

2015 Annual Report



Putting Northland first

**NORTHLAND
REGIONAL
COUNCIL**



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SECTION ONE: OVERVIEW

Chairman and CEO's foreword

Over the past year we have continued to work with others to build a region that has a healthy environment, a better economy and more resilient communities.

Management of our freshwater resources has major impacts on the region's environment, people and economy, and remains a major focus. Waiora Northland Water, our programme for improving freshwater quality and quantity management, has continued to grow as we build on the work being done with several collaborative catchment groups around the region.

We've now set the direction for the next ten years with our latest Long Term Plan. Feedback received from more than 1200 people over a month-long period in March 2015 contributed to the decisions we made. It is one of three major plans we consulted on and completed during the past year, along with the Regional Land Transport Plan and Regional Public Transport Plan, representing a huge amount of work and input from both within and outside of this organisation.

The establishment of Te Tai Tokerau Māori Advisory Committee in June 2014 has seen real traction gained in our goal of increased whanau, hapū and iwi participation and engagement in council processes and decision-making.

The committee now has more than two dozen permanent members and as well as formal meetings in Whāngārei every two months, has also held hapū-based hui at a variety of locations around the region. It has already traversed a wide range of issues from across council's activities, including flooding, land, river, pest and integrated catchment management, consents and monitoring, harbour development and economic matters.

October 2014 saw the sad passing of Councillor Dennis Bowman, a loss to both the Far North and the region as a whole. Councillor Bowman represented the region's most northerly constituency, Te Hiku, but his work as a regional councillor took him all over Northland.

The resultant Te Hiku constituency by-election in February 2015 saw Monty Knight elected as our council's newest representative. A former Far North District Council member, Councillor Knight brings a range of experience to the role and has worked with local government at both district and regional level.

The efficiency and effectiveness of the local government sector remained in the spotlight during 2014/15. While the Local Government Commission has decided not to proceed with the amalgamation of Northland's four councils at this stage, the commission will continue looking at ways for local government to improve the way it delivers services to New

Zealand. We will remain involved in this process and continue to advocate for solutions that ultimately create a better Northland for us all.

In a similar vein, three key joint priorities for the local government sector were announced in July 2015: creating strong regional economies, resilient local infrastructure and resilient communities. Our recent organisational restructure means we are now well-placed to deliver on these priorities on behalf of the people of Northland.

It has been a busy year with plenty happening across all our work programmes, so read on to find out what we have done during 2014/15 and how it stacks up against our planned spending and performance targets.

He Kupu Whakataki nā te Heamana rāua ko te Tumuaki

Mo te roangā ake o te tau kua hipa atu, i mahitahi tonu te Kaunihera me etahi atu ki te hangā he rohe mataora, kia pai ake ngā tikangā whakahaere rawa me te whakamanahautia ngā hāpori.

I pākaha te whakahaere o tātou puna wai-Māori ki te rohe whānui, ngā iwi me ngā tikangā whakahaere rawa Otirā, e hangāi tonu ana. E nui haere tonu ta mātou kaupapa a Waiora Northland Water me ona whakarite hei paingā mo te wai-Māori me te whakatikatika i ngā pukepuke wai, kia utainangia ki ngā mahi i mahitahi ai ki ngā rōpū taiwhāngā-wai puta noa te rohe.

Kua whakatakoto te arongā o Te Kaunihera mo te tekau tau ki roto i ta mātou Rautaki Mahere. He mea tatū a mātou whakatau i rungā i ngā kupu urupare o ngā reo eke atu i te tahi mano rua rau i whakahaeretia i te marama o Māehe o tēnei tau. Ko ta mātou Rautaki, he rautaki takitahi o ngā rautaki e toru i uiuitia, i whakaotitia i te tau kua pau nei ara, ko te Rautaki Waka Whenua, me te Rautaki Waka-a-iwi. Ka nui rawa ngā mahi o te tokomaha ki roto tonu, ki waho hoki i te Kaunihera.

Na te whakarewa o Te Komiti Tohutohu Tikangā Māori o Taitokerau, ka kite ai e whiwhi haere ana te putahitangā o ngā Whanau, ngā Hapū me ngā Iwi ki ngā nekenekhangā me ngā whakatau o te Kaunihera. Eke atu i te rua taihana ngā mema pūmau o tēnei komiti, e hui maramarua ana ki Whāngārei. I waho atu i enei hui, e huitahi ki tena Hapū, ki tena Hapū puta noa. Kua whakatāroitia e te komiti nei ngā momo taketake o te kaunihera ara, he waipuke, he whenua, he orotā, he whakahaere huihui o ngā taiwhāngā wai, he awhi whakaengā, he whāneke whangā me etahi atu take pakihi.

I heke iho te kapua pouri ki rungā i a Muriwhenua i te marama o Oketopa 2014 mo te ngārōngā ake o te Kaikaunihera mo Te Hiku, a Dennis Bowman. Ahakoa tona

tūrangā he mangāi mo Te Hiku, i takahi e ia ngā takiwā katoa o te Taitokeru. Na te pōtingā whai-iti mo Te Hiku i te marama o Pēpuere o tēnei tau, ka whakatūngia a Monty Knight he mangāi mo Te Hiku. Ko Monty tonu te Kaikaunihera hou o mātou, e kawē mai nei e ia he mātongā whānui ki tana turangā, na ana pāngā ki ngā take kaunihera-a-raki, kaunihera-a-rohe hoki.

I te wā 2014/15, ka muratonutia te rama whaiti ki rungā i ngā nekenekhangā o te kawai kaunihera kia kite ai pēhea te tōtika me te matatau i ngā hua o a rātou mahi. Ahakoa kua tarewatia te whakahono i ngā kaunihera e whā o te Taitokerau, e rapu huarahi tonu ana e Te Komihana Kaunihera kia ahua pai ake ngā whakaratongā ki roto i a Aotearoa. Ka noho tonu ai tēnei Kaunihera ki roto i enei nekenekhangā, ka rapu tonu ai kia kite ra ano tetahi tikangā hei taupukitangā kia whaimai he rohe pai rawa atu mo tātou katoa.

Kō atu i tēnei ko te whakarewa mai he whiringā kaupapa e toru hei angā tuatahi mo te kawai kaunihera i te marama o Hurae kua pahure tata ake nei ara, ko te whakatūkahatia he

tikangā whakahaere rawa, ko te whakatūmanahautia he kupengā huarahi, me ngā hāpori manahau. I whakarereke ngā tūrangā o te tokomaha o ngā kaimahi o te kaunihera kia tika ai mātou ki te whakatutuki i ngā tuatahitangā mo te iwi whānui o Te Taitokerau.

Mo te tau kua hipa atu, he nui ngā mahi i pikauatia, whiti rawa atu a mātou kaupapa katoa no reira mei haere tonu au titiro i ngā kōrero o tēnei pukapuka kia mohio ai koe he aha ngā mahi i oti i te wā 2014/15 ara, e pēhea ana te orite o ngā whakapau pūtea ki ngā tīrongi whakatutuki mahi.



Bill Shepherd
Chairman



Malcolm Nicolson
Chief Executive Officer

Your regional councillors



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(Chairman)
Coastal North

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(Deputy Chairman)
Kaipara

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John Bain
Whāngārei Urban

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Dennis Bowman
Te Hiku

(Councillor Bowman passed away in October 2014. A by-election for Te Hiku was held in February 2015.)



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Coastal South

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Monty Knight
Te Hiku

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(Elected in February 2015.)



Paul Dimery
Coastal Central

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Joe Carr
Hokianga – Kaikohe

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David Sinclair
Whāngārei Urban

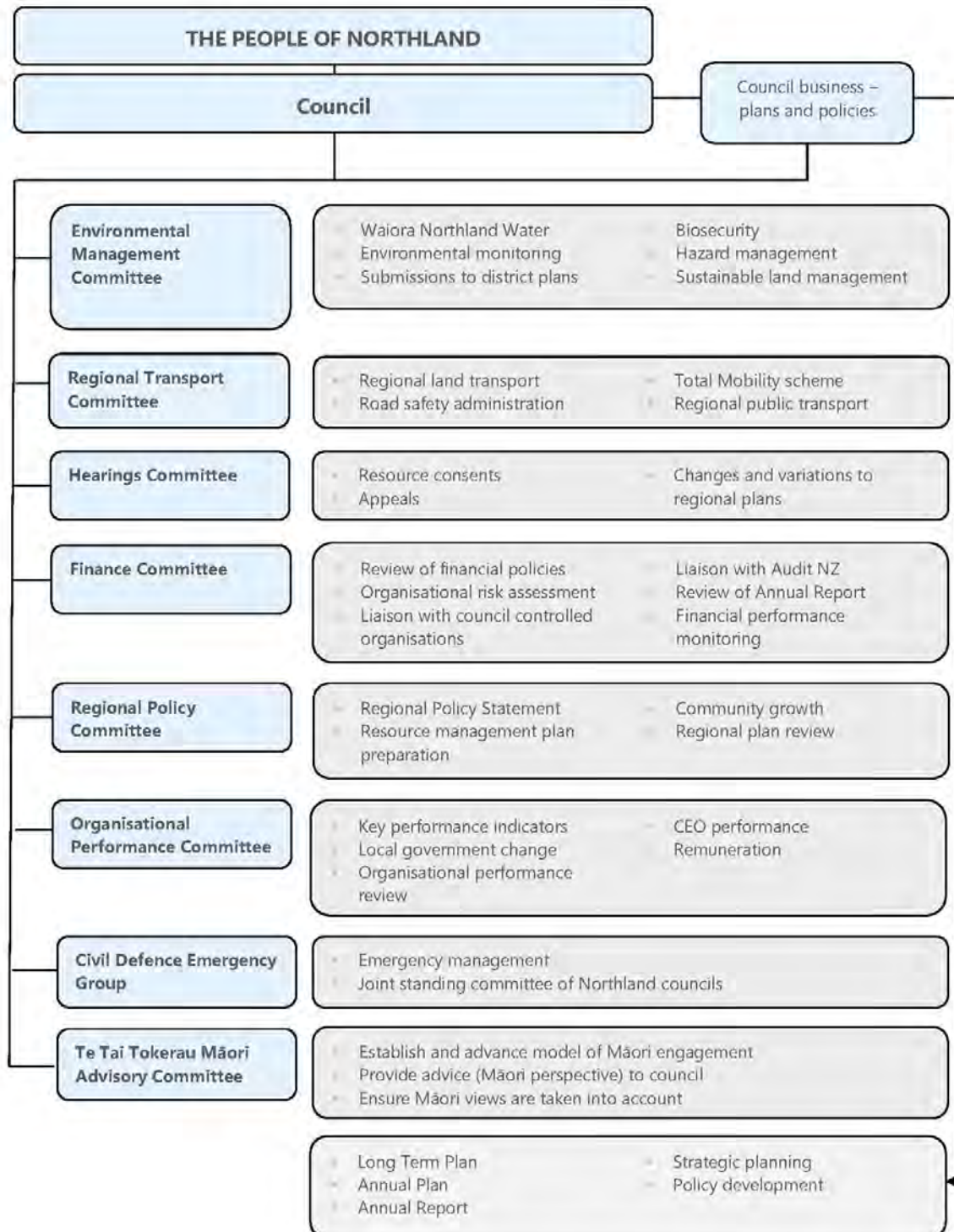
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Dover Samuels
Coastal North

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Governance structure



Council committees and advisors

Environmental Management Committee (EMC)

Councillors Joe Carr (Chairman), Craig Brown (Deputy Chairman), Bill Shepherd (ex-officio), Paul Dimery, Monty Knight.

- Cr Ann Court representing Far North District Council.
- Cr Tricia Cutforth representing Whangarei District Council.
- Commissioner Richard Booth representing Kaipara District Council.
- Mr Keir Volkerling representing Māori interests.
- Mr Martin Hunt representing environmental interest groups.
- Mr Alan Clarkson representing the farming community.
- Ms Sue Reed representing Department of Conservation.
- Mr Geoff Gover representing the forest industry.

Regional Transport Committee (RTC)

Councillors John Bain (Chairman), Paul Dimery (Deputy Chairman).

- Cr Ann Court representing Far North District Council.
- Cr Greg Martin representing Whāngārei District Council.
- Commissioner Peter Winder representing Kaipara District Council.
- Mr Ernst Zöllner representing NZ Transport Agency.

Hearings Committee (HC)

Councillors Craig Brown (Chairman) and Dover Samuels (Deputy Chairman), Paul Dimery, David Sinclair.

The committee (or the council) may appoint any individual member/s or other independent person/s as commissioner/s pursuant to Section 34(1) of the Resource Management Act, to conduct a hearing in any particular case. The committee (or the council) may also revoke such a delegation at any time, by notice to the delegate.

Finance Committee (FC)

Councillors David Sinclair (Chairman), Paul Dimery (Deputy Chairman), Bill Shepherd (ex-officio), John Bain, Craig Brown, Joe Carr, Monty Knight, Graeme Ramsey, Dover Samuels. Independent member Geoff Copstick.

Regional Policy Committee (RPC)

Councillors Graeme Ramsey (Chairman), Craig Brown (Deputy Chairman), Bill Shepherd (ex-officio), John Bain, Joe Carr, Paul Dimery, Monty Knight, Dover Samuels and David Sinclair.

Organisation Performance Committee (OPC)

Councillors Bill Shepherd (NRC Chairman), Graeme Ramsey (NRC Deputy Chairman), David Sinclair.

Te Taitokerau Māori Advisory Committee (TTMAC)

The committee will comprise up to 30 members in total consisting of:

- Four elected members (Councillors Dover Samuels (Chairman), Bill Shepherd, Paul Dimery and Joe Carr)
- Twenty six members from tangata whenua.

Civil Defence Emergency Group (CDEG)

Mr Colin Kitchen (Chairman), Mr John Williamson (Deputy Chairman), Superintendent Russell Le Prou (Police Representative). It should be noted that the CDEG is not a committee and NRC is the administering authority only.

Councillor portfolios and memberships

- Appointed Members' Allowances Policy Assessment Working Party – Councillors Shepherd, Knight, and Brown and the Chief Executive Officer
- Audit Working Group – Councillors Sinclair and Shepherd and Independent Member Geoff Copstick
- Awanui River Liaison Subcommittee – Councillors Carr (Chairperson – ex officio EMC Chairperson) and Knight
- City Safe Governance Group - Councillor Dimery
- Civil Defence Emergency Management Joint Committee - Councillor Dimery
- Creative Northland Board - Councillor Sinclair
- District Licensing Committee - Councillor Dimery
- Doubtless Bay Catchment Working Group – Councillor Knight (Chairman) and Carr (ex-officio EMC Chair)
- Economic Development portfolio and shareholder representative for Northland Inc. (delegating all necessary authority to represent the council's interests including but not limited to exercising the council's vote at Annual General Meetings and giving effect to council's shareholder resolutions) - Councillor Sinclair
- Economic Development Working Party – Councillors Sinclair (Chairman), Brown, Carr and Knight and Independent Member Geoff Copstick.
- Hātea River Dredging portfolio and Hātea River Channel Liaison Group - Councillor Brown
- Hazard Management Working Group – Councillor Dimery and an independent expert (yet to be appointed)
- Inter council working party on genetically modified organisms risk evaluation and management - Councillor Dimery

- Kaeo-Whangaroa River Liaison Subcommittee – Councillors Brown (Chairperson), Samuels and Carr (ex-officio EMC Chair)
- Kaipara Harbour Joint Political Committee - Councillor Ramsey (Co-Chairperson)
- Kaihū River Liaison Subcommittee – Councillors Bain (Chairperson) and Carr (ex-officio EMC Chair)
- Kawakawa Art Gallery Project Working Party - Councillor Carr
- Kerikeri-Waipapa River Liaison Subcommittee – Councillors Carr (Chairperson – ex officio EMC Chairperson) and Samuels
- Mangere Catchment Group Subcommittee – Councillors Shepherd and Carr (ex-officio EMC Chair)
- Media and communications portfolio - Chairman Shepherd and Deputy Chairman Ramsey
- New Zealand Refinery Liaison Committee - Councillor Brown
- Northland Chamber of Commerce council representative - Councillor Dimery
- Northland Conservation Board - Councillor Brown
- Northland Road Safety Forum and Northland Road Safety Trust - Councillor Bain (alternate Councillor Dimery)
- Poutō Catchment Group Subcommittee – Councillors Ramsey (Co-Chairperson) and Carr (ex-officio EMC Chair)
- Regional Road Safety portfolio - Councillor Bain
- Northland Sports Facilities Plan (Sport Northland) - Councillor Dimery
- Plan Change 4 (aquaculture) – resolution of appeals - Councillors Brown and Samuels
- Ruakaka River Liaison Committee – Councillors Brown (Chairperson) and Carr (ex-officio EMC Chair)
- Sport Northland Board of Trustees - Councillor Bain
- Shareholder Representative for Northland Port Corporation (delegates all necessary authority to represent the council's interests including but not limited to exercising council's vote at Annual General Meetings and giving effect to council's shareholder resolutions) - Chairman Shepherd
- Shareholder Representative on Regional Software Holdings Limited - Chairman Shepherd (or his representative)
- Steering group for review of Taharoa Domain Reserve Management Plan - Councillor Ramsey
- Te Maruata to LGNZ's National Council - Councillor Samuels
- Treasury Management Group – Councillors Sinclair and Bain and Independent Member Geoff Copstick

- Upper North Island Strategic Alliance (UNISA) - Chairman Shepherd
- Urban Whāngārei Rivers Flood Management Liaison Subcommittee – Councillors Brown (Chairperson), Sinclair and Carr (ex officio EMC Chairperson)
- Waitangi Catchment Group Subcommittee – Councillor Samuels (alternate Councillor Carr)
- Waitangi River Liaison Subcommittee – Councillors Carr (Chairperson – ex officio EMC Chairperson) and Samuels
- Whāngārei Harbour Catchment Group Subcommittee – Councillors Dimery and Carr (ex-officio EMC Chair)
- Zone One Representative - Chairman Shepherd

Advisors

Auditors:

- Audit New Zealand on behalf of Auditor-General

Bankers:

- ANZ Bank
- ASB Bank
- Bank of New Zealand
- Kiwi Bank
- Westpac

Solicitors:

- Brookfields Lawyers
- BSA Law
- Buddle Findlay
- Karenza de Silva
- Kirkland Carter Morrison Lawyers
- Laurene Holley
- Law North Partners
- Liam McEntegart
- Marsden Woods Inskip & Smith
- SBM Legal
- Simpson Grierson
- Stuart Ryan Barrister
- Thomson Wilson Law
- Webb Ross McNab Kilpatrick

The Chief Executive Officer is responsible for setting the direction of the council within the policy framework provided by councillors. The management team is accountable to him and he is accountable to the council.

Our year in review

The following is a snapshot of our major areas of work and key successes over the last year.

For details on all our activities – and how we measured up against our performance targets for the year – see SECTION TWO: COUNCIL ACTIVITIES.

Major flood water detention dam nears completion

A large 18-m high detention dam designed to hold back floodwaters threatening Whāngārei's CBD was first suggested about 50 years ago but was never followed through by the successive local authorities of the time.

The dam has now become a reality due to an \$11.42 million regional council flood works project, one of the biggest engineering projects the council has ever embarked on.

The Kotuku Street detention dam under construction during the 2014/15 year.



The detention dam – sited at the ends of Raumanga Valley Road and Kotuku St – underwent the bulk of its construction over 2015 and should be fully operational by October 2015.

During heavy rain the dam will hold up to 1,270,000 cubic metres of floodwater (about two-thirds of the Whau Valley dam's capacity). The stored water will then be released slowly, reducing river swelling and downstream flooding.

Once fully operational, the dam should significantly reduce the cost of flood damage in the Whāngārei CBD.

The detention dam is part of our river management area of work – for more detail on this area of work, see Page 36.

\$2.3M of economic development funding allocated

Three projects received a major funding boost this year from the Investment and Growth Reserve, which is allocated on the recommendation of council's economic development agency Northland Inc. Ltd.

Council set up the reserve four years ago. Each year a portion of council's investment income is redirected away from rates subsidies to create a fund for supporting economic development projects in Northland.

During 2014/15, a total of \$2.3 million was allocated to projects from the reserve. The three major investments included a \$750,000 loan for a sawmill development at Marsden Point, a \$493,000 allocation to help upgrade and promote the Twin Coast tourism discovery route around Northland, and \$900,000 to support the completion of the Twin Coast Cycle Trail in the Far North. A further \$155,000 was also allocated for feasibility and business case preparation costs.

Furthering Northland economic development opportunities remains a high priority for this council and, together with our district councils and Northland Inc. Ltd, we have been working on several major region-wide projects.

The Tai Tokerau Northland Growth Study was officially launched by Government ministers in February 2015, and various stakeholders are working together to ensure that the opportunities identified in the study are taken up.

At the same time the Tai Tokerau Iwi Chairs' Forum, Te Kahu o Taonui and the Iwi Chief Executives' Consortium released He Tangata, He Whenua, He Oranga – a framework to grow Tai Tokerau Māori economy. Council has participated in initial discussions on how it can best support the progression of aspirations expressed in this report and looks forward to ongoing involvement.

In February 2015 central government announced new competitive funding to improve digital connectivity in New Zealand, totalling \$360 million across three streams. Northland's four councils worked together to submit a region-wide Registration of Interest (ROI) by 3 July 2015. Central government will announce its allocation in mid-November 2015.

For more detail on our economic development activities, see Page 40.

Ministerial award for Civil Defence group

Northland Civil Defence's handling of the July 2014 storms, which resulted in wide-spread wind damage and flooding across the region, has been acknowledged via a national award.

Great teamwork across the whole of Northland saw the region's Civil Defence Emergency Management Group pick up a Ministerial Award at a special ceremony in Parliament House in February 2015.

Northland was battered by three distinct weather events during an 11 day period, with high winds and significant rainfall causing widespread damage to infrastructure, roads, farming, horticulture and homes. The sustained duration meant the impacts were worse than typical for an event of this magnitude.

The Ministerial award recognised the "tireless efforts of staff and volunteers during three storm events in July 2014".



Development of major regional plans underway

In 2014 we started the process of developing a new regional plan (for air, water, soil and coastal resources) and regional pest management plan.

A key part of the regional plan review was a series of workshops we held in October 2014 asking iwi and key stakeholders to share their ideas for the new plan.

With reviews of the old plans complete, the process of developing new plans is now well underway and it is expected that both will be released for public feedback around mid-2016. Find out more on our website at www.nrc.govt.nz/newregionalplan

Meanwhile, three other major plans were completed during the 2014/15 year.

Our Long Term Plan 2015-2025, which sets out what we'll do and how we'll pay for it over the next decade, attracted more than 1200 submissions from across the region and beyond. Major issues included how emergency services are funded in Northland, a new pest management rate for the Whāngārei Heads area, and several major flood protection projects. The final plan was adopted on 16 June 2015 and can be viewed on council's website at www.nrc.govt.nz/longtermplan

Our two major transport plans – the Regional Land Transport Plan 2015-2021 and Regional Public Transport Plan 2015-2025 – were adopted by council in April 2015 and June 2015 respectively. Under the land transport plan, central government will invest \$460 million over the next three years to provide a reliable, resilient and safe transport system for the region. It includes a 22% funding increase in local and state highway maintenance, operations and renewals to a total of \$311 million.

Working with our communities

Working with communities is a big part of what we do – from CoastCare groups to river liaison committees, Waiora Northland Water catchment groups to the Enviroschools programme and the many community pest control groups we support.

Fifty community pest control areas have been implemented since the programme was established in 2005, including two new ones added in 2014/15 at Warawara and Whakarara. We work together with these communities to identify, implement, monitor and fund pest control objectives for each area.

Our five Waiora Northland Water catchment groups are made up of local and council representatives. These groups are working towards setting freshwater quality objectives for each unique area, which will inform catchment-specific elements in the upcoming New Regional Plan and action on the ground.

Northland's Enviroschools programme, which is funded by and operated through this council with support from The Toimata Foundation, now works with 71 schools and three kindergartens which are on the pathway towards creating sustainable communities. The WaiRestoration project is an important new initiative under the programme which links in with council's water quality and riparian management work.

These are just some examples of the work we have done with communities during 2014/15. Increasing the involvement of Northlanders in our various programmes of work will be a key focus for council over the coming years.

Magnus Jeffery (left) of Whangarei Boys High School with Biosecurity Officer Mike Knight at an EnviroSchools "Project Possum" training day.



Developing relationships with iwi

Council's Te Tai Tokerau Māori Advisory Committee provides an opportunity for Māori participation and engagement in council processes. Since its establishment, the committee has embarked on a series of workshops where presentations have been delivered on current council projects and key work streams. This process allows for the committee to better understand council's role and how it may offer opportunities for enhancing councils relationship with and effective engagement with Māori when undertaking its duties.

Workshops have included presentations on council's Long Term Plan, Waioara Northland Water, regional transport plans, regional plan review, consents and monitoring processes and kauri log extraction. The committee has since established a working party to review council's current process of engaging Māori during plan reviews.

Business system improvements

Ongoing improvements to our business systems are helping to improve the services we deliver to our community.

A new online consultation system, used for the first time during our Long Term Plan consultation in March 2015, should improve our online submissions process and enable better reporting on the valuable public feedback that helps council make its decisions.

A new system that allows instant, on-demand access to our environmental monitoring data has improved availability of Northland information on the [Land, Air, Water Aotearoa website](#), enabling comparison with other regions in New Zealand.

Council was recognised with a national ALGIM award in November 2014 for our use of VMware, software which enables the use of fewer physical servers and thereby decreases IT costs.

We have commenced roll-out of a new organisational performance and leadership reporting tool which should allow council to better track and report on our performance indicators.

Meanwhile, we are continuing work on our core systems, building the foundations to enable availability of better digital information and online access to more council services over the coming years.

Our year in numbers

- 312,821 passengers on Whāngārei's CityLink bus service
- 1278 public submissions received on our Long Term Plan 2015-2025
- 837 calls received through the 24/7 Environmental Hotline
- 104 coastal and freshwater sites regularly monitored for water quality
- 102 Farm Water Quality Improvement Plans commenced
- 99.7% of resource consent applications processed within statutory timeframes
- 41 ships piloted in and out of the Bay of Islands
- 31 coastal communities mapped for erosion hazard zones
- Zero failures in flood protection systems for Awanui, Whāngārei and Kaeo schemes.

Council objectives

The council set its future direction and defined a new set of council objectives in Northland's Long Term Plan 2012-2022.

This is the third Annual Report that measures council's progress against each council objective.

Council objectives

Maintain and improve the quality of Northland's overall environment.

Build a business friendly environment that encourages business and employment opportunities.

Invest in Northland to increase all our communities' economic performance and quality of living and reduce disparities.

