



Annual Report 2018 Summary

Pūrongo a Tau 2018

Whakarāpopototanga



This summary of Northland Regional Council activities is for the year 1 July 2017 to 30 June 2018 and contains information from our full Annual Report 2018.

The full report for the financial year to 30 June 2018 was authorised for issue by resolution of Northland Regional Council on 23 October 2018. The Annual Report Summary was authorised for issue by the Chief Executive on 25 October 2018.

For our full audited Annual Report, visit www.nrc.govt.nz/annualreport

What you'll find in this summary

Foreword	3
Highlights of 2017/18.....	4-7
Summary of our performance	8-9
Financial summary.....	10-12
Accounting policies.....	12-13
Independent Auditor's report	14-15

Foreword

He Kupu Whakataki nā te Toihau rāua ko te Tumuaki

It's been a landmark year for the regional council, culminating in the adoption of an exceptional new Long Term Plan that builds on our sound foundations and sets clear areas of focus for the future.

We strive to work very closely with our communities. Thousands of volunteers, from schoolchildren to the elderly, work selflessly to make our environment a better and safer place and we are pleased to support them.

Our rapidly growing EnviroSchools programme has enjoyed continued success, showing young children how they can create a better environment. Council is also supporting new community and Māori participation processes in two projects that received \$2 million through the Freshwater Improvement Fund administered by the Ministry for the Environment. These projects will reduce sediment and bacteria levels in the Northern Wairoa River and improve more than 24 dune lakes.

An initiative to improve water quality at Otuihau-Whangarei Falls has progressed with more than 18 projects funded in the first year, including 4.2km of fencing funded through our Environment Fund. Additionally, local plans for managing freshwater have been completed in the Doubtless Bay, Mangere, Poutō, Waitangi and Whangārei Harbour catchments.

Our marine biosecurity efforts are continuing with a record 2000 vessels surveyed through our Northland vessel hull surveillance programme. We acknowledge the leadership provided by our councillors and the efforts and achievements of staff, some of whom have won national awards for their outstanding contributions.

During the next three years, we'll spend an extra \$5.7M on water quality, an extra \$6.6M to reduce the impact of pest animals and plants and aquatic invaders, and \$15M to boost flood protection in and around Kaitāia.

These are ambitious goals and we are grateful to you for recognising their importance and giving us your backing.

Northlanders have long stood together and we are proud to be able to stand with you in our work to make Northland a region we can leave to our future generations with pride.

Our Northland - together we thrive



Bill Shepherd
Chairman



Malcolm Nicolson
Chief Executive Officer

Highlights of 2017/18

A snapshot of our successes during the last year.

Long Term Plan 2018-2028: a bold and visionary document

The adoption of the Long Term Plan has enabled the council to introduce a raft of new initiatives to tackle head-on the issues of water quality, native species protection and flood infrastructure.

Backed by most of the 2200 submissions received earlier this year, the plan lists water quality as the biggest priority, along with protecting our native species and better flood protection. During the next

three years, we'll spend an extra \$5.7M on water quality, an extra \$6.6M to reduce the impact of pest animals and plants and aquatic invaders, and \$15M to boost flood protection in and around Kaitāia and Awanui.

We thank our communities for seeing value in our ambitious plans and look forward to working closely with you to realise Northland's goals.

Awanui flood scheme upgrade

Work to lessen flood risk in and around Kaitāia and Awanui has been progressing well.

A review of the Awanui River flood scheme has included assessment of the levels of service, issues identification, and options for scheme upgrades. All annual maintenance works are complete, including scheduled repairs along the coastal stopbank, maintenance of scheme floodgates, and continued channel maintenance and stopbank works along the lower Awanui River. An additional \$150,000 has been allocated at the request of the river working group.

Adoption of the Long Term Plan saw approval of a \$15 million, seven-year project designed to protect urban Kaitāia in a once-in-a-century (1:100) flood event, and the surrounding areas in a 1:20 year event. Planning for the scheme is well underway. A property near Dunn and Empire Streets has been

bought for \$698,000 (GST inclusive), for a river overflow channel to mitigate the risk of flooding in Kaitāia in the event of a slip.

