

2016/17  
Annual Report Summary

# Our Northland





# Foreword

This summary of Northland Regional Council activities is for the year 1 July 2016 to 30 June 2017 and contains information from our full Annual Report 2017.

The full report for the financial year to 30 June 2017 was authorised for issue by resolution of Northland Regional Council on 24 October 2017. The Annual Report Summary was authorised for issue by the Chief Executive on 31st October 2017.

For our full audited Annual Report, visit [www.nrc.govt.nz/annualreport](http://www.nrc.govt.nz/annualreport)

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He Kupu Whakataki nā te Toihau rāua ko te Tumuaki

We are pleased to present our Annual Report 2017 which provides insight into the council's achievements and how they rate in terms of meeting our performance targets, budgetary goals and community outcomes.

We have worked alongside our communities and liaised with Māori, district councils, government agencies, other Northland organisations, and landowners in our quest to build a brighter future for our region. The October 2016 elections brought five new councillors to the regional council's table. We welcomed our new elected representatives and acknowledged the valuable contribution of our outgoing elected members.

Hundreds of people contributed to consultation processes on the council's draft Regional Plan and five Catchment Management Plans. The feedback received helped us refine these documents and we are grateful to those who took part.

We obtained \$600,000 from central government's Regional Growth Programme to undertake a complete LiDAR survey of the Northland region. This will improve regional elevation data that will benefit user applications such as land and water management, agriculture, construction and transportation.

Swimmability at the Whangārei Falls will be improved through a water quality improvement project that has received a major boost with a \$258,000 allocation from the Ministry for the Environment's Community Environment Fund and a \$150,000 cash contribution from the regional council's Environment Fund.

Northland's coastal environment will be better protected through a new Marine Pathway Plan containing new rules on hull fouling to prevent the spread of marine pests. We've supported the region's economic growth with a \$3.3 million allocation from our Investment and Growth Reserve.

Change only happens when people work together. We see this every day with programmes such as our Community Pest Control Areas (CPCAs), CoastCare and Enviroschools. It's our privilege to work with such groups where thousands of people volunteer to care for our environment.



Bill Shepherd  
Chairman



Malcolm Nicolson  
Chief Executive Officer

# Highlights of 2016/17

A snapshot of our successes during the last year.

## Marine Pathway Plan targets spread of marine pests

New rules on hull fouling to prevent the spread of marine pests in Northland's coastal environment are contained within the Marine Pathway Management Plan.

The new legislation allows the council to manage the pathway by which marine pests are spread. This effectively means boats because the movement of hull-fouled boats is the single highest risk for marine pest transfer. Pathway management recognises that it is much cheaper to keep pests out than deal with them once they have moved to a new place.

The hull-fouling rules mean that, instead of responding to incursions, council can take the lead in managing the way marine pests are transported and prevent them from spreading. They will be implemented through the council's existing marine surveillance programme. There were more than 1700 vessel hull surveys last summer, up 58% on the previous year.



*Northland-based dive contractors Marine Environmental Field Services checked more than 1700 vessel hulls for marine pests last summer.*

## Public feedback helps shape council plans

Public feedback has helped the council finalise its draft regional plan and five Catchment Management Plans. Following consultation on the draft regional plan, a Proposed Regional Plan will be notified later this year. It will set out rules and policy for managing Northland's natural resources such as water, soil, air and coastal waters.

Council also intends to adopt Catchment Management Plans for the Doubtless Bay, Waitangi, Mangere, Whangārei Harbour and Poutō catchments. These are non-statutory

documents that focus on managing water quality and quantity. They set out objectives for the catchments, and implementation measures to achieve the outcomes sought. They also include catchment-specific rules that are recommended for inclusion in the Proposed Regional Plan. The catchment plans have been developed collaboratively by groups such as tangata whenua, farming, forestry, recreation and environmental interests.

## Environment Fund brings regional benefit

Environment Fund allocations totalling \$779,300 have allowed the completion of 175 projects throughout Northland in the last financial year. The council fund has been helping Northlanders enhance and protect the region's environment since 1996.

Funding is provided through four different funding streams - soil conservation, biodiversity, coastal and water quality, and typically covers up to 50 percent of a project's

total cost. Landowners fund the remainder of the project and contribute their own time.

