and the fee for 2022-23 is expected to be approximately \$10,000.

Operating leases as lessee

The future aggregate minimum lease payments payable under non-cancellation operating leases existing at year end are as follows:

	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Not later than one year	267	261	267	261
Later than one year and not later than five years	286	168	286	168
Total non-cancellable operating leases	553	429	553	429

Note 5: Taxation

Accounting policy

The income tax expense includes both current 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 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 and liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted by balance date.

Current tax 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.

Breakdown of taxation and further information:

	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Components of tax expense		
Current tax expense/(credit)	25	(168)
Tax expense	25	(168)
Relationship between tax expense and accounting surplus		
Surplus/(deficit) before tax	16,467	23,184
Taxation at 28%	4,611	6,492
Plus (less) tax effect of:		
Non-deductible expenditure	-	-
Recognition of temporary differences	-	-
Imputation dividend receipts	(3,735)	(4,149)
Non-taxable income	(928)	(3,017)
Tax paid on joint venture company earnings	83	306
Carried forward losses derecognised/(recognised)	(6)	200
Tax expense/(benefit)	25	(168)
Deferred tax		
Balance at 1 July	7	-
Items charged to profit and loss	(80)	-
Balance at 30 June	(73)	-
Represented by:		
Investment property	(2,207)	(2,483)
Property plant and equipment	(188)	510
Financial instruments	(271)	(188)
Provisions	33	13
Deferred tax liability	(2,633)	(2,148)
Deferred tax asset (tax effect of losses carried forward)	2,560	2,155
Net deferred tax asset / (liability)	(73)	7

Council's net income subject to income tax consists of its assessable income net of related expenses derived from the Marsden Maritime Holdings Group, and any other council controlled organisations. All other income currently derived by Northland Regional Council is exempt from income tax.

A deferred tax asset has not been recognised in relation to tax losses in Northland Regional Council of \$15,341,995 (2022: \$15,336,355) as council considers it unlikely that the benefit of these losses will be utilised against future taxable income.

As at 30 June 2023 Marsden Maritime Holdings Limited group has taxation losses amounting to \$9,144,510 of which the tax effect is \$2,560,463 (2022: losses \$7,696,043 tax effect \$2,154,892) subject to Inland Revenue Department confirmation. Due to the timeframe in which assessable income is anticipated to be available to offset such losses, Marsden Maritime Holdings Ltd has determined that it is appropriate to only recognise prior period losses in the financial statements to a level that directly offsets the deferred tax liability.

Note 6: Cash and Cash Equivalents

	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Cash on hand and at trading banks *	1,310	4,389	1,383	4,619
Cash on hand and at trading banks held as part of the Long Term Fund	26	26	26	26
Term deposits, held as part of the Short Term Fund - with maturities of less than 3 months acquisition	3,000	-	3,000	-
Term deposits, held as part of the Long Term Fund - with maturities of less than 3 months acquisition	3,141	23	3,141	23
Other Term deposits - with maturities of less than 3 months at acquisition	-	90	-	90
Total cash and cash equivalents	7,477	4,528	7,550	4,758

Although cash and cash equivalents at year end are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

* The council holds unspent funds included in cash on hand and at trading banks of \$90,545 relating to marine farm bonds that are subject to restrictions (2022: \$56,036 marine farm bonds and commercial bonds). At year end there was no cash or cash equivalents relating to retention monies withheld under commercial construction contracts (2022: \$25,675).

Note 7: Current receivables

Accounting policy

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (CL).

The Council and group apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

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.

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 six years overdue.

Prepayments comprise significant items of expenditure having a benefit to more than one accounting period and are expensed over the period to which they relate.

Breakdown of receivables and further information

	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Rates receivables	6,564	5,136	6,564	5,136
Other receivables	5,096	4,042	5,499	4,089
GST receivable	988	816	988	858
Prepayments	719	438	865	610
Gross debtors and other receivables	13,367	10,432	13,916	10,693
Less allowance for credit losses	(4,931)	(4,070)	(4,987)	(4,070)
Total current receivables	8,436	6,362	8,929	6,623
Total current receivables comprise:				
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements and fees and charges that are partly subsidised by rates	5,484	3,738	5,630	3,952
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	2,952	2,624	3,299	2,671
	8,436	6,362	8,929	6,623

Assessment for uncollectibility

There is no significant concentration of credit risk outside the group, as the group has a large number of customers which spreads the risk.

Expected Credit Losses (ECL)

The ECL rates applicable for other receivables and rates receivables at 30 June 2023 are based on the payment profile of revenue on credit over the prior two years for other receivables, and three years for rates receivables, at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

The allowance for credit losses based on council and the group's credit loss matrix is as follows:

	1 to 30 days	30 to 60 days	Current receivable past due		Total
			60 to 90 days	More than 90 days	
Council - 30 June 2023					
Rates receivable					
Expected credit loss rate	0.0%	-	-	79.4%	-
Gross receivable amount (\$,000)	1,074	-	-	5,490	6,564
Lifetime ECL (\$,000)	-	-	-	4,359	4,359
Other receivable					
Expected credit loss rate	0.8%	6.0%	65%	100%	-
Gross receivable amount (\$,000)	4,170	406	14	506	5,096
Lifetime ECL (\$,000)	33	24	9	506	572
Total Rates and Other Receivable Lifetime ECL (\$,000)	33	24	9	4,865	4,931
Council - 30 June 2022					
Rates receivable					
Expected credit loss rate	0.0%	-	-	79.8%	-
Gross receivable amount (\$,000)	624	-	-	4,512	5,136
Lifetime ECL (\$,000)	-	-	-	3,600	3,600

Other receivable					
Expected credit loss rate	0.8%	6.0%	65%	100%	-
Gross receivable amount (\$,000)	3,526	72	16	428	4,042
Lifetime ECL (\$,000)	27	4	11	428	470
Total Rates and Other Receivable Lifetime ECL (\$,000)	27	4	11	4,028	4,070
Group - 30 June 2023					
Rates receivable					
Expected credit loss rate	0.0%	0.0%	0.0%	79.4%	-
Gross receivable amount (\$,000)	1,074	-	-	5,490	6,564
Lifetime ECL (\$,000)	-	-	-	4,359	4,359
Other receivable					
Expected credit loss rate	0.7%	6.0%	65%	100%	-
Gross receivable amount (\$,000)	4,517	406	14	562	5,499
Lifetime ECL (\$,000)	33	24	9	562	628
Total Rates and Other Receivable Lifetime ECL (\$,000)	33	24	9	4,921	4,987
Group - 30 June 2022					
Rates receivable					
Expected credit loss rate	0.0%	0.0%	0.0%	79.8%	-
Gross receivable amount (\$,000)	624	-	-	4,512	5,136
Lifetime ECL (\$,000)	-	-	-	3,600	3,600
Other receivable					
Expected credit loss rate	0.8%	6.0%	65%	100%	-
Gross receivable amount (\$,000)	3,573	72	16	428	4,089
Lifetime ECL (\$,000)	27	4	11	428	470
Total Rates and Other Receivable Lifetime ECL (\$,000)	27	4	11	4,028	4,070

	Note	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Movements in the allowance for credit losses are as follows:					
Opening balances for credit losses at 1 July		4,070	3,389	4,070	3,407
Additional provisions made during the year	4	1,071	1,005	1,127	1,005
Provisions reversed during the year		-	-	-	-
Rate arrear receivables written off during the year		(185)	(299)	(185)	(299)
Other receivables written off during the year		(25)	(25)	(25)	(25)
Balance at 30 June		4,931	4,070	4,987	4,088

The council and group holds no collateral as security or any other credit enhancements over receivables that are either past due or impaired.

Note 8: Inventory

Accounting policy

Inventories such (as stores, chemicals and materials) held for distribution or for use in the provision of goods and services that are not supplied on a commercial basis are measured at the lower of cost, or cost adjusted when applicable, for any loss of service potential.

Inventories held for use in the provision of goods and services on a commercial basis are measured at the lower of cost and net realisable value.

Breakdown of inventory and further information:

	Note	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Stores and materials		276	270	383	424
		276	270	383	424

There has been no write-down of inventory. No inventory is pledged as security for liabilities.

Note 9: Assets held for sale

Accounting policy

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses 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.

Assets held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Investment property classified as assets held for sale are recognised at fair value. Any gains/losses on investment property held for sale are recognised in surplus/deficit.

Breakdown of assets held for sale and further information:

	Note	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Balance at 1 July		987	29,335	987	29,335
Transfers from/(to) investment properties	11	(987)	-	(987)	-
Properties sold during the year		-	(28,398)	-	(28,398)
Fair value gains/(loss) on valuation	2iii	-	50	-	50
Total assets held for sale		0	987	0	987

During the year, council transferred 1 investment property that was classified as held for sale at 30 June 2022 to a property continued to be held, and classified as an investment property.

Note 10: Other financial assets

Accounting policy

Other financial assets are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- » amortised cost;
- » fair value through surplus and deficit (FVTSD);
- » fair value through other comprehensive revenue and expense (FVTOCRE).

Transaction costs are included in the value of the financial asset at initial recognition unless the it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the council and group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Instruments in this category include term deposits and loans. Where applicable any interest accrued is included as a current receivable.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Councils short-term and Long-term managed fund are portfolio's of financial assets that are actively traded with the intention of making profits. Therefore, after initial recognition, the managed fund is measured at fair value, with gains and losses recognised in the surplus or deficit.

Breakdown of other financial assets and further information:

	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
CURRENT PORTION				
Term deposits, and other securities *	3,041	3,279	3,041	3,279
Term deposits held as part of the Short Term Fund	1,019	-	1,019	-
Term deposits held as part of the Long Term Fund	2,041	3,460	2,041	3,460
Short term investment fund	5,341	15,575	5,341	15,575
Total current portion	11,442	22,314	11,442	22,314
NON-CURRENT PORTION				
Other loans	1,922	2,891	1,922	2,891
Term deposits and other securities	373	263	765	611
Long Term Fund	59,012	57,315	59,012	57,315
Total non-current portion	61,307	60,469	61,699	60,817
TOTAL OTHER FINANCIAL ASSETS	72,749	82,783	73,141	83,131

* includes \$441,874 (2022: \$401,738) of term deposits held as retentions under commercial construction contracts and subject to restrictions

Fair value

The carrying amount of term deposits approximates their fair value. No Expected Credit losses have been recognised for term deposits as all of councils Term deposits are held with banks that have a long-term AA- investment grade credit rating, which indicates the bank has a very strong capacity to meet its financial commitments.

Other loans

Funds of \$3,750,000 were advanced to Northland Emergency Services Trust (NEST) on 8 May 2018 to assist with the purchase of a helicopter. No ECL has been recognised on the NEST loan as it is secured over a newly purchased helicopter by way of a General Security Deed. The loan has an applicable fixed interest rate of 4.77% pa. In May 2023 council agreed to extend the loan repayment date (in accordance with the terms of the loan agreement) by 1 year to 8 May 2024. Three repayments totalling \$1,798,786 have been received from NEST over the term of the loan to date, with the remaining loan balance of \$1,951,214 due to be repaid on 8 May 2024.

The carrying amount of the NEST loan is \$1,922,428 (2022: \$2,891,091) reflecting a non-cash fair value adjustment of \$28,786 (2022: \$60,123) to account for the fact the interest rate is below an assessed market interest rate of 6.5%. The fair value adjustment of \$28,786 will be unwound through profit and loss over the term of the loan.

Fonterra Cooperative Group Limited Shares

As at 30 June 2023, Marsden Maritime Holdings Limited and its Group held 119,935 co-operative shares in Fonterra Co-operative Group Ltd having a disclosed fair value of \$3.27 per share (2022: total holding of 119,935 shares at an average of \$2.90 per share) recognising a total fair value increase for the year of \$44,375 (2022: fair value decrease \$103,144).

Externally managed investment funds

Eriksen and Associates Limited are appointed as council's investment advisors for 2 externally managed investment funds (2022: 2) providing independent overarching investment guidance for these funds. Council's externally managed funds are classified as financial assets at fair value through surplus or deficit as Eriksen and Associates Limited evaluate and report the performance of each fund on a fair value basis (monthly) in accordance with council's Statement of Investment Policy and Objectives (SIPO). This designation is consistent with the investment strategy in council's finance strategy, as the managed funds are managed prudently against the SIPO with a view to prudently maximising and managing returns over the long term within a diverse portfolio that preserves and maintains the capital value of each fund. The Long Term Fund is presented as non current as council does not expect to dispose of it within 12 months of the balance date.

The fair value and carrying value of each fund is calculated using the net market values based upon the listed market values at Balance Date adjusted for any realisation expenses.

