

Pūrongo-ā-tau whakarāpopototanga 2021

Annual Report Summary 2021

Ihirangi

Contents

Kia ora and welcome	04
Ngā hua o - Highlights of 2020/21	06
A healthy environment	06
A strong economy	08
Resilient communities	12
Tā mātou mahi whakarāpopoto - Summary of performance	16
Governance and engagement	16
Economic development	16
Regulatory services	16
Environmental services	17
River management	17
Customer services and community resilience	17
Te whakarāpopoto o te pūrongo pūtea - Financial summary	18
Actual revenue	18
Actual Operational Spending	18
Statement of Comprehensive Revenue and Expense	19
Statement of Financial Position	19
Statement of Changes in Equity	20
Consolidated Statement of Cash Flows	20
Auditors Report	22

Kia ora and welcome

*He Kupu Whakataki nā te
Heamana rāua ko te Tumuaki*

*Ehara taku toa i te
toa takitahi, engari
kē he toa takitini*

*Success is not the
work of one, but the
work of many*

If the past year (July 2020 to June 2021) had to be summed up in one word 'challenging' would be one of the key contenders, however, we have risen to those challenges and delivered exceptional results.

COVID-19 lurked in the background fuelling uncertain times, while long-running dry conditions made for a difficult summer and autumn.

However, we remained flexible and willing to try new ways of working and the unpredicted bounce back of the economy resulted in us being able to post a record financial result of nearly \$33.5 million on behalf of the people of Northland.

Our mission to create a healthy environment, a strong economy and resilient communities has continued, and we've strengthened our relationships with tangata whenua having concluded Mana whakahono ā Rohe with two hapū, established a Regional Alliance with Department of Conservation and multiple iwi partners under 'Jobs for Nature.'

Over the course of the financial year, we led the way for our three district council counterparts in voting to introduce Māori seats at the 2022 local body elections.

We also signed an MOU with the Crown, Auckland Council and Kaipara Uri resulting in the establishment of Te Taitokerau's second co-governance body for the \$200 million Kaipara Moana project, which aims to remediate ongoing environmental degradation by halving sediment loss from land to the Kaipara Harbour. The year one work programme has been successfully concluded and we are well on the way to establishing a new business unit 'Kaipara Maurikura' to deliver the remainder of the six year programme of work.

Our important flood protection and other business-as-usual work has continued and we've had some significant successes on the animal and pest control fronts, including securing \$10 million funding for predator free projects in both the Whangārei and Bay of Islands areas as well as a highly successful wilding conifer eradication programme.

On the transport front we launched separate 12-month trials of new public transport services for the Hikurangi and Whangārei Heads areas.

With the receipt of a significant increase in Crown funding support we have been able to create a number of new jobs focussed on the delivery of improved environmental outcomes, with the total organisational staff complement increasing from 243 to 265 over the course of the financial year. On the political front, we welcomed new councillor Terry Archer in early 2021.

Congratulations too to our Whakamānawa ā Taiao - Environmental Awards 2021 Supreme Award winner Experiencing Marine Reserves and other winners of the eight categories, including a new category, environmental action in climate change, the latter won by the Kerikeri branch of the Carbon Neutral NZ Trust.

The 2020-2021 financial year also saw much of the groundwork laid for our new Climate Change Strategy 'Ngā Taumata o te Moana'. The strategy's vision lays out our commitment to climate action and aims to ensure the wellbeing of current and future generations.

We also established joint governance committees for climate change and economic development. It's pleasing to note the growing levels of collaboration and the expansion of joint governance committees within local government in Northland.

On the central government front, we are monitoring the Three Waters reform programme, the Resource Management Act reforms and the Future of Local Government review. Pleasing progress is also being made with the Regional Plan and implementation of the National Policy Statement on Freshwater. There are also a host of other changes coming our way that we will need to be prepared for, including the National Policy Statement for Indigenous Biodiversity.

Significant change brings with it significant opportunities.



A stylized, handwritten signature in black ink.

Malcolm Nicolson
Chief Executive Officer



A stylized, handwritten signature in black ink.