Landowners, community and conservation groups, local Māori groups and schools have successfully applied for funding. Examples of projects include a Lake Rotokawau and Puwheke Beach fencing project to protect a wetland at the northern end of Rangiputa Station, and stock exclusion fencing around five of Northland's Top 150 wetlands.

## Community Pest Control Areas flourish

From small beginnings in 2005, the council now supports 56 Community Pest Control Area programmes (CPCAs) in Northland. This includes four new programmes adding more than 16,500 hectares to the land already under community pest control. The CPCA programme in Northland now covers more than 68,000 hectares.

The way in which CPCAs are developed and managed is changing as the programme grows. The Kiwi Link CPCA, between Whangārei Heads and Tutukaka, is one of the council's largest CPCA areas, involving nine landcare groups and agencies and totalling over 13,000ha. This large-scale CPCA has evolved from individual landowner CPCAs in 2005 to programmes involving hundreds of

landowners who are connected through a number of local landcare groups. This model is being proposed in other areas of Northland where there are a number of local landcare groups all working towards common goals.



*Team members head off into the mist-covered hills of North Hokianga's Warawara Ngahere (forest) - one of 50-plus Community Pest Control Areas - to survey plant and bird life there.*



## Lifting Northland's economic performance



*Council contributed \$400,000 from its Investment and Growth Reserve toward the construction of tracks in the Waitangi Mountain Bike Park*

Northland's future economic growth is being supported by a \$3.3 million allocation from the council's Investment and Growth Reserve (IGR). Some of the income from council's commercial operations is allocated each year to projects sourced through Northland Inc. Ltd (a Council Controlled Organisation). Each project is assessed against specific criteria as having positive economic impacts for the Northland region.

Contributions via the IGR have included \$165,000 for feasibility assessments and business case development; \$832,600 for 'Extension 350', a co-funded regional agricultural extension project to lift the performance and profitability of 350 Northland farms over six years; and \$400,000 toward the construction of tracks at the Waitangi Mountain Bike Park. In addition, the IGR has supported the Hundertwasser Art Centre in Whangārei with a \$1.5 million contribution.

## Working with Māori – enhancing relationships

The Te Taitokerau Māori Advisory Committee has re-formed as the Te Taitokerau Māori and Council Working Party, continuing to alternate between formal meetings at council and Marae-based hui. The hui allow councillors and working party members to meet Māori in their own communities.

A governance-to-governance relationship between Te Kahu o Taonui (region's iwi chairs) and the Mayoral Forum was established, underpinning the council and iwi Chief Executive Forum which meets regularly each year.

Te Oneroa-aTōhē Board (90 Mile Beach), a co-governance committee established as a result of Treaty settlement, has begun a journey to write a beach management plan for 90 Mile Beach. The committee comprises iwi, Far North District and Regional Council governance representatives.

Council supports Māori initiatives, engagement and relationships through an open door policy, dedicated Māori staff, and an annual contestable fund for the development of iwi environmental management plans.

## Otuihau-Hatea water quality improvements

A water quality improvement project at the Whangārei Falls has been given a \$408,000 boost with a \$258,000 allocation from the Ministry for the Environment's Community Environment Fund and a \$150,000 cash contribution from the regional council's Environment Fund over the next three years.

The funds will be used to improve water quality and swimmability at the falls by contributing funding for riparian fencing and planting, contributing to stock water systems where needed to help enable fencing, and

signs at the falls reserve to help educate people about the significance of the falls and what they can do to help.

The improvement project builds on collaborative work already being done within a broad community group overseeing the project, including the regional council and Whangārei District Council, Whitebait Connection, Pehiaweri Marae, Tikipunga Community Development Trust (including Tiki Pride) and the Northland District Health Board.

## Reducing Kaipara's erosion risk

Progress is being made although plenty of work remains in the longstanding battle to minimise erosion on Kaipara hill country and reduce sedimentation of the Kaipara Harbour and waterways.

The council has completed the second year of a four-year Kaipara Hill Country Erosion Project, for which it received \$666,000 from the Ministry for Primary Industries' Hill Country Erosion Fund. The Ministry's targets have been exceeded so far with 54 farm plans produced for farms with a high risk of erosion, covering nearly 16,000 hectares within the Kaipara catchment.