Promote regionally significant infrastructure and improvements that enable economic development, enhance the environment, and connect people and Northland to the wider world.

Encourage the sustainable access and use of our environment in ways that will progress our collective quality of living.

Promote the awareness and appreciation of our heritage, landforms, freshwater and marine environment to encourage our collective pride in Northland.

Achieving these council objectives is a joint effort. We have worked with district councils, government agencies, other Northland organisations, landowners, Māori and Northland communities on specific initiatives to extend our influence and progress the achievement of our objectives.

In SECTION TWO: COUNCIL ACTIVITIES there is a breakdown of why we do the various activities we have reported on, how they contribute to council objectives, what we did (including progress with our initiatives) and how we performed against our targets.

We acknowledge there is room for enhanced reporting with measures around water in our priority catchments, biodiversity, heritage, infrastructure and economic performance. We have reviewed these in our Long Term Plan 2015-2025.

Achievement of performance measures

Resource management

- Management and governance arrangements for resource management include Māori. **Achieved**
- The number of community pest control areas achieving their targets for pest reduction. **Achieved**
- The number of active community pest control areas. **Not achieved**
- The percentage of faecal indicator bacteria results that are within the Ministry for the Environment's guideline values for bathing will be maintained or improved at the 20 core bathing sites monitored for trend. **Achieved**
- Shellfish collection is safe in open coastal areas. **Not achieved**
- The water in our streams supports a healthy habitat for flora and fauna. **Achieved**
- The number of annual significant non-compliance events resulting in a reduction in water quality of receiving waters. **Not achieved**
- The number of annual significant non-compliance events resulting in any unauthorised/prohibited discharge to water. **Not achieved**
- Those consents requiring monitoring are monitored as per the council's monitoring programme. **Not achieved**
- The appropriate action is taken to rectify significant non-compliances. **Not achieved**
- Air sheds meet the national environmental standards. **Achieved**
- Incidents reported to the Environmental Hotline, where more than minor environmental effects have been confirmed, are resolved within 30 working days. **Achieved**
- All resource consent applications are processed in a timely manner. **Achieved**
- All resource consent applications are processed in a timely manner (bore permits). **Not achieved**

For more detailed analysis of the resource management measures, including the reasons for achieving or not achieving, see Page 27.

River management

- Number of failures of flood protection system for the Awanui, Whāngārei, and Kaeo, schemes below specified design levels. **Achieved**
- Implement the programmed minor flood control works for other rivers in accordance with the approved annual budgets. **Not achieved**

For more detailed analysis of the river management measures, including the reasons for achieving or not achieving, see Page 37.

Economic development

- Employment rate – the proportion of the labour force that is in paid employment. **Not achieved**
- Business growth – the ratio of business start-ups to business closures. **Achieved**
- Economic growth – real GDP per usual resident population. **Achieved**

For more detailed analysis of the economic development measures, including the reasons for achieving or not achieving, see Page 41.

Hazard management

- Nationally issued warnings are acknowledged within 30 minutes. **Achieved**
- Emergencies are debriefed within one month and noted improvements are incorporated into the appropriate emergency operating procedures and response plans. **Achieved**
- Accurate and timely flood warnings issued. **Achieved**
- Evaluate and respond to a report of an oil spill within one hour of the report being received. **Achieved**

- Maintain hazard information for river flooding and beach profiles (beach profiles). **Achieved**
- Maintain hazard information for river flooding and beach profiles (flood level monitoring). **Achieved**

For more detailed analysis of the hazard management measures, including the reasons for achieving or not achieving, see Page 47.

Transport

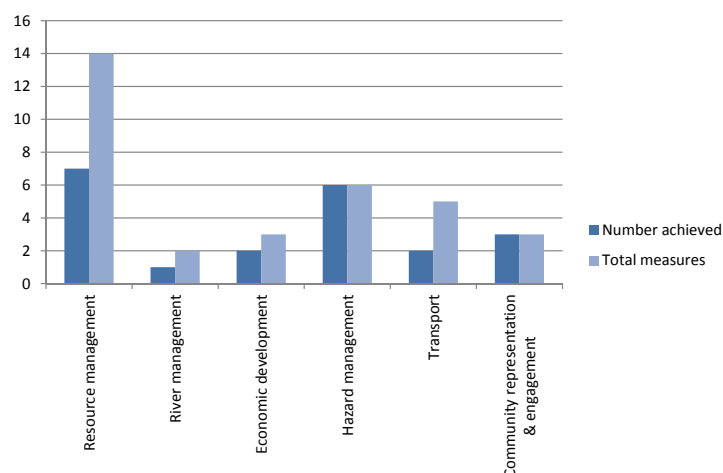
- Reducing the annual number of fatal motor vehicle crashes in Northland. **Not achieved**
- Reducing the annual number of serious injury motor vehicle crashes in Northland. **Not achieved**
- Number of passengers for the Whāngārei urban bus service. **Not achieved**
- Failures to navigation aids are repaired within five working days of reporting. **Achieved**
- Number of incidents from providing pilotage services within BOI harbours. **Achieved**

For more detailed analysis of the transport measures, including the reasons for achieving or not achieving, see Page 53.

Community representation and engagement

- Submissions received on council's long term plan and annual plan. **Achieved**
- Time to respond to submitters post adoption of annual plans and long term plans. **Achieved**
- Level of advocacy undertaken on issues of importance to Northland over and above government submission processes. **Achieved**

For more detailed analysis of the community representation and engagement measures, including the reasons for achieving or not achieving, see Page 58.



Māori participation in council processes

Council is committed to developing meaningful and inclusive relationships with Māori within Te Rohe o Te Tai Tokerau.

In order to achieve this, and in accordance with our Māori Participation in Decision Making Policy, we provided and/or undertook the following activities and processes during 2014/15.

Relationships

We remained committed to developing meaningful and inclusive relationships through:

- Input and participation in the Iwi / Council Chief Executive Forum, which meets every second month to discuss regional issues of interest
- Co-chairing the Kaipara Harbour Joint Political Committee (a committee which supports the work of the Integrated Kaipara Harbour Management Group)
- Active participation in the Integrated Kaipara Harbour Management Group through staff time and financial support
- The Memorandum of Understanding between Te Uri o Hau Settlement Trust and council.

Contributing to council decision-making

We continued to support the Te Tai Tokerau Māori Advisory Committee (as a standing committee of council) to establish itself and:

- Define its Terms of Reference (approved in February 2015)
- Develop a Work Programme for 2015/16 (continuing to be refined).

We provided for ongoing Māori representation on the Environmental Management Committee (a standing committee of council) and its sub-committees and working parties including:

- Five Waiora Northland Water priority catchment groups
- Seven hazard management river liaison committees.

In consultation with the region's mandated iwi authorities, we established a process to review our regional plans through:

- Inviting Māori to input and participate in all workshops relating to our regional plan review process
- A further three targeted workshops with Māori across the region
- Providing opportunities to respond to council's Long Term Plan 2015-2025 Consultation Document.

Capacity building

We continued to provide the Joint Iwi Monitoring and Hapū Environmental Management funds to build the capacity of Māori. In 2015/15 this funded:

- The review of the Ngāti Rehia Hapū Environmental Management Plan
- Two river restoration projects.

Provision of information

Council recognises that in order for Māori to effectively contribute to the decision-making process of council, it is essential that relevant information is provided by:

- Responding to requests for information made by iwi, hapū and Māori
- Circulating all resource consent applications (excluding bore permits) to tangata whenua on council's database.

Iwi liaison

Through establishing relationships with Māori we have provided funding assistance to an iwi (through a signed Memorandum of Understanding) to support the restoration of cultural sites of significance.

Compliance statement

Northland Regional Council

Annual Report

For the year ended 30 June 2015.

Statement of Compliance

The council and its officers are responsible for preparing this report and financial statements, including the statement of service performance, and confirm that all statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

In our view, this Annual Report fairly reflects the financial position and operating results of the council and its subsidiaries for the year ended 30 June 2015.



Bill Shepherd
Chairman

Date: 20 October 2015



Malcolm Nicolson
Chief Executive Officer

Audit report

**Independent Auditor's Report
To the readers of Northland Regional Council and group's annual report
for the year ended 30 June 2015**

The Auditor-General is the auditor of Northland Regional Council (the Regional Council) and group. The Auditor-General has appointed me, Karen MacKenzie, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the Regional Council and group that comprise:
 - the statement of financial position as at 30 June 2015 on pages 72 and 73;
 - the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ending 30 June 2015 on pages 68 and 69, 71, 75 and 76;
 - the funding impact statement of the Regional Council on page 64;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the Regional Council on pages 22 to 63 and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 65, 69 and 70, 73 and 74, and 77 to 143;
- the statement of service provision of the Regional Council on pages 22 to 63, which is referred to in the annual report as the Council's Activities, and which includes the funding impact statements in relation to each group of activities of the Regional Council; and
- the disclosures of the Regional Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 144 to 149.

In addition, the Auditor-General has appointed me to report on whether the Regional Council and group's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - internal borrowing on page 102;
 - council-controlled organisations on pages 152 to 158;
 - reserve funds on page 99 to 105;
 - each group of activities carried out by the Regional Council on pages 22 to 63;
 - remuneration paid to the elected members and certain employees of the Regional Council on pages 131 to 132;
 - employee staffing levels and remuneration on page 133;
 - severance payments on page 133;
 - rating base units on page 95; and
 - insurance of assets on page 123;
- a report on the activities undertaken by the Regional Council and group to establish and maintain processes to provide opportunities for Māori to contribute to the Council's decision-making processes on page 15; and
- a statement of compliance signed by the Chairman of the Council, and by the Regional Council and group's chief executive on page 16.

Opinion

Audited information

In our opinion:

- the financial statements of the Regional Council and group on pages 68 to 143:
 - present fairly, in all material respects:
 - the Regional Council and group's financial position as at 30 June 2015;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand.
- the funding impact statement of the Regional Council on pages 64, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the Regional Council on pages 22 to 63, present fairly, in all material respects, by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the Regional Council's long-term plan or annual plan.
- the Council's Activities of the Regional Council on pages 22 to 63:
 - presents fairly, in all material respects, the Regional Council's levels of service for the year ended 30 June 2015, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan;
 - the reasons for any significant variances between the actual service and the expected service; and
 - complies with generally accepted accounting practice in New Zealand.
- the funding impact statements in relation to each group of activities of the Regional Council on pages 22 to 63, present fairly, in all material respects, by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's long-term plan.
- the disclosures on pages 144 to 149 represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council's audited information.

Compliance with the other requirements of schedule 10

The Regional Council and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 20 October 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the information we audited. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Regional Council and group's preparation of the information we audited in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Regional Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;
- the appropriateness of reported performance information, referred to in the annual report as the Council's Activities, within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the Regional Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and performance information, referred to in the annual report as the Council's Activities that:
 - comply with generally accepted accounting practice in New Zealand;
 - present fairly the Regional Council and group's financial position, financial performance and cash flows;
 - present fairly its service performance, including achievements compared to forecast;
 - a funding impact statement that presents fairly the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's annual plan;
- funding impact statements in relation to each group of activities that presents fairly by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that presents fairly by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the Regional Council's long-term plan or annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council's responsibilities arise under the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001.

Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than this audit, and our work in carrying out audits of the Consultation Document for the Regional Council's proposed 2015 – 25 Long-Term Plan and the 2015 – 2025 Long-Term Plan, we have no relationship with or interests in the Regional Council or any of its subsidiaries.



Karen MacKenzie
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

SECTION TWO: COUNCIL ACTIVITIES

Resource management

This group of activities includes:

Resource management planning – developing and reviewing regional plans, policies and strategies that support efficient and effective management of Northland's natural and physical resources.

Consents – providing consents advice and processing resource consents.

Monitoring – monitoring and enforcing resource consent conditions, responding to complaints about alleged breaches of the Resource Management Act, and collecting data to assess the state of the environment and monitor effectiveness of plans.

Biosecurity – managing plant, animal and marine pests (including control and/or eradication) to minimise their adverse effects on the region's biodiversity, primary production, economy and environment.

Land and biodiversity – promoting sustainable land management practices and maintaining the variety of Northland's indigenous life forms.

Why we do these activities

Northland's natural and physical resources are the building blocks for the wellbeing of the region and its people. Our economy is largely based on primary industry, with well over half the region's land devoted to farming, along with extensive exotic forestry and horticultural land uses. Our natural and physical resources are a large part of who we are and what makes Northland special, so it's important they are well-managed.

Regional planning documents and management strategies (and the processes used to develop them) set out how the region's natural and physical resources should be managed. The aim is to achieve the maximum benefits possible, minimise conflict and allocate resources efficiently while ensuring environmental bottom lines – and the needs and values of Northlanders – are met.

(www.nrc.govt.nz/plansandpolicies)

A regional approach is necessary to ensure Northland's significant resource management issues are tackled in an integrated, coordinated, comprehensive, cost-effective and forward-looking manner.

The council's consenting, monitoring, biosecurity, land and biodiversity functions deliver the plans and measure our progress against the intended results.

The council has statutory responsibilities to deliver these functions under the Resource Management Act 1991, the Soil Conservation and Rivers Control Act 1941, the

Biosecurity Act 1993, the Hazardous Substances and New Organisms Act 1996, national policy statements and national environmental standards.

Contribution to council objectives

Our resource management activity contributes to the following council objectives.

Maintain and improve the quality of Northland's overall environment by:

- Focusing on water as a council priority;
- Ensuring the diverse needs of Northland's communities are reflected in the council's planning documents through effective collaboration and consultation processes;
- Promoting Māori participation in resource management and decision-making and recognising the place of Māori as tangata whenua in council's planning processes and documents;
- Promoting community involvement in pest management and reducing the impact of introduced pests on environmental, economic and social values;
- Reducing the opportunity for new pests which may enter the region to establish, persist and spread;
- Contributing to making our harbours, foreshore and waterways clean and healthy through pest plant management programmes and the provision of information;
- Ensuring consent conditions on development proposals provide for the sustainable management of the environment;
- Promoting sustainable land management practices; and
- Monitoring the state of the environment to ensure desired environmental outcomes are being achieved, identifying significant trends/issues requiring actions, and monitoring the effectiveness of plans and compliance with resource consents.

Build a business-friendly environment that encourages business and employment opportunities by:

- Permitting activities that may otherwise be restricted by the Resource Management Act where the council is confident that those activities will not have adverse impacts on current and future generations;
- Addressing Northland's economic wellbeing in the Regional Policy Statement;
- Sustainably managing Northland's natural resources in a way that is attractive for business and investment and supports industry growth in areas such as tourism, aquaculture and pastoral farming;
- Ensuring efficient and effective processing and administering of resource consents; and

- Working with developers on their development proposals to navigate the requirements of policies, plans and rules.

Promote regionally significant infrastructure and improvements that enable economic development, enhance the environment, and connect people and Northland to the wider world by:

- Promoting regionally significant infrastructure in our Regional Policy Statement and regional planning;
- Working with the providers and promoters of infrastructure to get the best out of existing infrastructure and enable the construction of new infrastructure; and
- Promote the provision of adequate affordable infrastructure – such as stormwater systems, sewerage systems and roading – that complies with relevant resource consent conditions and regional plans.

Encourage sustainable access to and use of our environment in ways that will progress our collective quality of living by:

- Factoring this into our policies and plans;
- Building partnerships with others; and
- Taking action such as minimising the impact that discharges can have on the natural environment so that it can be enjoyed for recreation and leisure activities.

Promote awareness and appreciation of our heritage, landforms, freshwater and marine environment in order to encourage our collective pride in Northland by:

- Raising awareness and knowledge of Northland's unique heritage and history through the council's planning processes;
- Ensuring the needs of future generations are taken into account when making policy decisions contributing to the sustainable development of Northland; and
- Recognising and protecting regionally significant landscapes and features through the council's planning documents.

What we did – Waiora Northland Water



Established in 2012/13, the Waiora Northland Water programme is about improving the management and state of the region's freshwater resources.

A significant project of council, the programme is a mixture of region-wide and prioritised catchment-specific initiatives to improve the region's freshwater resources. It includes policy development and operational measures.

Governance of Waiora Northland Water is provided by council's Environmental Management Committee. Each year council reports overall progress on its implementation of the National Policy Statement for Freshwater Management (NPS Freshwater) in its Annual Report.

Details of the programme are available at www.nrc.govt.nz/waiora and regular updates can be found in the Environmental Management Committee's agendas at www.nrc.govt.nz/agendas.

Progress on region-wide initiatives

Under the region-wide approach for Waiora Northland Water we have:

- Completed the review of our three regional plans, the results of which will inform a draft new regional plan (to replace all three current plans). The draft plan will include region-wide provisions to give effect to the NPS Freshwater including objectives for water quality and water quantity and limits. It will also provide for catchment-specific provisions where applicable – these will be informed by the work undertaken by the collaborative catchment groups (see below). Council intends to release a draft new regional plan in mid-2016 for feedback and, following revision, publicly notify a proposed plan mid-2017 for formal consultation;
- Continued to refine options for “freshwater management units” for the region – essentially grouping catchments / freshwater bodies into ‘like’ categories for the purpose of setting objectives and limits for water quality and water quantity;
- Further developed options for setting regional water quantity and quality limits across the region;
- Assessed the state of Northland's rivers and lakes against the National Objectives Framework in the NPS Freshwater;
- Undertaken joint studies with the Ministry for Primary Industries to look at sediment management and cultural values associated with water;
- Commissioned bathymetric surveys and research into nutrient loads for 25 dune lakes;
- Commenced 106 Farm Water Quality Improvement Plans between 1 July 2014 and 30 June 2015, with 91 of those plans completed within the same time period. Farm Water Quality Improvement Plans are required for Environment Fund grants. Plans outline action for implementing good practice measures known to reduce the contamination of water by sediment, nutrients and pathogens. They are advisory documents but indicate the benefits of, and support available for, good management practices including funding assistance. For more detail see www.nrc.govt.nz/environmentfund;
- In the interests of policy development and good management practice, continued to work with the primary industry through liaison groups such as the Dairy Industry Liaison Group, the RMA Forestry Group and the newly established Drystock Industry Liaison Group;

- Continued to build the region's capacity to manage freshwater better through our demonstration projects and properties;
- Continued to monitor the state of freshwater in Northland, the pressures on it and the results of intervention; and
- Worked with Ministry for Environment staff to ensure Northland's unique freshwater management challenges are understood at central government level and our approach to implementation of the NPS Freshwater is sound.
- Allocated \$700,139.05 from the Environment Fund to a total of 203 projects during the year. This was comprised of 42 biosecurity projects focused on targeting pest animals and weeds, and 161 land management projects focused on supporting initiatives to improve water quality and biodiversity. While this amount was allocated, a number of projects were withdrawn and the subsequent amount actually spent was \$606,912.
- Applied for and been awarded \$665,000 over four years for hill country erosion management in the Kaipara Catchment from the MPI 2015 Hill Country Erosion Fund. The work will commence in late 2015 and will focus on enhancing soil conservation on erosion prone hill country land.
- Expanded the Flyger Road poplar & willow nursery through the planting of an additional block of poplar pole nursery stock. The first harvest of the nursery will be undertaken during the 2016 planting season. We distributed 4000 externally-sourced poplar poles to Northland landowners in the 2015 planting season.
- Supported development and submission of applications to the Te Mana O Te Wai fund for measures to improve freshwater quality in the Whangaroa catchment and a number of Northland's dune lakes;
- Continued to work with Te Roroa, the Taharoa Domain Governance Committee, Department of Conservation and Kaipara District Council on the management of the Kai Iwi Lakes, and participated in the review of the Taharoa Domain Reserve Management Plan for the lakes;
- Continued our involvement with the Kaipara Harbour Joint Political Committee and the Integrated Kaipara Harbour Management Group (many of the issues considered, from sedimentation and land use to biosecurity and demonstration farms, will be important for the year ahead, as the government's Treaty settlement process develops with the iwi and hapū of the Kaipara and the parties explore arrangements for the management of the harbour); and
- Collected one year's worth of data from an expanded monitoring programme in the priority catchments (analysis of the first year's data is anticipated to be available by December 2015).

Progress on catchment-specific approaches

Under the catchment-specific approach for Waiora Northland Water we have:

- Continued to work with the five collaborative stakeholder catchment groups established to date (Mangere, Whāngārei, Doubtless Bay, Poutō and Waitangi).
 - These groups have identified uses and values for freshwater in their catchments and the management variables (or attributes) that affect those uses and values.
 - The groups will now focus on developing / testing scenarios to achieve draft objectives (the future environmental state they want to achieve) and the measures needed to deliver these. These objectives and measures will be expressed in a catchment plan which could contain operational and regulatory measures (e.g. limits or rules), both of which will inform catchment-specific elements of the new regional plan and action on the ground;
- Established a collaborative working group to consider options to improve the management of sediment in the Ngunguru catchment (we anticipate this group will commence in September 2015);

What we did – Planning

Development of the new Regional Policy Statement for Northland

The new Regional Policy Statement is one of council's most important planning documents as it sets out how the region's natural and physical resources will be managed.

Council adopted the independent hearing commissioners' recommendations as its own decisions in a public council meeting (September 2013) and the appeal process on the Proposed Regional Policy Statement commenced.

Sixteen appeals against council's decisions were lodged with the Environment Court. (The nature and scope of those appeals are available on our website at www.nrc.govt.nz/newrps)

The resolution of these appeals will affect the timing of when the whole Regional Policy Statement will have legal force; however, many provisions and the management direction for much of Northland's natural and physical resources were not appealed and are therefore beyond challenge. Mediation continues on outstanding appeals and we expect most to be resolved without the need for court hearings.

Regional plan review

The council has three operative regional resource management plans – the Air Quality Plan, the Water and Soil Plan and the Coastal Plan. Under the Resource Management Act 1991, these plans are to be reviewed every ten years. The review of the three regional plans was completed in December 2014. The review identified a number of drivers for change including the need to give effect to national policy (such as the NPS Freshwater 2014

and the NZ Coastal Policy Statement 2010) and the new Regional Policy Statement. The review also included a number of stakeholder workshops and three hui to test our thinking and to identify performance issues with the current plans.

The review documents are available at www.nrc.govt.nz/newregionalplan

One outcome of the review was to develop a new combined regional plan (to replace all three current plans).

Development of a new regional plan

The process to develop a new combined regional plan has started and is overseen by Council's Regional Policy Committee.

This committee will continue to review the current plan provisions and intends to release a draft plan for public feedback in mid-2016. Public feedback will be considered and the plan revised as needed before being publicly notified for formal consultation mid-2017. The release of a draft plan is not a requirement under the Resource Management Act 1991 but provides an opportunity for tangata whenua, stakeholders and any other interested parties to have their say prior to the formal consultation process.

Other planning matters

Other planning milestones include:

- Plan Change 1 (Moorings and Marinas) which became operative in August 2014 and now forms part of the Regional Coastal Plan (Plan Change 1 amended the policies, methods and rules relating to how moorings and marinas are managed in Northland); and
- The completion of a Moorings and Marinas strategy which sets out how we will provide for mooring and marina space over the next 20 years – see www.nrc.govt.nz/mmstrategy.

What we did – Biosecurity

The 2014/15 year was another busy period for our biosecurity response work.

Along with the major work programmes outlined below, we:

- Had a record number of ratepayer enquiries (3890) concerning pests, an increase of 19% from 2013/14. This involved more than 150 different species of animals, insects, plants marine and freshwater pests;
- Funded 43 landowners to manage animal and pest plants from our Environment Fund;
- Helped train students from across Northland – under the Enviroschools programme – in 'Project Possum' and the safe use of pesticides;

- Responded to 129 incidents during the year, 36 of which were significant incidents (most involving Mediterranean fanworm); and
- Undertook vessel hull surveillance with 270 vessel hulls checked in harbours from Whāngārei to Houhora. This is now part of the standard procedures for exclusion marine pests.

Review of the Northland Regional Pest Management Strategies

Our Regional Pest Management Strategies (RPMS) are currently under review and a new plan is expected to be confirmed during 2016.

The aims of the review are to:

- Identify options to improve pest management in Northland;
- Reflect recent Biosecurity Act changes; and
- Assess the rationale to include new pest species or remove others.

The RPMS will be replaced with 10-year Regional Pest Management Plan and Marine Pathway Management Plans – proposed plans will be publicly notified for consultation during 2016. A Regional Pest Management Plan will manage identified pests, whereas a Pathway Management Plan will aim to manage the pathways through which pests may be introduced.

As the review is ongoing, council has resolved to extend the expiry date of the Regional Pest Management Strategies 2010-2015 to 20 July 2016 (pursuant to section 100G of the Biosecurity Act 1993 and section 83(19) Biosecurity Law Reform Act 2012).

Community Pest Control Areas (CPCAs)

Fifty CPCAs have been implemented since the programme was established in 2005 (including five renewed as part of larger new CPCAs). Two new CPCAs were added this year – Warawara and Whakarara.

Warawara forest is administered by the Department of Conservation and ranks as one of the regions highest priority kauri forests. During 2014/15 council entered into a Memorandum of Understanding with Te Runanga o Te Rarawa, the Department of Conservation, and Reconnecting Northland. This partnership aims to enhance the mauri/health of Warawara Forest through coordinated pest control operations both within the reserve and within the surrounding private lands – a total area of more than 6,500 hectares.

All our CPCAs met their pest reduction targets this year.

Kauri dieback

Kauri dieback is a disease that affects kauri and can kill them. It has been the subject of a partnership management programme since 2009 involving the Ministry for Primary Industries, Department of Conservation, several regional councils (Northland, Auckland, Waikato and Bay of Plenty) and tāngata whenua from areas with naturally occurring kauri.

Council has made a positive contribution to the development of the programme for Northland and is involved in activities on the ground (such as in some Kaipara District Council reserves) including sampling, risk assessments, the preparation of management plans, education and community engagement initiatives to contain the disease.

The partnership programme for 2014/15 included strengthened programme management, research, operations and engagement and behaviour change work. Council's total contribution to the programme for 2014/15 was budgeted at \$87,000. Our share represents a small percentage of the total funding considered necessary to fund the programme.

Kai Iwi Lakes

Lakes Kai Iwi, Taharoa and Waikare are outstanding Northland dune lakes with significant values. The lakes have excellent water quality and outstanding ecological condition, providing habitat for a range of endangered plants and animals, as well as numerous recreational activities. However, due to the easy accessibility and high recreational use of the lakes there is a significant risk of aquatic pest introduction, which could have a significant impact on the values of the area. There are already significant threats to the lakes from terrestrial weeds and pest animals.

Since 2013/14 council staff have been working with the Taharoa Domain Governance Committee, Kaipara District Council, iwi and surrounding landowners on a series of projects to reduce the impact of introduced pests, improve wetland and water quality on adjacent farms and raise public awareness of the lakes and how to look after them.