Investment commitments

Breakdown of fund managers with uncalled committed investments at year end	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000
Continuity Capital Fund (No.2)	80	100
Continuity Capital Fund (No.4)	190	250
Continuity Capital Fund (No.5)	978	1,493
Continuity Capital Fund (No.6)	1,200	1,500
Continuity Capital Fund (No.7)	1,629	1,947
CPE Capital (No.9)	380	470
Direct Capital Fund (No.6)	1,378	1,629
Milford PE Fund (No.3)	365	500
MLC Private Equity fund (No.2)	150	175
MLC Private Equity fund (No.3)	206	282
Oriens Fund (No.2)	610	740
Pioneer Capital Partners Fund (No.3)	64	150
Pioneer Capital Partners Fund (No.4)	359	391
	7,589	9,627

Externally managed investment fund performance (12 month return to 30 June 2023, net of fees)	Council and Consolidated 30-Jun-23	Council and Consolidated 30-Jun-22
Long Term fund	5.70%	-2.0%
Short Term fund	5.90%	-4.6%

Weighted average effective interest rates	Council and Consolidated 30-Jun-23	Council and Consolidated 30-Jun-22
Term deposits	2.64%	1.12%
Other securities	3.66%	3.16%

Note 11: Investment property

Accounting policy

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value at balance date. Fair Value is the price at which a property could be exchanged by knowledgeable and willing parties in an arm's length transaction. Fair Value is determined annually by the valuation undertaken by independent valuers that hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued. Values for investment properties valued under PBE IPSAS 16 have been assessed primarily on a market related basis where sufficient data is available. For commercial properties, rentals, investment return rates and land improvement levels have been related directly to a wide range of Northland sales evidence, while for rural blocks direct sales analysis has been used.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Breakdown of investment property and further information:

	Note	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Balance at 1 July		74,370	62,516	182,749	155,618
Additions		5,957	5,420	7,634	15,986
Transfers from/(to) assets held for sale	9	987	-	987	-
Transfers from/(to) property plant and equipment - freehold land	13	-	(185)	-	611
Transfers from/(to) property plant and equipment - buildings	13	-	(890)	26	(890)
Movement in lease incentives		-	-	138	(3)
Fair value gains/(losses) on valuation	2(iii)	2,839	7,509	2,566	11,427
Balance at 30 June		84,153	74,370	194,100	182,749

Investment properties valuation - Council

The annual valuation of council's investment properties was performed by Telfer Young (Northland) Limited. The valuation is effective as at 30 June 2023.

Council's investment properties are valued at fair value comprising of ground leases of \$36,698,000 (2022: \$35,284,000); freehold, and lessee's interest, investment properties (land, buildings and improvements) of \$47,455,000 (2022: \$39,086,403).

The fair value of council's investment property has been determined in accordance with PBE IPSAS16 using the income capitalisation method for freehold properties, the discounted cashflow method for leasehold properties, the market based comparison approach for two properties in the vicinity of the Kotuku Street Retention Dam and the investment approach for a commercial development currently in progress. These methods are based upon assumptions including capitalisation rates, future ground lease rental rates, future land value, and an appropriate discount rate.

Capitalisation rate range 5.27% to 9.36% (2022: 4.32% to 9.83%)

Future market rents

+5.60% for five-yearly ground lease rent reviews (2022: 5.25%)

+5.85% for seven-yearly ground lease rent reviews (2022: 5.50%)

+6.85% for 21-yearly ground lease rent reviews (2022: 6.80%)

Annual inflation on land values: 1.75% (2022: 1.5%)

Discount rate: 7.5% (2022: 6.5%)

Investment properties valuation – Marsden Maritime Holdings Limited

Fair value has been determined based on valuations performed as at 30 June 2023, by Telfer Young (Northland) Limited, industry specialists in valuing these types of assets (2022: Telfer Young (Northland) Limited).

Fair Value has been determined by using the discounted cash-flows method, Income capitalisation method, and market-based comparison approach for freehold properties, and the discounted cash-flows method for the Marsden Cove marina and commercial complex.

These methods are based upon assumptions including lease values, appropriate discount rate, capitalisation rates, exit yields, and annual rental cash-flows.

Land available for lease range*: \$40-\$280 per square metre (2022: \$40-\$240 per square metre)

Discount rate range: 7.25% - 12.50% (2022: 6.75% - 10.5%)

Capitalisation rate range: 6.25% - 7.50% (2022: 5.75% - 7.00%)

Exit yield range: 6.75% - 8.25% (2022: 6.75% - 7.75%)

Annual Rental cash flow: \$620,000 - \$1,019,000 (2022: \$617,000 - \$1,000,000)

* Excludes undeveloped land and land designated for a transport corridor which has a value of \$5 per m² (2022: \$5 per m²).

With the exception of a portion of land designated for a transport corridor, the group has no restrictions on the realisability of its investment property.

Capital Commitments

	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Investment Property	0	4,932	10,000	5,634
Total capital commitments	0	4,932	10,000	5,634

Note 12(i): Investments in subsidiary (excluding CCOs) and joint venture company

Accounting policy

Northland Regional Council consolidates as subsidiaries in the group financial statements all entities over which the council may direct the governance policies so as to obtain benefits from the activities of the entity. This power generally exists where Northland Regional Council has an interest of 50% or more of council-controlled organisations or more than one-half of the voting rights on the governing body.

The investment in subsidiaries is carried at cost in the council's parent entity financial statements.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The group recognises its investment in its jointly controlled entity (NorthPort Limited) using the equity method. Under the equity method, the investment in a jointly controlled entity is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the surplus or deficit of the jointly controlled entity after the date of acquisition. The group's share of the surplus or deficit of the jointly controlled entity is recognised in the surplus or deficit. Investments in jointly controlled entities are carried at cost in council's parent entity financial statements.

For jointly controlled assets the council recognises in its financial statements its share of jointly controlled assets, the liabilities and expenses it incurs, its shares of liabilities and expenses incurred jointly, and revenue from the sale or use of its share of the output of the joint venture.

Breakdown of investments in subsidiary (excluding CCOs) and joint venture company:

	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Investment in joint venture company	-	-	57,185	61,448
Shares in Marsden Maritime Holdings Limited (22.14 million shares)	7,828	7,828	-	-
Total investments in subsidiaries (excluding CCOs) and joint venture company	7,828	7,828	57,185	61,448

Council - Investment in Marsden Maritime Holdings Limited

Marsden Maritime Holdings Limited is a listed company. The fair value of these shares, as per the market price at 30 June 2023 is \$4.97 per share (2022: \$5.72 per share). The shares are held at historical cost of \$0.35 cents per share. Council shareholding in Marsden Maritime Holdings Limited is 53.61%.

Summarised financial information of the joint venture company, Northport Limited, is presented below:

	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Current assets	5,739	5,966
Non-current assets	163,739	170,946
Current liabilities	4,233	6,163
Non-current liabilities	48,283	45,237
Net assets	116,962	125,512
Group share of net assets (50%)	58,481	62,756
Other consolidation adjustments	(1,296)	(1,308)
Total Investment in joint venture company	57,185	61,448
Opening carrying value	61,448	51,494
Share of after tax surplus	8,135	8,432
Dividends paid	(8,420)	(9,513)
Share of land revaluation movement	(4,188)	10,174
Share of hedge reserve movement	210	861
Closing carrying value	57,185	61,448
Revenue	40,545	42,577
Net surplus	16,247	16,840
Current period write back in respect of previous inter-entity asset sales	12	12
Total share of joint venture company net surplus (50%)	8,135	8,432

Joint venture commitments and contingencies

Details of any commitments and contingent liabilities arising from the group's involvement in associated companies are disclosed separately in Notes 13 and 21.

Note 12(ii): Investments in council-controlled organisations

Accounting policy

The council's associate investment is accounted for in the group financial statements using the equity method. An associate is an entity over which the 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 is 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 the 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 associate, surpluses or deficits are eliminated to the extent of the group'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 the council's parent entity financial statements.

Breakdown of investments in council-controlled organisations and further information:

	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Investment in Northland Inc Limited (Associate)	64	59	64	59
Investment in Regional Software Holdings Limited (associate)	328	282	328	282
Total investments in council controlled organisations	392	341	392	341

Northland Inc. Limited (Associate)

Northland Inc. Limited is a Limited Company incorporated and registered under the Companies Act 1993 and is a council controlled organisation as defined in section 6 of the Local Government Act. Northland Inc. Limited 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. Limited is classified as an associate as it is considered that council holds significant influence over the financial and operating policies of Northland Inc. Limited due to the fact that council shares joint control of Northland Inc. Limited with Kaipara District Council (33.3%) and Far North District Council (33.3%).

Summarised financial information of Northland Inc. Limited presented on a gross basis:

	Note	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000
Assets		2,120	3,394
Liabilities		1,929	3,218
Revenue		14,589	5,888
Expenditure		14,573	
Accumulated funds		192	176
Total equity		192	176
Council's interest in associate		33.33%	33.33%
Council investment in Associate (before impairment)		64	59

Council impairment in investment in Associate		-	-
Council's investment in Regional Software Holdings Limited in Council parent financial statements		64	59

Regional Software Holdings Limited (Associate)

Regional Software Holdings Limited (RSHL) is a Limited Company incorporated and registered under the Companies Act 1993 and is a council controlled organisation as defined in section 6 of the Local Government Act.

RSHL is an associate of council with a primary objective to provide a framework for collaboration between the shareholders across the regional sector, supporting the procurement or development of shared solutions in a manner that generates consistency and provides a more cost effective alternative than individual councils can achieve on their own.

During the year, RSHL was restructured and adopted a new shareholders agreement and constitution. As part of the RSHL restructure the existing ordinary shares were converted to Class B Shares, and a new single class A share was issued to the existing shareholders and 3 new shareholders; namely Bay of Plenty Regional Council, Gisborne District Council and Hawkes Bay Regional Council.

Council also has 1 Class A share representing a 11.11% shareholding in the IRIS NextGen programme and the other collaborative projects delivered by the Sector Financial Management System.

Council has a 1675 Class B shares representing a 16.75% shareholding in the rights and ownership of the IRIS asset.

RSHL is classified as an associate of council as a member of council's executive leadership team is on the Board of Directors of Regional Software Holdings Limited, and as such it is considered that council has significant influence over the operating and financial policies of Regional Software Holdings Limited.

Summarised financial information of Regional Software Holdings Ltd presented on a gross basis:

	Note	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000
Assets		8,002	5,601
Liabilities		5,084	1,431
Revenue		11,165	7,042
Expenditure		10,808	6,683
Share capital		5,149	5,149
Accumulated funds		(622)	(979)
Total equity		4,527	4,170
Council's effective interest in Associate		13.07%	16.75%
Council investment in Associate (before impairment)		592	698
Council impairment in investment in Associate		(264)	(416)
Council's investment in Regional Software Holdings Limited in Council parent financial statements		328	282

Note 13: Property, plant and equipment

Accounting policy

Property, plant and equipment consists of:

Operational assets – these include land, buildings, plant and equipment, vehicles and vessels.

Infrastructure assets – infrastructure assets are the assets that comprise the Awanui River flood management system and other river management schemes as they are developed, including stopbanks and floodgates.

Buildings and infrastructure assets are measured at fair value less accumulated depreciation. Forest land subject to the Emissions Trading Scheme is the land under the forestry asset and is valued at historical cost. All other land is measured at fair value.

All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluation: Owner occupied freehold land and buildings and infrastructure assets are re-valued with sufficient regularity to ensure that their carrying value does not differ materially from fair value and at least every three years.

Net revaluation results: Net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be first recognised in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions: The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the council and exceeds \$2000 (GST excl), and the cost of the item can be measured reliably. Capital projects in progress are recognised at cost less impairment and are not depreciated.

In most instances an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for nominal cost, it is recognised at fair value as at the date of acquisition.

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 servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Disposals: Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the surplus or deficit. When re-valued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation: Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation and amortisation rates of major classes of assets have been estimated as follows:

- Buildings	5-50 years 1-20%
- Plant, equipment, vehicles and vessels	2-100 years 1-50%
- Infrastructure assets	20-190 years 0.5-5%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Infrastructural assets components include gates, pipes, outlets and stopbanks. Depreciation is not provided for on stopbank components of the infrastructure assets. An asset management plan has been prepared for these schemes.

Impairment of property, plant and equipment: Property, plant and equipment that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment, the asset's recoverable amount is estimated and an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount the total impairment is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or 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, 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.