In addition, 48 hectares of pastoral land with high erosion risk have been retired from grazing through recommendations made during the farm plan process where council land management advisors work direct with Kaipara farmers. The council has supplied close to 3,900 poplar poles for planting by 39 Kaipara landowners, according to the advisors' planting plans.

## New Waipapa office

The decision to open a new regional office at Waipapa near Kerikeri will deliver long-sought customer service improvements to the mid-North area.

The area has been identified as a 'geographic gap' in council's existing customer service network.

Waipapa was selected as the preferred site as it is a service hub for the rapidly expanding Kerikeri area while offering convenient access to the rest of the mid-North. It will give customers the opportunity to discuss issues with staff face-to-face, encouraging positive engagement and increasing our understanding of local issues.

The centre will be staffed with existing regulatory, land, rivers and biosecurity staff who live locally, but currently work in either the council's Opuā, Whangārei or Kaitiāia offices.

# Summary of our performance

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

HAZARD MANAGEMENT	ECONOMIC DEVELOPMENT	TRANSPORT
2/2 targets met. Four targets not applicable	2/2 targets met	3/4 targets met
<p>Improving the resilience of Northland’s communities and reducing natural hazard impacts.</p> <p>Some of our performance results:</p> <ul style="list-style-type: none"><li>• There were no events requiring flood warnings, updated flood level monitoring, or the activation of an emergency operations centre, making four targets not applicable.</li><li>• All priority beach sites were surveyed and data entered as required.</li><li>• 100% of hot-line calls were responded to within targets and no major oil spills were identified.</li></ul>	<p>Supporting economic development and building a business-friendly environment.</p> <p>Some of our performance results:</p> <ul style="list-style-type: none"><li>• \$2.2 million was transferred from accumulated funds into the Investment and Growth Reserve.</li></ul>	<p>Overseeing regional transport and improving traffic safety on land and in our harbours.</p> <p>Some of our performance results:</p> <ul style="list-style-type: none"><li>• 309,414 passengers used Whangārei’s bus services, 2777 fewer than the previous year, likely due to low fuel prices and continued delays to scheduled services from urban roadworks</li><li>• Repairs to navigation aids were done within five working days of damage being reported.</li><li>• Pilotage services in the Bay of Islands were provided safely.</li></ul>



54 hill-country-focused farm plans covering nearly 16,000 ha of erosion-prone land completed

More than 1700 hull surveys checking for marine pests in Northland - up 58% on previous year

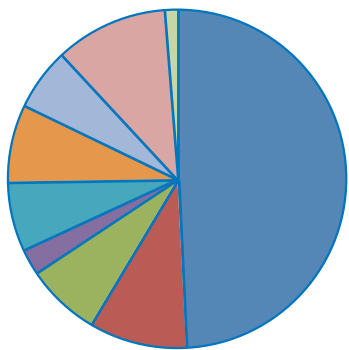
Sediment sampling of 32 sites within Whangārei Harbour and Bay of Islands

COMMUNITY REPRESENTATION AND ENGAGEMENT	RESOURCE AND CATCHMENT MANAGEMENT	RIVER MANAGEMENT
8/10 targets met or baselines successfully established	15/18 targets met or baselines successfully established	10/10 targets met
<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"><li>• 55.6% of Northland schools participated in the EnviroSchools programme</li><li>• 106 students participated in EnviroSchools’ Project Possum Stage One</li><li>• 1357 people participated in CoastCare groups and 1489 participated in Community Pest Control Area Groups</li><li>• More than \$800,000 of contestable funding was allocated to volunteer emergency services.</li><li>• 70 groups were regularly engaged with to achieve a shared goal.</li><li>• A residents’ survey showed:<ul style="list-style-type: none"><li>- 27% were satisfied with how council involves the public in decisions</li><li>- councils overall reputation is satisfactory with a reputation index of 57%.</li></ul></li></ul>	<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"><li>• Regular fresh water quality monitoring was carried out at 161 coastal, river and lake sites</li><li>• 59 out of 234 monitoring events for farm dairy effluent activities were significantly non-compliant</li><li>• 100% of monitored air sheds met national environmental standards</li><li>• Water quality was monitored at 59 popular swimming sites and the results were published online</li><li>• 115 farm plans covering 24,371 hectares were completed</li><li>• Action was taken to rectify significant non-compliance of resource consents 97.7% of the time</li><li>• Environment Fund allocations totalling \$779,300 allowed the completion of 175 projects throughout Northland</li><li>• The Proposed Regional Plan was readied for public notification</li><li>• Five Catchment Management Plans were prepared for the Doubtless Bay, Waitangi, Mangere, Whangārei Harbour and Poutō catchments</li></ul>	<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"><li>• There were no floods big enough to test the limits of our Awanui, Whangārei or Kaeo flood protection schemes.</li><li>• All scheduled river scheme maintenance works were undertaken in accordance with the work programme</li><li>• 16 renewals for floodgates were completed in conjunction with the Awanui River Management Liaison Committee work programme</li><li>• Whangārei’s Hopua te Nohotetea detention dam was monitored and maintained in accordance with the dam management plan.</li></ul>