Mediterranean fanworm response

Council's response to Mediterranean fanworm – a significant marine pest – continued in 2014/15 with research, investigation, surveillance, monitoring and removal of the pest.

We have successfully tested and purchased a second purpose-built portable floating dock for Northland to contain and treat vessels carrying marine pests. The two docks will be used in marine pest response throughout Northland and training with marine stakeholders has also taken place.

NIWA dive teams have continued with fanworm surveys throughout Northland and 14 harbours remain free of fanworm. An incursion in Tutukaka has been successfully eradicated and there is ongoing fanworm removal within specific locations within Whāngārei Harbour.

Council will continue to monitor for fanworm's presence, undertake control work as necessary, work with industry to minimise incursion risks, and emphasise to boaties the importance of regularly checking and anti-fouling their hulls.

What we did – Consents and monitoring

This year we exceeded our target of processing at least 98% of consents within statutory time-frames, which reflects the value we place on providing an efficient and effective level of service to Northland ratepayers.

We have not met our targets relating to the monitoring of these consents and non-compliant activity. We consider that the target for consent monitoring is either too high or not within the full control of the council, and have therefore been adjusted the target for future years to a more realistic figure (see performance measures and results for more information).

We do a wide range of environmental reporting, and during 2014/15 we completed:

- An annual macro-invertebrate report;
- A report on assessing fish barriers in the Whāngārei Harbour and Mangere catchments;
- An annual recreational swimming water quality report; and
- A report on monitoring results from the Kaipara Harbour.

Our monitoring and research this year included:

- Regular water quality monitoring at 104 coastal, river and lake sites;
- Fish barrier surveys in two priority catchments;
- Water quality (faecal indicator bacteria) testing at 60 popular swimming sites over summer with results made available online;
- Bathymetry surveys on 27 lakes;
- A groundwater investigation at Kai Iwi Lakes;
- Sediment and turbidity monitoring in the Kaipara Harbour and Whāngārei Harbour catchments;
- Microbial source tracking at 22 river sites;
- Microbial source tracking at marine farm growing areas;
- Investigations into declining shellfish populations in Whāngārei Harbour and Ngunguru Estuary;
- An investigation into sources of catchment sediment to the Waitangi Estuary; and
- Mapping the spatial extent of seagrass in Northland.

Our 24/7 Environmental Hotline has now been operating for more than 20 years. It received 837 calls for the 2014/15 year, and more than 19,000 incidents have been registered

through the hotline since it started in 1993. We achieved our target of resolving incidences with more than minor effects within 30 working days.

Our monitoring shows that some of our environmental targets have not been met in the 2014/15 year:

- The number of annual significant non-compliance events resulting in a reduction of water quality of receiving waters; and

- The number of annual significant non-compliance events resulting in any unauthorised/prohibited discharge to water.

However, our targets for water quality in relation to swimming, shellfish, and compliant air sheds have been met (see the performance measures and results for more information).

Performance measures and targets – Resource management

∞ Performance noted with the infinity sign was not audited in the 2011/12 year.

(1.1) Promote Māori participation in resource management and decision-making

Why: *Strong, effective and inclusive engagement and decision making that reflects kaitiakitanga responsibilities is likely to achieve better resource management outcomes that meet community aspirations and values.*

Performance measures and targets	Actual service performance to 30 June 2015
<p>Management and governance arrangements for resource management include Māori.</p> <p>Target: Maintain or increase the number of contracts, joint management agreements, joint decision making and planning arrangements, monitoring programmes, between council and iwi/hapū.</p> <p>Baseline 2010/11: 4</p>	<p>Result: 13 – achieved</p> <p>(2012: not measured; 2013: 9 – achieved; 2014: 13 – achieved)</p> <ul style="list-style-type: none"> • Contracts – 3 • Monitoring programmes – 1 • Joint decision-making and planning arrangements – 9

(1.2) Reduce the impact of introduced pests on environmental, economic and social values

Why: *Reducing pests will contribute positively to the region's economy, environment and culture.*

Performance measures and targets	Actual service performance to 30 June 2015
<p>The number of Community Pest Control Areas (CPCAs) achieving their targets for pest reduction.</p> <p>Target: 90%</p> <p>Baseline: New measure</p>	<p>Result: 100% – achieved</p> <p>(2012: not measured; 2013: 80% – not achieved; 2014: 82% – not achieved)</p>

(1.3) Promote community involvement in pest management

Why: *Expanding the resources involved beyond council and government funds is necessary for successful pest management in Northland.*

Performance measures and targets	Actual service performance to 30 June 2015
<p>The number of active Community Pest Control Areas (CPCAs).</p> <p>Target: Increases by three annually</p>	<p>Result: 2 new CPCAs – not achieved</p> <p>(2012: 5 new community pest plans were approved; 2013: increase of 2 – not achieved; 2014: increase of 5 – achieved)</p>

(1.3) Promote community involvement in pest management

Why: Expanding the resources involved beyond council and government funds is necessary for successful pest management in Northland.

Performance measures and targets	Actual service performance to 30 June 2015
(Please note this differs from the LTP 2012-2022 performance target as a result of the Annual Plan 2014-2015 (previously 5)) Baseline: 2010/11: 36	One large and complex CPCA at Warawara was added and another at Whakarara (Matauri Bay East Coast). Proposals for two additional CPCAs (Purua and Kawakawa) have not yet resulted in signed agreements but continue to be discussed with landowners.

(1.4a) Maintain and enhance water quality for swimming and shellfish collection

Why: The community expects that water quality at popular bathing sites and at food collection spots is at a sufficiently safe level not to cause ill health. Swimming and other water recreational pursuits are integral to Northland's culture and attraction to visitors/tourists.

Performance measures and targets	Actual service performance to 30 June 2015
The water in our priority harbours, rivers and at the coast is suitable for swimming except for two-five days after rain. Target: The percentage of faecal indicator bacteria results that are within the Ministry for the Environment's guideline values for bathing will be maintained or improved at the 20 core bathing sites monitored ⁽¹⁾ . Baseline: 2007/08: 93%	Result: 95% – achieved (2012: 100% – achieved; 2013: 93% – achieved; 2014: 94% – achieved) The sites are sampled 12-18 times at weekly intervals each summer bathing season. (Testing starts in late November each year and continues for 18 weeks through to March the following year. To get our percentage we add the compliance rates for all 20 sites and divide by the total number of sites (20) to provide average compliance rate.) Note: The 'suitability for recreation grade' (SFRG) performance measure set out in council's Long Term Plan 2012-2022 is no longer an appropriate measure of the suitability of a site for swimming in Northland. Council now uses the Ministry for the Environment's 'guideline values for bathing', a more robust national baseline and system for benchmarking purposes.

1. This target has been revised from that set out in council's Long Term Plan 2012-2022

(1.4b) Maintain and enhance water quality for swimming and shellfish collection

Why: The community expects that water quality at popular bathing sites and at food collection spots is at a safe level not to cause ill-health. Swimming and other water recreational pursuits are integral to Northland's culture and attraction to visitors/tourists.

Performance measures and targets	Actual service performance to 30 June 2015
Shellfish collection is safe in open coastal areas. Target: Levels of indicator bacteria in open coastal waters at 15 popular shell fish collections sites is maintained or improved. Baseline: 2012/13 results	Result: Not achieved (2012: not measured; 2013: no data; 2014: not achieved) Two sites had medians higher than the 2012/13 baseline results and two sites had medians lower than the 2012/13 baseline results. Due to changed testing methods the minimum detection limit of 2 in the baseline year has now become less than 10 cfu/100ml. Thirteen sites had a median below the detection limit of less than 10 cfu/100ml. Run-off from rainfall events meant that faecal indicator bacteria results were higher than the baseline results in two locations.

(1.4b) Maintain and enhance water quality for swimming and shellfish collection

Why: The community expects that water quality at popular bathing sites and at food collection spots is at a safe level not to cause ill-health. Swimming and other water recreational pursuits are integral to Northland's culture and attraction to visitors/tourists.

Performance measures and targets	Actual service performance to 30 June 2015																														
	<p>2012/13 permanent sites and baseline medians to form the baseline for future measurement are:</p> <table> <tr> <td>Baylys beach at Sea View Rd</td><td>2</td></tr> <tr> <td>Intertidal beach at One Tree Point east cliffs</td><td>2</td></tr> <tr> <td>Mangawhai Heads at motor camp</td><td>8</td></tr> <tr> <td>Matauri Bay at camp ground</td><td>2</td></tr> <tr> <td>Ngunguru Estuary at school</td><td>14</td></tr> <tr> <td>Oakura Bay at beach</td><td>2</td></tr> <tr> <td>Ocean Beach</td><td>2</td></tr> <tr> <td>Ohawini Bay at Parutahi Beach</td><td>24</td></tr> <tr> <td>Paihia at Te Haumi River</td><td>10</td></tr> <tr> <td>Pataua South at east end of beach</td><td>10</td></tr> <tr> <td>Ruakaka River at motor camp</td><td>10</td></tr> <tr> <td>Sandy Bay at beach</td><td>2</td></tr> <tr> <td>Taipā estuary at motor camp</td><td>2</td></tr> <tr> <td>Teal Bay at beach</td><td>10</td></tr> <tr> <td>Tinopai at below shops</td><td>10</td></tr> </table> <p>For more information see www.nrc.govt.nz/shellfishgathering. Over a shellfish-gathering season, the guideline for recreational shellfish gathering water quality is:</p> <ul style="list-style-type: none"> • a median faecal coliform count not exceeding 14 per 100 mL; and • not more than 10% of samples exceeding 43 per 100 mL. <p>Non-compliance with either of these parameters indicates that the water is not suitable for the purpose of recreational shellfish gathering.</p>	Baylys beach at Sea View Rd	2	Intertidal beach at One Tree Point east cliffs	2	Mangawhai Heads at motor camp	8	Matauri Bay at camp ground	2	Ngunguru Estuary at school	14	Oakura Bay at beach	2	Ocean Beach	2	Ohawini Bay at Parutahi Beach	24	Paihia at Te Haumi River	10	Pataua South at east end of beach	10	Ruakaka River at motor camp	10	Sandy Bay at beach	2	Taipā estuary at motor camp	2	Teal Bay at beach	10	Tinopai at below shops	10
Baylys beach at Sea View Rd	2																														
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Paihia at Te Haumi River	10																														
Pataua South at east end of beach	10																														
Ruakaka River at motor camp	10																														
Sandy Bay at beach	2																														
Taipā estuary at motor camp	2																														
Teal Bay at beach	10																														
Tinopai at below shops	10																														

(1.5) Protect the life-supporting capacity of water, in-stream uses and values

Why: Having healthy rivers support our region's biodiversity and is a community expectation.

Performance measures and targets	Actual service performance to 30 June 2015
The water in our streams supports a healthy habitat for flora and fauna.	<p>Result: 91.4 - achieved</p> <p>(2012: achieved ∞; 2013: MCI 91.15 – achieved; 2014: 91.7 – achieved)</p>

(1.5) Protect the life-supporting capacity of water, in-stream uses and values

Why: *Having healthy rivers support our region's biodiversity and is a community expectation.*

Performance measures and targets	Actual service performance to 30 June 2015
<p>Target: The macroinvertebrate community index (MCI) at 10 regionally representative sites shows improved or maintained trends (against the baseline trend set as at 30 June 2011 which is MCI 90.8).</p> <p>Baseline: New measure</p>	<p>The 10 sites are listed on page 97 of the Long Term Plan 2012-2022 and were selected from the council's long-term river water quality monitoring network. The sites cover a range of river catchments with different land uses and river habitat quality.</p> <p>For more information on the macroinvertebrate community index scores refer to the full reports on the council's website at www.nrc.govt.nz/riverdata</p>

(1.6a) Maintaining and enhancing water quality in our rivers and coastal waters

Why: *Consented activities should operate within their consents and not lower downstream water quality to ensure the integrity of the regional plans and overall environment.*

Performance measures and targets	Actual service performance to 30 June 2015
<p>The number of annual significant non-compliance events resulting in a reduction in water quality of receiving waters.</p> <p>Target: Less than 60</p> <p>Baseline: 2010/11: 111</p>	<p>Result: 110 – not achieved</p> <p>(2012: not measured as a single measure; 2013: 128 (compared to target of <100) – not achieved; 2014: 71 (compared to target of <80) – achieved)</p> <p>The target of 60 is ambitious and council does not have complete control over achieving it as consent holders are directly responsible for complying with their consents.</p>

(1.6b) Maintaining and enhancing water quality in our rivers and coastal waters

Why: *Non-consented farms should comply with the permitted activity criteria which have been put in place to avoid/remedy/mitigate adverse effects on the environment.*

Performance measures and targets	Actual service performance to 30 June 2015
<p>The number of annual significant non-compliance events resulting in any unauthorised/prohibited discharge to water.</p> <p>Target: Less than 20</p> <p>Baseline: 2010/11: 60</p>	<p>Result: 47 – not achieved</p> <p>(2012: 45; 2013: 42 (compared with target of <40) – not achieved; 2014: 39 (compared with target of <30) – not achieved)</p> <p>A total of 254 non-consented farms were monitored. The number of significant non-compliances is higher than the previous three years. The council will continue to work constructively with farmers to inform and educate them to facilitate a further reduction in non-compliance events.</p> <p>The target of less than 20 is ambitious and council does not have complete control over achieving it as farmers operating under the permitted activity criteria are directly responsible for complying with those criteria.</p>

(1.7a) Efficient and effective compliance monitoring of resource consents

Why: *To ensure compliance with conditions which have been put in place to avoid/remedy/mitigate adverse effects on the environment.*

Performance measures and targets

Those consents requiring monitoring are monitored as per the council's monitoring programme*.

Target: 100%

Baseline: 2010/11: 90%

* Many consents have a monitoring frequency of less often than once a year (i.e. once every two years; once every three years; once every five years and so on). For these consents, if they are still within the timeframe to complete the monitoring then they are counted as "yes, monitored as per the programme". They will only be counted as exceptions, when they have exceeded the timeframe allowed and have not been monitored. What this means is that some consents will be counted contributing towards achieving this target even though they were not monitored during the year.

Actual service performance to 30 June 2015

Result: 96% – not achieved

(2012: not measured collectively but individual targets were audited; 2013: 96% – not achieved; 2014: 86% – not achieved)

There were 4387 individual monitoring events required; of these, 4190 of these were done.

The 100% target is set very high and while the council plans to complete all scheduled monitoring, at times resources need to be redirected to address monitoring issues that arise during the year and other factors such as weather can mean that the programme is not met. Priority is given to those consents that have the potential for larger adverse environmental effects. The new targets in the Long Term Plan 2015-2025 that replace this target reflect this approach.

(1.7b) Efficient and effective compliance monitoring of resource consents

Why: *The community expect that consent conditions will be met so that the environment is protected.*

Performance measures and targets

The appropriate action is taken to rectify significant non-compliances.

Target: 100%

Baseline: 2010/11: 75%

Actual service performance to 30 June 2015

Result: 99.6% – not achieved

(2012: not measured collectively but individual targets were audited; 2013: 99% – not achieved; 2014: 96% – not achieved)

One of the 237 significant non-compliances requiring follow up and/or enforcement action was not followed up. While under target, this was an improvement on previous years.

(1.8) Maintaining a high standard of ambient air quality

Why: *The community expect that air quality will be maintained to acceptable levels.*

Performance measures and targets

Air sheds meet the national environmental standards.

Target: 100%

Baseline: 2010/11: 100%

Actual service performance to 30 June 2015

Result: 100% – achieved

(2012: achieved; 2013: 100% – achieved; 2014: 100% – achieved)

There are national standards for air quality. As part of implementing these standards we designated local air quality management areas (airsheds) where air quality is more likely to have levels of pollutants that exceed the national environmental standard for air quality. The monitoring

(1.8) Maintaining a high standard of ambient air quality

Why: *The community expect that air quality will be maintained to acceptable levels.*

Performance measures and targets	Actual service performance to 30 June 2015
	results show that Northland's air quality is good most of the time and complies with the standards. Our results are available online at www.nrc.govt.nz/soe

(1.9) Efficient and effective response and resolution of reported environmental incidents

Why: *To ensure timely and appropriate response to environmental incidents that has the potential to result in significant environmental effects.*

Performance measures and targets	Actual service performance to 30 June 2015
Incidents reported to the Environmental Hotline, where more than minor environmental effects have been confirmed, are resolved within 30 working days. Target: 70% Baseline: 2012/13 baseline result - 85%	Result: 85% – achieved (2012: not measured; 2013: 85% – achieved; 2014 – 89% – achieved) There were 46 incidents recorded for the year with more than minor adverse effects. Of these, 39 were resolved within 30 working days. Seven were resolved outside this time frame.

(1.10a and b) Efficient and effective processing and administering of resource consents

Why: *Keeping to timeframes is important to applicants in order to manage their own business and personal endeavours.*

Performance measures and targets	Actual service performance to 30 June 2015
All resource consent applications are processed in a timely manner. Target: 98%+ of all applications processed within the statutory timeframes Baseline: 2010/11: 99.5%	Result: 99.7% – achieved (2012: achieved – included bore permits; 2013: 100% – achieved; 2014: 100% – achieved) Of all the consents that were granted in the 2014/15 year, 99.7% were processed within statutory timeframes. It is important that council is efficient and complies with processing timeframes because this gives certainty to the process, avoids costs on communities, individuals and businesses from the process including avoiding the discounting of charges, costs on the wider economy, and adverse impacts on investment decisions.
Target: All bore permits processed within five working days Baseline: New measure	Result: 85% – not achieved (2013: 98% – not achieved; 2014: 94% – not achieved) The target of five working days is an internally set measure. The statutory requirement is that bore permits are processed within 20 working days. A total of 43 out of 47 bore permits were processed within five working days, with the remaining four being processed within 14 working days (still less than the statutory timeframes). These four bore permits were not processed within the target timeframe due to additional information being required from the applicant to complete the consenting process.

(1.10a and b) Efficient and effective processing and administering of resource consents

Why: *Keeping to timeframes is important to applicants in order to manage their own business and personal endeavours.*

Performance measures and targets

Actual service performance to 30 June 2015

The council has amended its future targets to align with the statutory timeframes (refer to the Long Term Plan 2015-2025 for more information).

Resource Management

Funding impact statement for the year ended 30 June 2015

	Long Term Plan 2013/14 \$	Long Term Plan 2014/15 \$	Actual 2014/15 \$
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	8,391,688	9,110,226	491,827
Targeted rates (other than targeted water rates)	-	-	7,971,646
Subsidies and grants for operating purposes	85,000	85,000	20,000
Fees, charges, and targeted rates for water supply	2,619,389	2,703,210	2,557,915
Internal charges and overheads recovered	135,015	139,379	-
Local authorities fuel tax, fines, infringement fees and other receipts	2,064	2,130	-
TOTAL OPERATING FUNDING	11,233,156	12,039,944	11,041,389
Applications of operating funding			
Payments to staff and suppliers	10,240,563	10,416,825	10,716,629
Finance costs	-	-	-
Internal charges and overheads applied	3,713,854	3,876,299	3,879,348
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	13,954,417	14,293,123	14,595,977
Surplus/(deficit) of operating funding	(2,721,260)	(2,253,179)	(3,554,588)
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	-
Applications of capital funding			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	14,861	29,182	136,583
to replace existing assets	74,221	61,026	100,169
Increase/(decrease) in reserves	-	-	(305,272)
Increase/(decrease) of investments	(2,810,343)	(2,343,386)	(3,486,068)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(2,721,260)	(2,253,179)	(3,554,588)
Surplus/(deficit) of capital funding	2,721,260	2,253,179	3,554,588
FUNDING BALANCE	-	-	-

Major variances compared to the Annual Plan 2014/15

Sources of operating funding

Sources of operating funding is under budget by \$998,555 predominantly due to:

- Rates revenue being \$646,753 less than budgeted primarily due to lower actual rates increases then originally signalled in the Long Term Plan.
- Less than budgeted grants of \$65,000 as a result of receiving fewer funds from the Bio-Condition Fund.
- Less than budgeted fees and charges of \$145,295 as a result of receiving fewer than anticipated consent applications to process.

The classification of the 2014/15 actual rates figure for each activity funding impact statement and the whole of council funding impact statement reflects a change in rates terminology as all council rates have been classified as "targeted rates (other than targeted water rates)". Only penalties applied to outstanding rates are disclosed as "general rates, uniform annual general charges and rates penalties" in the 2014/15 actual figures.

Applications of operating funding

Application of operating funding is over budget by \$302,854 predominantly due to:

- Unbudgeted expenditure of \$395,292 incurred on the response to Mediterranean fanworm incursions.
- Unbudgeted expenditure of \$94,651 incurred on the response to kauri dieback incursions.
- Unbudgeted expenditure of \$113,999 incurred on pest control at Kai iwi Lakes.
- Unbudgeted expenditure of \$184,718 on LiDAR (laser mapping) of the Northland region,
- Unbudgeted expenditure of \$200,000 for farm water quality management.
- These are offset by an underspend of \$762,000 related to the transfer of the hydrology department from the resource management activity (where the original budgets were reported) to the river management activity during the 2012/13 financial year.

Applications of capital expenditure

Capital expenditure is over budget by \$146,544 predominantly due to:

- Purchasing \$37,000 of equipment lost in Hikurangi Swamp. This expenditure was offset by a claim against council's insurance.
- Council also invested in more monitoring equipment than budgeted.

River management

The river management group of activities only includes river management and is considered to be the mandatory activity called "Flood protection and control works" under the Local Government Act 2002.

Why we do these activities

River flooding is the highest natural hazard risk to Northland due to extensive development on floodplains and the region's exposure to high intensity rainfall events. Flooding threatens human life, disrupts communications and access, and damages property and infrastructure including the productivity of farmland.

The regional council delivers flood protection and control works to reduce the risks associated with river flooding and erosion, protect human life and maximise the region's productivity. We do this on a prioritised basis throughout the region. The community has shown their support for this activity via requests for river maintenance and membership on the river management liaison committees.

Contribution to council objectives

The river management activity contributes to the following council objectives.

Promote regionally significant infrastructure and improvements that enable economic development, enhance the environment, and connect people and Northland to the wider world

and

Encourage the sustainable access and use of our environment in ways that will progress our collective quality of living by:

- Delivering flood protection and control works to reduce the risks associated with river flooding, protect human life, maximise the region's productivity and improve access around our region in times of flooding; and
- Managing river maintenance and new river works with sustainability of the environment as a primary objective. For example, gravel extraction provides a local resource while reducing flood risk and in some cases reducing bank erosion.

What we did

Awanui River scheme

The key objectives of the Awanui River scheme are reducing flood risk to people, property and infrastructure from river and coastal flooding in urban and rural areas, and implementing soil conservation measures to reduce sedimentation of channels.

Maintenance of the scheme assets has been undertaken to a standard as agreed through consultation with the Awanui River Management Liaison Committee (and guided by the scheme asset management plan). All major work components are completed, including cleaning of the lower Awanui River and Grade Control (to control bed scour) on the Tarawhataroa.

Over the year we have completed model simulations for the design scenario for lowering the Whangatane spillway intake weir. Resource consent applications have been submitted for the proposed works and detailed design is nearing completion. We intend to undertake these works in the 2015/16 works season pending a timely decision on the resource consent applications.

Kaeo River scheme

Construction of the Kaeo Stage 1 flood scheme works are complete, with tidy-up, reinstatement and disestablishment works completed during 2014/15.

Stage 2 remains on hold while the performance of Stage 1 is assessed to make a more informed decision on Stage 2 options and prevent over-capitalising. It is intended that the performance of the Stage 1 works will be evaluated following a significant flood before progressing with any Stage 2 works.

Whāngārei detention dam

All land acquisitions were completed for the Kotuku Street detention dam and construction of the dam was commenced, with the majority of works completed. The remaining works to complete the dam construction include completing the right emergency spillway, completing several metres of fill on the dam embankment crest and tidy-up, reinstatement and disestablishment works.

Kerikeri-Waipapa rivers scheme

Resource consent applications were lodged for the spillway flood scheme on the Kerikeri River. A hearing of the applications was held during May 2015, and will be reconvened in August 2015 following the provision of further information requested by the hearing commissioners.

Detailed design of the works is nearing completion, and negotiations to acquire the necessary land use easements are continuing with the land owners whose land is required for the spillway construction.

The proposed spillway, with an estimated construction cost of \$2.13 million, is located on the Kerikeri River downstream of the State Highway bridge. The purpose of the spillway

is to divert excess river flow from the Kerikeri River to the Rainbow Falls, reducing flood risk to those properties located downstream of the spillway to the Rainbow Falls.

Other works and maintenance

Seven minor river works projects were scheduled for the 2014/15 year (as outlined in our Annual Plan 2014/15). While a total of 19 minor river works projects were

completed (12 more than included in the Annual Plan), of the seven outlined in the Annual Plan the Otiria Spillway work was not completed. Works at Otiria were simulated but the flood reduction benefits are not considered sufficient to proceed with the works; however, some clearance works were undertaken to improve flood control in the area.

Performance measures and targets – River management

(2.1) Building flood protection schemes to protect life and property

Why: *Well-designed flood protection systems protect human life and damage to property and infrastructure.*

Performance measures and targets	Actual service performance to 30 June 2015
<p>Number of failures of flood protection system for the Awanui, Whāngārei, and Kaeo, schemes below specified design levels.</p> <p>Target: Zero failures</p> <p>Baseline: New measure</p>	<p>Result: Zero failures – achieved</p> <p>(2012: not measured; 2013: zero failures – achieved; 2014: zero failures – achieved)</p> <p>During the June-July 2014 rain events, the Awanui and Kaeo flood risk reduction schemes performed to design standard. There have been no further flooding events since July 2014.</p>

(2.2) Maintaining flood protection schemes to protect life and property

Why: *Implementing the minor works programme ensures the river systems work to their best ability.*

Performance measures and targets	Actual service performance to 30 June 2015
<p>Implement the programmed minor flood control works for other rivers in accordance with the approved annual budgets.</p> <p>Target: 100% of programmed minor works completed</p> <p>Baseline: New measure</p>	<p>Result: 86% - not achieved</p> <p>(2012: not measured; 2013: 70% – not achieved; 2014: 100% – achieved)</p> <p>Seven minor river works projects were scheduled for the 2014/15 year (as outlined in our Annual Plan 2014/15). As noted above, while a total of 19 minor river works projects were completed (12 more than included in the Annual Plan), of the seven outlined in the Annual Plan the Otiria Spillway work was not completed. Works at Otiria were simulated but the flood reduction benefits are not considered sufficient to proceed with the works; however, some clearance works were undertaken to improve flood control in the area.</p>

River management

Funding impact statement for the year ended 30 June 2015

	Long Term Plan 2013/14 \$	Long Term Plan 2014/15 \$	Actual 2014/15 \$
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	607,556	710,615	80,292
Targeted rates (other than targeted water rates)	1,529,220	2,053,462	2,845,854
Subsidies and grants for operating purposes	-	-	44,458
Fees, charges, and targeted rates for water supply	-	-	5,003
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	29,095
TOTAL OPERATING FUNDING	2,136,776	2,764,077	3,004,703
Applications of operating funding			
Payments to staff and suppliers	1,304,984	1,265,964	2,092,515
Finance costs	218,461	495,749	426,017
Internal charges and overheads applied	239,870	250,545	518,556
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	1,763,314	2,012,257	3,037,088
Surplus/(deficit) of operating funding	373,462	751,820	(32,385)
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	-
Applications of capital funding			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	6,407,163	5,992,890	5,672,376
to replace existing assets	52,805	58,409	58,054
Increase/(decrease) in reserves	(6,001,102)	(5,320,086)	(5,294,181)
Increase/(decrease) of investments	(85,404)	20,607	(468,634)
TOTAL APPLICATIONS OF CAPITAL FUNDING	373,462	751,820	(32,385)
Surplus/(deficit) of capital funding	(373,462)	(751,820)	32,385
FUNDING BALANCE	-	-	-

Major variances compared to the Annual Plan 2014/15

Sources of operating funding

Sources of operating funding is over budget by \$240,626 predominantly due to:

- Additional rates revenue allocated of \$162,069. This is due to the increased costs associated with the construction of Kotuku detention dam and the additional rates required to cover this.
- Subsidies and grants revenue received for assistance with Kaeo at-risk homes \$44,458.
- Rental from properties purchased to allow the construction of Kotuku detention dam.