Penny Smart
Chair

Ngā hua o 2020/21

Highlights of 2020/21

A healthy environment

Together we thrive

Our strength as a council relies heavily on regular collaboration with Northland's community groups and iwi and hapū. We have once again consolidated some existing partnerships and created new ones.

Many thousands of volunteers work with us across a suite of initiatives – everything from pest animal control, weed busting, coastal and riparian planting, to growing plants in shade houses and fencing to keep stock out of our waterways. Without the great work of these volunteers, we could not achieve the results we have.

Improving freshwater quality

Our communities regularly tell us that improving freshwater quality is a high priority and that's why we have proactively

spent money looking after our streams, rivers, lakes, and wetlands.

Much of this work is collaborative, involving landowners, tangata whenua, community organisations and central government agencies, all working towards a shared goal.

One example is the \$500,000 'Whangārei Urban Awa' project, a collaboration between Northland Regional Council and the Ministry for the Environment (MfE) targeting water quality in the Kirikiri, Lower Hātea, Raumanga and Waiarohia catchments.

It aims to improve water quality through a combination of stock exclusion fencing, riparian planting, and land management advice to eligible landowners.

The project began in earnest late 2020 and has already seen 7.4km of fencing across 10 properties, well in excess of the



4km first year target. Similarly, there has already been 1300m² of riparian planting completed, again well in excess of Year One's 500m² target.

The project has enjoyed good engagement from the community to date and we're now seeking interest from new landowners who are keen to take part.

Eligible landowners qualify for an 80% subsidy for the work required, provided they pay the remaining 20% upfront (the funding comes from the Government's 'Jobs for Nature' funding package, so all the fencing and planting must be done by contractors).

Our annual summer bathing water monitoring programme showed water quality at most popular Northland swim spots – especially those on the coast – met swimming guidelines over summer.



Our communities regularly tell us that improving freshwater quality is a high priority and that's why we have proactively spent money looking after our streams, rivers, lakes, and wetlands.

We carried out over 800 samples at 58 sites – 16 freshwater sites and 42 coastal – between early December 2020 and March 2021, testing for faecal indicator bacteria used to gauge the risks of contracting gastrointestinal and other infections while using beaches, rivers and lakes for swimming, water sports and other forms of recreation.

In coastal areas 98% of the 577 samples taken at 48 sites were within the Ministry for the Environment's Recreational Bathing guidelines.

Subsequent microbial source tracking at six different sites revealed birds as the major source of the coastal faecal contamination.

Being outside of the guidelines was higher at freshwater sites with 28 samples (12%) of the 234 taken not being within these. Most of the results outside of these guidelines were 'one-offs' linked to wet weather.



Ngā hua o 2020/21

Highlights of 2020/21

We worked with NIWA (the National Institute of Water and Atmospheric Research) to contribute to the GALACTIC project, a two-year global study on microplastic levels in lakes.

The project involves gathering water from the surfaces of 54 lakes in 22 countries. Universities in Canada, Italy and the United Kingdom are analysing the samples, a complex process that comes at no cost to council.

In September, our maritime and environmental monitoring officers took samples from two of Northland's most precious dune lakes, the 198ha Lake Taharoa (in Kaipara's Kai Iwi Lakes group) and the 56ha Lake Ngatu (northwest of Awanui in the Far North).

Although microplastics are a well-acknowledged problem in the marine environment, affecting animals, birds and kaimoana, this is the first time microplastics have been studied in New Zealand's freshwater systems. The project is strongly supported by the Taharoa Domain Governance Committee and Ngāi Takoto (Lake Ngatu) and the results will influence how we protect our waterways from this emerging pollutant.

Pest control in action

All over the North, people from all walks of life give their time to tackle pest plants and animals, often in tough country and harsh conditions. Their dedication to restore and protect our environment is astounding.

Much of this work is the result of community partnerships with a range of community, iwi and other participants and we're proud to lead them.

Predator control efforts in Whangārei will scale up over the next several years following the announcement in July last year of a \$6 million funding from Predator Free 2050 Limited and the Provincial Growth Fund.

Predator Free Whangārei is a large-scale community-led project that will build on many years of dedicated and successful community predator control in the Whangārei area, and the project is seen as a critical step towards the regional vision for a predator free Taitokerau.