Funding for 30% of the new capital works will come from a 60% increase in the existing Awanui River Management Rate, bringing in an extra \$443,000 a year. The remaining 70% will come from ratepayers regionwide through a new regional flood infrastructure rate.



A drone survey was part of the work to lessen flood risk in and around Kaitāia and Awanui.

Celebrating Enviroschools

Our Enviroschools programme – a school-wide approach to sustainability – is growing rapidly with a waiting list of schools wanting to join, from early childhood through to secondary school level.

Among a vast range of learning activities, children at Enviroschools throughout the region are excitedly finding out about gathering seeds, establishing nurseries, trapping possums, looking after waterways, raising bees, making recyclable waxed lunchwrap, and looking after bugs and butterflies.

There are now about 100 schools and kindergartens actively involved in environmental work through the programme region-wide, and this number is increasing annually.

Two schools – Onerahi School and Dargaville Intermediate – have achieved green-gold status in the last year, which is the highest ranking in the Enviroschools programme.

The regional council has increased funding for the Northland Enviroschools programme through its new Long Term Plan 2018-2028, and this will help meet the growing demand for Enviroschools projects.

“Me mahi tahi tātou mo te oranga o tātou taiao
- Working together for the wellbeing of our environment”



Dargaville Intermediate School is one of two schools that achieved green-gold status in the last year.

Submitters have their say

The council received more than 310 submissions to its Proposed Regional Plan for Northland, following a 10-week consultation period late last year. We are grateful to everyone who helped shape this important document – effectively a rulebook for the way the north’s water, air, soil and coast are used and managed.

The Proposed Regional Plan replaces three existing regional plans. It covers a broad range of activities, including proposed rules for coastal works, earthworks, water use and discharges to air, land and water.

Key proposed changes are new limits on taking water from rivers, lakes and aquifers, making it easier to get permission for mangrove removal, and new stock exclusion rules for rivers, drains, wetlands and lakes. The new plan will be less than a quarter of the combined size of the three plans it will replace.

Controlling pests together

Much of the work the council does relies on community input and support, and this is particularly the case with our biosecurity initiatives. We are continuing to build biosecurity partnerships with Northland communities, and some excellent community-led pest control initiatives are being carried out.

There are now 60 Community Pest Control Programmes in Northland totalling more than 82,800 hectares, and more than 530 people attended weed workshops during the past year. Our Environment Fund distributed over \$120,000 for 55 pest control projects, and 100 students across Northland attended the Enviroschools ‘Project Possum’ programme.

Strengthening our community presence



Councillor Penny Smart (Kaipara) at the Hokianga Road site

The regional council's new Waipapa office, opened in July 2017, has proved to be a real success during the past year and we're now looking at other ways to boost our community presence and offer more comprehensive customer service.

Our customers have responded well to our mid-north location, valuing the increased opportunity to discuss issues face-to-face, and we want to offer this level of service elsewhere in the region. We plan to upgrade and expand our offices in Whangārei and Kaitiāia and establish a stand-alone presence in Dargaville within the next year or two.

The regional council has bought a property at 32 Hokianga Road within short walking distance of the Kaipara District Council. This location recognises the need for people to have ready access to both councils and offers a solution to our plans to strengthen our Kaipara operations by basing more of our field staff in the area.

Freshwater funding boost

A major boost to work on freshwater quality in the region came through a \$2 million allocation from the Freshwater Improvement Fund administered by the Ministry for the Environment. This funding allowed work to start on an initiative to improve water quality in 24 dune lakes, and a project to reduce sediment and bacteria levels in the Northern Wairoa River and its tributaries.

Combined with \$1.5M provided for freshwater improvement work by the regional council and other funders, the total contribution to freshwater improvement projects in Northland totalled about \$4M last year.