Applications of operating funding

Applications of operating funding is over budget by \$1,024,831 predominantly due to:

- A restructure of the hydrology department \$762,000 which was transferred from the resource management activity (where the original budgets were reported) to the river management activity during the 2012/13 financial year.
- Finance costs lower by \$69,732 as a result of the bulk of construction on the Kerikeri spillway being deferred to 2015/16.
- Additional internal charges of \$268,011 brought about by a larger allocation of costs due to the higher than anticipated workload.

Applications of capital expenditure

Capital expenditure is under budget by \$320,869 predominantly due to:

- \$3,921,251 originally budgeted for this year but no longer required for the Awanui River Scheme
- \$2,130,048 budgeted for the Kerikeri spillway of which only \$130,000 was spent in 2014/15. The balance is expected to be spent in 2015/16
- Kotuku detention dam was budgeted to be spent in 2013/14 however \$5,466,063 of the project fell in 2014/15.

Economic development

The economic development group of activities only includes economic development and encompasses the rating for the rescue helicopter, the Northland Events Centre and the Marsden Point Rail Link joint venture.

Why we do these activities

Central government's economic development policy recognises that regions and regional economic development are key drivers of New Zealand's overall economic performance. As a regional authority, this council makes a significant contribution to Northland's economic development through infrastructure development and environmental management. As a regional council, we can also research and analyse issues from a regional perspective.

The council wishes to improve Northland's economic performance and community wellbeing, and engage in economic development projects that increase:

- Jobs in Northland;
- Average weekly household income of Northlanders; and
- Gross Domestic Product of Northland.

Contribution to council objectives

The economic development activity contributes to the following council objectives.

Build a business-friendly environment that encourages business and employment opportunities by:

- Providing economic and environmental information to ensure integrated and effective decision-making;
- Promoting Northland as a place to invest, work and visit;
- Supporting initiatives that attract investment, new businesses and skilled people into Northland;
- Working effectively and coordinating efforts with business and central and local government to ensure the best outcomes for Northlanders on issues of regional importance;
- Implementing internal improvement processes to build a business-friendly environment that encourages business and employment opportunities; and
- Integrating economic wellbeing into our planning frameworks.

Invest in Northland to increase all our communities' economic performance and quality of living and reduce disparities by:

- Investing in economic development projects that meet the council's criteria for using the investment and growth reserve.

Promote regionally significant infrastructure and improvements that enable economic development, enhance the environment, and connect people and Northland to the wider world by:

- Identifying infrastructure improvements that will support sustainable economic growth and development;
- Promoting, supporting and investing in projects that deliver regionally significant infrastructure; and
- Integrating regionally significant infrastructure into our planning frameworks.

What we did

Northland Inc. Ltd is our regional economic development agency and encompasses the roles and functions of a Regional Tourism Organisation.

In 2011/12 the council began a process of redirecting its investment income away from funding operations (and subsidising rates) to provide funding for the Investment and Growth Reserve (IGR) to fund economic development projects. In 2014/15, \$1.7M of investment income was redirected into the IGR.

Projects are assessed by Northland Inc. Ltd against specific criteria. The original criteria (adopted as part of the Long Term Plan 2012-2022) provided for three types of funding allocations:

- a. funding for operational expenditure of Northland Inc. Ltd;
- b. loan funding or directly invested funds; and
- c. equity investment.

Funding allocations (b) and (c) are expected to deliver an appropriate rate of return, including a return on investment.

Two new types of funding were added in February 2013:

- d. impact investment funding for projects that have the potential to lift the economic performance of Northland but do not generate a direct economic return; and
- e. funding for feasibility assessment and business case development.

Both (d) and (e) have annual caps on the amount that can be allocated. These changes were made to ensure that research, infrastructure and information / data projects were not automatically excluded from funding, and that there was sufficient funding to Northland Inc. Ltd to carry out business case development and project assessment..

The criteria are available on council's website at www.nrc.govt.nz/economicdevelopment and people are encouraged to approach Northland Inc. Ltd if they have projects they think match these criteria.

During 2014/15, a total of \$2.3M was allocated to projects from the IGR, including \$155,000 for feasibility and business case assessments. The major investments included a \$0.75M loan for a sawmill development at Marsden Point, allocated \$0.493M to upgrade and promote the Twin Coast tourism discovery route around Northland, and allocated a further \$0.9M to assist the completion of the Twin Coast Cycle Trail in the Far North. In addition, council successfully secured funding to be received in 2015/16 from the central government Irrigation Acceleration Fund to undertake a strategic water management study of Northland to identify areas of irrigation potential.

Council collated and published the 'State of the Economy' report. This report tracks regional economic performance and trends via a quarterly economic newsletter. The first issue was published in July 2013. www.nrc.govt.nz/economicquarterly

In conjunction with other Northland councils, we have purchased online economic profiles of the region and the districts and made them publicly available. (For more information, see www.nrc.govt.nz/economicdevelopment)

We also worked with the other Northland councils and Northland Inc. Ltd on two major region wide projects. During the second half of 2014, a major region-wide economic development assessment was undertaken by Martin Jenkins, funded by the Ministry of Business, Innovation

and Employment. The Tai Tokerau Northland Growth Study which was officially launched by Ministers in February 2015. Local and central government, iwi and private sector stakeholders are working closely to develop an action plan to ensure that the opportunities identified in the study are taken up. This work is being lead and co-ordinated by Northland Inc. Ltd, on behalf of multiple agencies.

Also in February 2015, central government announced new competitive funding to improve digital connectivity in New Zealand, totalling \$360M across three streams (Ultra-Fast Broadband 2, Rural Broadband Initiative 2 and Mobile Black Spots Fund). Northland's four councils worked together to submit a region-wide Registration of Interest (ROI) by the 3 July deadline. The selection of areas and suppliers will be announced by mid-November 2015.

For the rescue helicopter funding, NEST has provided the council with six-monthly reports for the periods ending 30 June and 31 December on the trust's financial position, use of the service and other relevant information. These reports are available online within our council meeting agendas at www.nrc.govt.nz/agendas.

Council's key contribution to a number of economic development measure is achieved through Northland Inc. Ltd and the council's use of the Investment and Growth Reserve. Also, as these performance measures relates to large-scale economic outcomes that council would like to see improved, but has little direct control over, new measures will be used in future that better relate to the services council delivers (see the Long Term Plan 2015-2025 for more information).

Performance measures and targets - Economic development

∞ Performance noted with the infinity sign was not audited in the 2011/12 year.

(3.1a) Investing in economic projects and ventures within Northland to increase Northland's economic performance	
Why: <i>Increasing Northland's economic performance is seen as a key outcome to improving Northlanders' quality of life.</i>	
Performance measures and targets	Actual service performance to 30 June 2015
Employment rate – the proportion of the labour force that is in paid employment. Target: Increases annually Baseline: 2010/11: 91.5%	Result: 91.2% – not achieved (2012: 91.1% ∞; 2013: 90.8% – not achieved; 2014: 91.3% – achieved) The employment rate in Northland for the year ending March 2015 declined slightly by 0.1 from the previous year, due to an increase in people looking for employment. The Household Labour Force survey indicated that there are around 2000 more people employed in the year ending March 2015 than in the previous year ending June 2014.

(3.1b) Investing in economic projects and ventures within Northland to increase Northland's economic performance

Why: Increasing Northland's economic performance is seen as a key outcome to improving Northlanders' quality of life.

Performance measures and targets	Actual service performance to 30 June 2015
<p>Business growth – the ratio of business start-ups to business closures.</p> <p>(A ratio below 1 means there were fewer businesses in operation than previously)</p> <p>Target: Increases annually</p> <p>Baseline: 2010/11: 0.80⁽¹⁾</p>	<p>Result: 0.96 – achieved</p> <p>(2013: 0.66 – not achieved – based on results for the year ending June 2012⁽²⁾ – please note this was revised to 0.78 by Statistics NZ post Annual Report audit; 2014: 0.7 – not achieved)</p> <p>The ratio of business births to deaths in Northland increased between 2013 and 2014 due to an increase in the number of new businesses and a decrease in the number of business closures. However the ratio remains below one, indicating that closures still outnumber new businesses as has been the case since 2008.</p>

1. The baseline differs from the one published in the Long Term Plan 2012-2022 due to revised figures being provided by Statistics New Zealand. Revisions also affected the final year end results for June 2012
2. As the data for this measure is not available from Statistics New Zealand for the financial reporting year until October (and as such will be too late for annual reporting purposes), council will report on the previous year's results. For example, for the 2012/13 year council will report on results for the 2011/12 year and compare it to results for the 2010/11 year. Between audit and publication of the Annual Report 2014 and 30 June 2015 Statistics New Zealand is anticipated to revised its year end 2014 figures.

(3.1c) Investing in economic projects and ventures within Northland to increase Northland's economic performance

Why: Increasing Northland's economic performance is seen as a key outcome to improving Northlanders' quality of life.

Performance measures and targets	Actual service performance to 30 June 2015
<p>Economic growth – real GDP per usual resident population.</p> <p>Target: Increases annually</p> <p>Baseline: 2010/11: \$34,106⁽¹⁾</p>	<p>Result: \$35,816 - achieved 2014</p> <p>(2013: \$35,193 – achieved based on results for year ending June 2012⁽²⁾; 2014: \$35,481 –achieved in 2013)</p> <p>Real GDP per usual resident population is estimated to have increased by 1.9% in the year ended June 2014. Council's key contribution to this measure is through Northland Inc. Ltd and the council's use of the Investment and Growth Reserve. In the case of drought our participation in rural support and our management of water is also essential. As this performance measure relates to large-scale economic outcomes that council would like to see improved but has little direct control over, in future new measures will be used that better relate to the services council delivers (see the Long Term Plan 2015-2025 for more information).</p>

1. The baseline differs from the one published in the Long Term Plan 2012-2022 due to revised figures being provided by Statistics New Zealand. In 1995/96 \$ value this is \$20,495. Infometrics is no longer reporting in 1995/96 \$ values.
2. As the data for this measure is not available from Statistics New Zealand for the financial reporting year until October (and as such will be too late for annual reporting purposes), council will report on the previous year's results. For example, for the 2012/13 year council will report on results for the 2011/12 year and compare it to results for the 2010/11 year.

Economic development

Funding impact statement for the year ended 30 June 2015

	Long Term Plan 2013/14 \$	Long Term Plan 2014/15 \$	Actual 2014/15 \$
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	697,574	714,173	13,237
Targeted rates (other than targeted water rates)	2,449,253	2,455,878	2,705,874
Subsidies and grants for operating purposes	-	-	73,000
Fees, charges, and targeted rates for water supply	-	-	5,400
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,127,701	1,244,984	1,193,183
TOTAL OPERATING FUNDING	4,274,528	4,415,035	3,990,693
Applications of operating funding			
Payments to staff and suppliers	2,371,635	2,384,634	2,464,346
Finance costs	643,706	587,073	631,541
Internal charges and overheads applied	119,604	124,847	68,964
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	3,134,945	3,096,554	3,164,852
Surplus/(deficit) of operating funding	1,139,583	1,318,481	825,841
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	-
Applications of capital funding			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	-	-	-
to replace existing assets	-	-	-
Increase/(decrease) in reserves	675,924	750,253	674,214
Increase/(decrease) of investments	463,659	568,228	151,627
TOTAL APPLICATIONS OF CAPITAL FUNDING	1,139,583	1,318,481	825,841
Surplus/(deficit) of capital funding	(1,139,583)	(1,318,481)	(825,841)
FUNDING BALANCE	-	-	-

Major variances compared to the Annual Plan 2014/15

Operating funding:

Operating funding is under budget by \$424,342 predominantly due to:

- A reduced allocation of rates \$450,941 which is reflective of increased revenue meaning less rates was required to fund this activity.

Hazard management

The hazard management group of activities includes civil defence emergency management, natural hazard management and oil pollution response.

Why we do these activities

Civil defence emergency management

A regional approach to civil defence emergency management allows for consistent coordination of emergency services and support organisations (including the regional council and three district councils). The government set up this regional approach in 2002 under the Civil Defence Emergency Management Act.

Natural hazard management

Northland is exposed to a range of natural hazards including storm/cyclone, tsunami, volcano, land instability, earthquake, rural fire and drought.

River flooding is Northland's highest natural hazard risk due to our extensive development on flood plains and exposure to high-intensity rainfall events.

It is a core function of regional councils to minimise the effects of natural hazards on life, property and the quality of the environment. The council is legally obliged by the Civil Defence Emergency Management Act and the Soil Conservation and Rivers Control Act to develop and implement plans to reduce risks associated with hazards.

Oil pollution response

Preventing and minimising the impacts of oil spills is vital to protecting our environment and enabling recreational activities on and around our waters. Preventing an oil spill through appropriate measures and processes also has economic benefits for high-risk businesses.

The council has responsibility under the Maritime Transport Act (1994) to plan for – and have in place contingency measures to deal with – oil spills in the coastal areas of Northland.

Contribution to council objectives

The hazard management activity contributes to the following council objectives.

Maintain and improve the quality Northland's overall environment by:

- Providing information to people and decision makers so that development, infrastructure and people are located in the right places; and
- Minimising the effects of these hazards on life, property and the quality of the environment.

Promote the regionally significant infrastructure and improvements that enable economic development, enhance the environment, and connect people and Northland to the wider world by:

- Working with various stakeholders to reduce the adverse effects of identified hazards on infrastructure and lifeline utilities;
- Providing information that can be incorporated into engineering design to ensure that infrastructure can withstand hazard events of a certain magnitude and/or return period; and
- Working in partnership with other organisations as part of the Civil Defence Emergency Management Group to ensure safer communities.

Encourage the sustainable access and use of our environment in ways that will progress our collective quality of living by:

- Identifying major natural and man-made threats; and
- Reducing the impacts of these threats by ensuring that effective systems are in place to respond to, and recover from, any emergency.

Promote the awareness and appreciation of our heritage, landforms, freshwater and marine environment to encourage our collective pride in Northland by:

- Identifying major natural and man-made threats and planning reduction, readiness, response and recovery at the community level.

What we did

Civil defence emergency management (CDEM)

Northland experienced severe weather during July 2014 (made up of three distinct weather events) which resulted in wide-spread wind damage and flooding.

Sustained high winds of over 100km/h and rainfall over 580 mm has caused significant damage to infrastructure, farming, horticulture and to homes. The sustained duration meant that the impacts were worse than typical for an event of this magnitude.

The response and recovery to this emergency was coordinated and managed by the Northland Civil Defence Emergency Management (CDEM) Group. The recovery phase included the deployment of fifteen Enhanced Task Force Green workers, funded by government and employed by the council. These workers delivered a total 5111 hours of work across 87 rural properties.

Following on from this emergency the Minister of Civil Defence recognised the collective response of all the organisations involved by making a Ministerial Award for outstanding contribution to CDEM.

In August 2014 the Ministry of Civil Defence and Emergency Management carried out a capability assessment of the Northland CDEM Group arrangements. The monitoring and evaluation programme involves a comprehensive review including review of data, doctrine self-assessment and qualitative interviews and workshops. The finding of the evaluation indicates that there is sustained momentum in general and reflective of a focussed and committed group who are investing in community resilience building activity. The improvement since the last evaluation in 2010 was significant with the overall evaluation score rising from 63% to 80%.

Community response planning continues to be a priority project and we have continued to convert plans into e-plans. Of the 54 existing plans, 18 have now been converted into e-plans and twelve more are in the process of being upgraded.

Our free business continuity workshops held in 2013/14 are helping Northland's business owners and operators prepare for and recover from emergencies.

We were proud to be involved with a second Youth in Emergency Services programme in the Kawakawa and Moerewa. This programme was again an outstanding success and saw 16 young people given the opportunity to experience working in and alongside emergency services professionals. Active support came from the Red Cross, St John, NZ Fire Services, Rural Fire, Coastguard and Far North District Council. Further programmes are planned for the coming year.

Northland also hosted annual Civil Defence Emergency Management Group Forum in Whāngārei in April 2014. The forum was attended by over 200 representatives from a broad cross section of the civil defence community.

The successful shared services agreements with Whangarei and Kaipara Districts Councils – which enable civil defence staff to work from one office – have continued to enable collaborative delivery of Northland civil defence arrangements.

Central government has continued to support new initiatives in Northland by providing support through the national resilience fund. During the 2014/15 year funding was made available to continue with capacity and capability building and implementation of the national emergency management information system.

Natural hazard management

Council completed a coastal erosion hazard zone assessment study and mapping of erosion hazard zones for 31 coastal settlements throughout Northland. In addition to this, a coastal flood hazard assessment study was commenced which will produce maps of coastal flood hazard zones for over 61 coastal settlements throughout Northland. This information will be provided on council's website GIS during 2015/16 and landowners informed of the mapped hazards.

We again completed beach profile monitoring to detect changes in shore profile at priority sites during summer and winter. Data gathered from this programme enables a better understanding of coastal systems in Northland, which assists the council and community when looking at the suitability and effect of development in and adjacent to the coast.

Additional LiDAR (accurate topographic information) was collected for parts of the Kaipara District. This information is critical as it informs further flooding hazard assessments and flood map production, including the Kaihu River flood model upgrade which was commenced to increase the extent of the model to include all of Dargaville.

Oil pollution response

Council maintained its oil pollution response capability. This includes having a contingency plan (including memorandums of understanding with primary response partners), a team of trained oil spill responders (with training occurring throughout the year), and 24/7 response capability, with on-call Regional On-scene Commander (ROSC) coverage.

All oil spill incidents reported during this period were dealt with within the required time frames. Several of the incidents dealt with involved fairly minor oil spills from small vessels.

We also responded to a few oil spill incidents from commercial fishing vessels. One spill from a tanker involved assistance from Refinery personnel. All spills were contained, cleaned-up or dispersed appropriately. The region's oil spill responders continued their training and exercise participation to maintain the regional oil spill response capability.

Two additional alternative ROSCs were appointed following training, bringing the total number of ROSCs in the region to four. In April 2015 a revalidation exercise was held which officially signed off the training of the regional responders. The regional responders list has been extensively vetted this year, and expired and retired responders removed, and replacements sent for training.

Performance measures and targets - Hazard management

(4.1) Maintaining a responsive and efficient civil defence emergency management system

Why: *Providing timely information and warnings helps protect the public and property.*

Performance measures and targets	Actual service performance to 30 June 2015
<p>Nationally issued warnings are acknowledged within 30 minutes.</p> <p>Target: 100%</p> <p>Baseline: New measure</p>	<p>Result: 100% – achieved</p> <p>(2012: not measured; 2013: 100% – achieved; 2014: 100% – achieved)</p> <p>As in 2013/14, we have expanded our reporting to cover the range of warnings of significance to Northland's communities (e.g. weather, water and flooding).</p> <p>During 2014/15 warning and watches were received from MetService for 10 individual events (each involving numerous warnings and watches). All weather warnings were responded to as appropriate.</p> <p>All warnings and watches are added to the Civil Defence Northland Facebook page. Roding information for weather events is available at the AA Road Watch website.</p>

(4.2) Maintaining an effective civil defence emergency management system

Why: *Maintaining effective plans and response procedures is an important way to reduce the impact of any emergency situation.*

Performance measures and targets	Actual service performance to 30 June 2015
<p>Emergencies are debriefed within one month and noted improvements are incorporated into the appropriate emergency operating procedures and response plans.</p> <p>Target: 100%</p> <p>Baseline 2010/11: 100%</p>	<p>Result: 100% – achieved</p> <p>(2012: achieved; 2013: not applicable; 2014: not applicable)</p> <p>One event resulted in the activation of the CDEM Emergency Operation Centre and which was debriefed and reported to the CDEM group as required.</p>

(4.3) Providing accurate and timely flood warnings

Why: *Timely warnings are important to enable communities to take precautionary measures and safeguard property and livestock.*

Performance measures and targets	Actual service performance to 30 June 2015
<p>Accurate and timely flood warnings issued.</p> <p>Target: 100%</p> <p>Baseline: New measure</p>	<p>Result: 100% – achieved</p> <p>(2012: not measured; 2013: 100% – achieved; 2014: 100% – achieved)</p> <p>A number of weather warnings were issued by MetService during the year and seven timely regional warnings were issued by council's CDEM and Hydrology departments as a result. This included warnings for Cyclone Pam in March 2015.</p>

(4.4) Maintaining an efficient and responsive and efficient oil pollution response

Why: *There is a high public expectation that our response will be effective and efficient.*

Performance measures and targets	Actual service performance to 30 June 2015
<p>Evaluate and respond to a report of an oil spill within one hour of the report being received.</p> <p>Target: 100%</p> <p>Baseline: 2010/11: 100%</p>	<p>Result: 100% – achieved</p> <p>(2012: not measured; 2013: 100% – achieved; 2014: 100% – achieved)</p> <p>All oil spill incidents reported to the maritime team during this period were dealt with within the required timeframes. Several of the incidents dealt with involved fairly minor oil spills from small vessels. One spill from a tanker at the refinery involved a larger response but was cleaned up and contained. Staff also responded to a few oil spill incidents from commercial fishing vessels. All spills were contained, cleaned-up or dispersed appropriately.</p>

(4.5a and b) Maintaining natural hazard information and assessments to protect life and property

Why: *Identification of natural hazards and risk reduction options enables people to make an informed decision about the risks and what level of risk they are prepared to accept or mitigate. This information also flows into policy and land use planning which help to reduce risk where risk is deemed unacceptable.*

Performance measures and targets	Actual service performance to 30 June 2015
<p>Maintain hazard information for river flooding and beach profiles.</p> <p>Target: Priority beach profile sites updated biennially</p> <p>Baseline: New measure</p>	<p>Result: Updates completed – achieved</p> <p>(2012: not measured; 2013: achieved; 2014: updates completed – achieved)</p> <p>Summer and winter beach profile surveying completed.</p>
<p>Target: Flood level monitoring at priority rivers updated within one month following every large flood event</p> <p>Baseline: New measure</p>	<p>Result: Achieved</p> <p>(2012: not measured; 2013: no large flood events – not applicable; 2014: achieved)</p> <p>One large/significant flood event occurred in July 2014, and flood level monitoring was undertaken in Kaeo, Kerikeri, Waitangi, Otiria/Moerewa and Hikurangi. Flood information is updated as real time data to council's telemetry database and website during storm events.</p>

Hazard management

Funding impact statement for the year ended 30 June 2015

	Long Term Plan 2013/14 \$	Long Term Plan 2014/15 \$	Actual 2014/15 \$
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	1,288,587	1,257,789	46,798
Targeted rates (other than targeted water rates)	-	-	758,515
Subsidies and grants for operating purposes	73,408	75,757	530,331
Fees, charges, and targeted rates for water supply	1,032	1,065	38,388
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	125,757	129,398	12,000
TOTAL OPERATING FUNDING	1,488,784	1,464,009	1,386,033
Applications of operating funding			
Payments to staff and suppliers	1,198,638	1,214,558	1,423,740
Finance costs	6,924	-	-
Internal charges and overheads applied	466,008	485,566	405,289
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	1,671,570	1,700,124	1,829,029
Surplus/(deficit) of operating funding	(182,786)	(236,115)	(442,997)
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	-
Applications of capital funding			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	2,064	-	-
to replace existing assets	-	-	-
Increase/(decrease) in reserves	138,470	-	26,650
Increase/(decrease) of investments	(323,320)	(236,115)	(469,647)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(182,786)	(236,115)	(442,997)
Surplus/(deficit) of capital funding	182,786	236,115	442,997
FUNDING BALANCE	-	-	-

Major variances compared to the Annual Plan 2014/15

Operating funding

Operating funding is under budget by \$77,976 predominantly due to:

- Rates being less than budget by \$452,476 due to the greater level of user fees and subsidies received in the year, thereby reducing the level of rates required to fund this group of activities.
- A greater level of grants and subsidies \$454,574 were received due to funding from district councils to allow council to have permanent civil defence officers and Task Force Green funding received from the Ministry of Social Development to assist with clean up activities following a major storm event.

Transport

This group of activities includes regional transport management, passenger transport management, and harbour safety and navigation.

Why we do these activities

The transport network is New Zealand-wide with connections world-wide. Having a regional coordination, operational and planning role makes sense for ensuring efficient and integrated management of the network and its funding.

Passenger transport is about providing affordable, safe, integrated, responsive, accessible and sustainable transport services to the public.

Harbour navigation and safety management helps ensure safe movement of commercial and recreational vessels, and promotes and regulates safe boating and shipping practises to minimise maritime accidents, protect the environment and prevent losses to property and persons.

Regional councils are obliged to engage in a range of land transport planning, passenger transport and harbour management activities. Key legislation such as the Land Transport Management Act 2003, Maritime Transport Act 1994, Local Government Act 1974, Resource Management Act 1991 and New Zealand Port and Harbour Marine Safety Code direct and shape our involvement in these activities.

Contribution to council objectives

The transport activity contributes to the following council objectives.

Maintain and improve the quality of Northland's overall environment by:

- Improving the integration between land use, transport planning and impacts on the environment through our plans and strategies;
- Providing affordable passenger transport services which reduces demand on road infrastructure and harmful emissions; and
- Providing aids to navigation which enable a safe environment for recreational and commercial marine use and protect the environment from the adverse effects of maritime accidents (such as. oil leakage).