In addition to the \$6 million from Predator Free 2050 Limited and the PGF, the project has been made possible by significant in-kind contributions from community conservation groups, iwi/hapū, Northland Regional Council, Whangārei District Council, Kiwi Coast and Department of Conservation. The five-year project has a total budget of just over \$27 million.

The groundwork was also laid over the year for a successful bid for \$4 million funding, again from Predator Free 2050 Ltd, for a partnership with Bay of Islands iwi, hapū, landowners, community landcare groups, Northland Regional Council, other organisations, and agencies.

It will work alongside existing pest control programmes across the three main peninsulas within the Bay of Islands: Purerua Peninsula (about 7600ha), Russell Peninsula (3000ha) and Cape Brett/Rākaumangamanga (3000ha).



Also a five-year project, it has an estimated budget of \$15 million (including in-kind community contributions) and will also establish sustained predator control, with a pathway to eradication, in the 80,000-plus hectares that make up the wider Bay of Islands. On the marine pest control front, our contractors inspected 2145 vessels and intercepted 33 transporting pests. Members of our marine biosecurity team also attended 10 education events over the year.

For the first time council received funding to carry out wilding conifer control throughout Northland. This initiative, through the Ministry of Primary Industries (MPI), is aimed at keeping wildings away from high value sites such as our coastal dune systems, wetlands, fragile ecosystems, geothermal areas, gum lands, roadsides, waterways and regenerating native bush.

All over the North, people from all walks of life give their time to tackle pest plants and animals, often in tough country and harsh conditions. Their dedication to restore and protect our environment is astounding.

Wilding conifer control projects have taken place at:

- » Lake Ngatu, linking into a long-running community-driven project to restore this rare and culturally significant Far North dune lake
- » Awanui River, removing unwanted trees from a stretch of erosion-prone riverbank and providing a valuable extra line of defence against flooding
- » Kai Iwi Lakes, in a project to protect Northland's rare dune lakes from destructive wilding pines while providing career opportunities for youth
- » Aupōuri Peninsula, extracting nearly 2000 young pines before they smother the fragile dunes at Kokota (The Sandspit), Great Exhibition Bay
- » Whangārei Heads, protecting locations from the coast (Kauri Mountain Beach, Pataua South) to hills and maunga (Pukenu, Te Whara/Bream Head)

Ngā hua o 2020/21

Highlights of 2020/21

A strong economy

Regional economic growth is an important part of our wellbeing. The COVID-19 pandemic continues to impact, although Northland has been fortunate to be less affected than our neighbours to the south in Auckland.

We've worked closely with regional development agency Northland Inc, our three district council counterparts and central government agencies to deliver co-ordinated recovery initiatives in Northland.

A major new initiative instigated by Northland Regional Council means Northland Inc is now jointly owned by our council, Kaipara District Council and Far North District Council.

Until 30 June 2021, Northland Regional Council had been the 100% shareholder of Northland Inc, a Council Controlled





A major new initiative instigated by Northland Regional Council means Northland Inc is now jointly owned by our council, Kaipara District Council and Far North District Council.

Organisation (CCO), but over the course of the past year the two district councils voted as part of their LTPs to become equal shareholders in a move designed to give them a greater role greater role in the governance of economic development strategy and the appointment of directors. This will result in increased investment in yearly contributions to help fund regional economic development.

Council sold its high-profile Kensington redevelopment to a Whangārei-based investor in a multimillion-dollar deal that went unconditional on 21 June this year.

The Kensington Crossing redevelopment at the corner of Kamo Rd and Kensington Ave opened in Whangārei in late 2020 and has breathed new life into a former supermarket site, including a medical centre, dentist, gym, physio and several food outlets. A separately owned childcare centre at the same address is under construction.

Income from the sale of the development will be used to support further redevelopments, most likely in and around Whangārei's Central Business District. Supporting a strong

economy is a core part of our mission, and we look forward to creating more hubs of activity that will connect and service local communities.

Meanwhile, construction of a proposed \$9 million Kaipara service centre expected to house up to 80 local authority staff from both the Northland Regional and Kaipara District Councils is progressing well. The Hokianga Rd service centre is expected to open early in 2022 and will accommodate about a dozen of our operational field staff, with associated vehicles and equipment eventually based there to service West Coast communities.