Value in use for cash generating assets: Cash generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Movements in the carrying value for each class of property, plant and equipment are as follows:

COUNCIL	Freehold Land \$000	Forestry Land \$000	Buildings \$000	Infrastructure \$000	Plant, equipment, vehicles and vessels \$000	TOTAL \$000	Capital work in progress \$000
Year ended 30 June 2022							
Opening net book value	3,795	707	6,550	24,449	4,793	40,294	392
Additions	-	-	4,516	3,551	1,150	9,217	1,200
Disposals* and divested assets	-	-	-	-	(28)	(28)	-
Transfer between asset classes	185	-	890	-	-	1,075	-
Revaluation movement	1,105	-	2,850	2,734	-	6,689	-
Depreciation expense	-	-	(141)	(213)	(1,099)	(1,453)	-
Closing net book value	5,085	707	14,665	30,521	4,816	55,794	1,592
At 30 June 2022							
Assets at cost/valuation	5,085	707	14,665	30,939	13,986	65,382	1,592
Accumulated depreciation	-	-	-	(418)	(9,170)	(9,588)	-
Net book value	5,085	707	14,665	30,521	4,816	55,794	1,592
Year ended 30 June 2023							
Opening net book value	5,085	707	14,665	30,521	4,816	55,794	1,592
Additions	-	-	188	6,290	1,599	8,077	5,818
Disposals* and divested assets	-	-	(595)	-	(65)	(660)	-

Revaluation movement	95	-	187	2,559	-	2,841	-
Depreciation expense	-	-	(295)	(231)	(1,164)	(1,690)	-
Closing net book value	5,180	707	14,150	39,139	5,186	64,362	7,410
At 30 June 2023							
Assets at cost/valuation	5,180	707	14,150	39,139	14,807	73,983	7,410
Accumulated depreciation	-	-	-	-	(9,621)	(9,621)	-
Net book value	5,180	707	14,150	39,139	5,186	64,362	7,410

Depreciation and amortisation expense				Council 30-Jun-23	Council 30-Jun-22
Property, plant and equipment				1,690	1,453
Intangibles		Note 14		44	64
Total				1,734	1,517

* *disposals are reported net after accumulated depreciation*

CONSOLIDATED	Freehold Land \$000	Forestry Land \$000	Freehold Land - Port \$000	Buildings and amenities \$000	Infrastructure \$000	Plant, equipment, vehicles and vessels \$000	TOTAL \$000	Work in progress \$000
Year ended 30 June 2022								
Opening net book value	3,795	707	20,882	15,451	24,449	6,930	72,214	1,278
Additions	-	-	-	4,635	3,551	1,319	9,505	1,362
Disposals* and divested assets	-	-	-	-	-	(273)	(273)	-
Transfer between asset classes	185	-	-	897	-	4	1,086	(807)
Revaluation movement	1,105	-	(2,357)	3,065	2,734	-	4,547	-
Transfer to operations	-	-	-	-	-	-	-	(2)
Depreciation expense	-	-	-	(475)	(213)	(1,308)	(1,996)	-
Closing net book value	5,085	707	18,525	23,573	30,521	6,672	85,083	1,831
At 30 June 2022								
Assets at cost/valuation	5,085	707	18,525	24,843	30,939	17,008	97,107	1,831
Accumulated depreciation	-	-	-	(1,270)	(418)	(10,336)	(12,024)	-
Net book value	5,085	707	18,525	23,573	30,521	6,672	85,083	1,831
Year ended 30 June 2023								
Opening net book value	5,085	707	18,525	23,573	30,521	6,672	85,083	1,831
Additions	-	-	-	263	6,290	1,761	8,314	6,057
Disposals* and divested assets	-	-	-	(595)	-	(66)	(661)	-
Transfer between asset classes	-	-	-	-	-	48	48	(75)
Revaluation movement	95	-	(2,355)	485	2,559	-	784	-
Transfer to operations	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	(634)	(231)	(1,371)	(2,236)	-
Closing net book value	5,180	707	16,170	23,092	39,139	7,044	91,332	7,813
At 30 June 2023								
Assets at cost/valuation	5,180	707	16,170	24,701	39,139	18,038	103,935	7,813
Accumulated depreciation	-	-	-	(1,609)	-	(10,994)	(12,603)	-
Net book value	5,180	707	16,170	23,092	39,139	7,044	91,332	7,813

Depreciation and amortisation expense		Consolidated 30-Jun-23	Consolidated 30-Jun-22
Property, plant and equipment		2,236	1,996
Intangibles	Note 14	44	64
Total		2,280	2,060

* disposals are reported net after accumulated depreciation

Valuation of freehold land and buildings

The most recent valuation of council's freehold land and buildings was performed by Telfer Young (Northland) Limited, and is effective as at 30 June 2023.

Council's land and buildings are valued at fair value of \$19,330,000 (2022: \$19,750,000) using a market-based approach based on a highest and best use approach, whereby the potential market rentals are capitalised to derive a market value of the property. Significant assumptions in the 30 June 2023 valuations include market rentals and capitalisation rates.

- » Market rents range from: \$133.64 to \$325 per square metre
- » Capitalisation rates are market based rates of returns, ranging from 6.51% to 9.10%

If council's freehold land and buildings were measured at depreciated replacement cost, the carrying amount would be \$18,020,000 (2022: \$17,660,000). Council has no restrictions on the realisability of its freehold land and buildings.

Valuation of Freehold Land - Marsden Maritime Holdings Limited

The most recent valuation of Marsden Maritime Holding Limited's freehold land was performed by independent registered valuers, Telfer Young (Northland) Limited (2022: Telfer Young) and is effective as at 30 June 2023.

Marsden Maritime Holdings Limited freehold land is valued at fair value of \$16,170,000 (2022: \$18,525,000) using a market comparison method based on a highest and best use approach considering various market outcomes for land in the Marsden Point area, together with limited, recent sales evidence for the area.

Significant assumptions in the 30 June 2023 valuations include estimated prices per hectare of freehold land in the Marsden Point area.

Price per hectare: \$70,000 to \$170,000

If Marsden Maritime Holdings Limited's freehold land and buildings were measured at depreciated replacement cost the carrying amount would be \$7,487,063 (2022: \$7,359,929).

With exception of a portion of land designated for a transport corridor, Marsden Maritime Holdings Limited has no restrictions on the realisability of its freehold land.

Valuation of Buildings - Marsden Maritime Holdings Limited

The most recent valuation of Marsden Maritime Holdings Limited's buildings was performed by independent registered valuers Telfer Young (Northland) Ltd and is effective as at 30 June 2023.

Marsden Maritime Holdings Limited buildings are valued at fair value of \$2,650,000 (2022: \$2,400,000). As there is no general market to assist in determining the market value of the buildings, the optimised depreciated replacement cost approach methodology was used to establish the cost to replace the buildings having regard to current building costings, and then an allowance for depreciation was deducted.

Valuation of Infrastructural assets - council

The most recent valuation of council's infrastructural assets was performed by independent registered valuers AON Valuation Services. The valuation is effective as at 30 June 2023.

Flood protection assets are valued using the depreciated replacement cost (DRC) method. In using the DRC methodology, age, condition, location, remaining life, optimisation and modern equivalent replacement cost information were collated on individual elements of the flood protection assets (i.e. stop banks, floodgate, spillway, retaining wall, culverts and bridge). Replacement costs were based on the current replacement cost of modern equivalent assets and reviewed by AON staff and compared with contract rates.

In determining the fair value of associated infrastructure land, land has been valued as vacant with assessments to comparable market evidence taking into consideration adjustments for size, contour, location, zoning and designation, current and potential uses. Where it is identified that the land is designated reserve, an appropriate adjustment has been made to reflect the retrieved nature of any future development potential. The basis when valuing designated land is that the land may not be used for any other purpose than is designated with an adjustment made to reflect the value of the chance of any permission being obtained for some other use at some future time.

The remaining life of elements is based on a standard expected economic life for each element type with adjustments dependent on age and condition for each individual element, which may vary from one asset to another.

For the purpose of the 2023 valuation, the assets have been classed as being fully optimised and no discount has been applied to account for any spare capacity.

Core infrastructure disclosure

Included within the council infrastructure assets are the following core council assets:

	Whangārei		Awanui		Kaeo-Whangaroa		Punguru		Total	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Closing book value	8,975	8,539	27,897	19,963	1,058	995	1,208	1,024	39,138	30,521
Acquisitions made by way of:										
Constructed by Council	15	-	6,230	3,500	32	-	12	51	6,289	3,551
Transferred to Council	-	-	-	-	-	-	-	-	-	-
Total Acquisitions	15	-	6,230	3,500	32	-	12	51	6,289	3,551
Most recent cost estimate for revalued assets	8,875	8,374	31,247	16,991	1,127	1,045	1,233	595	42,482	27,005

Capital Commitments

	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Property plant and equipment	2,152	235	2,902	235
Total capital commitments	2,152	235	2,902	235

Capital Commitments represent capital expenditure contracted for at year end but not yet incurred.

Note 14: Intangible assets

Accounting policy

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the council's website are recognised as an expense when incurred.

Carbon Credits

Compensation units received at no cost from the Crown are recognised at fair value at the date of receipt. The credits are recognised when they have been received and are recognised in the surplus.

New Zealand Units are revalued annually with reference to market prices. The net revaluation result is credited or debited to other comprehensive revenue and expense and accumulated to an asset revaluation reserve in equity.

Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit.

Gains and losses on disposal are determined by comparing the disposal proceeds with the carrying amount of the NZU. Gains and losses on disposals are reported in the surplus or deficit.

If at the end of any financial year there has been some deforestation (such as harvesting) that is yet to be replanted, a contingent liability will be disclosed until such time as replanting has occurred. Council's Forest Management Plan prescribes that replanting will always take place subsequent to any harvest.

Easements

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use.

Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually. The cost of an easement is capitalised as part of the asset to which they relate.

Amortisation

Intangible assets that have an indefinite useful life, or are not yet available for use are not subject to amortisation and are tested annually for impairment.

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates for major classes of intangible assets have been estimated as follows:

Computer software: 3-5 years 20-33%

Breakdown of intangible assets and further information:

	Note	Council and Consolidated 30-Jun-23 \$000	Council and Consolidated 30-Jun-22 \$000
Computer software			
Cost - opening balance		4,019	3,952
Accumulated amortisation		(3,947)	(3,883)
Computer software opening carrying amount		72	69
Additions		154	69
Net disposals*		-	(2)
Amortisation charge		(44)	(64)
Total computer software closing balance		182	72
Cost		4,173	4,019
Accumulated amortisation		(3,991)	(3,947)
Total computer software closing balance		182	72
Emission Trading Scheme - New Zealand Units (NZU's)			
Opening balance		1,327	759
Gain/(loss) on revaluation of Emission Trading Scheme - NZU's	20	(629)	568
Total Emission Trading Scheme - NZU's - Closing Balance		698	1,327
Total Intangible Assets		880	1,399

Emission Trading Scheme - New Zealand Units (NZU's)

The council has 291 hectares of pre 1990 forest land. This land is subject to the provisions of the New Zealand emissions trading scheme (ETS). Council will recognise credits received at fair value at balance date. At the end of the financial year council held 17,460 NZ units (2022: 17,460) at \$40 per unit (2022: \$76 per unit) with a total market value of \$698,400 (2022: \$1,326,960).

Carbon credits have been assessed as having an indefinite life because they have no expiry date and will continue to have economic benefit for as long as the Emissions Trading Scheme is in place.

* Disposals are reported net after accumulated depreciation. There are no restrictions over the title of intangible assets and no intangible assets are pledged as security for liabilities.

Note 15: Forestry assets

Accounting policy

Forestry assets are independently revalued, annually, at fair value less estimated point of sale costs.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated point of sale costs, and from a change in fair value less estimated point of sale costs, are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Breakdown of forestry assets and further information:

	Note	Council and Consolidated 30-Jun-23 \$000	Council and Consolidated 30-Jun-22 \$000
Balance at 1 July		4,062	3,703
Gain/(Loss) arising from changes in fair values less estimated point-of-sale costs	2iii	180	359
Balance at 30 June		4,242	4,062

Northland Regional Council owns 311 hectares (2022: 311 hectares) of radiata pine forest which are at varying stages of maturity, ranging from 2 to 28 years.

Valuation assumptions

Independent registered forestry industry consultants, Forme, have valued forestry assets at fair value less estimated selling costs as at 30 June 2023.

In 2023 (and 2022) the fair value of the forest was derived by using the crop expectation value method. Under the crop expectation value approach, the net present value of the forest is calculated by discounting the projected future net cash flow of the tree crop to the valuation date (30 June 2023). The calculated net present value is linked to sales evidence through the application of a discount rate of 8.0% (2022: 8.0%) derived with consideration to the cost of capital of a similar investment and the discount rates released in the 2021 discount rate survey as published in the NZ Journal of Forestry Vol68, No.2. The valuation also uses the standard set of conventions (time, cost, area market) as recommended by the NZ Institute of Forestry. In applying this approach PBE IPSAS 27 requires exclusion of financing, funding and costs related to subsequent crops. Costs and prices are held constant in 2023 NZ dollars, i.e. the net impact of inflation is assumed to be zero.

Note 16: Derivative financial instruments

Accounting policy

Marsden Maritime Holdings Limited use derivative financial instruments such as interest rate swaps to hedge risk associated with interest rate fluctuation.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Designated Cash Flow Hedges

Marsden Maritime Holdings Limited documents at the inception of the transaction the relationship between hedging instrument and hedged item, as well as the risk management objective and strategy for undertaking the transactions. Marsden Maritime Holdings Limited also documents its assessment, both at hedge inception and on an ongoing basis of whether the derivatives that are being used in hedging transactions are highly effective throughout the financial reporting period(s) for which they were designated.