The \$2.5M 'Northern Wairoa Freshwater Improvement Project' involves working with landowners to implement sustainable land management practices, while the \$1.6M allocation is for dune lakes improvements in the wider Aupōuri and Poutō areas. The projects are spread over five years.

The 'Northland Dune Lakes Strategic Water Quality Improvement Project' has started with modelling, initiatives to reduce nutrient levels, and work to control pest fish and water weeds.

Innovative new community and Māori participation processes are being used in these projects. In the dune lakes project, for example, the council is working in partnership with iwi and hapū and has funded the establishment of four regional Kaiwhakahaere (Māori co-ordinators) in the rohe of the lakes.



Freshwater quality monitoring at Lake Ngakapua in the Far North

Kai Iwi Lakes speed restrictions

Speed restrictions of five knots within 200 metres of the shore (inside the yellow buoys) are retained in our new Navigation Safety Bylaw for Kai Iwi Lakes, adopted in October 2017.

The speed restriction was confirmed after further consultation about whether the speed restriction area should be reduced to 100 metres from the shore, as requested by many people during the first round of consultation.

The bylaw has been introduced to manage water-based activities safely, both in and on the water.

These include swimming, boating, waterskiing, jetskiing, kayaking and board sports, with land-based activities managed by the Kaipara District Council. The overall aim is to provide a safe environment that can be enjoyed by as many people as possible.



A new bylaw is in place at Kai Iwi lakes.

Coastal hazard maps

A four-year project to update coastal hazard zones has been completed, with the new maps now available for viewing at www.nrc.govt.nz/coastalhazardmaps

Coastal hazard maps identify land potentially at risk of flooding from storm surge and long-term erosion by the sea. Their completion marks the end of a four-year project to update coastal hazard zones (some identified more than 10 years ago) and includes new areas identified following extensive peer-review and the use of modern topographic tools.

In all, there are up to 13,500 potentially affected properties up and down the length of Northland's east and west coasts. These are documented in coastal erosion hazard maps for 31 sites and coastal flood hazard maps for 63 sites where information is available. All affected parties have been notified of these maps.

The maps show the estimated flood and erosion hazards in 50 years and 100 years' time, based on conservatively predicted sea level rise scenarios of 0.4m during the next 50 years and 1.0m during the next 100 years. They assume that coastal defences are not modified, and that coastal erosion continues unchecked during that time.

To the rescue...

The regional council has approved a loan of up to \$9.6 million to help the Northland Emergency Services Trust (NEST) fund two rescue helicopters for the region. The funds have come from low interest loans the council has borrowed via the Local Government Funding Agency and made available to the Trust, at no direct cost to ratepayers.

It's estimated the low interest loan could save NEST, and indirectly the community, more than \$600,000 in interest payments over the life of the loan. The funds are to support the replacement of the Trust's existing helicopters, which are almost 40 years old.

The council has initially provided the trust with \$3.75M to buy one helicopter, with NEST topping up the funds from their helicopter replacement fund and a contribution from the sale of the old machine. There is provision for a further \$5.1M loan for a second helicopter, depending on the Trust's ability to secure new contracts to provide emergency services.

The loan arrangements followed public consultation resulting in 453 submissions; 424 of which were in favour of the loan. Security and other measures have been put in place to protect ratepayers' interests and there's no impact on rates.

Summary of our performance

Northland Regional Council measures its performance against 50 targets within six areas of focus.

HAZARD MANAGEMENT

2/2 targets met.
Four targets not applicable

Improving the resilience of Northland's communities and reducing natural hazard impacts.

Some of our performance results:

- There were no events requiring flood warnings, updated flood level monitoring, or the activation of an emergency operations centre, making four targets not applicable.
- All priority beach sites were surveyed and data entered as required.
- No significant oil spills were identified.

ECONOMIC DEVELOPMENT

1/2 targets met

Supporting economic development and building a business-friendly environment.