Ngā hua o 2020/21

Highlights of 2020/21

Resilient communities

Northland Regional Council provides a shared service on behalf of the region's four councils, which work together on Civil Defence emergency management – along with emergency services, iwi and hapū, welfare groups, other agencies, and trained volunteers – to build resilience in our communities. Flooding, storms (like the one which struck Northland in July 2020) and tsunami are among the highest risks to Northland and are a focus for the region's Civil Defence emergency management network.

Climate change

The year saw the groundwork laid for 'Ngā Taumata o te Moana', council's new strategy to tackle climate change that represents our generation's biggest challenges.

The effects of climate change will increasingly disrupt our water, land, ecosystems, people, and economy.

Our new climate strategy's vision lays out our commitment to climate action and aims to ensure the wellbeing of current and future generations – and Northland's natural environment – by addressing the causes and impacts of climate change. We're framing our response to the climate crisis in terms of three pou: adaptation, reducing emissions, and removing carbon. Council is envisaging a region that's resilient in a changing climate, and transitions proactively and equitably to a thriving net-zero emissions society before 2050. We acknowledge as a society we need to reach a point where we no longer produce net greenhouse gas emissions by 2050, and we also need to adapt to the impacts of climate change and restore our valuable carbon-storing ecosystems.

Protecting our people

Flooding ranks as one of the highest risks for Northland, so development of flood protection infrastructure and various river works are a priority for us.

More than \$3 million of upgrade work that collectively makes up about a quarter of annual improvements to the Awanui flood scheme was carried out in the 2020/2021 financial year. The previously planned eight-year \$15 million upgrade is now expected to be completed in 2022/2023 (earlier than originally





planned), after a multimillion-dollar injection from central government as part of its COVID-19 recovery response package. The central government funding is allowing the upgrade to be done more quickly and at less direct cost to ratepayers.

The 2020/2021 construction schedule involved about \$3,050,000 of works, including extensive earthworks for southern spillways over about 2.4ha of former farmland behind Rongopai Place in Kaitaia.

Those works included construction of 280m of new stop banking to better protect 29 flood-prone homes in Rongopai Pl, and approximately 900m of new spillway. Church Road scour protection and stopbank stabilisation is also complete, while work at Allan Bell Park is about 50% finished and due to be completed by Christmas.

The council also has \$4 million of works – much of it centred around local bridges and the Whangatane spillway – scheduled to begin later this year for the new 2021-2022 construction season, and another \$5 million that should mark the completion of the upgrade for the year after that. Kaitaia was not the only place we invested in flooding infrastructure, with works also

Council is envisaging a region that's resilient in a changing climate, and transitions proactively and equitably to a thriving net-zero emissions society before 2050.

carried out in Panguru, working alongside partners Far North District Council, and in Moerewa with Waka Kotahi (the New Zealand Transport Agency). Annual routine maintenance work was completed in Kaeo, Whangarei and Kaihu catchments as well as our minor rivers and an additional \$250,000 of COVID-19 relief funding was used for riverside improvements.

Our \$11 million-plus investment in a Whangarei detention dam commissioned several years ago spared the city's central business district from significant damage during the July 2020 storm. Council's Hopua te Nihotetea dam faced its single biggest test during the storm, rapidly capturing floodwaters from the Raumanga Stream that otherwise would have swept through the city's CBD and parts of Morningside and Raumanga. At its peak, the Hopua te Nihotetea dam had retained about 400,000m³ of floodwaters (about one third of its capacity), with council engineers estimating this had kept the flow in the Raumanga Stream to about 82m³ per second, a level you would expect to see roughly once every 27 years on average.

Without the dam, the flow rate would have been 114m³ per second, equivalent to the sort of level that would normally only be seen every 90 years. The programme also aims to build Māori capacity within Te Taitokerau, and provide opportunities for further education, with four of the eight scholarships available earmarked for Māori who whakapapa to Te Taitokerau.

Ngā hua o 2020/21

Highlights of 2020/21

Recognising our people

Experiencing Marine Reserves – Mountains to Sea Conservation Trust was named Te Tohu Matua-Supreme Award winner of our annual 'Whakamānawa ā Taiao - Environmental Awards'.