At each reporting period, all designated cashflow hedges are tested for effectiveness. The effective portion of the gain or loss on a hedging instrument is recognised in other comprehensive revenue and expense, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive revenue and expense are reclassified into the surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects the surplus or deficit. However, if it is expected that all or a portion of a loss recognised in other comprehensive revenue and expense will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to the surplus or deficit.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which a fair value hedge accounting is applied, the associated gains or losses that were recognised in other comprehensive revenue and expense will be recognised in the initial cost or carrying amount of the asset or liability.

If a hedging instrument expires or is sold, terminated, or exercised without replacement or roll over or it no longer meets the criteria for hedge accounting, the cumulative gain or loss previously recognised in other comprehensive revenue and expense from the period when the hedge was effective will remain separately in equity until the forecast transaction occurs.

The fair value of a hedge accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current if the remaining maturity of the hedged item is less than 12 months.

Derivatives that do not qualify for hedge accounting

The associated gains or losses on derivatives that are not hedge accounted are recognised in the surplus or deficit.

Note 16(i) Derivative financial instruments:

	Note	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Non current asset portion					
Interest rate swaps - cash flow hedge		-	-	968	672
Total non current asset portion		-	-	968	672
Total derivative financial instrument assets		-	-	968	672

Marsden Maritime Holdings Limited

As at 30 June 2023 Marsden Maritime Holdings Limited had interest rate swaps in place covering 63% (2022: 63%) of the loan principal of \$31,950,000 (2022: \$31,550,000) outstanding with the Bank of New Zealand with interest rates of between 2.92% and 6.79%.

The fair value of interest rate swaps are determined from valuations prepared by independent treasury advisors based on the present value of estimated future cash flows accounting for the terms and maturity of each contract and the current market interest rates at reporting date. Fair values also reflect the current creditworthiness of the derivative counterparty.

Note 16(ii) Cash flow hedge reserve:

	Note	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Movement in Marsden Maritime Holdings Limited (parent) hedging		-	-	296	672
Movement in share of joint venture hedging reserve		-	-	291	1,197
Total movement in hedging reserve before tax		-	-	587	1,869
Taxation on above items		-	-	(164)	(523)
Total movement in hedging reserve after tax		-	-	423	1,346
Balance 1 July				741	(605)
Balance 30 June		-	-	1,164	741
Balance 30 June - Attributable to controlling interest in Marsden Maritime Holdings Ltd	20	-	-	623	396

The cashflow hedge reserve represents the effective portion of the cumulative net change in the fair value of derivatives designated as cash flows hedges.

Note 17: Payables and deferred revenue

Breakdown of payables and deferred revenue and further information:

	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
CURRENT PORTION				
Payables and deferred revenue under exchange transactions				
Payables and accruals	3,655	5,337	4,751	7,183
Revenue received in advance	614	658	614	658
Amounts due to subsidiaries and associates	36	63	-	-
	4,305	6,058	5,365	7,841
Payables and deferred revenue under non-exchange transactions				
Grants payable	12	816	12	816
Other grants and deferred revenue received subject to conditions not yet met	7,396	4,983	7,396	4,983
Other taxes	329	598	341	598

	7,737	6,397	7,749	6,397
Current total payables and deferred revenue	12,042	12,455	13,114	14,238
NON-CURRENT PORTION				
Payables and deferred revenue under non-exchange transactions				
Other grants received and deferred revenue subject to conditions not yet met	296	937	2,445	2,797
Non-current total payables and deferred revenue	296	937	2,445	2,797

Trade and other payables are non-interest bearing and are normally settled on terms varying between seven days and 20th of the month following the invoice date. Therefore, the carrying value of trade and other payables approximates their fair value.

Note 18: Employee entitlements

Accounting policy

Short-term employee entitlements

Employee benefits that are expected to be settled within 12 months of balance date are measured at nominal values 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, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Council recognises a liability for sick leave to the extent that absences in the coming year are anticipated to be taken. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that council anticipates it will be used by staff to cover those future absences.

Council recognises a liability and an expense for bonuses where contractually obliged, or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as retirement have been calculated on an actuarial basis. The calculations are based on the present value of the estimated future cash flows.

Presentation of employee entitlements

Retirement gratuities for employees up to the age of 60 are classified as a non-current liability. All other employee entitlements are classified as a current liability.

Breakdown of employee entitlements and further information:

	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Annual leave	1,993	1,972	2,042	2,019
Accrued salaries and wages	936	741	936	741
Other leave	331	315	331	315
	3,260	3,028	3,309	3,075
Represented by:				
Current benefit liabilities	3,242	3,011	3,291	3,058
Non-current benefit liabilities	18	17	18	17
	3,260	3,028	3,309	3,075

Note 19: Borrowings

Accounting policy

Borrowings on normal commercial terms are initially recognised at their fair value plus any transaction costs.

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

After initial recognition, borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Breakdown of borrowings and further information:

	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Current				
Secured loans	-	-	-	7,550
Total current borrowings	-	-	-	7,550
Non-current				
Local Government Funding Agency - Bond Issuance	18,358	13,958	18,358	13,958
Secured Loans	-	-	31,950	24,000
Total non-current borrowings	18,358	13,958	50,308	37,958

Council

As at 30 June 2023 council has 6 bond issuances (2022: 5) with the Local Government Funding Agency. The first being a \$2,800,000 fixed coupon bond issued at a fixed annual interest rate of 4.86%, maturing on 13 August 2032. The second a \$3,811,000 fixed coupon bond issued at a fixed annual interest rate of 4.77%, maturing on 14 February 2033. The third a \$1,931,000 fixed coupon bond issued at a fixed annual interest rate of 4.72%, maturing on 14 February 2033. The fourth a \$1,016,000 fixed coupon bond issued at a fixed annual interest rate of 4.0%, maturing on 14 February 2033. The fifth a \$4,400,000 fixed coupon bond issued at a fixed annual interest rate of 1.98%, maturing on 14 April 2033, and the sixth a \$4,400,000 fixed coupon bond issued at a fixed annual interest rate of 5.25% maturing on 14 May 2028. Council secures its fixed coupon bonds by granting a security interest in its rates revenue set and assessed under the Local Government Rating Act 2002.

The total fair value of council's debentures and bond issuances at 30 June 2023 is \$17,285,992 (2022: \$13,110,581).

There are a number of covenants included within the loan agreement with LGFA. No breach of these loan covenants has occurred during the year.

Marsden Maritime Holdings Limited

As at 30 June 2023 Marsden Maritime Holdings Limited has access to funding facilities with the BNZ totalling \$40,500,000 (2022: \$40,000,000) of which \$31,950,000 (2022: \$31,550,000) was drawn down at this date. The remainder of the loan facility is able to be drawn down on request subject to the company being in compliance with undertakings in respect to the facility. A \$14,000,000 tranche of the funding facility is due to mature on 31 August 2024.

Interest rates are determined by reference to prevailing money market rates at the time of draw-down plus a margin. Interest rates (excluding establishment and line fees) paid during the year ranged from 3.88% to 6.93% (2022: 1.32% to 4.16%).

The loan facility is secured by a first ranking mortgage over all of Marsden Maritime Holdings Ltd's property interests.

Note 20: Equity

Accounting policy

Equity is the community's interest in the council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

- » Accumulated funds
- » Reserves
 - » Asset revaluation reserve
 - » Fair value through other comprehensive revenue and expense reserve
 - » Hedging reserve
 - » Special reserves.

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

The Asset revaluation reserve relates to the revaluation of property, plant and equipment and intangible assets to fair value.

The fair value through other comprehensive revenue and expense reserve comprises the cumulative net change in fair value of assets classified as fair value through other comprehensive revenue and expense.

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

Special reserves include reserves established by the council (and may be altered at the discretion of council) to isolate funds put aside for a specific purpose, and other reserves restricted by law and reflect targeted rates that must be applied to the specific activities for which the rates were collected.

Breakdown of equity and further information:

	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Accumulated funds				
As at 1 July	139,015	157,900	179,056	194,983
Surplus/(deficit) for year	12,099	14,387	12,784	17,345
Net transfers from/(to) special reserves	7,862	(33,272)	7,862	(33,272)
As at 30 June	158,976	139,015	199,702	179,056

Reserves	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Asset revaluation reserve				
As at 1 July	7,000	2,408	46,994	38,096
Revaluation gains/(losses) - buildings and amenities	187	1,372	347	1,487
Revaluation gains/(losses) - land	95	1,105	(3,412)	5,296
Revaluation gains/(losses) - infrastructure assets	2,559	1,547	2,559	1,547
Revaluation gains/(losses) - carbon credits	(629)	568	(629)	568
As at 30 June	9,212	7,000	45,859	46,994
Asset revaluation reserve attributable to:				
Land	2,982	2,887	39,354	42,766
Buildings and amenities	1,559	1,372	1,834	1,487
Infrastructure assets	4,106	1,547	4,106	1,547
Carbon credits	565	1,194	565	1,194
Total Asset revaluation reserve	9,212	7,000	45,859	46,994
Special reserves				
As at 1 July	63,923	30,651	63,923	30,651
Transfers from/(to) accumulated funds	(7,862)	33,272	(7,862)	33,272
As at 30 June	56,061	63,923	56,061	63,923
Cashflow hedge reserve				
As at 1 July	-	-	397	(325)
Fair value gains/(losses) recognised	-	-	226	721
As at 30 June	-	-	623	396
Total Reserves	65,273	70,923	102,543	111,313
Non-controlling interest	-	-	75,421	77,528
Total Equity	224,249	209,938	377,666	367,897
Non-controlling interest				
Balance at 1 July			77,528	70,475
Share of total comprehensive revenue and expense attributable to the non controlling interest in Marsden Maritime Holdings Limited			957	10,358
Dividends paid			(3,064)	(3,305)
Balance at 30 June			75,421	77,528

Information about reserve funds held for a specific purpose is provided below:

Note 20 continued	Activities to which the reserve relates	Balance at 30 June 2023 \$000	Balance at 30 June 2022 \$000
Land management reserve	Land and Biodiversity	1,784	833
Awanui river reserve	River management	126	(111)
Kaihū river reserve	River management	93	53
Kāeo-Whangaroa rivers reserve	River management	290	258
Whangārei urban rivers reserve	River management	(7,074)	(7,671)
Kerikeri-Waipapa rivers reserve	River management	-	18
Property reinvestment reserve	Economic development	26,105	31,318
Equalisation fund reserve	All	4,884	2,286
Hātea river maintenance reserve	Harbour safety and navigation	19	59
Investment and growth reserve	Economic development	189	80
Economic development reserve	Economic development	17,845	16,836
Regional projects reserve	All	14,345	14,125
Whangārei transport reserve	Transport	430	(63)
Emergency services reserve	Community representation and engagement	117	53
Approved carry forwards reserve	All	552	1,573
Flood infrastructure reserve	River management	(3,212)	(812)
Kāeo-Whangaroa Rivers flood infrastructure reserve	River management	68	54
Awanui River flood infrastructure reserve	River management	(852)	81
Whangārei Rivers flood infrastructure reserve	River management	154	100
Taumārere River flood infrastructure reserve	River management	(103)	162
Far North transport reserve	Transport	559	451
Regional Sporting Facilities reserve	Economic development	2,021	1,316
Opex reserve	All	1,752	2,566
Capital Subsidy reserve	CDEM	828	0
Kaipara Moana remediation reserve	Kaipara Moana remediation programme	290	358
Enterprise System Reserve	Enterprise System	(3,687)	-
Vessel replacement reserve	Harbour safety and navigation	(1,951)	-
CDEM joint emergency centre reserve	CDEM joint emergency centre	489	-
Total Special Reserves		56,061	63,923

Purpose of each reserve fund:

Land Management Reserve

This reserve was created to set aside Land Management rates collected but not fully used in any given year. While the land management reserve maintains a positive balance, it can be used to fund emergency events such as remedial storm expenditure on a case-by-case basis.

River and Flood Infrastructure Reserves

The Awanui, Kaihu, Kāeo -Whangaroa, Kerikeri-Waipapa and Whangārei urban and Taumāre river reserves and flood infrastructure reserves represent accumulated targeted river management rates and targeted flood infrastructure rates collected and unspent in any given year to cover:

- » Any future funding shortfalls in respect to the maintenance and operation of existing river flood management schemes (river reserves)
- » Any future funding shortfalls relating to the development, maintenance and operation of new flood infrastructure schemes (flood infrastructure reserves)

This keeps the surpluses/ deficits in the appropriate activity separate from other activities. Any deficit balance in these reserves will be restored to a positive balance from future targeted river management and flood infrastructure rates collected from the rate payers within the area of benefit identified in the respective flood management plans.