Some of our performance results:

- \$1.7 million was transferred from accumulated funds into the Investment and Growth reserve.
- Northland Inc. achieved 12 of the 14 key performance indicators agreed with council for the 2017/18 year.

TRANSPORT

3/4 targets met

Overseeing regional transport and improving traffic safety on land and within our harbours.

Some of our performance results:

- All repairs to navigation aids were carried out within five working days of being reported.
- All cruise ships were safely piloted in the Bay of Islands.
- An external audit of the port and harbour safety system found it to be fully compliant with the Port and Harbours Safety Code.
- 290,594 passengers used Whangārei's urban bus service, 18,820 fewer than the previous year.



100% of monitored airsheds met national environmental standards

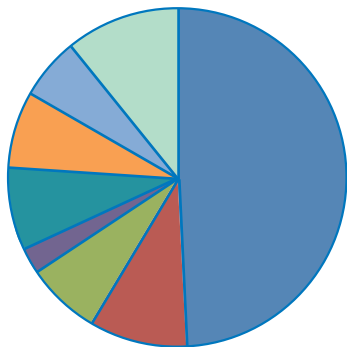
Northland schools participation in Enviroschools programme increased by 8%.

Water quality monitoring was carried out weekly at more than 50 swimming sites.

<p>COMMUNITY REPRESENTATION AND ENGAGEMENT</p> <p>7/10 targets met</p>	<p>RESOURCE AND CATCHMENT MANAGEMENT</p> <p>15/18 targets met</p>	<p>RIVER MANAGEMENT</p> <p>10/10 targets met</p>
<p>Maintaining effective and transparent democratic processes and providing regional advocacy.</p> <p>Some of our performance results:</p> <ul style="list-style-type: none"> • A residents' survey showed 31% of people were satisfied with how council involves the public in decisions, an increase of 4%. • 63.1% of Northland schools participated in the Enviroschools programme, an increase of 8%. • 102 students participated in Project Pest Control (formerly Project Possum), a decrease of four; and 82 students participated in Enviroschools WaiFencing workshops, an increase of 10. • 923 people participated in CoastCare groups, a decrease from 1357 people the previous year, likely due to the lack of of casual volunteers at events such as planting days. • Four new Community Pest Control Areas (close to 6000 hectares) were established with an associated increase in participants. • 74 groups were regularly engaged with to achieve a shared goal – an increase of 4. 	<p>Maintaining and improving the overall quality of Northland's environment.</p> <p>Some of our performance results:</p> <ul style="list-style-type: none"> • 707 of 708 consents were processed within statutory time frames. • 219 "significant non-compliance" events were recorded from a total of 5783 monitoring events. • Action was taken to rectify significant non-compliance of resource consents 99.3% of the time. • Monitoring to determine the water quality of at least 50 popular swimming sites and 15 shellfish collection sites was carried out weekly during the summer months and the results were published online. • 100% of monitored airsheds met national environmental standards. • 153 farm water quality improvement plans totalling 28,617 hectares were completed. • Environment Fund applications allowed the completion of 226 wetland, lake, farm water, and biosecurity projects throughout Northland • Water quality monitoring was carried out weekly at more than 50 swimming sites over the summer months. 	<p>Reducing the risk of flooding on Northland's people, property and economy.</p> <p>Some of our performance results:</p> <ul style="list-style-type: none"> • There were no floods big enough to test the limits of our Awanui, Whangārei and Kaeo flood protection schemes. • All scheduled river scheme maintenance works were completed in accordance with the work programme. • Renewals and maintenance work were completed for 90 floodgates in conjunction with the Awanui River Management Liaison Committee work programme. • Whangārei's Hopua te Nohotetea detention dam was monitored and maintained in accordance with the dam management plan.