Build a business friendly environment that encourages business and employment opportunities by:

- Providing increased tourism opportunities through the pilotage of cruise ships to the Bay of Islands; and
- Managing the marine area to allow for the changing uses and needs of the marine sector.

Promote regionally significant infrastructure and improvements that enable economic development, enhance the environment, and connect people and Northland to the world by:

- Ensuring roads and other transport infrastructure in Northland are improved, designed and built to meet future demand and provide for efficient and economic movement of goods and people around the region;
- Ensuring the region's transport infrastructure allows for the retention and future expansion of investment in Northland;
- Coordinating transport planning efforts throughout Northland and championing key infrastructure initiatives to achieve a comprehensive transportation system with route security; and
- Providing for safe navigation in harbours and safe business development.

Encourage sustainable access and use of our environment in ways that will progress our collective quality of living by:

- Providing navigation aids and harbour management to facilitate access to and use of marine environment – from tourism, fishing, diving, and access to kai moana through to commercial navigation and access to Marsden Point refinery and the port; and
- Providing pilotage that brings tens of thousands of visitors to the region each summer safely and income to the council.

Promote awareness and appreciation of our heritage, landforms, freshwater and marine environment to encourage our collective pride in Northland by:

- Promoting awareness and good practice and contributing to Northland being seen as a place to safely enjoy coastal, boating and tourist activities (through maritime safety education and advice, patrols and safety enforcement).

What we did

Transport planning

Council has continued to work with partners, district councils, government agencies and the community on transport planning, delivery and road safety.

As set out under council's Annual Plan, during 2014/15 we:

- Prepared and completing the Regional Land Transport Plan 2015-2021;
- Prepared and completed the Regional Public Transport Plan 2015-2025;

- Commenced a review of council's procurement strategy, as required by NZTA; and
- Contributed to the review of the National Funding Assistance Rates.

Road transport

We reported the funding uptake by each approved authority on the regional land transport plan to each Regional Transport Committee meetings.

The State Highway 1 Akerama Curves realignment project has commenced along with flood damage repairs to State Highway 1 at Maramaku and increasing road safety on the northern side of the Brynderwys.

The NZ Transport Agency Board has indicated it supports the proposal to lift the level of service on Te Pua Road | Mangakahia Road | Otaika Valley Road | Loop Road North (known as the Northland Inland Freight Route) to a State Highway, subject to the Northland councils (Far North DC, Kaipara DC, Whangarei DC) entering into formal collaborative agreement with the NZ Transport Agency to joint asset management across the Northland network to achieve improved journey management, better resilience and emergency response, consistency in approach and improved cost effectiveness in delivery of road maintenance activities.

We failed to achieve the target for reduced numbers of fatal crashes and serious injury crashes. The increased number of fatal and injury-causing vehicle crashes is of growing concern.

Northland was allocated \$460 million from the National Land Transport Fund for the 2015-18 period. Of that, \$311 million was allocated for maintenance and operations to its roading infrastructure network. This is a 22% increase on what was received in the previous Regional Land Transport Plan.

Passenger transport

The 2014/15 passenger numbers for the Whāngārei's public bus service, CityLink, have declined when compared with previous years due in a large part to road works and a fall in petrol prices.

Conversely, the Total Mobility Scheme has shown a decrease in the number of trips taken. This decrease has been attributed to the extended downturn in the economy which in turn resulted in clients having to reduce their travel due to affordability.

Free buses were run for the four of the FIFA Under 20 World Cup games held in Whāngārei. The overall response was lower than expected but was worthwhile as a good advertising exercise for the bus service.

As a result of submissions received on the Regional Passenger Transport Plan 2015-2025 and Long Term Plan 2015-25, Council has approved the extension of the Targeted Transport Rate for the continued local share

subsidisation of the BusAbout Kaitaia bus service. In addition, an application for national funding assistance was included in the Regional Land Transport Plan 2015-2021. NZTA approved \$70,000 per annum national subsidy for the service. Staff will continue to work with the Community Business and Environment Centre to ensure that the service is operated as economically as possible

The Opononi to Kaikohe trial passenger transport service commenced toward the later part of the financial year.

A number of submissions were also received through the Regional Passenger Transport Plan 2015-2025 and Long Term Plan 2015-2025 requesting that Council investigate and implement a "Mid-North" bus service linking the Hokianga, Kerikeri and Bay of Islands. Staff will commence work on this initiative during the 2015/2016 financial year.

Harbour safety

Forty-one ships were piloted in and out of the Bay of Islands during 2014/15, a similar number to the previous year, though the vessel size and passenger numbers were increased. Two ships cancelled their call.

Our maintenance programme for navigation aids was all completed as planned in 2014/15. The maintenance ranges from repairs to buoys and beacons, to replacement of batteries and lights and the renewal and replacement of navigation aids as required. Completing this work significantly reduces the risk of future failures to Northland's navigation aids.

An ongoing improvement project for moorings management continues. This includes updating of the moorings database, digitising of the mooring files, and improved mapping of swing areas and overlaps. We are also continuing with increased enforcement for non-compliance (including removal of unsafe moorings and destruction of derelict vessels) to improve harbour safety.

One of the councils ageing patrol vessels was sold and replaced with an off the shelf Surtees 6.7m. The new vessel has increased the maritime ability to work in rougher sea states safely, as well as improving operational efficiency in large harbours such as the Kaipara where the council carries out wide ranging monitoring work.

Performance measures and targets – Transport

∞ Performance noted with the infinity sign was not audited in the 2011/12 year.

(5.1a and b) Embed safety in the thinking of all Northland road users

Why: *There is a community expectation and national directive to make our roading network safer.*

Performance measures and targets	Actual service performance to 30 June 2015
<p>Reducing the annual number of fatal motor vehicle crashes in Northland.</p> <p>Target: <17</p> <p>Baseline: 2010/11: 21*</p> <p>* Based on average fatal crashes for the four years up to June 2011</p>	<p>Result: 18 – not achieved</p> <p>(2012: 7 fatalities; 2013: 15 – achieved; 2014: 21 – not achieved)</p> <p>The number of fatal crashes has reduced since 2014 but is still higher than previous years. The result of 18 fatal crashes falls outside the target and is a concern given drivers are still making decisions such as to not wear seatbelts, manage fatigue or speed, which has resulted in crashes and loss of life.</p>
<p>Reducing the annual number of serious injury motor vehicle crashes in Northland.</p> <p>Target: <80*</p> <p>Baseline: 2010/11: 92**</p> <p>* The performance target and baseline data that was published in the Long Term Plan for this measure was incorrect; the target shown above is based on the correct data.</p> <p>+ based on average serious injury crashes for the four years to June 2011</p>	<p>Result: 87 – not achieved</p> <p>(2012: not measured; 2013: 79 – achieved; 2014 – 88 – not achieved)</p> <p>The number of serious injury crashes exceeded the target number of 80. The number of injury-causing vehicle crashes is of growing concern.</p> <p>It is noted that performance measure 5.1a and 5.1b relates to the transport outcomes that council would like to see improved and makes a contribution to, but does not have direct control over. In future, council will use new measures that better relates to the services it delivers (see the Long Term Plan 2015-2025 for more information).</p>

(5.2) Providing an efficient and effective public bus service

Why: *A reliable and effective bus service will have an increasing number of patrons.*

Performance measures and targets	Actual service performance to 30 June 2015
<p>Number of passengers for the Whāngārei urban bus service.</p> <p>Target: Increases annually</p> <p>Baseline: 2010/11: 287,006</p>	<p>Result: 312,821 (-10,732) – not achieved</p> <p>(2012: achieved, result: 297,305 ∞; 2013: 305,737 (+8,432) – achieved; 2014: 323,553 (+17,816))</p> <p>The CityLink service has shown a decline on passenger numbers for 2014/15 compared with the year before. This has been in line with the national trend. A large proportion of this decrease can be directly attributed to the fall in petrol price which results in a noticeable move back to private car usage.</p> <p>In addition to the above, the service has struggled to run to time due to the disruptions created by a number of road works undertaken within the operational area during this period.</p>

(5.3) Maintaining navigation aids for safe navigation

Why: *Good navigation aids contribute to the safety of harbour and coastal waters, and helps mitigate environmental problems of oil spills from wrecks.*

Performance measures and targets	Actual service performance to 30 June 2015
<p>Failures to navigation aids are repaired within five working days of reporting.</p> <p>Target: 100%</p> <p>Baseline: New measure</p>	<p>Result: 100% – achieved</p> <p>(2012: not measured; 2013: 100% – achieved; 2014: 100% – achieved)</p> <p>Each month the CEO reports what was attended to (and repaired) in his report to council (see www.nrc.govt.nz/agendas). All planned maintenance for the 2014/15 year occurred. Repairs range from repairs to buoys and beacons, the replacement of batteries and lights and the renewal and replacement of navigation aids as required. There were no reported failures to navigation aids caused by council inaction.</p>

(5.4) Providing safe pilotage services for vessels entering the Bay of Islands

Why: *Pilotage provides additional safety and helps mitigate environmental effects as large ships carry large amounts of oil.*

Performance measures and targets	Actual service performance to 30 June 2015
<p>Number of incidents from providing pilotage services within Bay of Islands harbours.</p> <p>Target: Zero incidents related to pilotage</p> <p>Baseline: 2010/11: 0</p>	<p>Result: Zero incidents that affected the safety of vessels and their navigation – achieved</p> <p>(2012: zero incidents – achieved ∞; 2013: zero incidents – achieved; 2014: zero incidents – achieved)</p>

Transport

Funding impact statement for the year ended 30 June 2015

	Long Term Plan 2013/14 \$	Long Term Plan 2014/15 \$	Actual 2014/15 \$
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	978,299	1,084,255	72,254
Targeted rates (other than targeted water rates)	548,413	548,931	1,691,824
Subsidies and grants for operating purposes	1,123,245	1,170,867	1,015,514
Fees, charges, and targeted rates for water supply	1,572,878	1,589,102	1,297,491
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	10,114	10,437	-
TOTAL OPERATING FUNDING	4,232,949	4,403,593	4,077,082
Applications of operating funding			
Payments to staff and suppliers	3,954,855	4,071,468	3,794,849
Finance costs	-	-	-
Internal charges and overheads applied	644,239	675,885	646,083
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	4,599,094	4,747,353	4,440,932
Surplus/(deficit) of operating funding	(366,145)	(343,760)	(363,850)
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	-
Applications of capital funding			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	34,485	11,716	1,006
to replace existing assets	252,068	100,112	192,375
Increase/(decrease) in reserves	17,128	14,746	(60,594)
Increase/(decrease) of investments	(669,826)	(470,335)	(496,636)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(366,145)	(343,761)	(363,849)
Surplus/(deficit) of capital funding	366,145	343,761	363,849
FUNDING BALANCE	-	-	-

Major variances compared to the Annual Plan 2014/15:

Operating funding

Operating funding is under budget by \$326,511 predominantly due to:

- Receiving \$155,353 less than budgeted subsidy revenue and \$291,611 of user charges relating to the bus contract as the service was revised and rationalised in 2012/13.
- This is partially offset by an increase in rates revenue of \$130,892.

Applications of operating funding

Applications of operating funding is under budget by \$306,421 predominantly due to:

- A savings of \$276,619 relating to the administration of the Whāngārei bus service contract. The bus service was rationalised and reduced in 2012/13 resulting in a reduction in the contract price.

Applications of capital expenditure

Capital expenditure is over budget by \$81,553 predominantly due to:

- Expenditure on a new vessel being spent in this financial year, but budgeted in 2013/14.

Community representation and engagement

This group of activities only includes the community representation and engagement activity.

Why we do these activities

Community representation through elected councillors is the central part of the democratic process and is dictated by statutory requirements. Essentially the role of elected members is to provide good governance over the functions and responsibilities of the council.

The Local Government Act 2002, the Local Government Official Information and Meetings Act 1987, the Local Electoral Act 2002 and other relevant legislation set out the role of elected members and places obligations relating to the conduct of regional council business.

These obligations are designed to ensure that the council:

- Conducts its business in an open, transparent and democratically accountable manner; and
- Gives effect to its identified priorities and objectives and delivers services in an efficient and effective manner.

Contribution to council objectives

The community representation and engagement activity contributes to all of council's objectives:

- Maintain and improve the quality of Northland's overall environment;
- Build a business friendly environment that encourages business and employment opportunities;
- Invest in Northland to increase all our communities' economic performance and quality of living and reduce disparities;
- Promote regionally significant infrastructure and improvements that enable economic development, enhance the environment, and connect people and Northland to the wider world;
- Encourage the sustainable access and use of our environment in ways that will progress our collective quality of living; and
- Promote the awareness and appreciation of our heritage, landforms, freshwater and marine environment to encourage our collective pride in Northland.

Councillors play an instrumental role in delivering council objectives and set the strategic directions for the organisation. They make policy decisions based on their understanding and representation of the views of the communities of region, involve local people in local issues, promote collaborative decision-making, ensure council

processes are transparent, and follow council policies and procedures. This promotes local democracy and encourages community participation and engagement in decision-making.

What we did

The key focus of our work this year has been on better representation, engagement with Māori and service delivery.

Local government reorganisation

The Local Government Commission's process to look at possible reorganisation of local government in Northland continued in 2014/15. On 9 June 2015 the commission announced that it would not be proceeding with its proposal of a single unitary council for Northland (with seven community boards). This would have been a new entity replacing Northland's four existing councils.

The commission has indicated that, while it will not proceed with the single Northland unitary council, it intends to work with Northland's four local authorities and their communities to investigate alternative options to address the challenges facing our region.

Council welcomes these discussions and will continue to pro-actively seek to improve the effective and efficient provision of local government services to the Northland community. Over the last 12 months council has sought to make progress in identifying ways to provide better local government through better collaboration and potential shared services between Northland's local authorities.

Governance – Te Tai Tokerau Māori Advisory Committee

Council is committed to establishing a strong relationship with Māori and has made this one of its top ongoing priorities.

Council's commitment to the promotion of Māori (whanau, hapū and iwi) participation and engagement in council processes and decision making and its desire to ensure it takes appropriate account of the principles of the Treaty of Waitangi led to the establishment of Te Tai Tokerau Māori Advisory Committee.

Since the standing committee's establishment in June 2014, the committee has progressed to confirm a Terms of Reference which includes the following purpose / goals:

- To establish and advance a model of Māori engagement that is equitable, sustainable and empowering that will

- drive environmental and economic priorities across the region;
- To develop pathways (and processes) that will achieve lasting and meaningful relationships between Māori and council;
- To monitor council's compliance to its obligation to Māori under the Local Government Act 2002 and the Resource Management Act 1991;

- Provide advice to council on topics within council's sphere of influence; and
- To ensure the views of Māori are taken into account in the exercise of council functions.

Council considers the establishment of the committee and the work programme the committee is currently developing will contribute towards strengthening the lasting and meaningful relationships between Māori and council.

Performance measures and targets – Community representation and engagement

∞ Performance noted with the infinity sign was not audited in the 2011/12 year.

(6.1a) Maintaining effective, open and transparent democratic processes	
Why: <i>This is council in action – facilitating community participation in decision-making.</i>	
Performance measures and targets	Actual service performance to 30 June 2015
Submissions received on council's long term plan and annual plan. Target: Increasing number of submissions for Annual Plans and Long Term Plans. Baseline: 2010/11: 612	Result: 1,278 – achieved (2012 Long Term Plan result: 976 ∞; 2013: 18 – not achieved; 2014: 240 – achieved) Council received 302 more submissions on the proposed Long Term Plan 2015-2025 Consultation Document when compared to the Draft Long Term Plan 2012-2022 .
(6.1b) Maintaining effective, open and transparent democratic processes	
Why: <i>Providing responses to submitter feedback enhances the experience of submitters and encourages their ongoing participation in local government decision making processes.</i>	
Performance measures and targets	Actual service performance to 30 June 2015
Time to respond to submitters post adoption of annual plans and long term plans. Target: Within one month of adoption Baseline: 2010/11: One month	Result: achieved (2012: not measured; 2013: all responses sent within one month – achieved; 2014: All responses sent within one month – achieved) Council's Long Term Plan 2015-2025 was adopted on 16 June 2015. All submitters were sent information on the key council decisions and where they could find more information on or before 19 June 2015. Submitters were contacted via their preferred method of communications (being either by letter, email, facebook or twitter). This was a three working day response time, well within council's target of one month.

(6.2) Providing effective advocacy on behalf of Northlanders on matters of regional significance

Why: *This is council in action – advocating for Northlanders on issues of importance to them.*

Performance measures and targets	Actual service performance to 30 June 2015
<p>Level of advocacy undertaken on issues of importance to Northland over and above government submission processes.</p> <p>Target: 10 submissions made annually</p> <p>Baseline: New measure</p>	<p>Result: 14 formal forms of advocacy – achieved</p> <p>(2012: not measured; 2013: 13 – achieved; 2014: 41 – achieved)</p> <p>The Chairman's report to council each month covers the significant matters and key messages that council has promoted to others. This year the focus of our advocacy has concentrated largely on Northland roading issues, local government reform, economic development and other regional issues. We:</p> <ul style="list-style-type: none"> • Met with MPs on issues important to Northland seven times. This included meetings with the Minister of Transport on Northland's roading issues, the Associate Minister of Local Government on Kaipara governance issues, and the Minister of Local Government on local government reform and economic development; • Met with the New Zealand Transport Agency six times on Northland's roading issues; and • Sent letters to all Northland MPs inviting them to an open forum with NRC councillors to discuss regional issues. <p>In addition to our letters to and meetings with key influencers we have been out in the community at meetings and workshops.</p>

Community representation and engagement

Funding impact statement for the year ended 30 June 2015

	Long Term Plan 2013/14 \$	Long Term Plan 2014/15 \$	Actual 2014/15 \$
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	1,545,979	1,680,399	116,862
Targeted rates (other than targeted water rates)	-	-	1,894,123
Subsidies and grants for operating purposes	61,920	63,901	-
Fees, charges, and targeted rates for water supply	-	-	62,066
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL OPERATING FUNDING	1,607,899	1,744,301	2,073,051
Applications of operating funding			
Payments to staff and suppliers	2,121,976	2,026,399	2,577,656
Finance costs	-	-	-
Internal charges and overheads applied	459,906	481,711	599,048
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	2,581,882	2,508,110	3,176,704
Surplus/(deficit) of operating funding	(973,983)	(763,810)	(1,103,653)
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	-
Applications of capital funding			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	-	-	-
to replace existing assets	-	-	-
Increase/(decrease) in reserves	(144,480)	-	(171,877)
Increase/(decrease) of investments	(829,503)	(763,810)	(931,776)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(973,983)	(763,810)	(1,103,653)
Surplus/(deficit) of capital funding	973,983	763,810	1,103,653
FUNDING BALANCE	-	-	-

Major variances compared to the Annual Plan 2014/15

Sources of operating funding:

Operating funding is over budget by \$328,750 predominantly due to:

- A higher allocation of rates revenue to reflect the higher cost in this activity as described below.

Applications of operating funding:

Applications of operating funding is over budget by \$668,594 predominantly due to:

- Increased staffing numbers as staff have been moved to this activity from resource management and support activities.
- Members salaries is also higher than budgeted in the Long Term Plan 2012-2022 as the members are subject to rulings from the remuneration authority.
- Overheads are \$117,337 over budget as the allocation is based on staff numbers and this reflects the movement of staff to this activity.

Support services

Funding impact statement for the year ended 30 June 2015

The funding impact statement below relates to council's support services which are the corporate and support functions for the organisation and include the expenditure and funding sources for commercial activities (interest, dividends and rental income) finance operations, records administration, human resources, communications, information technology and other administration.

	Long Term Plan 2013/14 \$	Long Term Plan 2014/15 \$	Actual 2014/15 \$
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	-	-	-
Targeted rates (other than targeted water rates)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges, and targeted rates for water supply	38,184	39,406	268,350
Internal charges and overheads recovered	6,394,056	6,855,642	7,091,385
Local authorities fuel tax, fines, infringement fees and other receipts	6,074,441	5,941,993	7,313,053
TOTAL OPERATING FUNDING	12,506,681	12,837,041	14,672,788
Applications of operating funding			
Payments to staff and suppliers	5,584,870	5,732,245	5,776,030
Finance costs	1,000	1,000	-
Internal charges and overheads applied	16,500	17,346	17,735
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	5,602,370	5,750,591	5,793,766
Surplus/(deficit) of operating funding	6,904,311	7,086,450	8,879,022
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	3,034,579
Lump sum contributions	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	3,034,579
Applications of capital funding			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	376,680	388,734	1,303,213
to replace existing assets	503,616	546,890	884,240
Increase/(decrease) in reserves	1,729,888	2,587,929	2,122,866

Increase/(decrease) of investments	4,294,127	3,562,897	7,603,282
TOTAL APPLICATIONS OF CAPITAL FUNDING	6,904,311	7,086,450	11,913,601
Surplus/(deficit) of capital funding	(6,904,311)	(7,086,450)	(8,879,022)
FUNDING BALANCE	-	-	-

Major variances compared to the Annual Plan 2014/15:

Operating funding:

Operating funding is over budget by \$1,835,747 predominantly due to:

- Dividend income from the Northland Port Corporation (NZ) Limited being \$1,107,145 greater than budgeted.
- Increased returns on investments due to improved investment strategy.

Sources of capital funding:

Capital funding is over budget by \$3,034,759 predominantly due to:

- The sale of a commercial property \$2,874,000.
- The disposal of a number of vehicles.

Applications of capital funding:

Capital expenditure is over budget by \$1,251,829 predominantly due to:

- The purchase of a commercial property \$1,104,249 not budgeted in the Long Term Plan.

Council funding impact statement

Northland Regional Council funding impact statement for the year ended 30 June 2015

	Annual Plan 2013/14 \$	Annual Report 2013/14 \$	Annual Plan 2014/15 \$	Actual 2014/15 \$
Sources of operating funding				
General rates, uniform annual general charges, and rates penalties	13,006,215	717,057	-	821,270
Targeted rates (other than targeted water rates)	4,505,957	17,648,974	17,967,094	17,867,837
Subsidies and grants for operating purposes	971,190	1,654,797	1,081,008	1,683,303
Fees, charges, and targeted rates for water supply	4,172,467	4,135,656	4,369,055	4,234,614
Interest and dividends from investments	4,123,599	4,541,044	5,439,020	5,396,279
Local authorities fuel tax, fines, infringement fees and other receipts	3,819,454	3,312,266	3,310,721	3,151,051
TOTAL OPERATING FUNDING	30,598,882	32,009,794	32,166,898	33,154,354
Applications of operating funding				
Payments to staff and suppliers	26,339,669	27,921,438	28,744,651	28,845,766
Finance costs	94,272	101,629	110,866	101,197
Other operating funding applications	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	26,433,941	28,023,067	28,855,517	28,946,964
Surplus/(deficit) of operating funding	4,164,941	3,986,727	3,311,381	4,207,390
Sources of capital funding				
Subsidies and grants for capital purposes	-	-	-	-
Development and financial contributions	-	-	-	-
Increase/(decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	147,513	-	3,034,579
Lump sum contributions	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	147,513	-	3,034,579
Applications of capital funding				
Capital expenditure:				
to meet additional demand	-	-	-	-
to improve levels of service	1,069,264	3,899,248	5,930,977	7,113,178
to replace existing assets	904,503	785,307	963,494	1,234,838
Increase/(decrease) in reserves	2,366,532	(875,956)	(3,873,871)	(3,008,195)
Increase/(decrease) of investments	(175,359)	325,641	290,781	1,902,148
TOTAL APPLICATIONS OF CAPITAL FUNDING	4,164,941	4,134,240	3,311,381	7,241,969
Surplus/(deficit) of capital funding	(4,164,941)	(3,986,727)	(3,311,381)	(4,207,390)
FUNDING BALANCE	-	-	-	-

Reconciliation to the statement of comprehensive revenue and expense

	Annual Plan 2013/14 \$	Annual Report 2013/14 \$	Annual Plan 2014/15 \$	Actual 2014/15 \$
Capital expenditure included above, not in comprehensive revenue and expense	1,973,767	4,684,555	6,894,471	8,348,016
Investment movements included above, not in comprehensive revenue and expense	(175,359)	325,641	290,781	1,902,148
Other gains and losses not included above, but in other comprehensive revenue and expense	30,686	2,455,801	-	2,910,307
Gross proceeds included above, but not in comprehensive revenue and expense	-	-	-	(3,034,579)
Financial asset fair value adjustments not included above, but in comprehensive revenue and expense	-	(121,329)	-	(56,790)
Property revaluation adjustments not included above, but in comprehensive revenue and expense	-	(7,500)	-	15,000
Forestry asset revaluation not included above, but in comprehensive revenue and expense	147,447	201,225	177,000	267,000
Transfers to/(from) special reserves included above, but not in comprehensive revenue and expense	2,366,532	(875,956)	(3,873,871)	(3,008,195)
Infrastructure asset revaluation adjustments not included above, but in comprehensive revenue and expense	742,795	(1,106,411)	-	-
Depreciation and Amortisation Expense not included above, but in comprehensive revenue and expense	(1,131,791)	(1,182,509)	(1,228,817)	(1,242,226)
Total comprehensive revenue and expense per the statement of comprehensive revenue and expense	3,954,078	4,373,518	2,259,564	6,100,680

SECTION THREE: FINANCIAL STATEMENTS

Statement of comprehensive revenue and expense

For the year ended 30 June 2015	Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Revenue						
Rates	3	18,689,106	17,967,094	18,366,031	18,689,106	18,366,031
Fees and charges	6	4,234,614	4,369,055	4,135,656	4,054,733	3,898,091
Subsidies and grants	4	1,683,303	1,081,008	1,654,797	1,788,303	2,080,267
Revenue from activities		-	-	-	472,432	97,672
Interest revenue	5	1,673,469	2,642,585	1,504,560	1,713,169	1,545,681
Other revenue	6	5,697,485	6,107,156	5,976,490	5,637,104	5,121,003
Other gains	7	4,408,551	177,000	3,374,420	5,028,489	4,247,652
Share of joint venture revenues		-	-	-	-	704,670
TOTAL REVENUE	1	36,386,529	32,343,898	35,011,954	37,383,338	36,061,066
Expenses						
Personnel costs	8	11,725,770	11,469,597	10,675,918	12,707,281	11,977,187
Depreciation and amortisation expense	23	1,242,226	1,228,817	1,182,509	1,390,598	1,287,813
Finance costs	5	101,197	110,866	101,629	374,566	116,335
Other losses		-	-	-	-	-
Other expenses	2	17,215,225	17,275,054	17,443,140	19,180,732	19,118,110
TOTAL EXPENSES	1	30,284,419	30,084,334	29,403,195	33,653,178	32,499,444
Share of associates surplus/(deficit)	21	-	-	-	8,280,807	8,331,721
SURPLUS/(DEFICIT) BEFORE TAX		6,102,111	2,259,564	5,608,758	12,010,967	11,893,344
Income tax expense	9	-	-	-	(7,911)	(36,661)
SURPLUS/(DEFICIT) AFTER TAX		6,102,111	2,259,564	5,608,758	12,003,056	11,856,682
<i>SURPLUS/(DEFICIT) ATTRIBUTABLE TO:</i>						
Northland Regional Council		6,102,111	2,259,564	5,608,758	8,027,268	7,908,384
Non-controlling interest		-	-	-	3,975,788	3,948,298
Other comprehensive revenue and expense						
<i>Items that will be reclassified to surplus/(deficit):</i>						
Financial assets at fair value through other comprehensive revenue and expense	10	(16,430)	-	(121,329)	(16,430)	(121,329)
Net hedging movement (associate)		-	-	-	(268,620)	181,629
<i>Items that will not be reclassified to surplus/(deficit):</i>						
Gains/(loss) on property revaluations		15,000	-	(7,500)	(10,722,191)	(5,963,898)

For the year ended 30 June 2015	Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Gains/(loss) on infrastructure asset revaluations	10	-	-	(1,106,411)	-	(1,106,411)
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE		(1,430)	-	(1,235,240)	(11,007,241)	(7,010,009)
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		6,100,680	2,259,564	4,373,518	995,814	4,846,673
TOTAL COMPREHENSIVE REVENUE AND EXPENSE ATTRIBUTABLE TO:						
Northland Regional Council					2,125,662	3,577,290
Non-controlling interest in Marsden Maritime Holdings Limited					(1,129,808)	1,269,383
					995,814	4,846,673

Major council variances compared to the Annual Plan 2014/15:

Revenue variances

Revenue from Rates is \$722,012 greater than budget due to:

- Unbudgeted penalties and additional rates struck in the Whangarei and Far North districts. Although unbudgeted penalties of \$821,270 have been recognised as income, council only actually received \$216,000, and therefore an offsetting expense of \$605,000 is included in the Provision for Doubtful Debts expense.