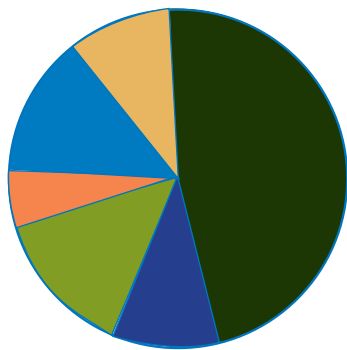
# Financial summary

## \$41.5M ACTUAL REVENUE



- Rates 49%
- Other revenue 1%
- Fair value gains on revaluation 11%
- Gains earned on externally managed funds 6%
- Dividend revenue 8%
- Rental revenue 7%
- Interest revenue 2%
- Subsidies and grants 7%
- Fees and charges 9%

## \$35.6M ACTUAL OPERATIONAL SPENDING



- Resource Management 43%
- River Management 10%
- Economic Development 13%
- Hazard Management 5%
- Transport 15%
- Community Representation and Engagement 14%

Council’s revenue for the 2016-17 financial year is \$6.2M more than its 2016-17 Annual Plan mainly due to:

- increases in the fair value (non-cash) of council’s investment properties, assets held for resale, infrastructure assets, forestry holding and owner-occupied land and buildings;
- gains on the sale of investment properties and assets held for sale not included in the annual plan
- increased subsidies and grants from several sources to assist in funding council initiatives including the aerial photography and Lidar (3D Scanning) projects
- reduced gains on council’s externally managed funds

Council’s operational expenditure for the 2016-17 financial year is \$1.83M more than its 2016-17 Annual Plan, mainly due to:

- increased Investment and Growth fund (economic development) grants
- Aerial photography and 3D scanning project expenditure
- Increased depreciation on council’s buildings, vehicles and infrastructure assets

### OTHER BUDGET VARIATIONS

Councils current assets are greater than its 2016-17 Annual Plan due to several investment properties being classified as current assets held for sale as council intends to sell these properties over the coming year.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2017