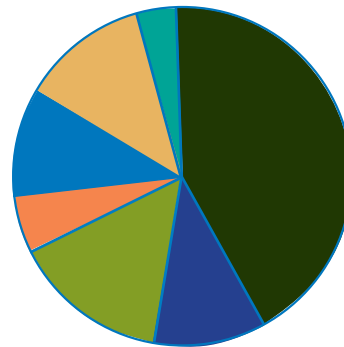
Financial summary

\$42.6 M ACTUAL REVENUE



- Rates 49%
- Fees and charges 11%
- Rental revenue 6%
- Dividend revenue 8%
- Fair value gains on revaluation 8%
- Interest revenue 2%
- Subsidies and grants 7%
- Gains earned on externally managed funds 9%

\$38.5M ACTUAL OPERATIONAL SPENDING



- Resource and Catchment Management 42%
- Economic Development 11%
- Transport 15%
- Hazard Management 5%
- River Management 11%
- Community Representation and Engagement 12%
- Fair value losses on revaluations 4%

Council's revenue for the 2017-18 financial year was \$5.7M more than its 2017-18 Annual Plan, mainly due to:

- increases in the fair value (non-cash) of council's investment properties and forestry assets.
- increases in NZTA subsidies offsetting more costs incurred in transport-related works, increases in consent application and management fees, and greater rental revenue from our commercial property portfolio.
- increased gains earned on council's externally managed funds and a larger than anticipated dividend received from Marsden Maritime Holdings Limited.

Council's total expenses for the 2017-18 financial year were \$1.7M more than its 2017-18 Annual Plan, predominantly due to:

- losses in the fair value (non cash) of council's owner occupied buildings, assets held for sale and financial assets

OTHER BUDGET VARIATIONS

- Council's current assets are lower than its 2017-18 Annual Plan due to several properties held for sale being sold throughout the year, and reclassification to investment properties that council does not intend to sell in the coming year.
- Council's non-current assets are higher than its 2017-18 Annual Plan due to investment property purchases throughout the year, reclassification of properties held for sale, and greater financial investments than anticipated.
- Council's liabilities are higher than its 2017-18 Annual Plan due to an increased level of borrowings drawn-down to fund infrastructure projects, and a loan to Northland Emergency Services Trust.

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2018

	Council 30-Jun-18 \$000	Annual Plan 30-Jun-18 \$000	Council 30-Jun-17 \$000	Consolidated 30-Jun-18 \$000	Consolidated 30-Jun-17 \$000
REVENUE					
Operating revenue (excluding share of associate and joint venture company surplus and rates)	21,721	15,894	21,094	24,329	23,247
Rates	20,832	20,962	20,413	20,832	20,413
Total Revenue	42,553	36,856	41,507	45,161	43,660
EXPENDITURE					
Operating expenses (excluding finance expense)	37,844	36,104	35,037	43,152	39,177
Finance costs	703	726	583	1,025	816
Total expenditure	38,547	36,830	35,620	44,177	39,993
Share of joint venture revenues					
Share of associate and joint venture company surplus				9,215	9,140
Surplus/(Deficit) before tax	4,006	26	5,887	10,199	12,807
Income tax	-	-	-	(19)	(18)
Surplus/(Deficit) after tax	4,006	26	5,887	10,180	12,789
Attributable to:					
Northland Regional Council	4,006	26	5,887	5,622	8,051
Non-controlling interest				4,558	4,738
OTHER COMPREHENSIVE REVENUE AND EXPENSE					
Financial assets at fair value through other comprehensive revenue and expense	-	-	18	-	18
Gains/(loss) on property revaluations (other than Investment properties)	(5)	-	39	1,631	417
Gains/(loss) on infrastructure asset revaluation	-	-	2,973	-	2,973
Net hedging movement (joint venture company)	-	-	-	(71)	182
Total other comprehensive revenue and expense	(5)	-	3,030	1,560	3,590
Total comprehensive revenue and expense	4,001	26	8,917	11,740	16,379
Attributable to:					
Northland Regional Council				6,456	11,382
Non-controlling interest				5,284	4,997
				11,740	16,379