Revenue from subsidies and grants is \$602,295 greater than budgeted due to:

- Unbudgeted subsidy from Ministry of Primary Industries of \$72,072 for the Oyster Shell Project (off set by costs associated with the project) and \$44,458 for revenue received to assist homeowners in the Kaero river area (this is offset by expenditure on this programme).
- Greater than anticipated district council funding of shared civil defence activities.
- Unbudgeted Task Force Green subsidy received from the Ministry of Social Development to assist with the clean up activities following a major storm event.

Interest revenue is \$969,116 less than budgeted due to:

- Interest rates reducing below those budgeted.
- The overall cash position being less than budgeted due to a property not selling as planned.
- As well as \$860,000 budgeted for interest revenue on the Community Investment Fund, that was achieved as a gain on the fair value of financial instruments.

Other revenue is \$409,671 less than budgeted due to:

- Commercial rental income which was less than budget by \$63,726 due to the loss of rent associated with the sale of the BBS Timbers and purchase of the Reyburn Street properties.
- Marsden Point Rail Link property rents are less than budgeted by \$113,818 as we had not budgeted in the 2015 year for a half share of rentals being allocated to KiwiRail.
- Dividend income is less than budgeted by \$250,000 as the budgeted Regional Software Holdings Limited dividend did not eventuate and is not budgeted in future years.

Other gains was \$4,231,551 over budget due to:

- The gains on changes in the fair value and disposal of assets are not budgeted by council due to their high uncertainty and non-cash nature, with the exception of fair value movement on council's forestry asset. Gains and losses resulting from fair value movements do not represent additional cash collected or incurred by council.
- Included in the favourable variance are the following total gains:

1. On revaluation of investment property \$2,652,399.
2. On revaluation of forestry assets \$267,000 (budget \$177,000).
3. On disposal of investment property \$270,000.
4. Gain on emission trading scheme \$42,777.
5. Gain on Community investment fund \$1,176,376.

Expenditure variances

Personnel costs are \$256,173 greater than budget due to:

- unbudgeted overtime greater than budget by \$66,686 in relation to the Fruit Fly, Weather events and the Long Term Plan Process.
- Kiwisaver contributions being over budget by \$19,123 due to a higher uptake among staff.
- Leave movements were also \$76,991 over budget.
- A reclassification of expenditure resulted in an additional \$155,064 being allocated to personnel for casual staff however this was budgeted in activity expenditure.
- These were offset by salaries and wages being \$102,611 less than budget primarily due to vacancies.

Depreciation and amortisation expense is \$13,409 under budget.

Finance costs are \$9,669 under budget.

Other expenses are \$59,829 under budget due to:

- The reclassification of expenditure for casual staff resulted in \$155,064 under budget.
- This was offset by increased costs from restructure of \$75,000 and other costs associated with Fruit fly response and weather events.

(1)

Statement of changes in equity

For the year ended 30 June 2015	Note	Accumulated funds \$	Reserves \$	Total Council \$
Council				
Balance at 1 July 2013		112,775,268	8,641,061	121,416,329
Total comprehensive revenue and expense for the year		4,373,518	-	4,373,518
Net transfers in reserves	10	1,039,761	(1,039,761)	-
Balance at 30 June 2014		118,188,547	7,601,300	125,789,848
Total comprehensive revenue and expense for the year		6,100,680	-	6,100,680
Net transfers in reserves	10	3,009,624	(3,009,624)	-
Balance at 30 June 2015		127,298,853	4,591,676	131,890,529

For the year ended 30 June 2015	Note	Accumulated funds \$	Reserves \$	Subtotal Group \$	Non-controlling interest \$	Total Group \$
Group						
Balance at 1 July 2013		131,027,281	50,951,969	181,979,250	59,462,161	241,441,411
Total comprehensive revenue and expense for the year		3,577,290	-	3,577,290	1,269,383	4,846,673
Net transfers in reserves	10	5,356,854	(5,356,854)	-	-	-
Dividends paid		-	-	-	(2,011,564)	(2,011,564)
Other consolidation adjustment		-	(14,000)	(14,000)	-	(14,000)
Balance at 30 June 2014		139,961,426	45,581,115	185,542,540	58,719,979	244,262,520
Total comprehensive revenue and expense for the year		2,125,622	-	2,125,622	(1,129,808)	995,814
Net transfers in reserves	10	8,909,840	(8,909,840)	-	-	-
Dividends paid		-	-	-	(2,203,141)	(2,203,141)
Balance at 30 June 2015		150,996,888	36,671,275	187,668,163	55,387,031	243,055,194

(2)

Statement of financial position

As at 30 June 2015	Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
EQUITY						
Accumulated funds	10	127,298,853	122,974,371	118,188,547	150,996,888	139,961,426
Reserves	10	4,591,676	4,488,357	7,601,300	36,671,275	45,581,115
Total equity attributable to Northland Regional Council		131,890,529	127,462,728	125,789,848	187,668,163	185,542,541
Non-controlling interest		-	-	-	55,387,031	58,719,978
TOTAL EQUITY		131,890,529	127,462,728	125,789,848	243,055,194	244,262,520
ASSETS						
Current assets						
Cash and cash equivalents	11	5,509,010	2,152,406	5,124,001	5,729,361	6,889,760
Receivables	12	5,170,160	5,134,569	4,080,877	5,957,599	4,377,051
Inventory	13	3,145,987	3,204,860	3,143,624	3,187,621	3,143,624
Assets held for sale	16	3,796,000	-	-	3,796,000	-
Other financial assets	22	104,022	8,397,258	11,289,902	275,980	11,281,864
Tax refundable		-	-	-	68,231	70,116
Loan - NPC Investments Limited	14	-	-	-	112,500	112,500
Earn out - NPC Investments Limited	15	-	-	-	75,000	75,000
TOTAL CURRENT ASSETS		17,725,179	18,889,093	23,638,404	19,202,292	25,949,915
Non-current assets						
Receivables	18	5,161,934	5,395,453	5,094,119	5,161,934	5,094,119
Investment property	19	47,985,500	44,018,502	50,579,001	105,237,500	98,979,001
Other financial assets	22	28,230,526	23,599,952	18,776,042	28,741,331	19,419,961
Investment in subsidiaries (excluding council control organisations) and joint venture company	20	7,827,563	7,827,563	7,827,563	45,312,092	46,053,008
Investment in Council Controlled Organisations	21	862,683	817,457	862,683	900,561	863,225
Property, plant and equipment	23	23,890,698	31,526,390	22,712,704	43,211,743	51,739,526
Capital projects in progress	23	4,717,455	-	2,049	4,845,802	62,897
Intangible assets	24	645,680	806,770	868,603	655,306	868,603
Forestry assets	25	2,200,000	2,056,222	1,933,000	2,200,000	1,933,000
Loan - NPC Investments Limited	14	-	-	-	125,000	315,000
Earn out - NPC Investments Limited	15	-	-	-	139,000	175,000
Deferred taxation asset	9	-	-	-	23,227	23,293
TOTAL NON-CURRENT ASSETS		121,522,037	116,048,309	108,655,763	236,553,495	225,526,632
TOTAL ASSETS		139,247,216	134,937,402	132,294,167	255,755,788	251,476,547

As at 30 June 2015	Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
LIABILITIES						
Current liabilities						
Payables and deferred revenue	26	5,407,284	5,566,603	4,486,006	6,933,889	5,176,031
Employee entitlements	27	1,339,138	1,870,345	1,283,080	1,368,709	1,302,138
Borrowings and other financial liabilities	28	-	-	-	-	625
TOTAL CURRENT LIABILITIES		6,746,422	7,436,948	5,769,086	8,302,598	6,478,795
Non-current liabilities						
Payables and deferred revenue	26	598,533	-	714,670	736,264	714,670
Employee entitlements	27	11,732	37,725	20,559	11,732	20,559
Borrowings and other financial liabilities	28	-	-	-	3,650,000	-
TOTAL NON-CURRENT LIABILITIES		610,265	37,725	735,229	4,397,996	735,229
TOTAL LIABILITIES		7,356,687	7,474,674	6,504,316	12,700,594	7,214,024
NET ASSETS		131,890,529	127,462,728	125,789,848	243,055,194	244,262,520

Major variances compared to the Annual Plan 2014/15:

Assets

Current

Cash and cash equivalents are greater than budget by \$3,356,604 due to:

- Additional funds held in a more liquid state to allow council to meet large expenditure on the infrastructure capital programme.

Receivables are above budget by \$35,591.

Inventory is \$58,873 less than budgeted due to:

- A reduction in the level of inventories held due to a tightening of inventory management.

Assets held for sale are \$3,796,000 greater than budget due to:

- A number of properties being marked for sale.

Other financial assets are \$8,293,236 below budget due to:

- The balance of current and non-current portions of term deposits varying from that budgeted. Non-current financial assets are \$4,630,574 higher than budget.
- The remaining \$3,662,662 is mostly explained by the \$3,356,604 increase in cash and cash equivalents

Non Current

Receivables are \$233,519 below budget due to:

- An increase in the provision for impairment of receivables, the majority of which is related to rates.

Investment property is \$3,966,998 above budget due to:

- Council budgeted for the sale of \$5,000,000 of which \$2,604,000 was sold, revaluation gains added \$1,810,899, purchases were \$1,161,300, and \$3,581,000 was transferred to non-current assets held for sale.
- \$722,250 has also been added for properties purchased for Kotuku Dam. These were previously accounted for in Property, Plant and Equipment.

Other Financial Assets are \$4,675,799 higher than budgeted due to:

- The balance of current and non-current portions of term deposits varying from that budgeted.

Property Plant and Equipment is \$7,635,692 under budget due to:

- Kotuku Dam was budgeted to be completed in the financial year. Due to delays it has not been commissioned at balance date. \$4,637,678 of construction costs are accounted for in capital projects in progress.
- \$2,130,000 was budgeted for the Kerikeri spillway project however \$2,000,000 remained unspent at balance date.
- \$722,500 of property purchased for the construction of the Kotuku Dam has been accounted for in investment properties.

Capital projects in progress are \$4,717,455 higher than budgeted due to:

- Council budgets for capital expenditure to be capitalized. This balance is mostly the incomplete Kerikeri Spillway \$79,000 and Kotuku Dam \$4,637,678.

Intangible assets are lower than budgeted by \$161,090 due to:

- The transfer of IRIS \$108,733 to Regional Software Holdings was not built into the budgeted opening balance due to the timing of the decision happening after the budget was set.
- Capital purchases are \$65,728 below budget.

Forestry assets are \$143,778 higher than budgeted due to the greater than budgeted revaluation gain on council's forestry holding at Mt Tiger.

Liabilities

Current

Payables and deferred revenue are \$159,319 lower than budgeted due to:

- A reclassification to Non-Current payables of \$598,533.
- Offset by an increase in trade creditors primarily associated with the large expenditure on the infrastructure capital programme.

Employee entitlements are lower than budget by \$531,207 due to:

- The opening balance being lower than budgeted as a result initiatives in the 2013-14 financial year that saw staff taking more leave and reducing leave balances.

Non-Current

Payables and deferred revenue is greater than budget by \$598,533 due to:

- A reclassification from Current Payables.

Employee entitlements are lower than budget by \$25,993.

(3)

Statement of cash flows

For the year ended 30 June 2015	Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Cash flows from operating activities						
Receipts from rates revenue		18,353,388	17,967,094	18,771,987	18,353,388	18,771,987
Receipts from customers		7,265,686	7,559,435	7,933,872	10,007,283	10,304,184
Interest received		593,685	2,642,586	2,315,035	633,385	2,356,156
Dividends received		2,546,434	2,796,434	2,327,224	7,995,748	8,030,236
Subsidies and grants received		1,698,485	1,081,008	1,654,797	1,803,486	2,080,267
Payments to suppliers and employees/members		(27,521,067)	(28,654,748)	(28,281,340)	(30,498,734)	(31,475,919)
Interest paid		-	(866)	(101,629)	(273,369)	155,049
Income tax paid		-	-	-	(42,055)	(6,891)
Net goods and services tax received (paid)		(352,235)	-	135,730	(352,893)	172,458
Net cash from operating activities		2,584,376	3,390,943	4,755,679	7,626,238	10,387,527
Cash flows from investing activities						
Receipts from sale of property, plant and equipment		160,579	-	147,513	162,318	283,168
Receipts from sale of investment property		2,874,000	-	-	2,874,000	-
Receipt from the sale of investments		11,173,893	-	-	11,183,888	-
Purchase of property, plant and equipment and intangible assets		(7,135,152)	(6,894,471)	(4,527,453)	(7,631,462)	(6,051,410)
Earn out re sale of joint venture		-	-	-	-	1,061,079
Sale of joint venture		-	-	-	156,000	-
Vendor financing loan repayment		-	-	-	190,000	22,500
Purchase of investment property		(1,210,813)	-	(42,639)	(8,945,434)	(2,713,276)
Purchase of investments		(7,272,180)	(4,946,000)	(10,968,529)	(7,472,180)	(10,959,629)
Investment in council-controlled organisations		-	-	(108,733)	-	(108,733)
Net cash from investing activities		(1,409,673)	(11,840,471)	(15,499,840)	(9,482,870)	(18,466,300)
Cash flows from financing activities						
Dividends paid		-	-	-	(2,203,141)	(2,011,555)
Proceeds from borrowings		-	-	-	5,500,000	-
Loans made		(810,000)	-	(25,000)	(750,000)	-
Loan repayments received		20,307	-	3,210	-	-
Loan repayments made		-	-	-	(1,850,625)	(4,840)
Net cash from financing activities		(789,693)	-	(21,790)	696,234	(2,016,395)
Net increase (decrease) in cash, cash equivalents and bank overdrafts		385,009	(8,449,528)	(10,765,951)	(1,160,399)	(10,095,169)

For the year ended 30 June 2015	Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Cash, cash equivalents and bank overdrafts at the beginning of the year	11	5,124,001	10,601,934	15,889,952	6,889,760	16,984,929
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR	11	5,509,010	2,152,406	5,124,001	5,729,361	6,889,760

(4)

Reconciliation of net surplus to the cash flows from operations

For the year ended 30 June 2015	Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Surplus/(deficit) after tax		6,102,111	5,608,758	12,003,056	11,856,681
Depreciation & amortisation expense	23, 24	1,242,226	1,182,509	1,390,598	1,287,813
Provision for doubtful debts		1,025,697	1,216,854	1,025,697	1,216,854
Deferred taxation		-	-	66	24,479
Share of associate companies' retained surplus		-	-	(264,871)	(327,733)
Gain on sale of stakeholding in joint venture		-	-	(37,336)	(791,454)
(Gain)/loss on sale of property, plant and equipment		-	-	(1,072)	(76,910)
Other fair value adjustments		(2,944,101)	(2,642,443)	(2,944,101)	(2,642,443)
Other comprehensive revenue and expense adjustments		-	-	(618,866)	492,297
Impairment loss recognised		-	(104,354)	-	(104,354)
Loss on local government stocks		-	30,278	121	30,278
Other non-cash items		-	-	-	-
Total non cash items		(676,178)	(317,157)	(1,449,764)	(891,174)
Add/(Less) movements in working capital items					
Decrease (increase) in receivables		(3,509,617)	(387,272)	(4,026,149)	(120,349)
Decrease (increase) in inventory		(2,363)	(15,638)	(43,997)	(15,638)
Decrease (increase) in non-current assets held for sale		(3,796,000)	-	(3,796,000)	-
(Decrease) increase in revenue received in advance		157,075	-	359,192	(39,688)
(Decrease) increase in other receivables		(18,301)	287,581	(18,301)	287,581
(Decrease) increase in payables		648,064	85,810	1,482,418	(338,779)
(Decrease) increase in provision for taxation		-	-	(34,210)	(13,004)
(Decrease) increase in provisions		-	-	-	(1,906)
(Decrease) Increase in employee entitlements	27	47,232	(519,599)	57,745	(558,545)
Net movement in working capital items		(6,473,911)	(549,117)	(6,019,303)	(800,327)
Add/(less) items classified as investing or financing activities					
Realised (gains)/loss on sale of assets/investments		(214,846)	13,194	(214,846)	13,194
Transfer of investment property to inventory		29,200	-	29,200	-
Transfer of infrastructure assets to investment properties		22,000	-	22,000	-
Transfer of investment properties to non-current assets held for sale		3,796,000	-	3,796,000	-
Non-operating capital items included in working capital movements		-	-	(540,105)	209,152

For the year ended 30 June 2015	Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Total items classified as investing or financing activities		3,632,354	13,194	3,092,249	222,346
Net cash inflow/(outflow) from operating activities		2,584,376	4,755,679	7,626,238	10,387,527

(5)

Statement of accounting policies

Statement of compliance

The financial statements of the council and group have been prepared in accordance with the requirements of the LGA, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with new Tier 1 PBE accounting standards.

The material adjustments arising on transition to the new PBE accounting standards are explained in note 41.

Reporting entity

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 council's group comprises the council and its subsidiary and associate entities, namely:

- Marsden Maritime Holdings Limited (NZ) Ltd (53.61% owned) and its subsidiaries
- Northland Inc. Limited (100% owned)
- Regional Software Holdings Limited (16.75% shareholding).

All Northland Regional Council subsidiaries and associates are incorporated and domiciled in New Zealand.

The primary objective of Northland Regional Council is to provide goods or services and perform regulatory functions for the community benefit and where any equity has been provided with a view to supporting that primary objective rather than making a financial return. Accordingly, Northland Regional Council has designated itself and the group as Tier 1 Public Benefit Entities (based on size) for the purposes of the New Zealand External Reporting Board.

Reporting period

The financial statements of the council and group are for the year ended 30 June 2015. The financial statements were authorised for issue by council on 20 October 2015.

Basis of preparation

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

Measurement base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of certain property plant and equipment, investment property, forestry assets and available for sale financial assets and financial instruments (including derivative instruments).

Functional and presentation currency

The financial statements are presented in New Zealand dollars which is the functional currency of Northland Regional Council.

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at balance sheet date.

Changes in accounting policies

Standards issued and not yet effective and not early adopted

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The council has applied these standards in preparing these 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The council will apply these updated standards in preparing its 30 June 2016 financial statements. The council expects that there will be minimal or no changes resulting from the application of applying these updated accounting standards.

Summary of significant accounting policies

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

Basis of consolidation

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

Subsidiaries

Northland Regional Council consolidates as subsidiaries in the group financial statements all entities over which the council may direct the governance policies so as to obtain benefits from the activities of the entity. This power generally exists where Northland Regional Council has an interest of 50% or more of council-controlled organisations or more than one-half of the voting rights on the governing body or where such policies have been irreversibly predetermined by council or where the determination of such policies is unable to materially impact on the level of potential ownership benefits that arise from the activities of the subsidiary.

The council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets and liabilities assumed. This difference reflects the goodwill to be recognised by the council. If the consideration transferred is lower than the net fair value of the council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

Associates

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

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

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

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

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

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Marsden Maritime Holdings Limited is party to several joint venture arrangements. For these and council's jointly controlled operations, council recognises in its financial statements the group's share of the assets, liabilities, revenues and expenses using the proportionate consolidation method.

Revenue

Revenue is measured at the fair value of the consideration received or receivable. This is now classified into exchange and non-exchange transactions.

Rates revenue

Rates are set annually by a resolution of council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised and brought to account when the rates are payable.

These transactions are classified as non-exchange transactions.

Other revenue

User fees and charges

User fees and charges are recognised and brought to account when invoices are issued for services provided and contracts completed. Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services provided. The majority of this type of revenue is exchange transactions.

Other grants

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

Sales of goods

Sale of goods is recognised when a product is sold to a customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

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

Interest and dividends

Interest income is recognised using the effective interest method.

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

Rental income

Rental income from investment property is recognised in the surplus or deficit on a straight-line basis over the term of the lease. Lease incentives are recognised as part of the total rental revenue.

Funds collected for other organisations

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

Vested assets

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

Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses, respectively, by reference to the stage of completion of the contract as at balance date. The stage of completion is measured by reference to the contract costs incurred, up to the balance date, as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general. An expected loss on construction contracts is recognised immediately as an expense in the surplus or deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred, to date, plus recognised profits less recognised losses and progress billings. If there are contracts

in which progress billings exceed the aggregate costs incurred, plus profits less losses, the net amounts are presented as a liability.

Expenditure

Expenditure is recognised when goods and services have been received.

Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred. Council has elected not to adopt the allowed alternative treatment which enables borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised as part of the cost of the asset.

Grant expenditure

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

Discretionary grants are those grants where the council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the council's decision.

Income tax

The income tax expense includes both current and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates (land tax laws) that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

Current tax and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expenses or directly in equity.

Leases

Operating leases

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

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities on the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Debtors and other receivables

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor,

probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Derivative financial instruments and hedge accounting

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, the council does not hold or issue derivative financial instruments for trading purposes.

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

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

The council and group designate certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- Hedges of highly probably forecast transactions (cash flow hedge).

The council documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The council and group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

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

The full fair value of a non-hedge accounted foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date; otherwise, foreign exchange derivatives are classified as non-current. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be

realised within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non-current.

Fair value hedge

The gain or loss from remeasuring the hedging instrument at fair value, along with the changes in the fair value on the hedged item attributable to the hedged risk, is recognised in the surplus or deficit. Fair value hedge accounting is only applied for hedging fixed interest risk on borrowings.

If the hedge relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the surplus or deficit over the period to maturity.

Cash flow hedge

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive revenue and expense and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit as part of "finance costs".

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

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

If a hedging instrument expires or is sold, terminated, exercised or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument has been recognised in other comprehensive revenue and expense from the period when the hedge was effective will remain separately recognised in other comprehensive revenue and expense until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that remains recognised in other comprehensive revenue and expense from the

period when the hedge was effective will be from other comprehensive revenue and expense to the surplus or deficit.

Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the council has transferred substantially all the risks and rewards of ownership.

Northland Regional Council classifies its financial assets into the following four categories:

- Financial assets at fair value through surplus or deficit;
- Loans and receivables;
- Held-to-maturity investments; and
- Financial at fair value through other comprehensive revenue and expense.

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

• ***Financial assets at fair value through surplus or deficit***

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit taking. Derivatives are also categorised as held for trading unless they are designated in a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

After initial recognition, financial assets in this category are measured at their fair values. Gains or losses on re-measurement are recognised the surplus or deficit.

Financial assets in this category include investment in quoted shares and investment of the Community Investment Fund.

- ***Loans and receivables***

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

Council's loans and receivables comprise cash and cash equivalents, debtors, loans issued, other receivables, and term deposits. After initial recognition, they are measured at amortised cost using the effective interest method, less impairment. Loans and receivables issued with duration of less than 12 months are recognised at their nominal value. Gains or losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Loans and receivables are classified as "trade and other receivables" in the Statement of Financial Position.

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

- ***Held to maturity investments***

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the council has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

Council does not hold any held-to-maturity investments.

After initial recognition they are measured at amortised cost using the effective interest method, less impairment. Gains or losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

- ***Financial assets at fair value through other comprehensive revenue and expense***

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

This category includes:

- Investments in quoted shares that have been designated in Treasury Management policy as being available for sale;
- Investments that are intended to be held long term but which may be realised before maturity; and
- Shareholdings that are held for strategic purposes.

The council's investments in its subsidiary and associate entities are not included in this category as they are held at cost (as allowed by PBE IPSAS 7 Investments in Associates and PBE IPSAS 6 Consolidated and Separate Financial Statements).

After initial recognition, these investments are measured at their fair value, with gains and losses recognised directly in equity except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in equity is recognised other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Included in this category are the council's investments in Local Authority stocks. Fair value for these investments is provided by ETOS and is determined by reference to published price quotations in an active market.

Impairment of financial assets

At each balance date the council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the surplus or deficit.

- ***Loans and other receivables, and held-to maturity investments***

Impairment of a loan or a receivable is established when there is objective evidence that council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rates. For debtors and other receivables, the carrying amount is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government stock and community loans are recognised directly against the instrument's carrying amount.

- ***Financial assets at fair value through other comprehensive revenue and expense***

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

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

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

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

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

Inventories

Inventories (such as stores and materials) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, or cost adjusted when applicable, for any loss of service potential. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost at net realisable value. The cost of purchased inventory is determined using the FIFO method.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

When land held for development and future resale is transferred from investment property/property, plant and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributed to the development land are to be capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

Marsden to Oakleigh rail corridor designation is made up of the costs directly attributable to securing the rail corridor designation. This inventory asset is held for distribution. The future economic benefit or service potential of this asset is not directly related to council's ability to generate future cash inflows. The value of this inventory is at cost and when applicable, will be adjusted for any loss of service potential. Council will transfer the rail corridor to KiwiRail once KiwiRail has entered into an unconditional contract for the construction of the entire Marsden Point Rail Link.