The trust – one of 47 entries received this year – secured the top award that was announced at a ceremony attended by about 200 people at Kerikeri's Turner Centre in late May.

This year's awards covered eight categories: community, pest management, education, water quality improvement, industry, leadership, kaitiakitanga, and a new category, environmental action in climate change, the latter won by the Kerikeri branch of the Carbon Neutral NZ Trust.

The awards began three years ago as a way of recognising the thousands of people working to improve the north's environment, many toiling away quietly behind the scenes.

Over the year we allocated eight \$3000 scholarships via our annual Tū i te ora Scholarship programme. This programme aims to support students studying or training in areas aligned to work the council does in the environmental, economic, or community resilience fields. The awards can also help provide financial support to students experiencing financial hardship and difficulties.

The programme also aims to build Māori capacity within Te Taitokerau, and provide opportunities for further education, with four of the eight scholarships available earmarked for Māori who whakapapa to Te Taitokerau.

We received 90 applications for the eight scholarships available, more than half of which were from Māori who whakapapa to Northland.



Experiencing Marine Reserves – Mountains to Sea Conservation Trust was named Te Tohu Matua - Supreme Award winner of our annual 'Whakamānawa ā Taiao - Environmental Awards'.



Tā mātou mahi whakarāpopoto

Summary of our performance

For more information, please refer to the full Annual Report 2020.

Governance and engagement

4 out of 10 targets met



11%

subscriber increase
in online and social
media channels.

68%

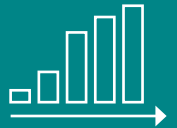
of Northland schools and
kindergartens participated
in the Enviroschools programme.

123

Collaborative Community
Engagement Groups actively
engaged with.

Economic development

1 out of 2 targets met



100%

Northland Inc's compliance with
Local Govt Act requirements relating
to its Statement of Intent (SOI).

79%

of Northland Inc's SOI key
performance indicators
achieved.

Regulatory services

7 out of 15 targets met



58 and 29

popular
swimming
sites

popular shellfish collection sites
were monitored weekly during
summer.

99.4%

of resource consents were
processed within statutory
timeframes.

100%

of monitored air sheds met
national environmental
standards.

Environmental services

7 out of 12 targets met



5731_{ha}

of additional land was added to the land already under Community Pest Control Areas.

2145

hulls surveyed for marine pests .

14,779

plants provided through the CoastCare programme.

River management

1 out of 1 target met



No failures in flood protection systems for the Awanui, Whangārei and Kāeo schemes.

Customer services and community resilience

9 out of 11 targets met



326,894

people used the Whangārei urban bus service, with 92% satisfied with the service.

45%

of customers surveyed said they were satisfied with the quality of service they received from the council.

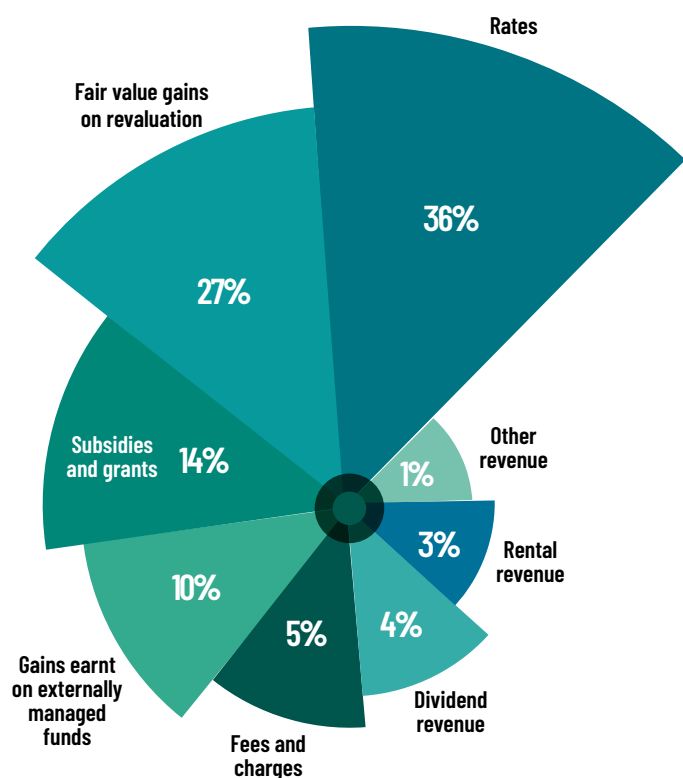
100%

of reported faults in aids to navigation were responded to within five working days.