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Council 30-Jun-18 \$000	Annual Plan 30-Jun-18 \$000	Council 30-Jun-17 \$000	Consolidated 30-Jun-18 \$000	Consolidated 30-Jun-17 \$000
Current assets	25,249	30,045	36,331	27,402	42,198
Non-current assets	150,254	129,194	129,939	284,283	259,263
Total assets	175,503	159,239	166,270	311,685	301,461
Current liabilities	(6,204)	(5,185)	(9,367)	(7,919)	(11,251)
Non current liabilities	(19,210)	(13,864)	(10,815)	(26,069)	(21,283)
Total liabilities	(25,414)	(19,049)	(20,182)	(33,988)	(32,534)
Net assets / equity	150,089	140,190	146,088	277,697	268,927

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2018

	Council 30-Jun-18 \$000	Annual Plan 30-Jun-18 \$000	Council 30-Jun-17 \$000	Consolidated 30-Jun-18 \$000	Consolidated 30-Jun-17 \$000
Opening equity	146,088	140,164	137,171	268,927	255,230
Total comprehensive revenue and expense for the year	4,001	26	8,917	11,740	16,379
Dividends paid	-	-	-	(2,970)	(2,682)
Closing equity	150,089	140,190	146,088	277,697	268,927
Attributable to:					
Northland Regional Council	150,089	140,190	146,088	214,411	207,955
Non controlling interest				63,286	60,972
	150,089	140,190	146,088	277,697	268,927
Components of equity:					
Accumulated funds	123,540	114,671	121,315	154,703	150,862
Asset revaluation reserve	3,963	956	3,968	37,447	36,575
Fair value through other comprehensive revenue and expense reserve	-	(18)	-	-	-
Hedging reserve	-	-	-	(325)	(287)
Special reserves	22,586	24,581	20,805	22,586	20,805
Minority interest	-	-	-	63,286	60,972
	150,089	140,190	146,088	277,697	268,927

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2018

	Council 30-Jun-18 \$000	Annual Plan 30-Jun-18 \$000	Council 30-Jun-17 \$000	Consolidated 30-Jun-18 \$000	Consolidated 30-Jun-17 \$000
Net cash from operating activities	837	(1,835)	131	7,709	6,659
Net cash from investing activities	(6,466)	1,984	(584)	(6,239)	(10,170)
Net cash from financing activities	5,405	-	-	(1,365)	2,973
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	(224)	149	(453)	105	(538)
Cash, cash equivalents and bank overdrafts at the beginning of the year	1,222	253	1,675	1,706	2,244
Closing cash, cash equivalents and bank overdrafts at the end of the year	998	402	1,222	1,811	1,706

ACCOUNTING POLICIES

Northland Regional Council is a local authority governed by the Local Government Act 2002 and the Local Government (Rating) Act 2002 and is domiciled and operates in New Zealand.

The primary objective of the council is to provide goods or services and perform regulatory functions for the community benefit. The council does not operate to make a profit.

The audited statements of the council and group for the 12 months to 30 June 2018 year have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The council has designated itself and the group as Tier 1 Public Benefit Entities (based on size). The summary financial statements have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards as they relate to summary financial statements and comply with Public Benefit Entity Financial Reporting Standard 43 (FRS43) Summary Financial Statements. The full financial statements of the council comply with PBE accounting standards.

The summary financial statements are presented in New Zealand dollars rounded to the nearest thousand dollars, unless otherwise stated.

The summary financial statements have been extracted from the full financial statements so do not include all the disclosures provided in the audited full financial statements and cannot be expected to provide as complete an understanding as provided by the audited full financial statements.

The Annual Report Summary has been audited for consistency with the full Annual Report and the audit opinion issued by Deloitte, on behalf of the Auditor-General, is included as part of this document. The full Annual Report received an unmodified Audit Report and was adopted by council on 23 October 2018.

In this summary, "council" refers to Northland Regional Council only. The terms "consolidated" and "group" refer to Northland Regional Council and Northland Inc. Limited (100% owned), Marsden Maritime Holdings Limited (53.61% owned) and Regional Software Holdings Limited (16.75% owned). All entities are incorporated and domiciled in New Zealand.