Non-current assets held for sale

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

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

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

Property, plant and equipment

Property, plant and equipment consist of:

Operational assets – these include land, buildings, amenities, plant and equipment, navigational aids, vehicles and vessels and dredging equipment.

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

Restricted assets – there are no restrictions on the assets of Northland Regional Council. Restrictions are outlined in note 23 on the assets of the Marsden Maritime Holdings Ltd.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses. As a result of the change in accounting standards PBE IPSAS 17 Property, Plant and Equipment now requires that these assets are disclosed as either cash generating assets or non-cash generating assets and impairment losses are disclosed under PBE IPSAS 26 for cash generating assets and PBE IPSAS 21 for non-cash generating assets.

Revaluation

All assets are initially recognised at cost. Those asset classes that are re-valued are re-valued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. Except for land and buildings and infrastructure assets, all other asset classes are carried at depreciated historical costs.

Land and buildings

Land and buildings held by Northland Regional Council are re-valued annually at fair value, as determined by market-based evidence, by an independent valuer.

Infrastructure assets

Northland Regional Council re-values infrastructure assets class (River Management Schemes) every three years. Infrastructure assets are valued at depreciated replacement cost.

Infrastructure assets components include gates, pipes, outlets and stop banks. Depreciation is provided for on stop-bank components of the infrastructure assets. An asset management plan has been prepared for this scheme and, in the absence of significant flood events, the stop-banks are not considered to deteriorate. The Awanui River flood management scheme assets are tested annually for impairment. The Awanui River flood management scheme will be revalued again in the financial year ending 30 June 2017.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably.

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

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably.

Disposals

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

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, owner-occupied buildings and infrastructure assets (except for stop-banks as described under the revaluation section), at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Owner occupied buildings are re-valued annually and no depreciation is charged on these assets.

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

Buildings	5-100 years	1-20%
Amenities	5-100 years	1-20%
Forest	10 years	10%
Plant and equipment	2-20 years	5-50%
Navigational aids	10-20 years	5-10%
Vehicles	4-8 years	12.5-25%
Vessels and dredging equipment	10-25 years	4-10%
Infrastructure assets	50-80 years	1.25-2%
Computer software	4-5 years	20-25%

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

Capital projects in progress

Capital expenditure projects not completed by balance date are recorded at cost.

Intangible assets

Software acquisition and development

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

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

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

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

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

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

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use are not subject to amortisation and are tested annually for impairment. Assets not yet available for use are recorded at cost in the capital projects in progress account. Assets that have a finite life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For re-valued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a re-valued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a re-valued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus and deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a re-valued amount (other than goodwill), the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. Council has no cash-generating property, plant and equipment assets and intangible assets.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Easements

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

Forestry assets

Forestry assets are independently re-valued, annually, by Chandler Fraser Keating Limited at fair value less estimated point-of-sale costs. Fair value is the amount for which the forest asset would be expected to exchange between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties have each acted knowledgeably and without compulsion. Fair value is derived using a combination of the expectation value (or income) approach and the cost-based approach. Under the expectation value approach, the net present value is calculated by discounting to the present day the projected net cash flow of the forest in perpetuity. The calculated net present value is then linked to sales evidence through the application of a discount rate derived from the analysis of actual transactions. The cost-based approach is also employed in the valuation because the tree crop is a young, second rotation forest (80% by value are less than 10 years of age) and this approach better reflects how the market would likely view the tree crop value. A quantified description is provided to comply with PBE IPSAS 27.

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

The costs to maintain the forestry assets are included as an expense in surplus or deficit.

New Zealand Units (Forestry) – Emissions Trading scheme

Northland Regional Council has 291 hectares of pre-1990 forest land. This land is subject to the provisions of the New Zealand Emissions Trading Scheme (ETS). The implication of this for the financial statements is two-fold:

- Should the land be deforested (that is, the land is changed from forestry to some other purpose), a deforestation penalty will arise; and
- As a result of the deforestation restriction, compensation units are being provided by the Government.

Compensation is to be provided to forestry owners, via the allocation of compensation units, known as New Zealand Units (NZU) in two tranches. Council received the first tranche of 6,693 units in December 2010 and received a further 10,767 NZU in January 2013.

Compensation units are recognised at deemed cost based on the fair value at the date of receipt (that is, historic value). The credits are recognised when they have been received and are recognised as income in the statement of comprehensive revenue and expense. Gains and losses on disposal are determined by comparing the disposal proceeds with the carrying amount of the NZU. Gains and losses on disposals are reported in the surplus or deficit.

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

Investment property

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

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

After initial recognition, council measures all investment property at fair value, as determined annually by Telfer Young (Northland) Ltd who are independent valuers, and who have recent experience in the location and category of the investment property being valued and hold a recognised and relevant professional qualification. Fair value is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of investment property reflects, among other things, rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in the light of current conditions.

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

Creditors and other payables

Creditors and other payables are recorded at their face value.

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless

the council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Employee entitlements

Short term employee entitlements

Employee benefits that are expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

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

Council recognises a liability and an expense for bonuses where contractually obliged, or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows.

These estimated amounts are discounted to their present value using the 10-year government bond rate.

Presentation of employee entitlements

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

Superannuation schemes

Obligations for contributions to Kiwi Saver are accounted for as defined contribution superannuation schemes and are recognised in the surplus or deficit when incurred.

Provisions

A provision for future expenditure of uncertain amount or timing is recognised when there is a present obligation (either legal or constructive) as a result of a past event. It is

probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Equity

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

The components of equity are:

- Accumulated funds;
- Special reserves;
- Restricted reserves;
- Asset revaluation reserves; and
- Fair value through other comprehensive revenue and expense reserve.

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

Restricted reserves include the Land Management Reserve, Priority Rivers Reserve, Hātea River Reserve, Recreational Facilities Reserve, Awanui River Management Reserve, Kaihū River Management Reserve, Whāngārei Urban Rivers Reserve, Kaeo River Management Reserve, Infrastructure Facilities Reserve and Environment Fund Reserve. These reserves are restricted by law and reflect targeted rates that must be applied to the specific activities for which the rates were collected. Other reserves are established by the council and may be altered at the discretion of the council.

Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables, Marsden Point Rail Link residential investment properties, residential properties held as part of the Whangarei Dam project, and creditors and other payables, which are stated on a GST inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense.

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

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

Commitments and contingencies are disclosed exclusive of GST.

Marsden Maritime Holdings Limited

The Northland Regional Council owns 22,142,907 25c shares, being 53.61% of the issued capital of Marsden Maritime Holdings Limited. The shares are recorded at \$7,827,563 being the deemed cost of 21.7 million shares of \$5,436,650.25 under the Northland Harbour Board Port Plan 1988, plus the cost of a parcel of shares acquired in May 2005, less the 652,294 shares sold in February 2009 as part of the share buyback process. The company has several subsidiaries, associate companies and joint venture interests which are detailed in the Notes to the Accounts in the council's Annual Report.

Budget figures

The budget figures are those approved by the council in its 2014-15 annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Cost allocation

Northland Regional Council has derived the cost of service for each significant activity of the council using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Inter-departmental direct costs are charged to the applicable department at the time the cost is incurred.

Indirect costs are charged to significant operating activities using appropriate cost drivers such as actual usage and staff numbers.

Financial risk management objectives and policies

Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established liability management and investment policies. These policies are council approved and were included in the Long Term Plan. These policies do not allow any transactions that are speculative in nature to be entered into.

Details of the significant accounting policies and methods adopted include the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset. Financial liabilities are disclosed in the notes to the financial statements.

Market risk

Price risk

Price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Equity securities price risk arises on listed share investments, which are classified as financial assets held at fair value through other comprehensive revenue and expense. For council this only includes the former Northland Regional Council Community Trust fund investments. This price risk arises due to market movements in listed shares. Equity securities price risk is not managed.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Northland Regional Council's exposure to fair value interest rate risk is limited to interest-bearing investments within the portfolio.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments at variable interest rates expose Northland Regional Council and group to cash flow interest rate risk.

The policies of Northland Regional Council require a spread of investment maturity dates to limit exposure to short term interest rate movements.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council has some exposure to currency risk resulting from \$2.7M (2014: \$2.4M) Community Investment Fund investment in Schroder's Equity Fund. Advice was sought and followed from an independent investment advisor and when deemed appropriate a hedge was taken out to protect council against risk of adverse movements.

Marsden Maritime Holdings Limited foreign exchange risk is considered minimal so, a sensitivity analysis has not been performed.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the council and group, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits, local authority stock, and government bonds which give rise to credit risk.

Northland Regional Council investments are invested in accordance with the Treasury Management Policy which has a low risk profile. Investments are made with creditworthy institutions as determined by their Standard and Poor's credit rating. Investment of surplus cash is limited

to Local Authority and Government Stock and approved corporate bonds and deposits with New Zealand registered banks.

Council manages its Community Investment Fund and Property Reinvestment Fund in accordance with the relevant Statement of Investment Policies and Objectives (SIPO) that is approved by council. The SIPO ensures investment risk is managed within acceptable parameters.

Marsden Maritime Holdings Limited manages its credit exposure by only trading with recognised, credit worthy parties and by limiting the amount of funds placed with any one financial institute at any one time.

Accordingly, the group has no significant concentrations of credit risk.

Liquidity risk

Liquidity risk is the risk that Northland Regional Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through the investment portfolio. The vast majority of the investment portfolio is very liquid and able to be sold on the same day.

Capital management

The council's capital is its equity (or ratepayers' funds), which comprises retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the council to manage its revenues, expenses, assets, liabilities investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the council. Intergenerational equity requires today's ratepayers to meet the costs of using the council's assets and not expecting them to meet the full costs of long term assets that will benefit ratepayers in future generations. Additionally, the council has in place asset management plans for major classes of assets, detailing renewal and maintenance programmes to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the council to make adequate and effective provision in its Long Term Plan and Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out under funding and financial policies in council's Long Term Plan.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves. Self-insurance reserves are built up annually from general or sometimes targeted rates and are made available for specific unforeseen events. The release of these funds is approved by council.

Critical accounting policies estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be a reasonable under the circumstances. There are no estimates and assumptions that would have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Notes to the financial statements

Note 1: Summary revenue and expenses for groups of activities

	Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$
Revenue				
Resource management		11,041,389	10,715,728	10,672,856
Economic development		3,990,693	4,139,878	3,541,415
Transport		4,077,082	4,131,597	4,013,971
Hazard management		1,386,033	1,055,869	1,345,838
River management		3,004,703	2,868,652	3,422,986
Community representation and engagement		2,073,051	1,908,146	1,696,127
Support services		14,672,788	15,091,772	13,613,482
Total activity revenue and rates as per activity funding impact statements		40,245,739	39,911,642	38,306,676
Internal charges and overheads recovered		(7,091,385)	(7,744,744)	(6,296,882)
Other gains not attributable to an activity		3,234,174	177,000	3,002,159
Total revenue as per statement of comprehensive revenue and expense		36,386,529	32,343,898	35,011,954
Expenses				
Resource management		14,595,977	14,641,508	14,109,249
Economic development		3,164,852	3,125,998	3,267,255
Transport		4,440,932	4,591,387	4,117,238
Hazard management		1,829,029	1,421,971	1,584,554
River management		3,037,088	3,161,626	3,432,371
Community representation and engagement		3,176,704	3,010,550	2,611,674
Support services		5,793,766	6,647,222	5,197,608
Total activity expenses as per activity funding impact statements		36,038,348	36,600,260	34,319,949
Internal charges and overheads recovered		(7,091,385)	(7,744,744)	(6,296,882)
Other expenses not attributable to an activity		95,229	-	197,620
Depreciation and amortisation		1,242,226	1,228,817	1,182,509
Total expenses as per statement of comprehensive revenue and expense		30,284,419	30,084,334	29,403,195
DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY				
	Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$
Resource management		319,883	302,327	412,902
Economic development		-	-	-

DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY	Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$
Transport		110,940	74,885	121,153
Hazard management		-	1,520	11,850
River management		47,295	92,909	10,721
Community representation and engagement		-	6,205	17,784
Support services		764,109	750,971	608,099
Total directly attributable depreciation and amortisation by group of activity		1,242,226	1,228,817	1,182,509
Depreciation and amortisation not directly related to group of activities		-	-	-
TOTAL DEPRECIATION AND AMORTIGATION EXPENSE	23	1,242,226	1,228,817	1,182,509

Note 2: Other expenses

	Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Fees to auditors:						
Fees to Audit New Zealand for audit of financial statements		117,721	133,229	134,816	144,083	134,816
Fees to Audit New Zealand for other services*		77,126	70,000	-	77,126	-
Fees to Audit New Zealand for prior period		-	-	19,000	-	19,000
Fees to Ernst & Young for audit of the council's subsidiaries financial statements		-	-	-	81,065	122,048
Other audit fees paid to other auditors**		17,450	20,000	29,738	17,450	32,988
Fees for other services provided by the auditor of the subsidiaries financial statements		-	-	-	10,505	26,698
Directors'/Councillors' fees and trustee remuneration		640,714	540,722	606,723	834,959	797,131
Donations		676,447	750,000	800,848	680,118	803,368
Insurance premiums		249,265	253,883	233,031	249,265	233,031
Operating lease payments		-	-	-	129,797	165,413
Bad debts written off		4,601	-	2,759	4,601	2,759
Rates arrears written off		232,150	-	236,052	232,150	236,052
Impairment of receivables		1,028,345	840,000	1,216,854	1,028,345	1,216,854
Total provision made during the year	13	1,265,096	840,000	1,455,665	1,265,096	1,455,665
Direct operating expenditure on investment properties		287,619	238,976	235,405	705,406	645,948
Operating grants to Northland Inc. Limited		1,150,000	1,150,000	1,228,652	1,150,000	2,328,652
Other payments to Northland Inc. Limited		220,559	-	-	220,559	-
Consultants and contractors		2,226,391	2,629,760	1,892,798	2,380,580	1,963,904
Contracted works		3,337,462	3,448,372	3,063,341	3,337,462	3,063,341
Electricity		119,132	137,913	115,945	119,132	115,945

Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Environment fund payments	606,912	675,000	774,803	606,912	774,803
Poisons and field works	401,487	414,897	336,008	401,487	336,008
Commercial testing	553,676	561,630	455,739	553,676	455,739
Rates collections costs paid to territorial authorities	772,139	748,239	748,197	772,139	748,197
Restructuring of council activities	74,799	-	-	74,799	-
Loss on disposal of property, plant and equipment	23,164	-	13,194	23,961	13,194
Loss on changes in fair value of investment property	-	-	-	-	322,372
Loss on revaluation of infrastructure assets	-	-	154,148	-	154,148
Loss on revaluation of land and building buildings	31,705	-	-	31,705	-
Loss on revaluation of financial investments	8,370	-	-	8,370	169,925
Loss on disposal of financial Investments	31,990	-	30,278	31,990	30,278
Other operating expenses	4,326,003	4,662,432	5,114,811	5,273,092	4,205,498
	17,215,225	17,275,054	17,443,140	19,180,732	19,118,110

* The fees to Audit New Zealand for other services in the year ending 30 June 2015 were for the audit of the council's 2015-2025 Consultation Document and Long Term Plan.

** The other audit fees paid to other auditors in the year ending 30 June 2015 were for the internal audit of council's Treasury Management function performed by Deloitte.

Note 3: Rates revenue

Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Targeted rates attributable to activities					
Targeted council services rate	7,728,652	7,749,998	7,802,890	7,728,652	7,802,890
Targeted land management rate	5,643,247	5,673,792	5,394,918	5,643,247	5,394,918
Regional recreational facilities rate	1,237,359	1,249,775	1,204,092	1,237,359	1,204,092
Regional infrastructure rate	605,293	611,350	600,557	605,293	600,557
Rescue helicopter service rate	615,561	621,163	613,133	615,561	613,133
Whāngārei transport rate	434,303	438,889	432,659	434,303	432,659
Kāitaiā transport rate	79,494	79,869	80,285	79,494	80,285
Awanui River management rate	404,925	417,902	405,888	404,925	405,888
Kaihū River management rate	71,824	78,612	77,401	71,824	77,401
Kaeo River management rate	137,295	134,219	136,275	137,295	136,275
Kerikeri-Waipapa rivers management rate	193,390	192,020	191,586	193,390	191,586
Whāngārei urban rivers management rate	716,494	719,505	709,291	716,494	709,291
Rates penalties	821,270	-	717,057	821,270	717,057
Total revenue from rates	18,689,106	17,967,094	18,366,031	18,689,106	18,366,031

Rates remissions

Rates revenue is shown net of rates remissions and early payment discounts. The Northland Regional Council's rates remission policies allows it to remit rates as per the Rates Remission Policies of the Territorial Authorities who collect Northland Regional Council's rates on its behalf. Whangarei District Council offers a 3% early payment discount if rates are paid in full at the first installment of 20 August.

Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Total rates revenue	19,127,410	17,967,094	18,811,526	19,127,410	18,811,526
Rates remissions					
Kaipara	14,067	-	6,026	14,067	6,026
Whāngārei	172,460	-	261,662	172,460	261,662
Far North	251,777	-	177,807	251,777	177,807
Total remissions	438,304	-	445,495	438,304	445,495
Rates revenue net of remissions	18,689,106	17,967,094	18,366,031	18,689,106	18,366,031

Non-rateable land

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for district and region-wide rates. These properties include schools, places of religious worship, public gardens and reserves.

Non-rateable land does not constitute a remission under the council's rates remission policy.

Rating base information

The following disclosures are made in accordance with the Local Government Act 2002 Amendment Act 2014, clause 30A of Schedule 10.

	30-Jun-14 \$	30-Jun-13 \$
The number of rating units within council's region at 30 June 2014	95,146	94,718
The total capital value of rating units within council's region at 30 June 2014	38,172,784,750	39,618,840,350
The total land value of rating units within council's region at 30 June 2014	20,010,665,850	21,797,470,850

Note 4: Subsidies and grants

Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Subsidies and grants	1,683,303	1,081,008	1,654,797	1,788,303	2,080,267
Total subsidies and grants	1,683,303	1,081,008	1,654,797	1,788,303	2,080,267

Government subsidies and grants are principally from New Zealand Transport Agency for passenger services, transport and strategy development and from Maritime New Zealand for oil spill clean-up.

There are no unfulfilled conditions and other contingencies attached to these grants and subsidies.

Note 5: Interest revenue and finance costs

	Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Interest revenue						
Term and bank deposits		866,411	1,001,109	698,673	909,751	739,794
Externally managed funds		200,099	1,006,530	-	200,099	-
Investment stock and bonds		137,138	-	287,590	137,138	287,590
Related party loans		3,640	-	-	-	-
Loans		16,807	-	-	16,807	-
Joint venture		292,248	320,000	343,118	292,248	343,118
Investment and growth fund		157,126	314,946	175,179	157,126	175,179
Total interest revenue		1,673,469	2,642,585	1,504,560	1,713,169	1,545,681
Finance costs						
Interest expense		101,197	110,866	101,629	374,566	116,335
Total finance costs		101,197	110,866	101,629	374,566	116,335
NET FINANCE COSTS		1,572,272	2,531,719	1,402,931	1,338,603	1,429,346

Note 6: Fees and charges and other revenue

	Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Fees and charges		4,234,614	4,369,055	4,135,656	4,054,733	3,898,091
Fees and charges		4,234,614	4,369,055	4,135,656	4,054,733	3,898,091
Rental revenue from investment properties		3,151,051	3,310,721	3,312,266	5,619,956	4,740,580
Vested assets		-	-	337,000	-	337,000
Dividend revenue - Marsden Maritime Holdings Limited		2,546,434	2,546,434	2,325,005	-	-
Dividend revenue - other investments		-	250,000	2,218	17,148	25,505
Other revenue - Marsden Maritime Holdings Limited		-	-	-	-	17,917
Other revenue		5,697,485	6,107,156	5,976,490	5,637,104	5,121,003

Note 7: Other gains

	Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Non-financial instruments gains						
Gain on revaluation of investment property	19	2,652,399	-	1,903,360	3,263,475	1,903,361
Gain on revaluation of forestry assets	25	267,000	177,000	201,225	267,000	201,225
Gain on revaluation of land and buildings		-	-	313,974	-	313,974
Gain on sale of joint venture		-	-	-	-	791,454
Gain on disposal of investment property		270,000	-	-	270,000	-

Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Gain on disposal of property, plant and equipment	-	-	-	1,072	81,035
Share of surplus of associate	-	-	-	-	742
Total non-financial instruments gains	3,189,399	177,000	2,418,559	3,801,547	3,291,791
Financial instruments gains					
Gain on disposal of financial investments	-	-	-	7,790	-
Emission trading scheme - NZU's	42,777	-	41,031	42,777	41,031
Community investment fund	1,176,376	-	709,261	1,176,376	709,261
Impairment gain recognised	-	-	104,354	-	104,354
Foreign exchange gains	-	-	101,214	-	101,215
Total financial instruments gains	1,219,153	-	955,860	1,226,943	955,860
Total gains	4,408,551	177,000	3,374,420	5,028,489	4,247,652

The fair value gains investment property, owner occupied property, forestry assets and financial investments arise from the annual revaluation of these investments.

Note 8: Personnel costs

Note	Council 30-Jun-15 \$	Annual Plan 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Salaries and wages ¹	11,390,310	11,197,967	10,927,992	12,371,821	12,268,207
Employer contributions to defined contribution plans	288,230	271,630	267,525	288,230	267,525
Increase/(decrease) in employee benefit liabilities	47,230	-	(519,599)	47,230	(558,545)
Total personnel costs	11,725,770	11,469,597	10,675,918	12,707,281	11,977,187

¹ Personnel costs includes salaries, wages, leave and other employee-earned compensation.

Employer contributions to defined contribution plans includes contributions to KiwiSaver and the National Provident Fund, Pension National Scheme and Lump Sum National contributions scheme.

Note 9: Taxation

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Components of tax expense				
Current tax expense/(credit)	-	-	7,845	26,489
Deferred tax asset	-	-	66	10,172
Tax expense	-	-	7,911	36,661
Relationship between tax expense and accounting surplus				
Surplus/(deficit) before tax	6,102,111	5,608,758	12,010,967	11,893,343
Taxation at 28%	1,708,591	1,570,452	3,363,071	3,329,929
Plus (less) tax effect of:				

	Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Non-deductible expenditure		-	-	2,410	175,182
Recognition of temporary differences		-	-	(10,075)	(21,068)
Imputation dividend receipts		(990,280)	(905,261)	(3,224,289)	(3,348,084)
Non-taxable income		(887,014)	(847,191)	(367,139)	(218,416)
Tax paid on associate companies' earnings		-	-	51,837	135,065
Gain on sale of joint venture		-	-	-	(221,607)
Carried forward losses derecognised/(recognised)		168,703	182,000	295,771	205,661
Tax expense		-	-	7,911	36,661
Imputation credits					
Imputation credits available for use in subsequent reporting periods		-	-	9,334,160	8,486,176

	Note	Property, plant and equipment	Financial instruments	Employee entitlements	Other provisions	Losses	Total
GROUP							
Balance at 30 June 2013		(211,380)	-	-	15,886	228,959	33,465
Charged to surplus or deficit		(99,753)	-	2,384	(1,150)	88,347	(10,172)
Charged to other comprehensive revenue and expense		-	-	-	-	-	-
Balance at 30 June 2014		(311,133)	-	2,384	14,736	317,306	23,293
Charged to surplus or deficit		(160,420)	-	3,399	1,193	155,822	(66)
Charged to other comprehensive revenue and expense		-	-	-	-	-	-
Balance at 30 June 2015		(471,533)	-	5,723	15,929	473,128	23,227

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

A deferred tax asset has not been recognised in relation to tax losses in NRC of \$6,567,191 (2014: \$5,964,682).

As at 30 June 2015 Northland Inc. Limited has \$0 taxation losses available to carry forward of which the tax effect is \$0 (2014: losses of \$0, tax effect \$0). Northland Inc. has not recognised a deferred tax asset in relation to tax losses of \$0 (2014: Nil) and temporary differences of \$0 (2014: Nil). Northland Inc. Limited has \$36,096,08 (2014: Nil) imputation credits available for use in subsequent reporting periods.

As at 30 June 2015 Marsden Maritime Holdings Limited group has taxation losses carried forward amounting to \$5,309,361 of which the tax effect is \$1,486,621 (2014: losses \$4,270,540, tax effect \$1,195,751) available for offset against future assessable income of which a portion is recognised above. At 30 June 2015 Marsden Maritime Holdings Limited has \$9,298,064 imputation credits available for use in subsequent reporting periods (2014: \$8,486,176).