Property Reinvestment Reserve

This reserve was established to represent the proceeds of commercial property sales and acquisitions and includes the proceeds of a special dividend (capital) payment made by the Marsden Maritime Holdings Limited. This reserve represents general funds invested in council's long term and short term investment funds that are set aside to be reinvested in income-producing assets, pending the identification of approved property investments.

Equalisation Fund Reserve

This reserve was created to represent accumulated surplus forestry income (after accounting for the cost of any forestry maintenance) arising in any year. These reserved funds are intended to provide future funding of councils general operating activities with a view to smoothing future rating increases. It is further intended that these reserved funds be used to fund the self insurance of forestry infrastructure and the cost of forestry operations in non-harvesting years.

Hātea River Maintenance Reserve

This reserve was created to represent a component of the council services rate specifically levied across the Whangārei constituency, which is set aside to ensure funding is in reserve and immediately available if dredging of the Hātea river is required. The funds may be applied to the following:

1. Ongoing maintenance and dredging
2. Disposal of dredged spoil material
3. The provision of an annual hydrographic survey of the river.

The reserve is to be maintained at a targeted fund of up to \$400,000.

Investment and Growth Reserve

This reserve was created to represent the investment income set aside and held in reserve to fund activities and projects that contribute towards economic well-being in accordance with set criteria.

Economic Development Reserve

This reserve was established to represent funds held in council's long-term investment fund that are reserved to support Northland's economic development activities including investment in community infrastructure.

Civil Defence and Emergency Management (CDEM) Joint Emergency Centre Reserve

This reserve represents the shortfall in funding relating to the CDEM joint emergency centre. Any deficit balance in this reserve will be restored to a positive balance from future rates collected. From then on any rates collected over the life of the program will accumulate and be held to repay the borrowing at the end of the loan term.

Vessel Replacement Reserve

This reserve represents the shortfall in funding relating to the required contribution to the construction of new maritime vessels. Any deficit balance in this reserve will be restored to a positive balance from future rates collected. From then on any rates collected over the life of the program will accumulate and be held to repay the borrowing at the end of the loan term.

Regional Projects Reserve

This reserve was established to represent funds invested in council's long-term investment fund, and earmarked for approved infrastructure and economic development investments, with a view to stabilising the impact of large irregular infrastructure projects on council's income and capital requirements. This reserve helps manage and spread the costs of approved infrastructure and economic development investment projects and is also intended to provide more flexibility around when such large capital intensive projects can commence. The income from this reserve represents funds available for operational spend for other activities where needed.

Whangārei and Far North Transport Reserves

This Whangārei transport reserve and the Far North transport reserve represent accumulated targeted Whangārei transport and Far North transport rates collected and unspent in any given year to cover any future funding shortfalls of their respective transport services. Any deficit balance in these reserves will be restored from future targeted rates collected from ratepayers in the Whangārei district (Whangārei transport rates) and Far North district (Far North transport rates).

Emergency Services Reserve

This reserve represents any accumulated targeted Emergency Services rates collected and unspent in any given year, and held in reserve to cover any future funding shortfalls of Emergency Services funding.

Approved Carry Forwards Reserve

This reserve represents amounts approved to be carried forward from one financial year to the next to enable specific work programmes to be completed. All carry forwards are approved by way of council resolution.

Flood Infrastructure Reserve

This reserve was created to hold any targeted flood infrastructure rates relating to new flood protection capital programmes, identified in the infrastructure strategy, that were collected and unspent in any given year. These unspent rates will cover any future funding shortfalls in the new flood protection capital programmes.

Regional Sporting Facilities Reserve

This reserve represents accumulated targeted regional sporting facilities rates collected and unspent in any given year, and held in reserve to contribute to any future funding shortfalls of regional sporting facilities funding.

Opex reserve

This reserve was established to ensure the stability of work programs, employment and ongoing day to day operations of the council by ensuring that the portion of annual operating costs that is intended to be funded from gains derived from council's managed funds is in reserve to cover any unanticipated loss in council funding arising from adverse economic condition's or volatility in financial markets.

Capital Subsidy Reserve

This reserve represents capital subsidies received by council to offset the future costs associated with capital projects.

Kaipara Moana Remediation Reserve

This reserve represents the shortfall in funding relating to the required contribution to the Kaipara Moana Remediation program. Any deficit balance in this reserve will be restored to a positive balance from future rates collected. From then on any rates collected over the life of the program will accumulate and be held to repay the borrowing at the end of the loan term.

Enterprise System Reserve

This reserve represents the shortfall in funding relating to the enterprise system. Any deficit in this reserve will be restored to a positive balance from future rates collected.

Note 21: Contingencies

21(i): Contingent liabilities

	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Bonds	-	-	75	75
	-	-	75	75

Council

Northland Regional 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 Standard and Poor's Global Ratings of AAA and a foreign currency rating of AA+ and a local currency rating and foreign currency rating of AA+ from Fitch.

Accounting Standards require the council to initially recognise the guarantee liability by applying the 12-month expected credit loss model (as fair value could not be reliably measured) and subsequently at the higher of the provision for impairment at balance date determined by the expected credit loss model and the amount initially recognised. At the end of financial year, the council have assessed the 12-month expected credit losses of the guarantee liability, based on market information of the underlying assets held by the NZLGFA. The estimated 12-month expected credit losses are immaterial due to the extremely low probability of default by the NZLGFA in the next 12 months, and therefore, the council have not recognised a liability.

As at 30 June 2023, the Council is one of 71 local authority guarantors of the NZLGFA. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2023, NZLGFA had borrowings totalling \$17,684m (2022: \$15,789m).

The 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; and
- » 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.

Other Legal Claims

At year end council was defendant in a number of other legal claims that had not been heard before the court or ruled upon which may result in a liability should council not successfully defend the claims. The amount claimed or the maximum potential exposure for the council is not considered material and excludes any interest or costs that may be claimed if these cases were decided against council.

Marsden Maritime Holdings Limited

At Balance Date, Marsden Maritime Holdings Limited was aware of the following Contingent Liabilities:

1. To the Bank of New Zealand for a \$75,000 (2022: \$75,000) Bond given by them to the New Zealand Stock Exchange.

21(ii): Contingent assets

At 30 June 2023 the group has no contingent assets (2022: Nil).

21(iii): Investment commitments

At 30 June 2023 council had uncalled committed capital relating to its investment in private equity fund managers of \$7,589,239 (2022: \$9,626,589).

Note 22: Related party transactions

Related party disclosures have not been made for transactions with entities with the council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between entities and are on normal terms and conditions for such group transactions.

There are no related party transactions with any associate, subsidiary or key management personnel requiring disclosure.

Key Management Personnel Compensation

Key management personnel includes all the elected and independent (non-elected) representatives of council, the chief executive and senior management leadership team. Due to the difficulty in determining the full time equivalent for councillors and the independent members of council, the full time equivalent figures are taken as the number of councillors and independent members.

	Note	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Key management personnel compensation					
Directors/councillor remuneration	4	708	733	1,274	1,016
Independent (non elected) members of the Council remuneration		40	40	40	40
Senior management team including the Chief Executive remuneration		1,251	1,393	2,291	2,255
Total key management personnel compensation		1,999	2,166	3,605	3,311
Councillors - full time equivalent members					
Councillors - full time equivalent members		9	9		
Independent (non elected) members of the Council - full time equivalent		2	2		
Senior management team including the Chief Executive - full time equivalent		6.90	7.00		
Total key management personnel full time equivalent		17.90	18.0		

Note 23: Events after balance sheet date

Subsequent to balance date, Marsden Maritime Holdings Limited declared a fully imputed dividend of 7.5 cents per share to be paid on 29 September 2023.

In September 2023, one investment property purchase agreement settled.

There were no other significant events after balance date.

Note 24: Financial instruments

Note 24A: Financial instrument categories

	Note	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
FINANCIAL ASSETS					
Derivatives that are hedge accounted					
Derivative financial instrument assets	16(i)	-	-	968	672
Financial assets at amortised cost					
Cash on hand and at trading banks	6	1,336	4,415	1,409	4,645
Term deposits	6,10	12,242	6,852	12,242	6,852
Local government funding agency borrower notes	10	373	263	373	263
Debtors and other receivables	7	8,436	6,362	8,929	6,623
Other loans	10	1,922	2,891	1,922	2,891
Total financial assets at amortised cost		24,309	20,783	24,875	21,274
Financial assets at fair value through surplus or deficit					
Other financial assets:					
Income funds	10	23,941	32,705	23,941	32,705
Equity Funds	10	40,381	40,185	40,381	40,185
Listed shares	10	-	-	392	348
Total financial assets at fair value through surplus or deficit		64,322	72,890	64,714	72,238
FINANCIAL LIABILITIES					
Financial liabilities measured at amortised cost					
Creditors and other payables	17	12,338	13,392	15,559	17,035
Borrowings:					
Local government funding agency - bond issuance	19	18,358	13,958	18,358	13,958
Bank loan	19	-	-	31,950	31,550
Total financial liabilities measured at amortised cost		30,696	27,350	65,867	62,543

Note 24B: Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- » Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- » Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- » Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

Financial assets at fair value through surplus or deficit and financial assets at fair value through other comprehensive revenue and expense are classified as level 1.

Note 24C: Financial instrument

The council's and group's activities expose it to a variety of financial instrument risks including market risk, credit risk, interest rate risk and liquidity risk. The council and group has a series of policies to manage the risks associated with financial instruments and its treasury activities.

The council has an approved liability management policy and an investment policy for its investments. These policies do not allow any transactions that are speculative in nature to be entered into and manages council's exposure in respect to liquidity risk, credit risk, price risk and interest rate risk.

The council also has investments in externally managed funds and administers these funds with overarching independent investment advice from Eriksens Global Limited. These two funds are administered in accordance with council's Statement of Investment Policies and Objectives (SIPO). The SIPO and any changes to it are approved by council. Monthly performance reporting on the two funds is prepared by Eriksens Global Limited, and any breach of compliance with the SIPO is also reported monthly to council's investment subcommittee.

Price risk

Price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Equity securities price risk arises on listed share investments. For council this only includes security investments in its externally managed funds. Price risk can be minimised through diversification. At 30 June 2023 council's externally managed investment funds were diversified over 17 fund managers (2022: 18). The use of a wide range of fund managers with different mandates and different asset allocations asset allocations, and that no single fund manager is permitted to hold more than 20% of the aggregated sum of the Long-Term Investment fund mitigates council's price risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council's exposure to currency risk is provided below:

	Council 30-Jun-23 \$000	Council 30-Jun-22 \$000	Consolidated 30-Jun-23 \$000	Consolidated 30-Jun-22 \$000
Long Term Fund: Investments in				
Blackrock Fixed Income Global Opportunities Fund	598	608	608	608
Continuity Capital Fund (No.5) & (No.7)	2,406	1,880	1,880	1,880
MLC Private Equity Fund (II) & (III)	1,523	1,551	1,551	1,551
Schroders Real Return +5% Fund	3,562	4,152	4,152	4,152
Federation Alternative Fund	1,200	974	974	974
Ferret ILS Fund	671	686	686	686
Nanuk New World Fund	972	912	912	912
CPE Capital (No.9)	135	65	65	65
Total exposure to currency risk	11,067	10,828	10,828	10,828

Currency risk is mitigated by limiting investments in non-NZD denominated funds to a maximum of 20% of the aggregated sum of the Long-Term Investment fund. Council (via its CEO) manages currency risk associated with non-NZD denominated investments (currently AUD) with consideration to the views of council's independent financial advisor, independent risk advisor, and independent investment advisor.

Marsden Maritime Holdings Limited foreign exchange risk is considered minimal.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Northland Regional Council's exposure to fair value interest rate risk is limited to its interest-bearing investments within the portfolio and its \$18.4M borrowings in the form of Local Government Funding Agency fixed coupon bonds.

Interest rate risk

Interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments issued at variable interest rates expose the council and group to cash flow interest rate risk.

Council's long-term borrowing and long-term deposit investments are at a fixed rate. Marsden Maritime Holdings Limited exposure to interest rate risk stems from its portion of long-term debt obligations that are uncovered by hedging arrangements and therefore have a floating interest rate. At 30 June 2023 the unhedged portion of its long term debt obligations was \$11,950,000. Interest rates paid during the year on this amount ranged from 3.88% to 6.93%.

Marsden Maritime Holdings Limited also has an indirect exposure to variable interest rate risk via its holding in joint venture company Northport Limited. This entity periodically enters into cashflow hedges to hedge the risk associated with fluctuations in interest rates.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the council and group, causing it to incur a loss. Due to the timing of council's cashflows and outflows, surplus cash is invested into term deposits and externally managed funds.

The council's investments in term deposits, are invested in accordance with its Treasury Management Policy as determined by the Standard and Poor's credit ratings. Where relevant, the minimum long term credit rating can be no lower than BBB and the maximum exposure of council's portfolio rated less than A- can not exceed 20%.