Te whakarāpopoto o te pūrongo pūtea

Financial summary

\$89M Actual revenue



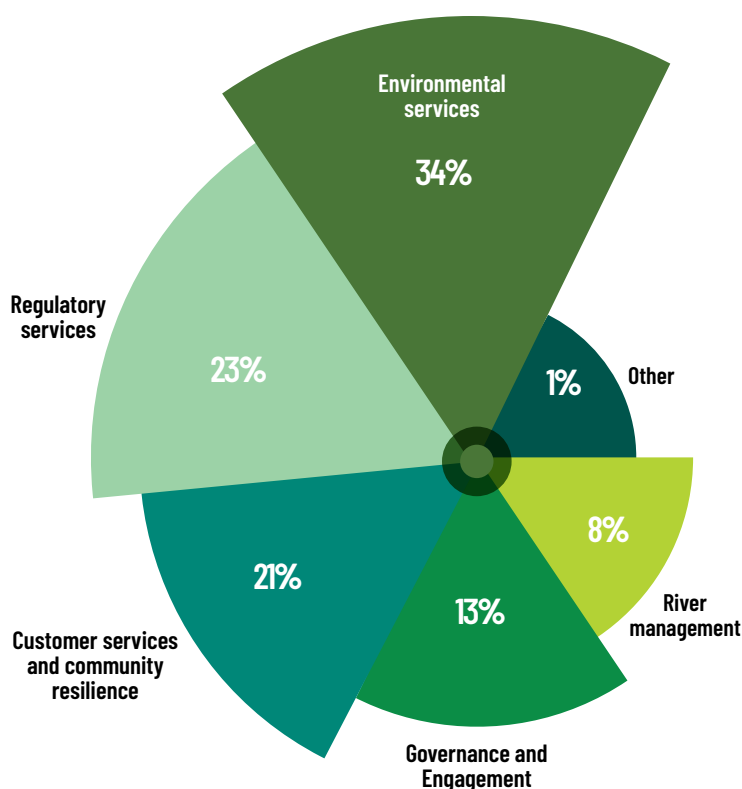
Council's revenue for the 2020-21 financial year was \$38M more than its 2020-21 Annual Plan, mainly due to:

- » Unbudgeted gains on the annual revaluation of council investment property and forestry assets.
- » Higher than budgeted gains earned on council's externally managed fund portfolio and a higher than budgeted dividend received from Marsden Maritime Holdings.
- » Unbudgeted central government subsidies received for a range of environmental and infrastructural projects.

Council's total expenses for the 2020-21 financial year was \$2.5M more than its 2020-21 Annual Plan, predominantly due to:

- » Project costs not in the Annual plan that arose during the year and were funded by unbudgeted subsidies received.
- » Higher than budgeted legal costs and costs related to council's computer technology.

\$55M Actual Operational Spending



Other budget variations

- » Council's current assets are higher than its 2020-21 Annual Plan mainly due to the transfer of two large properties from investment properties to properties held for sale as council intends to dispose of them within the next 12 months; and a higher level of short term bank deposits held at year-end than budgeted.
- » Council's current liabilities are higher than the 2020-21 Annual Plan as a higher than planned level of funding was received in advance for works not undertaken by year end.
- » Council's non-current liabilities are lower than the 2020-21 Annual Plan as unbudgeted grants received from the Provincial Growth Fund reduced the borrowing requirement that was anticipated when compiling the annual plan.