	Council 30-Jun-17 \$	Annual Plan 30-Jun-17 \$	Council 30-Jun-16 \$	Consolidated 30-Jun-17 \$	Consolidated 30-Jun-16 \$
<b>REVENUE</b>					
Operating revenue (excluding share of associate and joint venture company surplus and rates)	21,093,178	14,644,329	18,250,649	23,246,480	22,929,541
Rates	20,413,428	20,637,017	20,169,587	20,413,428	20,169,587
<b>Total Revenue</b>	<b>41,506,606</b>	<b>35,281,346</b>	<b>38,420,236</b>	<b>43,659,908</b>	<b>43,099,128</b>
<b>EXPENDITURE</b>					
Operating expenses (excluding finance expense)	35,036,000	33,213,268	32,599,693	39,177,230	36,216,555
Finance costs	583,397	578,864	525,428	815,366	741,666
<b>Total expenditure</b>	<b>35,619,397</b>	<b>33,792,132</b>	<b>33,125,121</b>	<b>39,992,596</b>	<b>36,958,221</b>
Share of associate and joint venture company surplus	-	-	-	9,140,109	8,495,465
<b>Surplus/(Deficit) before tax</b>	<b>5,887,209</b>	<b>1,489,214</b>	<b>5,295,115</b>	<b>12,807,421</b>	<b>14,636,372</b>
Income tax	-	-	-	(18,568)	12,113
<b>Surplus/(Deficit) after tax</b>	<b>5,887,209</b>	<b>1,489,214</b>	<b>5,295,115</b>	<b>12,788,853</b>	<b>14,648,485</b>
Attributable to:					
Northland Regional Council	5,887,209	1,489,214	5,295,115	8,051,364	8,980,301
Non-controlling interest	-	-	-	4,737,489	5,668,184
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>					
Financial assets at fair value through other comprehensive revenue and expense	17,849	-	(9,479)	17,849	(9,479)
Gains/(loss) on property revaluations (other than Investment properties)	38,717	-	(5,000)	417,071	278,041
Gains/(loss) on infrastructure asset revaluation	2,973,233	-	-	2,973,233	-
Net hedging movement (associate)	-	-	-	182,349	(395,437)
<b>Total other comprehensive revenue and expense</b>	<b>3,029,799</b>	<b>-</b>	<b>(14,479)</b>	<b>3,590,502</b>	<b>(126,875)</b>
<b>Total comprehensive revenue and expense</b>	<b>8,917,008</b>	<b>1,489,214</b>	<b>5,280,636</b>	<b>16,379,355</b>	<b>14,521,610</b>
Attributable to:					
Northland Regional Council	-	-	-	11,381,755	8,905,566
Non-controlling interest	-	-	-	4,997,600	5,616,044
				<b>16,379,355</b>	<b>14,521,610</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Council 30-Jun-17 \$	Annual Plan 30-Jun-17 \$	Council 30-Jun-16 \$	Consolidated 30-Jun-17 \$	Consolidated 30-Jun-16 \$
Current assets	36,330,943	16,951,647	32,272,716	42,197,914	33,471,798
Non-current assets	129,939,420	138,828,608	124,945,967	259,263,555	247,283,931
<b>Total assets</b>	<b>166,270,363</b>	<b>155,780,255</b>	<b>157,218,683</b>	<b>301,461,469</b>	<b>280,755,729</b>
Current liabilities	(9,366,768)	(7,477,577)	(6,192,297)	(11,251,431)	(7,205,659)
Non current liabilities	(10,815,422)	(13,813,037)	(13,855,221)	(21,282,926)	(18,320,229)
<b>Total liabilities</b>	<b>(20,182,190)</b>	<b>(21,290,614)</b>	<b>(20,047,518)</b>	<b>(32,534,357)</b>	<b>(25,525,888)</b>
<b>Net assets / equity</b>	<b>146,088,173</b>	<b>134,489,641</b>	<b>137,171,165</b>	<b>268,927,112</b>	<b>255,229,841</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2017

	Council 30-Jun-17 \$	Annual Plan 30-Jun-17 \$	Council 30-Jun-16 \$	Consolidated 30-Jun-17 \$	Consolidated 30-Jun-16 \$
Opening equity	137,171,165	133,000,428	131,890,529	255,229,841	243,055,194
Total comprehensive revenue and expense for the year	8,917,008	1,489,213	5,280,636	16,379,355	14,521,610
Dividends paid	-	-	-	(2,682,084)	(2,346,963)
<b>Closing equity</b>	<b>146,088,173</b>	<b>134,489,641</b>	<b>137,171,165</b>	<b>268,927,112</b>	<b>255,229,841</b>
Attributable to:					
Northland Regional Council	146,088,173	134,489,641	137,171,165	207,955,484	196,573,729
Non controlling Interest	-	-	-	60,971,628	58,656,112
	<b>146,088,173</b>	<b>134,489,641</b>	<b>137,171,165</b>	<b>268,927,112</b>	<b>255,229,841</b>
<b>Components of equity:</b>					
Accumulated funds	121,314,769	117,073,095	117,670,944	150,862,144	145,054,163
Asset revaluation reserve	3,968,240	944,860	956,290	36,575,282	33,360,497
Fair value through other comprehensive revenue and expense reserve	-	16,430	(17,849)	-	(17,849)
Hedging reserve	-	-	-	(287,107)	(384,864)
Special reserves	20,805,164	16,455,256	18,561,780	20,805,164	18,561,780
Minority interest	-	-	-	60,971,628	58,656,112
	<b>146,088,173</b>	<b>134,489,641</b>	<b>137,171,165</b>	<b>268,927,112</b>	<b>255,229,841</b>