The council is exposed to credit risk as a guarantor of all of NZLGFA's borrowings. Information about this exposure is explained in note 21.

The credit risk associated with council's externally managed funds is minimised by setting maximum portfolio limits on each class of investment and specific limits on each Fund Manager. Council's SIPO ensures credit risk of each fund manager and the overall fund is managed within acceptable parameters.

Marsden Maritime Holdings Limited manages its credit exposure by only trading with recognised, credit-worthy parties and by limiting the amount of funds placed with any one financial institute at any one time. Accordingly, the group has no significant concentrations of credit risk.

Maximum exposure to credit risk

The council and group's maximum credit risk exposure for each class of financial asset is the carrying value set out in the table in Note 24A.

Debtors and other receivables arise mainly from the council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the 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 council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through the investment portfolio. The council's treasury management policy ensures the sum of external debt, liquid funds and available committed bank facilities are at least 110% of external debt.

The council is exposed to liquidity risk as a guarantor of all of NZLGFA's borrowings. This guarantee becomes callable in the event of the NZLGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 21.

Marsden Maritime Holdings manages its exposure to liquidity risk by maintaining a balance continuity of funding and flexibility through the use of bank loans, overdrafts and committed available credit lines. As at 30 June 2023 Marsden Maritime Holdings Limited had access to BNZ funding totalling \$40.5m of which \$31.95m was drawn down at year end (2022: \$31.55m).

Contractual maturity of financial liabilities

The table below analyses council and group's financial liabilities into relevant maturity groupings, based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and

include interest payments. The council's treasury management policy limits the level of borrowing that matures within the next three years to 60% of the total borrowing, unless any borrowings are funded by a specific targeted rate in which case the corresponding maximum maturity profile in any one year is 100%.

	Carrying Amount \$000	Contractual Cash Flows \$000	Less than 1 Year \$000	1 - 2 Years \$000	2 - 5 Years \$000	More than 5 Years \$000
Council 2023						
Creditors and other payables	12,338	12,338	12,042	296	-	-
Local Government Funding Agency - Bond Issuance	18,358	24,600	768	1,536	6,444	15,852
Total	30,696	36,938	12,810	1,832	6,444	15,852
Group 2023						
Creditors and other payables	15,559	15,559	13,114	2,445	-	-
Secured bank facility	31,950	34,434	1,277	33,157	-	-
Local Government Funding Agency - Bond Issuance	18,358	24,600	768	1,536	6,444	15,852
Total	65,867	74,593	15,159	37,138	6,444	15,852
Council 2022						
Creditors and other payables	13,392	13,392	12,455	937	-	-
Local Government Funding Agency - Bond Issuance	13,958	19,610	537	1,074	1,611	16,388
Total	27,350	33,002	12,992	2,011	1,611	16,388
Group 2022						
Creditors and other payables	17,035	17,035	14,238	2,797	-	-
Secured bank facility	31,550	34,039	8,735	25,304	-	-
Local Government Funding Agency - Bond Issuance	13,958	19,610	537	1,074	1,611	16,388
Total	62,543	70,684	23,510	29,175	1,611	16,388

Sensitivity analysis

The table below illustrates the potential effect on the surplus/deficit and equity (excluding accumulated funds) for reasonably possible market movements with all other variables held constant based on the council's and group's financial instrument exposures at balance date.

Sensitivity analysis	2023				2022			
	+100bps		-100bps		+100bps		-100bps	
	Surplus \$000	Other Equity \$000	Surplus \$000	Other Equity \$000	Surplus \$000	Other Equity \$000	Surplus \$000	Other Equity \$000
COUNCIL								
Total sensitivity to interest rate risk	783	-	(783)	-	844	-	(844)	-
GROUP								
Total sensitivity to interest rate risk	674	-	(674)	-	731	-	(731)	-

Borrowings

Council has \$18.4M of external borrowings in the form of Local Government Funding Agency fixed coupon bonds. The rate of interest payable is fixed for the life of the borrowings and is not affected by rising or falling interest rates.

Note 24D: Capital management

The council's capital is its equity (or ratepayers' funds), which comprises accumulated funds 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. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the council. Intergenerational equity requires today's ratepayers to meet the costs of using the council's assets and not expecting them to meet the full costs of long term assets that will benefit ratepayers in future generations. Additionally, the council has in place asset management plans for major classes of assets, detailing renewal and maintenance programs to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the council to make adequate and effective provision in its long term plan and its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out under funding and financial policies in council's long term plan.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves. Refer to Note 20 for a list of council's reserves. Self-insurance reserves are built up annually from regional-wide or sometimes targeted rates and are made available for specific unforeseen events. The release of these funds is approved by council.

Wāhanga tuawha: Ngā Whakaturanga ā Ture

Section four: Legislative disclosures



Other legislative disclosures

Rating base information

The following rating base information for Northland Regional Council is disclosed based on the rating base information at the end of the preceding financial year:

	TOTAL	
	30-Jun-23	30-Jun-22
The number of rating units within council's region at 30 June:	101,541	99,526
The total capital value of rating units within council's region at 30 June:	\$72,951,752,332	\$61,345,616,040
The total land value of rating units within council's region at 30 June:	\$38,332,982,482	\$31,662,410,950

Insurance of assets

At 30 June 2023 council had assets covered by full replacement insurance of \$127,621,799 (2022: \$84,784,787) and indemnity insurance of \$70,000 (2022: \$70,000). At 30 June 2023 there are no assets self insured.

Internal borrowings

S112(b)(iii) of the Local Government Act defines borrowing as the use for any purpose, of funds received or invested by the local authority for any other purpose. Schedule 10(27) requires council to disclose internal borrowing, including the amount of the borrowings, funds borrowed and repaid during the year and the amount of any interest paid (if any) in relation to the internal borrowing by each group of activity.

A summary of internal borrowing by each group of activity is provided in the following table:

	Opening balance 1-Jul-22 \$000	Funds borrowed 2022/23 \$000	Funds repaid 2022/23 \$000	Change to external borrowing 2022/23 \$000	Closing balance 30-Jun-23 \$000	Interest charged 2022/23 \$000
River management	-	-	-	-	-	-
Transport	64	-	(64)	-	-	-
TOTAL	64	-	(64)	-	-	-

Council funding impact statement

Period ending 30 June 2023

	Annual Plan 2021/22 \$000	Actual 2021/22 \$000	Annual Plan 2022/23 \$000	Actual 2022/23 \$000
Sources of operating funding				
General rates, uniform annual general charges, and rates penalties	-	495	-	559
Targeted rates	37,574	38,110	42,795	42,956
Subsidies and grants for operating purposes	14,333	10,971	15,559	11,072
Fees and charges	4,446	4,956	4,310	5,907
Interest and dividends from investments	3,261	4,191	3,709	8,152
Local authorities fuel tax, fines, infringement fees and other receipts	12,265	3,096	7,803	3,439
TOTAL OPERATING FUNDING	71,879	61,819	74,176	72,085
Applications of operating funding				
Payments to staff and suppliers	64,069	60,371	66,334	66,558
Finance costs	747	528	1,102	555
Other operating funding applications	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	64,816	60,899	67,436	67,113
Surplus/(deficit) of operating funding	7,063	920	6,740	4,972
Sources of capital funding				
Subsidies and grants for capital purposes	-	5,620	-	5,799
Increase/(decrease) in debt	2,468	-	13,596	4,400
Gross proceeds from sale of assets	-	30,068	-	595
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	2,468	35,687	13,596	10,794
Applications of capital funding				
Capital expenditure:				
to meet additional demand	-	-	-	-
to improve levels of service	16,405	17,112	25,530	16,869
to replace existing assets	1,682	1,333	3,332	3,709
Increase/(decrease) in reserves	(83)	33,272	7,856	(7,862)
Increase/(decrease) of investments	(8,473)	(15,110)	(16,382)	3,050
TOTAL APPLICATIONS OF CAPITAL FUNDING	9,531	36,607	20,336	15,766
Surplus/(deficit) of capital funding	(7,063)	(920)	(6,740)	(4,972)
FUNDING BALANCE	-	-	-	-

Reconciliation to the statement of comprehensive revenue and expense

Period ending 30 June 2023

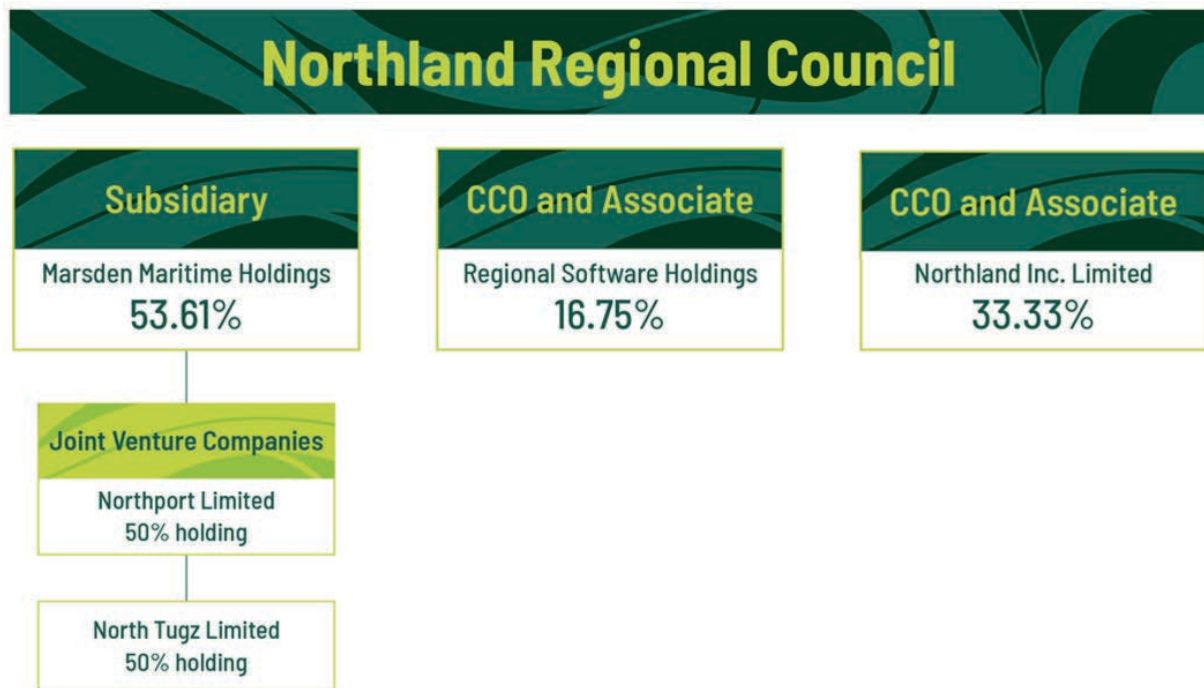
	Annual Plan 2021/22 \$000	Annual Report 2021/22 \$000	Annual Plan 2022/23 \$000	Actual 2022/23 \$000
Capital expenditure included above, not in comprehensive revenue and expense	18,087	18,445	28,861	20,578
Investment movements included above not in comprehensive revenue and expense	(8,473)	(15,110)	(16,381)	3,050
Other gains included in Other Comprehensive Revenue and expense not included above	-	4,592	-	2,212
Gross proceeds included above, but not in comprehensive revenue and expense	-	(30,068)	-	(595)
Gains on asset disposals included in comprehensive revenue and expense	-	(1,075)	-	21
Financial assets fair value adjustments included in comprehensive income but not above	(100)	-	(1)	(34)
Revaluation adjustments not included above, but in comprehensive revenue and expense	-	9,397	-	3,019
Infrastructure asset revaluation adjustments included in comprehensive income but not above	-	1,187	-	-
Share of associate surplus/(deficit) and impairment included in comprehensive income but not above	-	(145)	-	51
Reversal of impairment included in comprehensive income but not above	-	-	-	5
Proceeds from borrowing included above not in comprehensive revenue	-	-	-	-
Transfers to/from special reserves included above, but not in comprehensive revenue and expense	(83)	33,272	7,856	(7,862)
Increase/(decrease) in debt included above but not in comprehensive income	(2,468)	-	(13,596)	(4,400)
Depreciation and amortisation expense not included above, but in comprehensive revenue and expense	(1,986)	(1,517)	(2,385)	(1,734)
Total comprehensive revenue and expense per the statement of comprehensive revenue and expense	4,977	18,979	4,354	14,311

Wāhanga tuarima: CCOs me ngā Kamupene

Section five: CCO's and Subsidiaries



Group structure



A council-controlled organisation (CCO) is a company or organisation in which a council or councils hold 50% or more of the voting rights or can appoint 50% or more of the trustees, directors or managers. A council-controlled trading organisation (CCTO) is a company or organisation that operates a trading operation for the purpose of making a profit.

CCOs and CCTOs are required to complete a Statement of Intent and report against their policies, objectives and performance in their annual reports unless an exemption has been granted.