Statement of Comprehensive Revenue and Expense

For the year ended	Council 30 Jun 21 \$000	Annual Plan 30 Jun 21 \$000	Council 30 Jun 20 \$000	Consolidated 30 Jun 21 \$000	Consolidated 30 Jun 20 \$000
REVENUE					
Operating revenue (excluding share of associate and joint venture company surplus and rates)	56,992	19,224	29,517	67,465	33,163
Rates	31,542	31,128	29,497	31,542	29,497
Total revenue	88,534	50,352	59,014	99,007	62,660
EXPENDITURE					
Operating expenses (excluding finance expense)	54,776	51,767	53,317	63,397	62,026
Finance costs	581	1,060	930	1,116	1,430
Total expenditure	55,357	52,827	54,247	64,513	63,456
Share of associate and joint venture company surplus	(171)	-	(61)	9,354	8,748
Income tax	-	-	-	(24)	(22)
SURPLUS/(DEFICIT) AFTER TAX	33,006	(2,475)	4,706	43,824	7,930
Attributable to:	-	-	-	-	-
Northland Regional Council	33,006	(2,475)	4,706	37,167	4,799
Non-controlling interest	-	-	-	6,657	3,131
OTHER COMPREHENSIVE REVENUE AND EXPENSE - Financial assets at fair value through other comprehensive revenue and expense					
Gains/(loss) on property revaluations (other than investment properties)	260	-	522	4,983	(601)
Gains/(loss) on carbon credit revaluation	199	-	156	199	156
Gains/(loss) on infrastructure asset revaluation	-	-	(66)	-	(66)
Net hedging movement (joint venture company)	-	-	-	496	(186)
Total other comprehensive revenue and expense	459	-	612	5,678	(697)
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	33,465	(2,475)	5,318	49,502	7,233
Attributable to:	-	-	-	-	-
Northland Regional Council	-	-	-	40,423	4,709
Non-controlling interest	-	-	-	9,079	2,524
	-	-	-	49,502	7,233

Statement of Financial Position

As at:	Council 30 Jun 21 \$000	Annual Plan 30 Jun 21 \$000	Council 30 Jun 20 \$000	Consolidated 30 Jun 21 \$000	Consolidated 30 Jun 20 \$000
Current assets	62,211	10,957	32,493	66,183	33,859
Non-current assets	156,043	166,700	156,379	326,068	304,327
TOTAL ASSETS	218,254	177,657	188,872	392,251	338,186
Current liabilities	(12,814)	(7,925)	(21,196)	(28,193)	(23,142)
Non-current liabilities	(14,481)	(20,590)	(10,182)	(30,178)	(27,600)
TOTAL LIABILITIES	(27,295)	(28,515)	(31,378)	(58,371)	(50,742)
NET ASSETS/EQUITY	190,959	149,142	157,494	333,880	287,444

Te whakarāpopoto o te pūrongo pūtea

Financial summary

Statement of Changes in Equity

For the year ended	Council 30 Jun 21 \$000	Annual Plan 30 Jun 21 \$000	Council 30 Jun 20 \$000	Consolidated 30 Jun 21 - \$000	Consolidated 30 Jun 20 - \$000
OPENING BALANCE	157,494	151,617	152,176	287,444	283,277
Total comprehensive revenue and expense for the year	33,465	(2,475)	5,318	49,502	7,233
Dividends paid	-	-	-	(3,066)	(3,066)
CLOSING EQUITY	190,959	149,142	157,494	333,880	287,444
Attributable to:					
Northland Regional Council	190,959	149,142	157,494	263,405	222,982
Non-controlling Interest	-	-	-	70,475	64,462
	190,959	149,142	157,494	333,880	287,444
COMPONENTS OF EQUITY					
Accumulated funds	157,900	141,836	115,650	194,983	148,562
Asset revaluation reserve	2,408	3,973	1,949	38,096	35,115
Hedging reserve	-	-	-	(325)	(590)
Special reserves	30,651	3,333	39,895	30,651	39,895
Minority interest	-	-	-	70,475	64,462
	190,959	149,142	157,494	333,880	287,444

Consolidated Statement of Cash Flows

For the year ended	Council 30 Jun 21 \$000	Annual Plan 30 Jun 21 - \$000	Council 30 Jun 20 - \$000	Consolidated 30 Jun 21 - \$000	Consolidated 30 Jun 20 - \$000
Net cash from operating activities	3,640	(5,275)	4,638	12,881	11,684
Net cash from investing activities	6,148	4,848	(1,337)	(5,481)	(9,949)
Net cash from financing activities	(5,710)	344	-	(1,375)	1,335
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	4,078	(83)	3,301	6,025	3,070
Cash, cash equivalents and bank overdrafts at the beginning of the year	3,907	449	606	4,828	1,758
Closing cash, cash equivalents and bank overdrafts at the end of the year	7,985	366	3,907	10,853	4,828

Accounting policies

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

Audited statements of the council and group for the 12 months to 30 June 2021 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 audited statements of the council and group for the 12 months to 30 June 2021 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.