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2017

	Council 30-Jun-17 \$	Annual Plan 30-Jun-17 \$	Council 30-Jun-16 \$	Consolidated 30-Jun-17 \$	Consolidated 30-Jun-16 \$
Net cash flows from operating activities	130,950	(495,152)	2,160,157	6,659,436	8,167,736
Net cash flows from investing activities	(583,544)	717,646	(18,994,584)	(10,170,685)	(22,850,977)
Net cash flows from financing activities	-	-	13,000,000	2,972,916	11,198,175
<b>Net increase/(decrease) in cash, cash equivalents and bank overdrafts</b>	<b>(452,594)</b>	<b>222,494</b>	<b>(3,834,430)</b>	<b>(538,333)</b>	<b>(3,485,065)</b>
Cash, cash equivalents and bank overdrafts at the beginning of the year	1,674,580	559,903	5,509,010	2,244,296	5,729,361
<b>Closing cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>1,221,986</b>	<b>782,397</b>	<b>1,674,580</b>	<b>1,705,963</b>	<b>2,244,296</b>

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 2017 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 summary financial statements are presented in New Zealand dollars rounded to the nearest dollar, 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.

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.

Other than the breach of legislation declared in the judgement explained under the heading “Contingent Assets and Liabilities” there were no significant breaches of legislation during the year.

CONTINGENT ASSETS AND LIABILITIES

The council disclosed, in its full Annual Report 2017, 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.

Further to the note in last year’s annual report, both the Court’s interim decision and final decision in MRRA and RB and HE Rogan CIV 2015-488-95, have been received. Two grounds of challenge were upheld against the council, and the Court quashed the council’s rates and penalties for 2011/12 to 2015/16 (inclusive) in respect of the Kaipara district. The Court did not order any refunds of rates.

The implication of this judgement is that uncollected rates from the Kaipara district for the 2011/12 to 2015/16 years are not enforceable. Council has made appropriate provision in the financial statements. There is also a contingent liability in relation to rates collected from the Kaipara district for the 2011/12 to 2015/16 period. The relevant amount of rates is \$16.3 million

No challenge has been made to the rates in the Far North and Whangārei districts.

Council is appealing this decision and no final assessment can be made until a decision from the Court of Appeal is known.

Judgement has now been received in the proceeding, RB and HE Rogan v KDC and NRC (CIV-2015–288–182), being an appeal by the ratepayers of a decision from the District Court awarding judgement to the Kaipara District Council and the regional council for unpaid rates. The appeal was dismissed against Kaipara District Council and allowed against Northland Regional Council. The regional council’s appeal against the High Court’s decision in the judicial review proceedings may have an impact on the recovery of these rates. Northland Regional Council has decided not to appeal this District Court Decision (2015-288-182). The council has incurred

legal costs in both proceedings. The issue of any costs award is yet to be resolved and accordingly it is not possible to anticipate how this issue may be resolved.

In March 2016, the Northland Regional Council and Whangārei District Council requested the Local Government Commission to make a determination of ownership of the Waipu River groyne structure in accordance with clause 110(4) of the Local Government (Northland Region) Reorganisation Order 1989. At balance date no determination had yet been received from the Local Government Commission. However, subsequent to balance date the Local Government Commission has determined that the Waipu Groyne is the property of the Whangareï District Council, and accordingly there are no further financial implications for Northland Regional Council.

# Independent Auditor's Report

## Deloitte.

**TO THE READERS OF  
NORTHLAND REGIONAL COUNCIL'S SUMMARY ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

The summary annual report was derived from the annual report of the Northland Regional Council (the Regional Council) for the year ended 30 June 2017. 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 Statement of Financial Position as at 30 June 2017;
- the summaries of the Statement of Comprehensive Revenue and Expense, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2017;
- 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 24 October 2017.

**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.

## Deloitte.

**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.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

**Independence**

We are independent of the Regional 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 we have carried out engagements in the areas of accounting advice, 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.



**Peter Gulliver  
for Deloitte Limited  
On behalf of the Auditor-General**  
Auckland, New Zealand  
31 October 2017