This section provides the information required under the Local Government Act 2002 for Northland Inc. Limited and Regional Software Holdings Limited. Marsden Maritime Holdings Limited is also a subsidiary organisation but is exempt from the CCO provisions of the Local Government Act 2002 and is not required to publish a Statement of Intent.

Marsden Maritime Holdings Limited

Company operations and ownership

Marsden Maritime Holdings Ltd (known as Northland Port Corporation (NZ) Ltd until August 2014) is a designated port company formed under the Port Companies Act 1988, which required harbour boards to form companies to take over commercial, port-related assets of the Boards. In Northland's case, the company's assets include substantial land-holdings at Marsden Point.

The company is registered under the Companies Act 1993 and is domiciled and incorporated in New Zealand. In 1992 the company's shares were listed on the New Zealand Stock Exchange. Northland Regional Council currently holds 53.61% of the share capital, whilst Ports of Auckland Ltd holds 19.9%. The balance of shares is held by members of the public. The council may review its shareholding in the company as part of its triennial long-term planning process.

In 2002, in a 50/50 joint venture with Port of Tauranga, associate company Northport Ltd was formed and a new cargo terminal at Marsden Point was developed. Northport Ltd operates the deep water commercial port facility situated at the entrance to Whangārei Harbour, making it the northern-most multi-purpose port in New Zealand, and the closest port to the majority of New Zealand's international markets. More information about Northport Ltd is available at www.northport.co.nz

In 2014, the company purchased the Marsden Cove Marina, comprising 236 berths, adjoining commercial buildings, and land. Marsden Maritime Holdings Ltd (MMHL) is a stakeholder of Marsden Cove Canals Management Ltd (MCCML), which administers the waterways within the Marsden Cove marina development. MCCML is an IRD approved charitable entity with budgeted expenditure met by dividing costs across all canal users. Due to the nature of this entity it has not been consolidated with MMHL in its financial statements.

The Board of Directors of MMHL is elected by the shareholders to supervise the management of the company and its associates in the best interests of shareholders. The Board has several key functions which are:

- » The establishment of business objectives, strategies and policies.
- » The approval of annual capital and operating budgets.
- » The appointment of a Chief Executive to manage the day to day operations of the company within the established framework.
- » The ongoing monitoring of management performance in relation to the goals established for that purpose.

The Board currently has six members. Under the company's constitution, one-third (or the number nearest to one third) of the directors retire by rotation each year. Northland Regional Council participates in the process of appointing directors by:

- » Identifying potential candidates;
- » Nominating candidates for election; and
- » Voting for preferred candidates at the company's annual general meeting.

Current information about the company's Board of Directors, governance structure and its organisation framework is available at www.marsdenmaritime.co.nz/about/

Company financial data

MMHL is deemed a "strategic asset" of the council, as provided for in section 5 of the Local Government Act 2002, but the Act also specifically provides that designated port companies and their subsidiaries are not council-controlled organisations. MMHL is therefore not required to provide to the council a statement of corporate intent nor submit budget estimates.

Company	Holding at 30 June 2023	Main activity
Northport Limited	50.0%	Port operating company

Marsden Maritime Holdings Ltd

53.61% Northland Regional Council
19.90% Ports of Auckland Ltd
26.49% other Shareholders

Northport Ltd

50% Marsden Maritime Holdings Ltd
50% Port of Tauranga Ltd

North Tugz Ltd

50% Northport Ltd
50% Ports of Auckland Ltd

FLOWCHART NOTES

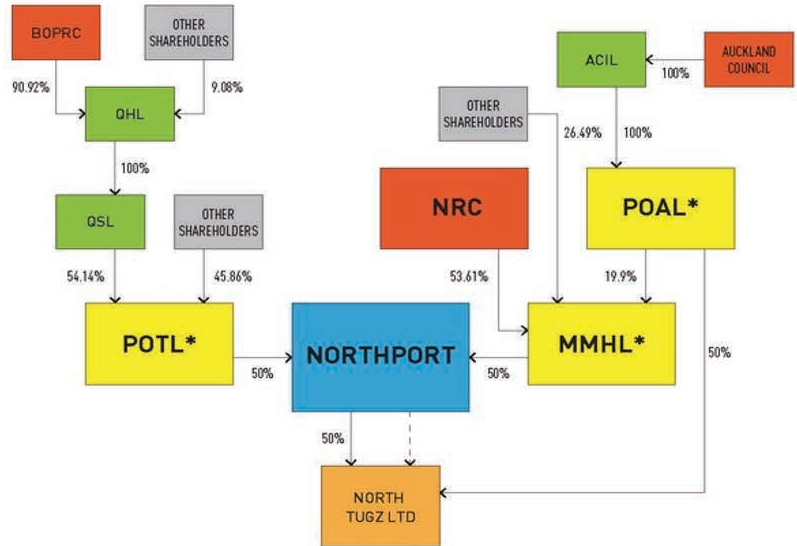
—————> Ownership (in whole or part)
-----> Customer relationship

Abbreviations

BOPRC = Bay of Plenty Regional Council
QHL = Quayside Holdings Ltd
QSL = Quayside Securities Ltd
ACIL = Auckland Council Investments Ltd
POTL = Port of Tauranga Ltd
MMHL = Marsden Maritime Holdings Ltd
POAL = Ports of Auckland Ltd
NRC = Northland Regional Council

Percentages shown indicate how much the parent entity owns of the connected entity.
Not all minor shareholders are shown.

* Designated port companies



Northland Inc. Limited

About this council-controlled organisation (CCO)

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 2022-25 Statement of Intent as the organisational objectives.

Pou	Objective
Pou Tahī: Māori Economic Development - "Āe Mārika"!	To respect and implement the principals of Te Tiriti O Waitangi, which support meaningful partnership with Māori. Working with strategic partners in the Māori Economic Development space to drive delivery on high impact Māori economic development projects across all levels, with a specific focus on improving capacity and capability of those who we partner with for delivery. Implementation of our pathway - He Korowai Manawanui - a two-year programme working on our organisational culture towards elevating the importance of Māori Economic Development and becoming a better partner for Māori with a genuine understanding of Tikanga and Te Ao Māori.
Pou Rua: Environmental Sustainability	Help prepare for Tai Tokerau Northland's transition to a zero carbon and low emission economy by partnering to provide support and embedding environmental sustainability criteria within all active projects. Northland Inc will work to embed Te Ao Māori/Mātauranga Māori in environment/sustainability kaupapa.
Pou Toru: Regional Investment	Grow investment and business support services such that regional economic activity improves consistently year on year. Following assessment and review we will prioritise activities and ideas, with a view to applying our resources to engage in focused impactful projects reflecting the organisational capacity at this time.
Pou Whā: Destination Management and Marketing	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, we 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 aims to enhance the distribution of benefits across the region, environmental sustainability, heritage and culture.
Pou Rima: Profile and Advocacy of Economic Development	To develop and improve the profile of economic development and Northland Inc to ensure that Tai Tokerau Northland understands and values the efforts of Northland Inc and advocate for Te Tai Tokerau Northland to improve the economic well-being of the region to help support strong communities and environmental sustainability.
Pou Ono: Organisational Culture	At its core, regional economic development is about improving the livelihoods of the Tai Tokerau Northland's people. As an economic development agency, our culture should therefore be focused on supporting our people and their livelihoods. Therefore, Northland Inc actively upholds a culture where teams are respectful and supportive of one another; our histories, our whānau, and our aspirations.

Investment and Growth Reserve

Northland Inc Limited's activities include a focus on finding economic development projects that qualify for funding through the IGR. The objective of the reserve is to provide a fund that shareholder councils can use to support strategic investments that lift the long-term growth of the Northland economy that support strong communities and environmental sustainability. All three shareholder councils contribute funding to the IGR, and through their membership of the Joint Regional Economic Development Committee, have responsibility for allocating funding from the IGR. The main criteria for allocation are as follows:

- » The reserve provides operational expenditure for Northland Inc Limited.
- » Up to \$300,000 per annum can be used for project development funding.
- » Responsibility for allocating project development funding of up to \$100,000 is delegated to the Board of Northland Inc Ltd.

- » The reserve can be used to provide enabling investment funding for projects that lift the economic performance of Northland through the construction of public or community held infrastructure or the development of regionally strategic sectors. The strategic sectors identified in the 2021-24 Statement of Intent are aquaculture, agriculture and horticulture, digital, tourism, ship and boat building and repair services.
- » Any project that is determined to potentially have significant adverse impacts on social, environmental, economic, or cultural well-being will not be eligible for funding, regardless of the positive impacts.
- » Decisions on enabling investment funding must have been considered and evaluated for funding by the Board of Northland Inc Ltd.
- » Applications for enabling investment funding must be accompanied by a robust business case.

Key performance measures and targets

This section summarises the results of Northland Inc Limited’s activities during 2022/23 against the 16 key performance indicators set for five of the six pou (objectives). Key performance indicators were not set for the sixth pou: organisational culture.

Māori economic development

The 2022/23 key performance targets and results for this objective are:

Measure	2022/23 performance target	Result
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	15	Achieved, 21
Proportion of Māori organisations that are satisfied with Northland Inc support	>50%	Achieved, 94%

Environmental sustainability

The 2022/23 key performance targets and results for this objective are:

Measure	2022/23 performance target	Result
Number of workshops/events that help promote or support environmental sustainability values and culture in Te Tai Tokerau	5	Achieved, 7
Proportion of businesses/projects that Northland Inc are supporting that have identified their environmental aspirations and complied with governmental regulations	90%	Achieved, 91%
Change in carbon footprint of Northland Inc	5% net reduction in footprint 52500 kgCO2/year	Not Achieved - 71440 kgCO2/year

Regional Investment

The 2022/23 key performance targets and results for this objective are:

Measure	2022/23 performance target	Result
Number of unique businesses assisted (reporting by TA and industry)	240	Achieved, 431
Proportion of those businesses assisted that are Māori (by TA and industry)	30%	Achieved, 31%
Number of inward delegations hosted	3	Achieved, 5
Client satisfaction with businesses assistance provided by Northland Inc as measured by Net Promotor Score	NPS>50	Achieved, 85
Value of grant funding and investment facilitated for Māori businesses	\$120,000	Achieved, \$2,204,000
Number of high impact projects that are implemented (reporting by regional strategic sectors)	4	Not achieved, 3

There were two enabling investment project allocations made in 2022/23 by the Joint Regional Economic Development Committee: \$60,000 to support Northland Inc's primary sector related activities and \$150,000 for the Tuputupu Grow Northland Initiative. Three projects received project development funding totalling \$144,000.

Destination management and marketing

The 2022/23 key performance targets and results for this work programme are:

Measure	2022/23 performance target	Result
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 campaign per year	Achieved, 1
Number of workshops / events to promote product development and position Te Tai Tokerau Northland as a green tourism destination	4	Achieved, 9

Profile and advocacy of economic development

The 2022/23 key performance targets and results for this work programme are:

Measure	2022/23 performance target	Result
Number of regional economic development updates or reports released	6	Achieved, 6
Number of media features that profile the region	24	Achieved, 26
Number of media activity that references Northland Inc	52	Achieved, 104

Regional Software Holdings Limited

RSHL is the Shared Services organisation of Te Uru Kahika.

¹ All 16 Regional and Unitary Councils in New Zealand are customers of RSHL.

RSHL delivers a wide range of Digital, Operational and Financial programmes, on behalf of Te Uru Kahika, and participating councils.

Over the 2023 financial year RSHL has taken a leap forward towards the vision of *providing high-quality shared services for Te Uru Kahika (and associated agencies) that delivers value to customers, shareholders and the sector.*

In November 2022, RSHL completed the process started on 3 August 2021 when the RCEOs Group approved the business case for the creation of a Regional Sector Shared Services organization based on RSHL.

The restructure of RSHL into the Te Uru Kahika Shared Services organisation is complete. RSHL has a new constitution and shareholders agreement. Nine councils are currently shareholders of RSHL with others imminent. The new share structure makes it simple, low risk and low cost for additional councils to join.

Along with the original 6 founding shareholders, we welcome Bay of Plenty Regional Council, Gisborne District Council and Hawkes Bay Regional Council as shareholders. We anticipate more councils becoming shareholders in the next year.

As part of the new constitution, RSHL directors are elected and retire by rotation. The process to elect an inaugural board of eight for the new entity concluded at a special general meeting on 23 February 2023.

As part of the transformation of the company, our staff establishment has grown from 2 to 8 staff, including the Regional Sector Office staff and the EMAR/LAWA Project Manager.

Financially the company is in a healthy position, with a year-to-date surplus of \$955K against a budgeted loss of \$326K. The favourable position is largely due to timing differences in the planned expenditure for work programmes.