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 Limited 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 19 October 2021.

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).

All entities are incorporated and domiciled in New Zealand.

Changes in accounting policies

During 2021, council changed its accounting policy for the treatment of its investment in council-controlled organisations. In previous periods, council accounted for its investment in its associate, in the financial statements of the parent entity, at cost. The council has now decided to apply the equity method. Under the equity method, the investment in an associate is initially recognised at cost and the carrying amount is subsequently increased or decreased to recognise council's share of the surplus or deficit of the associate. Management judges that the new policy is preferable because it better reflects any accelerated depreciation, write off or impairment in relation to the remaining service potential of the underlying assets of the investment in associate.

There have been no other changes in accounting policies.

Related party transactions

As all council transactions with related parties are within a normal supplier or client/recipient relationship and are all arms-length transactions, there are no related party transactions that require disclosure.

Summary of contingent assets & liabilities

Contingent assets

At year end, council was involved in a clean-up contract to remove hazardous waste from the contaminated site which is due to be completed by the end of October 2021. The contract manager (Whangarei District Council) plans to seek an enforcement order from the Environment Court to recover costs of the project from the respondents. The council will support the application for the enforcement order should it be sought but, at this stage, the liability and apportionment of liability between the individual respondents remains uncertain and, therefore, whether or not council will be able to recover any costs from the respondents also remains uncertain.

Contingent liabilities

At year end, council was involved in a shared cost arrangement to fund 50% of costs arising from a subdivision subject to the construction of a rail spur connecting the main trunk line to Marsden Point. Council was also subject to an incentive payment dependent on the sale price of an Investment Property.

Council is a guarantor of the New Zealand Local Government Funding Agency (LGFA). As part of this, Council has guaranteed the debt obligations of the LGFA along with other guaranteeing shareholders and participants of the LGFA in proportion to its level of rates revenue. At 30 June 2021, the LGFA had total borrowings totalling \$13.61 billion (2020: \$11.91 billion).

Breach of legislation

No significant breaches of legislation during the year.

Events after balance date

Subsequent to balance date, Marsden Maritime Holdings Limited declared a fully imputed dividend of 11.25 cents per share to be paid on 24 September 2021.

In July 2021, the sale of one of council's investment properties became unconditional. Also in July 2021, council sold 80 of its 120 shares in Northland Inc Limited: 40 shares to each of Kaipara District Council and Far North District Council at \$2 per share. This was to transition ownership of Northland Inc from a 100% NRC-owned council-controlled organisation (CCO) to a jointly, evenly owned CCO of the three councils.

There were no other significant events after balance date.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF NORTHLAND REGIONAL COUNCIL'S SUMMARY OF THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

The summary of the annual report was derived from the annual report of the Northland Regional Council (the *Regional Council*) for the year ended 30 June 2021

The summary of the annual report comprises the following summary statements on pages 16 to 21:

- the summary Council and Consolidated Statement of Financial Position as at 30 June 2021;
- the summaries of the Council and Consolidated Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2021;
- the Disclosures to the Summary Financial Statements; and
- the summary Statement of Service Performance of the Regional Council.

Opinion

In our opinion:

- the summary of the 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*.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2021 in our auditor's report dated 19 October 2021.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.



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 issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit we have carried out assurance engagements on the Council's consultation document and long-term plan, 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 provided fraud awareness training services and a review of Council's counter fraud controls, an agreed procedures report in relation to the Waima Waitai Wairoa 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.

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
19 October 2021

P 0800 002 004
E info@nrc.govt.nz
W www.nrc.govt.nz