There were no significant breaches of legislation during the year.

CONTINGENT ASSETS AND LIABILITIES

The council disclosed, in its full Annual Report 2018, the potential contingent liability that may exist if KiwiRail is approached by a landowner whose property is affected by the rail corridor designation. There is provision within the rail corridor designation agreement between council and KiwiRail for council to provide assistance to KiwiRail if KiwiRail is approached by a landowner wanting to sell their property.

EVENTS AFTER BALANCE DATE

Mangawhai Ratepayers and Residents Association (MRRRA) and Richard Bruce Rogan & Heather Elizabeth Rogan (CIV-2015-488-95)

These proceedings are now at an end, following the Supreme Court's decision of 6 August 2018 to decline the MRRRA and Mr and Mrs Rogan leave to appeal the Court of Appeal's decision. Northland Regional Council (NRC) and Kaipara District Council (KDC) have been awarded costs in the High Court, Court of Appeal and Supreme Court from the MRRRA and Mr and Mrs Rogan. The amount in the High Court has not yet been ordered, but the total amount from all three courts is likely to be less than \$100,000.

In last year's note we referred to the High Court's final decision, received in August 2017, which was adverse to the NRC. NRC appealed the interim and final decisions to the Court of Appeal, and the MRRRA and Mr and Mrs Rogan cross-appealed against the interim decision including the dismissal of their claims against the KDC.

The Court of Appeal's decision was received in March 2018. It allowed NRC's appeal in most respects; upholding the High Court's finding only in respect of the Council's approach to setting the due dates in the 2011/12, 2012/13 and 2013/14 years and the penalty resolutions for the 2011/12, 2014/15 and 2015/16 years. However, the Court of Appeal validated the rates and penalties for the relevant years under section 5 of the Judicature Amendment Act 1972. This means the rates and penalties are valid and payable.

The MRRRA and Mr and Mrs Rogan sought leave to appeal this decision to the Supreme Court and leave has been declined.

The Council has, since balance date, settled its interest in rates claimed in RB and HE Rogan v KDC and NRC (CIV-2015-488-182). KDC's interest remains and the appeal of the High Court's decision is due to be heard in the Court of Appeal on 11 September 2018. The outcome of this case will be relevant to other rates collection proceedings the Councils have underway and that have been stayed pending the outcome of the recovery proceedings against Mr and Mrs Rogan.

Subsequent to balance date, Marsden Maritime Holdings Limited declared a fully inputted dividend of nine cents per share to be paid on 14 September 2018.

There were no other significant events after balance date.

Independent Auditor's Report

Deloitte.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF NORTHLAND REGIONAL COUNCIL'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

The summary annual report was derived from the annual report of the Northland Regional Council (the Regional Council) for the year ended 30 June 2018. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 8 to 13:

- the summary Council and Consolidated Statements of Financial Position as at 30 June 2018;
- the summaries of the Council and Consolidated Statements of Comprehensive Revenue and Expense, Statements of Changes in Equity and Statements of Cash Flows for the year ended 30 June 2018;
- the Disclosures to the Summary Financial Statements; and
- the summary Statements of Service Performance of the Regional Council.

We expressed an unmodified audit opinion on the Regional Council's full audited statements in our report dated 25 October 2018.

Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the Regional Council.



Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

Independence

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

In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of a limited assurance report pursuant to the Regional Council's Trust Deed, an audit of the Regional Council's maintenance of the Register of Stock, payroll controls review and the audit of the 2018-28 long term plan, which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the Regional Council or its subsidiaries and controlled entities.

A handwritten signature in black ink, appearing to be "PG", with a long horizontal stroke extending to the right.

Peter Gulliver
for Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand
25 October 2018



Telephone: 09 470 1200 **Freephone:** 0800 002 004 **Email:** mailroom@nrc.govt.nz **Website:** www.nrc.govt.nz