The Integrated Regional Information System (IRIS) programme is RSHL's longest running programme. The six member councils developed a software solution (IRIS) for regional council specific functions. Hawkes Bay Regional Council also uses IRIS. The programme has been in place for nearly 10 years and has been a remarkable success. Overall, we expect that the IRIS Activity will continue to

operate slightly favourable to budget and with reduced member contributions as the product is managing into retirement.

In September, the IRIS NextGen Partnership agreement was signed by RSHL and 9 councils. IRIS NextGen will provide the replacement for the IRIS product in use at 7 councils but has a bigger goal of delivering game-changing productivity improvements to the sector, achieved through alignment around consistent good practice processes, supported by fit for purpose software. The development of good-practice processes and the build of the underpinning software product are progressing to plan and preparations are underway for the pilot implementation at Otago Regional Council starting July 2024.

Datacom have been selected as our partner for the implementation of IRIS NextGen, with an offering based on their ERP platform "Datascap" and professional services to support the development of good practice process.

RSHL also operates the Sector Financial Management System (SFMS) on behalf of Te Uru Kahika. Under this agreement, RSHL supports a range of sector work programmes and projects. RSHL manages funding collected from the sector to support shared sector activities, as well as providing project management support.

The Sector Financial Management System allows RSHL to further achieve its vision "To provide a high-quality shared service for the regional council sector (and associated agencies) that delivers value to customers, shareholders and the sector."

RSHL continues to extend the services and value it provides to Te Uru Kahika.

The Sector Financial Management System is also favourable to budget with a surplus of \$330K versus a budget a loss of \$847. This difference is purely driven by the timing of SFMS expenditure. It should be noted that any surplus remaining at the end of the financial year will be refunded to councils or allocated to FY24 programmes at the discretion of the RCEOs Group.

Notably 42% of the revenue collected for the SFMS in FY23 came from central government. This funding was provided in support of work in the Essential Freshwater Programme, EMAR, iwi capability building and spatial projects. This investment from central government is an endorsement of the work of Te Uru Kahika, as well as the operating model that RSHL provides to the sector.

¹ Te Uru Kahika is the collective of the 16 regional councils and unitary authorities that make up the regional sector.

Te Uru Kahika is a local government success story that will continue to evolve and grow. RSHL and the shareholding councils can be proud of the role that we are playing in enabling this success.

In this period Malcolm Nicolson, Jane Carroll, John Crane, Heather Mabin and Amy Kubrycht resigned as board members. We thank them for their service to the organisation. We particularly note John Cranes contribution to RSHL, first as the General Manager and more recently as a director for a period of four years.

We also acknowledge former director Malcolm Nicolson who was made a Member of the New Zealand Order of Merit in the Kings Birthday honours for his services to local government and the community.

The shareholding of the Company as at 30 June 2023 is as follows.

Shareholding

Organisation	Class A (Control) Shares	Class B (IRIS) Shares
Waikato Regional Council	1	3,275
Northland Regional Council	1	1,675
Horizons Regional Council	1	1,550
Taranaki Regional Council	1	1,550
Southland Regional Council	1	1,550
West Coast Regional Council	1	400
Bay of Plenty Regional Council	1	
Gisborne District Council	1	
Hawkes Bay Regional Council	1	

Our council's experience

For Northland, the increasing focus on collaboration to projects continues to bring together the best ideas, practices and experiences into solutions that are fit for purpose, perform well and achieve more through working together for the sector.

Statement of Intent and performance targets

The following performance measures were incorporated into the Statement of Intent for the 2022/23 financial year.

Non-financial	1 July 2022 - 30 June 2023																																													
<p>With participating councils, define and agree milestones for the IRIS NextGen Programme.</p>	<p>Achieved - The Partnership Agreement for IRIS NextGen was executed in September. This sets the overarching structure of the programme. The milestones for the programme were endorsed by the Steering Group in November 2022 and are documented in the Programme Plan.</p>																																													
<p>Undertake an annual survey of IRIS users and shareholder/customer Councils in relation to product performance, Datacom support and RSHL support. Provide a summary of the survey results in the annual report, including performance against the baseline. Survey results to be the same or better than the previous year.</p>	<p>Achieved - This survey was completed in June 2023 to ensure that all councils were on the latest version of the IRIS Software. 4 councils completed the customer survey. Results were markedly better across all categories for RSHL and Datacom service performance.</p> <div data-bbox="671 546 1374 949"> <table border="1"> <caption>Rating RSHL Performance</caption> <thead> <tr> <th>Category</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Communication</td> <td>3.83</td> <td>3.83</td> <td>4</td> <td>4.5</td> </tr> <tr> <td>Vendor Management</td> <td>3.4</td> <td>3.83</td> <td>4.17</td> <td>4.5</td> </tr> <tr> <td>Facilitating collaboration around product development</td> <td>3.83</td> <td>3.67</td> <td>3.86</td> <td>4.25</td> </tr> <tr> <td>Facilitating knowledge sharing around the IRIS product</td> <td>3.5</td> <td>3.17</td> <td>3.5</td> <td>3.75</td> </tr> </tbody> </table> </div> <div data-bbox="671 958 1374 1361"> <table border="1"> <caption>Rating Datacom Performance</caption> <thead> <tr> <th>Category</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Quality of software developed</td> <td>2.9</td> <td>3.7</td> <td>3.7</td> <td>3.75</td> </tr> <tr> <td>Quality of user support</td> <td>3</td> <td>3.3</td> <td>4.3</td> <td>4.5</td> </tr> <tr> <td>Leadership around the IRIS programme</td> <td>2.7</td> <td>3.8</td> <td>3.9</td> <td>4.25</td> </tr> </tbody> </table> </div> <p><i>In these results the scale is 1-Very Poor, 2-Poor, 3-Neutral, 4-Good, 5-Outstanding</i></p> <p>83 Continuous or Frequent users of IRIS responded to the user surveys. Compared to previous years, results were mixed (within the margin of error) but still generally favourable. For “IRIS provides me the information I need” and “IRIS supports me to do my job”. Results for “Speed of the IRIS application” were well down, but this issue was limited to one council, with users at other councils reporting speed improvements.</p>	Category	2019	2020	2021	2023	Communication	3.83	3.83	4	4.5	Vendor Management	3.4	3.83	4.17	4.5	Facilitating collaboration around product development	3.83	3.67	3.86	4.25	Facilitating knowledge sharing around the IRIS product	3.5	3.17	3.5	3.75	Category	2019	2020	2021	2023	Quality of software developed	2.9	3.7	3.7	3.75	Quality of user support	3	3.3	4.3	4.5	Leadership around the IRIS programme	2.7	3.8	3.9	4.25
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<p>Prepare and adopt the annual IRIS development roadmap by 30 June for delivery in the subsequent year.</p>	<p>Achieved - The roadmap is constantly reviewed by the IRIS Advisory Group. It was last presented to the board in June 2023.</p>																																													
<p>Major IRIS Enhancement projects are completed within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year.</p>	<p>Achieved - The MAJ058 IRIS data migration project definition phase was completed under budget - the budget for the project was \$69K, with the total invoiced \$65K.</p> <p>On track As at 30 June 2023 the following projects are on track:</p> <ul style="list-style-type: none"> » MAJ059 IRIS Data Migration Base Platform » MAJ060 IRIS Data Migration Base Templates » MAJ061 IRIS Data Migration - Loading Data <p>The outputs of this work will be a platform for migration of data from IRIS to Datascope (IRIS NextGen) and tools to identify data issues and cleanse, export and transform the data.</p>																																													

<p>Budgets for IRIS support and minor enhancements are approved by the Board by 30 June each year and delivery within these budgets is effectively managed by the Advisory Group and the General Manager.</p>	<p>Achieved - Budgets were approved via the Statement of Intent Process in June 2023. Both support and development were under budget at year end.</p> <table border="1" data-bbox="671 190 1270 320"> <thead> <tr> <th>Category</th> <th>Expenditure \$000s</th> <th>Budget \$000s</th> </tr> </thead> <tbody> <tr> <td>Develop</td> <td>\$100</td> <td>\$140</td> </tr> <tr> <td>Support</td> <td>\$211</td> <td>\$222</td> </tr> </tbody> </table>	Category	Expenditure \$000s	Budget \$000s	Develop	\$100	\$140	Support	\$211	\$222
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<p>Be an effective service delivery vehicle for regional council sector shared programmes under the Sector Financial Management System.</p>	<p>Achieved- RSHL has effectively managed the SFMS. Revenue is well ahead of plan, due to significant funding provided by central government. Expenditure is consistent with the amounts documented in the SFMS Briefing Paper. RSHL held 30 service contracts on behalf of Te Uru Kahika over this financial year. \$8.9M dollars of funding was collected for sector work programmes including \$5.3M from central government. The support from central government highlights the value of the SFMS as a focus point for funding.</p>									
<p>Effectively support the activities of the Regional Sector through the Regional Sector Office.</p>	<p>Achieved - Over the first part of the year the Executive Policy Advisors focussed on coordinating sector submissions to a raft of central government proposals including:</p> <ul style="list-style-type: none"> » Resource management reform legislation » The Future for Local Government Review » Freshwater farm plan regulations » Water services legislation » LGOIMA amendments <p>The policy advisors also coordinated the preparation of induction material for incoming Elected Members.</p> <p>With the election of new Chairs and Mayors in October 2022 the Office also undertook a review of the Sector's priorities and work programmes for the 23/24 year and beyond.</p> <p>The Regional Sector SIG Network Administrator has taken responsibility for coordinating the RCEOs meetings along with the induction sessions for incoming mayors and chairs, this is in addition to normal duties.</p> <p>The Chief Science Advisor has focussed on:</p> <ul style="list-style-type: none"> » Implementation of several initiatives that enhance the coordinated vision for regional sector science, build relationships with key internal and external parties, and champion the regional sector's science capability and capacity; » Establishment of channels for sector science input into Resource Management reform; » Embedding of science input into the regional sector's newly established Climate Group; » Promoting the role and interests of the regional sector in current reform of the New Zealand science system. 									
<p>Budgets for EMAR are approved by the EMAR Steering Group by 30 June each year, and delivery within these budgets is effectively managed by the EMAR Project Manager.</p>	<p>Achieved - The Workplan and Budget for this year was endorsed by the EMAR SG in late 2021/22 FY and formally signed off on the 8th of July 2023.</p> <p>EOFY status - work has been delivered within available budget.</p> <p><u>Workstream activities:</u></p> <p>Ongoing - EMAR and LAWA Strategies to inform longer-term direction</p> <p>Complete - All planned updates and upgrades to existing topics</p> <p>In train - development of a new topic 'Actions for Healthy Waterways'</p>									
<p>Be a service delivery vehicle for wider regional council sector and related bodies information management programmes and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the relevant regional sector group.</p>	<p>Achieved - Under the SFMS and ReCoCo programmes, RSHL supports the delivery of the following projects:</p> <ul style="list-style-type: none"> » Environmental Data Programme » Sector Reference Model Engagement Project » N-Cap Implementation » INFDP Programme » Essential Freshwater Implementation » Freshwater Farm Plans Implementation. 									
	<p>RSHL ensured appropriate project management controls were in place for each project. RSHL also managed the funding for the following sector programmes:</p> <ul style="list-style-type: none"> » LIDAR PGF Programme Manager 									

	<ul style="list-style-type: none"> » WellsNZ » Retrolens
Financial	1 July 2022 - 30 June 2023
RSHL will operate within approved budget, with any material variations approved by the Board.	Achieved – RSHL is operating within approved operating budgets for all programmes. In November, the Board approved a variation to the budget approved in the SOI, to reflect the additional revenue and expenditure from the IRIS NextGen Implementation Programme, which started in September 2022. The budget for this programme was not confirmed when the SOI was approved.
Annual charges for shareholders and customers to be at level approved by the Board and councils based upon the approved operating budget and budgets.	Achieved - All charges have been the same or less that approved by the respective programmes.
Growth	1 July 2022 - 30 June 2023
Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL.	Achieved – In November, RSHL welcomed Bay of Plenty Regional Council, Gisborne District Council and Hawkes Bay Regional Council as shareholders. Additional councils will join when and if they are able, including Otago Regional Council which signed a deed of accession in July 2023.
Work with the Regional Sector SIG Network to develop shared service opportunities.	Achieved - The Partnership agreement for IRIS NextGen was executed in September. In addition, RSHL is supporting the Essential Freshwater Programme to deliver the Integrated National Farm Data Platform. RSHL is supporting the Environmental Data Group and Digital Solutions Group to deliver the Environmental Data Management System.
Engage with councils in the regional sector to increase the scope of the usage of IRIS NextGen. The objective is to increase the number of councils using the solution, and the breadth of the solution in use.	Achieved - The Partnership Agreement for IRIS NextGen was executed in September with 9 councils committing to the programme (two more that use IRIS). For the remainder of this year the focus will be on fully establishing the programme and planning the implementation schedule for the 9 participating councils.

It should be noted that the achievement of some of the above performance targets are dependent on decisions to be made by parties over which the board of directors has limited influence.

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