Note 10: Equity

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Accumulated funds				
As at 1 July	118,188,547	111,540,028	139,961,426	131,027,281
Surplus/(deficit) for year	6,102,111	5,608,758	8,027,268	7,908,384
Transfers from special reserves	6,225,545	3,202,585	6,225,545	3,202,585
Transfers to special reserves	(3,217,351)	(2,162,824)	(3,217,351)	(2,162,824)
Net transfers from/(to) special reserves	3,008,195	1,039,761	3,008,195	1,039,761
Dividends paid	-	-	-	(2,325,005)
Share buyback	-	-	-	2,325,005
Other consolidation adjustments	-	-	-	(14,000)
As at 30 June	127,298,853	118,188,547	150,996,888	139,961,426
Reserves				
Asset revaluation reserve				
As at 1 July	946,290	2,060,201	38,954,967	43,262,103
Revaluation gains/(losses) - buildings	-	-	-	-
Revaluation gains/(losses) - land	15,000	(7,500)	(5,741,208)	(3,200,725)
Revaluation gains/(losses) - infrastructure assets	-	(1,106,411)	-	(1,106,411)
As at 30 June	961,290	946,290	33,213,759	38,954,967
Asset revaluation reserve consists of:	-	-	-	-
Land	961,290	946,290	33,213,759	38,954,967
Buildings	-	-	-	-
Infrastructure assets	-	-	-	-
TOTAL	961,290	946,290	33,213,759	38,954,967
Financial assets at fair value through comprehensive revenue and expense				
As at 1 July	16,430	137,759	16,430	137,759
Net change in fair value	(16,430)	(121,329)	(16,430)	(121,329)
As at 30 June	-	16,430	-	16,430
Special reserves				
Land management reserve				
As at 1 July	1,303,791	1,638,039	1,303,791	1,638,039
Transfer to/(from) accumulated funds	12,000	(334,248)	12,000	(334,248)
As at 30 June	1,315,791	1,303,791	1,315,791	1,303,791
Awanui river reserve				
As at 1 July	(181,039)	(63,282)	(181,039)	(63,282)
Transfer to/(from) accumulated funds	(146,190)	(117,757)	(146,190)	(117,757)

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
As at 30 June	(327,229)	(181,039)	(327,229)	(181,039)
Kaihū river reserve				
As at 1 July	56,465	51,022	56,465	51,022
Transfer to/(from) accumulated funds	39,711	5,443	39,711	5,443
As at 30 June	96,176	56,465	96,176	56,465
Kaeo river reserve				
As at 1 July	(135,898)	27,132	(135,898)	27,132
Transfer to/(from) accumulated funds	63,727	(163,030)	63,727	(163,030)
As at 30 June	(72,171)	(135,898)	(72,171)	(135,898)
Whāngārei urban river reserve				
As at 1 July	(4,204,525)	(1,620,114)	(4,204,525)	(1,620,114)
Transfer to/(from) accumulated funds	(5,292,951)	(2,584,411)	(5,292,951)	(2,584,411)
As at 30 June	(9,497,476)	(4,204,525)	(9,497,476)	(4,204,525)
Kerikeri-Waipapa river reserve				
As at 1 July	174,243	132,296	174,243	132,296
Transfer to/(from) accumulated funds	41,524	41,947	41,524	41,947
As at 30 June	215,767	174,243	215,767	174,243
Priority rivers reserve				
As at 1 July	-	(20,553)	-	(20,553)
Transfer to/(from) accumulated funds	-	20,553	-	20,553
As at 30 June	-	-	-	-
Infrastructure facilities reserve				
As at 1 July	(1,277,408)	(1,129,908)	(1,277,408)	(1,129,908)
Transfer to/(from) accumulated funds	149,769	(147,500)	149,769	(147,500)
As at 30 June	(1,127,639)	(1,277,408)	(1,127,639)	(1,277,408)
Recreational facilities reserve				
As at 1 July	(4,216,424)	(5,031,213)	(4,216,424)	(5,031,213)
Transfer to/(from) accumulated funds	937,102	814,789	937,102	814,789
As at 30 June	(3,279,322)	(4,216,424)	(3,279,322)	(4,216,424)
Property reinvestment fund reserve				
As at 1 July	8,335,297	8,335,297	8,335,297	8,335,297
Transfer to/(from) accumulated funds	1,964,104	-	1,964,104	-
As at 30 June	10,299,401	8,335,297	10,299,401	8,335,297
Forest income equalisation fund				
As at 1 July	1,952,776	1,952,776	1,952,776	1,952,776

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Transfer to/(from) accumulated funds	-	-	-	-
As at 30 June	1,952,776	1,952,776	1,952,776	1,952,776
Hatea river reserve				
As at 1 July	136,207	137,555	136,207	137,555
Transfer to/(from) accumulated funds	(80,009)	(1,348)	(80,009)	(1,348)
As at 30 June	56,198	136,207	56,198	136,207
Environment fund reserve				
As at 1 July	-	3,139	-	3,139
Transfer to/(from) accumulated funds	-	(3,139)	-	(3,139)
As at 30 June	-	-	-	-
Investment and growth reserve				
As at 1 July	3,940,670	2,860,997	3,940,670	2,860,997
Transfer to/(from) accumulated funds	(315,896)	1,079,673	(315,896)	1,079,673
As at 30 June	3,624,774	3,940,670	3,624,774	3,940,670
Kaitiā bus reserve				
As at 1 July	13,927	7,158	13,927	7,158
Transfer to/(from) accumulated funds	9,414	6,769	9,414	6,769
As at 30 June	23,341	13,927	23,341	13,927
Approved carry forwards - general funds				
As at 1 July	740,499	398,000	740,499	398,000
Transfer to/(from) accumulated funds	(390,499)	342,499	(390,499)	342,499
As at 30 June	350,000	740,499	350,000	740,499
Hedging reserve				
As at 1 July	-	-	(28,863)	(126,234)
Gains/losses recognised	-	-	(144,007)	97,371
Transfer to/(from) accumulated funds	-	-	-	-
As at 30 June	-	-	(172,870)	(28,863)
Total reserves at 30 June	4,591,676	7,601,301	36,671,275	45,581,115
Non-controlling interest	-	-	55,387,031	58,719,979
TOTAL EQUITY AT 30 JUNE	131,890,529	125,789,848	243,055,194	244,262,520

Reconciliation of non-controlling interest

	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Balance at 1 July	58,719,979	59,462,161
Share of other comprehensive revenue and expense	(1,129,808)	1,269,383

	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Dividends paid	(2,203,141)	(2,011,564)
Balance at 30 June	55,387,031	58,719,979

Internal borrowings

S112(b)(iii) of the Local Government Act defines borrowing as the use for any purpose, of funds received or invested by the local authority for any other purpose. Schedule 10 (27) requires council to disclose internal borrowing, including the amount of the borrowings, funds borrowed and repaid during the year and the amount of any interest paid (if any) in relation to the internal borrowing by each group of activity. The special reserves listed above show the net movement and net/(deficit) balance of each reserve. Council recognises a number of reserves and the purpose of these reserves is provided in the table overleaf.

A summary of internal borrowing by each group of activity is provided in the following table:

Note	Opening balance 1-Jul-14 \$	Funds borrowed 2014/15 \$	Funds repaid 2014/15 \$	Closing balance 30-Jun-15 \$	Interest charged 2014/15 \$
Economic Development	5,493,832	-	(1,086,871)	4,406,961	674,647
River Management	4,521,462	5,439,142	(63,727)	9,896,877	150,676
TOTAL	10,015,294	5,439,142	(1,150,598)	14,303,838	825,323

Information about council reserve funds held for a specific purpose is provided in the following table:

Reserve name	Purpose	Activities that may be funded from reserve
Land Management reserve	<p>This reserve was created to set aside Land Management rates collected but not fully used in any given year.</p> <p>While the Land Management reserve maintains a positive balance it can be used to fund emergency events such as remedial storm expenditure on a case-by-case basis. The Chief Executive Officer has delegation to incur expenditure of up to \$500,000 to enable the council to fund agreed expenditure from this reserve. The criteria for acceptable expenditure are as follows:</p> <ol style="list-style-type: none"> 1. Matching of government and district contributions to provide financial assistance for repair work for significant events; 2. Restoration work affecting one or more rivers, following a major flooding event; 3. Urgent work to reduce the immediate flood risk; 4. Storm damage repairs within a special rating area under the relevant Flood Management Plans. 	Civil defence and emergency management, natural hazard management, river management, land and biodiversity, biosecurity
Awanui River reserve	This reserve was created to hold any Targeted Awanui River Management rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Awanui River Flood Management scheme.	River management

Reserve name	Purpose	Activities that may be funded from reserve
Kaihū River reserve	This reserve was created to hold any Targeted Kaihū River Management rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Kaihū River Flood Management scheme.	River management
Kaeo-Whangaroa River reserve	This reserve was created to hold any Targeted Kaeo-Whangaroa River Management rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Kaeo-Whangaroa River Flood Management scheme.	River management
Whāngārei Urban Rivers reserve	<p>This reserve is to be created to hold any Targeted Whāngārei Urban Rivers Management rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Whāngārei Urban Rivers Management scheme.</p> <p>The deficit balance of this reserve will be repaid from the targeted Whāngārei Urban Rivers Management rates collected from residential and commercial ratepayer's in the Whāngārei CBD and ratepayer's in the water catchment area (including properties falling in the Waiarohia, Raumanga, Kirikiri and Hatea Rivers catchments). The Targeted Whāngārei Urban Rivers Management rate is set to continue to 25 years, however once the final project costs of the Kotuku Detention Dam are confirmed, it may be possible to reduce this rate and/or the length of time the rate is assessed in council's next Annual Plan.</p>	River management
Kerikeri-Waipapa Rivers reserve	This reserve was created to hold any Targeted Kerikeri-Waipapa River Management rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Kerikeri-Waipapa River Flood Management scheme.	River management
Priority Rivers reserve	This reserve was created to account for an accelerated or advance spending on the Priority Rivers project.	Natural hazard management
Infrastructure Facilities reserve	<p>This reserve was created to set aside any Targeted Infrastructure rates collected and not fully used in any given year for the purpose of funding future infrastructure projects.</p> <p>The deficit balance of this reserve will be repaid from the Targeted Regional Infrastructure rates collected from ratepayer's in all three Northland districts.</p>	Economic development
Recreational Facilities reserve	This reserve was established to set aside any Targeted Regional Recreational Facilities rates collected and not fully used in any given year for the purpose of funding the Events Centre. This reserve represents the internal borrowing associated with \$13M contribution made by council towards the establishment of the Northland Events Centre. The rate was levied from 1 July 2006 and it is expected to continue for approximately 12 years.	Economic development

Reserve name	Purpose	Activities that may be funded from reserve
	The deficit balance of this reserve will be repaid from the Targeted Regional Recreational Facilities rates collected from ratepayer's in all three Northland districts. The Targeted Regional Recreational Facilities rate is set to continue for 3 more years.	
Property Reinvestment Fund reserve	This reserve was established to hold the proceeds of a commercial property sales and acquisitions and includes the proceeds of a special dividend (capital) payment made by the Marsden Maritime Holdings Limited. The funds are general funds and are set aside to be reinvested in income producing assets. The funds are currently invested in managed funds. A separate Statement of Investment Policies and Objectives will be developed for council approval to provide policy parameters around the investment of this reserve funds.	Economic development
Forest Income Equalisation Fund reserve	This reserve was created to set aside 50% of council's forestry income arising in any year. This reserve is intended to provide future funding of council's general operating activities by allowing council to use these funds for any council activity to smooth future rating increases. It is further intended that this fund be used to fund the cost of forestry operations in non-harvesting years.	All
Hatea River Maintenance reserve	<p>This reserve was created to set aside a component of the council services rate specifically levied across the Whāngārei constituency to ensure funding is immediately available in the event dredging of the Hātea river is required. The funds may be applied to the following:</p> <ol style="list-style-type: none"> 1. Ongoing maintenance and dredging; 2. Disposal of dredged spoil material; 3. The provision of an annual hydrographic survey of the river. <p>The reserve is to be maintained at a targeted fund of \$200,000.</p>	Harbour safety and navigation
Environment Fund reserve	This reserve was created to set aside any rates revenue collected specifically for the Environment Fund that is not incurred in any single financial year. This fund allows council to make available any unspent funds in subsequent financial years.	Land and biodiversity
Investment and Growth reserve	The reserve was created to set aside the investment income redirected to be made available for activities and projects that contribute towards economic well-being. Council will allocate monies from the reserve to projects in accordance with set criteria.	Economic development
Kaitiāiā Bus reserve	This reserve is to be created to hold any targeted Kaitiāiā transport rates collected and unspent in any given year to cover any future funding shortfalls of Kaitiāiā bus service.	Transport

Reserve name	Purpose	Activities that may be funded from reserve
Hedging reserve (subsidiary)	The hedging reserve represents hedging surpluses or deficits recognised on the effective portion of cash flow hedges. The cumulative deferred surplus or deficit on the hedge is recognised in surplus or deficit when the hedged transaction itself impacts surplus or deficit. The current year movements in the hedging reserve relate to the subsidiary entity Marsden Maritime Holdings Limited including its 50% holding in North Tugz Limited. The amounts reflected in this note are net of tax (if any).	N/A

Note 11: Cash and cash equivalents

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Cash on hand at trading banks	1,319,010	1,799,920	1,539,361	3,552,180
Term deposits with maturities of less than 3 months at acquisition	4,190,000	3,250,000	4,190,000	3,263,499
Community Investment Fund - term deposits with maturities of less than 3 months at acquisition	-	74,081	-	74,081
Total cash and cash equivalents	5,509,010	5,124,001	5,729,361	6,889,760

The carrying value of cash at bank and term deposits, with maturities less than three months, approximate their fair value.

There were no cash or cash equivalent balances held at 30 June 2015 that were not available for use by the group. Current account deposits held with the ASB Bank are non-interest bearing. At balance date, funds held on call deposit with the ASB Bank yield interest at 3.15% (June 2014: 3.40%).

Marsden Maritime Holdings Limited

Current account deposits held with the ASB Bank are non-interest bearing.

Note 12: Receivables

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Rates receivables	6,611,719	5,921,292	6,611,719	5,921,292
Other receivables	3,073,796	2,041,453	3,611,819	2,160,782
GST receivable	374,557	22,322	473,597	122,207
Receivables from subsidiaries and associates	3,390	28,440	49,421	81,279
Prepayments	119,583	54,557	223,928	78,678
Gross debtors and other receivables	10,183,045	8,068,065	10,970,484	8,364,239
Less provision for impairment of receivables	(5,012,885)	(3,987,188)	(5,012,885)	(3,987,188)
Total trade and other receivables	5,170,160	4,080,877	5,957,599	4,377,051
Total trade and other receivables comprise:				
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements and fees and charges that are partly subsidies by rates	4,451,259	3,225,174	4,760,883	3,284,406

Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
	718,901	855,703	1,196,717	1,092,646
	5,170,160	4,080,877	5,957,599	4,377,051

Fair Value

Trade and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of trade and other receivables approximates their fair value.

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

Impairment

As of 30 June 2015 and 2014, all overdue rates receivables have been assessed for impairment and appropriate provisions applied. Northland Regional Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for Northland Regional Council's rates debtors. Expected losses have been determined based on an analysis of the council's individual receivables, based on objective evidence.

The aging profile of receivables at year end is detailed below:

Note	2015			2014		
	Gross \$	Impairment \$	Net \$	Gross \$	Impairment \$	Net \$
Movement in the provision for impairment of receivables are as follows:						
Council						
Not past due	4,170,491	-	4,170,491	2,828,244	-	2,828,244
Past due 1-60 days	8,610	-	8,610	19,620	-	19,620
Past due 61-120 days	88,913	-	88,913	45,740	-	45,740
Past due > 120 days	5,915,031	(5,012,885)	902,147	5,174,461	(3,987,188)	1,187,273
Total	10,183,045	(5,012,885)	5,170,160	8,068,065	(3,987,188)	4,080,877
Group						
Not past due	4,957,930	-	4,957,930	3,124,417	-	3,124,417
Past due 1-60 days	8,610	-	8,610	19,620	-	19,620
Past due 61-120 days	88,913	-	88,913	45,740	-	45,740
Past due > 120 days	5,915,031	(5,012,885)	902,147	5,174,461	(3,987,188)	1,187,273
Total	10,970,484	(5,012,885)	5,957,599	8,364,239	(3,987,188)	4,377,051

The impairment provision has been calculated based on expected losses for Council's pool of receivables. Expected losses have been determined based on an analysis of council's losses in previous periods, and a review of specific receivables, as detailed below:

	Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Individual impairment		21,219	17,147	21,219	17,147
Collective impairment		4,991,666	3,970,041	4,991,666	3,970,041
Total provision for impairment		5,012,885	3,987,188	5,012,885	3,987,188

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors are as follows:

	Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Past due 1-60 days		-	-	-	-
Past due 61-120 days		-	-	-	-
Past due > 120 days		21,219	17,147	21,219	17,147
Total individual impairment		21,219	17,147	21,219	17,147
Movements in the provision for impairment of receivables are as follows:					
At 1 July		3,987,188	2,770,334	3,987,188	2,770,334
Additional provisions made during the year		1,262,447	1,455,665	1,262,447	1,455,665
Receivables written off during the period		(236,750)	(238,811)	(236,750)	(238,811)
At 30 June		5,012,885	3,987,188	5,012,885	3,987,188

The Northland Regional Council holds no collateral as security or any other credit enhancements over receivables that are either past due or impaired.

Note 13: Inventory

	Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Stores and materials		80,921	107,759	122,555	107,759
Marsden to Oakleigh Rail Corridor Designation	30	3,065,066	3,035,866	3,065,066	3,035,866
		3,145,987	3,143,624	3,187,621	3,143,624

Inventories are made up of consumables and inventories held for resale. Consumables are materials or supplies which will be consumed in conjunction with the delivery of services. These predominantly comprise poisons and traps used in the eradication of pests to the environment. Inventories held for resale within the council also comprise mainly poisons and traps sold to the general public.

Marsden to Oakleigh Rail Corridor Designation relates to council's share of the designation costs incurred by KiwiRail and the rail corridor component of the acquired land. The Rail Corridor will be transferred to KiwiRail once KiwiRail has entered into an unconditional contract for the construction of the entire Marsden Point Rail Link. It is expected council will vest the rail corridor to KiwiRail at no cost. KiwiRail is continuing to review its rail corridors and the Marsden Point Rail Link is not expected to be built in the foreseeable future. This accounting treatment is in accordance with Public Benefit Entity International Public Sector Accounting Standard 12, Inventories.

Refer to Note 30 for further information on the joint venture between council and KiwiRail. There has been no write-down of inventory. No inventory is pledged as security for liabilities.

Note 14: Loan - Northport Coolstores Limited

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Current portion - due within the next 12 months	-	-	112,500	112,500
Non-current portion - due past the next 12 months	-	-	125,000	315,000
	-	-	237,500	427,500

Marsden Maritime Holdings Limited

Marsden Maritime Holdings Limited sold its 50% share in Northport Coolstores (1989) Limited on 1 February 2014. The terms and conditions of sale included the provision of vendor finance amounting to \$450,000 which is payable in equal quarterly installments over the five year term of this loan ending 31 December 2018 with provision for additional repayments. The loan bears interest at the 90 day NZ bill rate plus 400 basis points and this is calculated and charged quarterly. The loan is secured by a first ranking mortgage over a portion of the purchaser's leasehold premises.

Note 15: Earn out - Northport Coolstores Limited

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Opening balance	-	-	250,000	-
Initial recognition	-	-	-	250,000
Earn out payment received	-	-	(156,000)	-
Fair value adjustment	-	-	120,000	-
	-	-	214,000	250,000
Current portion - due within the next 12 months	-	-	75,000	75,000
Non-current portion - due past the next 12 months	-	-	139,000	175,000
	-	-	214,000	250,000

Marsden Maritime Holdings Limited

Under the terms and conditions of the sale of their stakeholding in Northport Coolstores (1989) Limited, Marsden Maritime Holdings Limited is entitled to receive additional annual payments based on the actual levels of revenues derived by the coolstores business during the 5 year period ending 31 March 2019. The future value of anticipated future receipts has been assessed and discounted to present value based on the uncertainty of the level of revenue which will be earned.

Note 16: Assets held for sale

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Balance 1 July	-	-	-	-
Transfers from investment properties	19	3,796,000	-	3,796,000
Total assets held for sale	3,796,000	-	3,796,000	-
Total assets held for sale are:				
Buildings	-	-	-	-

	Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Land		3,796,000	-	3,796,000	-
		3,796,000	-	3,796,000	-

Assets held for sale are valued at the lower of the carrying amount or fair value less costs to sell at the time of reclassification. The accumulated property revaluation recognised in equity for the properties held for sale at 30 June 2015 is \$2,604,000 (2014: \$0).

Note 17: Derivative financial instruments

Joint venture entities within the Marsden Maritime Holdings Limited group periodically use derivative financial instruments, such as interest rate swaps, to hedge risk associated with interest rate fluctuation. Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at each balance date to their final value. The method of recognising the resulting gain or loss depends on whether the derivative contract is designed as a hedging instrument, and if so, the nature of the item being hedged.

At 30 June 2015, the joint venture entity Northport Limited was partly to fixed interest swap contracts with principal amounts totaling \$57,000,000 (2014: \$47,000,000).

Note 18: Receivables

	Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Receivables		5,161,934	5,094,119	5,161,934	5,094,119
		5,161,934	5,094,119	5,161,934	5,094,119

Council's receivables relate to the outstanding amount owed to council from KiwiRail relating to the NRC/KiwiRail Unincorporated Joint Venture. (Refer to Note 30 for further information on the joint venture between council and KiwiRail).

In January 2009 KiwiRail and the Northland Regional Council entered into a Rail Corridor Acquisition Agreement to secure the Marsden Point Rail Corridor. In the agreement, it was agreed that council would acquire the land and KiwiRail would procure the designation for the Marsden Point Rail Link. The parties agreed to share equally in the cost of acquiring and holding and managing the land, the cost of subdividing the Rail Corridor, the cost of obtaining the designation, the income from leasing the land and the costs and proceeds arising from disposing of the surplus land. There were no impairment provisions for receivables.

Note 19: Investment property

	Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Balance at 1 July		50,579,001	48,296,001	98,979,001	94,296,001
Additions		1,161,300	42,639	9,402,224	2,765,011
Vested assets		-	337,000	-	337,000
Disposals		(2,604,000)	-	(2,604,000)	-
Transfers to property inventory asset (rail corridor)		(29,200)	-	(29,200)	-
Transfers to assets held for sale	16	(3,796,000)	-	(3,796,000)	-
Transfers from infrastructure assets		22,000		22,000	
Fair value gains/(losses) on valuation	7	2,652,400	1,903,361	3,263,476	1,580,989
Balance at 30 June		47,985,500	50,579,001	105,237,500	98,979,001

Northland Regional Council

Investment properties are stated at fair value, effective 30 June 2015. The valuation has been undertaken by Telfer Young (Northland) Ltd who are independent valuers that hold a recognised and relevant professional qualification and who have recent experience in the location and category of the investment properties being valued. Values for investment properties valued under PBE IPSAS 16 have been assessed primarily on a market related basis where sufficient data is available. For commercial properties, rentals, investment return rates and land improvement levels have been related directly to a wide range of Northland sales evidence while for rural blocks direct sales analysis has been used.

The council's investment properties comprise ground leases of \$31,608,000 (2014: \$37,746,001) and land and buildings held for investment purposes of \$13,753,000 (2014: \$10,350,000) and properties purchased along the proposed Marsden Point Rail corridor of \$2,624,000 (2014: \$2,483,000). 10 ground lease investment properties have been transferred to Non-current Assets held for Sale and valued under PBE IPSAS 16 at 30 June 2015 at \$3,796,000 (2014: Ground Lease, NZ IAS 40 \$3,167,000) and three properties have been transferred from infrastructure assets to land and buildings held for investment purposes.

Ground leases are parcels of land owned by the council, while the buildings on the ground leases are owned by other parties (building owners). The land has been leased to the building owners mostly for 21 years, but includes five- and seven-year perpetuity renewable terms. The land and buildings held for investment purposes are properties that are not held for operational purposes and are leased to external parties.

The properties purchased in the Oakleigh to Marsden Point area contain land and some residential buildings. The properties include land that is to be designated for the proposed rail corridor and subdivided to secure the route of the proposed Oakleigh to Marsden Point Rail Link. A total of nine properties have been purchased. Seven of these properties were purchased during the 2007/2008 and 2008/2009, one in 2010/2011, and one in the 2014/2015 year. The total acquisition cost of these properties is \$11,410,000 with council's half share being an inventory asset (made up of the land comprising the rail corridor) of \$1,600,939 (2014: \$1,571,739) and investment property \$2,624,000 (2014: \$2,483,000).

A Joint Venture has been established between the Northland Regional Council and KiwiRail, to advance the proposed rail corridor. In accordance with the Joint Venture agreement, council has purchased a number of properties along the proposed rail corridor. While council has full legal title and full ownership rights to these properties, the accounting treatment must be based on the economic substance of the agreement. The land is deemed to be a jointly controlled asset; therefore, council and KiwiRail will each recognise a 50 percent share of the land. Council will have a receivable from KiwiRail to account for the remaining 50 percent share of security interest held in the ownership of the land. Council has recognised the liability owed by KiwiRail for their 50 percent share of the cost of the properties and their 50 percent share of all other associated costs as receivables, refer note 18. Following approval of the rail designation in May 2012, the value of the acquired properties relating to the rail corridor and the injurious affection impact to the residual land is transferred to the rail designation and corridor inventory asset. The residual land available once the rail corridor is severed off is categorised as Investment Property and the value reflects the value on the basis the rail corridor is removed.

Refer to note 30 for further information on the joint venture between council and KiwiRail.

Marsden Maritime Holdings Limited

Investment properties are recurring level 3 fair value measured assets. Fair value has been determined based on valuations performed in accordance with NZ IAS 40 as at 30 June 2015, by Chris Seagar of Seagar & Partners Limited, an industry specialist in valuing these types of asset. The 'fair value', highest and best use approach has been adopted. The valuation was assessed in accordance with NZ IAS 40 which defines 'fair value' as being the amount at which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

	Valuation technique	Significant unobservable inputs	30 June range
Land improvements held for lease	Discounted Cash Flow (DCF) method and income capitalisation	Unleased land value per m ²	\$110-\$120
		Years to full tenancy	10 years
		Discount rate	9%
		Capitalisation rate	7%-8%
		Exit yield 10 years	8%

	Valuation technique	Significant unobservable inputs	30 June range
Marsden Cove Marina	DCF method	Berth license sell down rate p.a.	5%-15%
		Discount rate	11.50%
Marsden Cove Commercial Complex	DCF method	Annual rental cashflow	\$157,000 - \$187,000
		Exit yield 10 years	8.00%
		Discount	10.00%

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the assets life, including an exit or terminal value. The method involves the projection of a series of cashflows from the investment property assets. To this projected cashflow series a market derived discount rate is applied to establish present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

Significant increases (decreases) in estimated land value, rent growth and berth sell down rates per annum in isolation would result in a significantly higher(lower) fair value of investment property. Significant increases(decrease) in discount rate (and exit yield) in isolation would result in significantly lower(higher) value. With the exception of a portion of land designated for a transport corridor, the Group has no restrictions on the realisability of its investment property.

Information about the revenue and expenses in relation to investment property is detailed below.

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Rental Income	3,151,051	3,312,266	5,261,774	4,740,580
Expenses from investment property generating income	287,619	235,405	761,614	645,948

Note 20: Investments in subsidiary (excluding CCOs) and joint venture company

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Council				
Investment in Marsden Maritime Holdings Limited joint venture company	-	-	45,312,092	46,053,008
Shares in Marsden Maritime Holdings Limited (22.14 million shares)	7,827,563	7,827,563	-	-
Total investments in subsidiaries and joint venture company	7,827,563	7,827,563	45,312,092	46,053,008

Shares in Marsden Maritime Holdings Limited

Council's investment in the subsidiary is carried at cost (subject to impairment) in the Northland Regional Council's (parent entity) balance sheet.

Marsden Maritime Holdings Limited is a listed company. The fair value of these shares, as per the market price at 30 June 2015 is \$2.85 per share (2014: \$3.02 per share). The shares are held at historical cost of \$0.35 cents per share. Council's shareholding in Marsden Maritime Holdings Limited is 53.61%.

Marsden Maritime Holdings Limited - investments in joint venture company

The Marsden Maritime Holdings Limited investment in its joint venture company is accounted for using the equity method of accounting in the consolidated financial statements. Marsden Maritime Holdings Limited joint venture company is Northport Limited. Marsden Maritime Holdings Limited has a 50% shareholding in the port at Marsden Point which trades as Northport Limited (2014: 50%), with Port of Tauranga holding the remaining 50%.

The current lease of the reclaimed land at Marsden Point, which is land upon which Northports Marsden Point facilities are sited, expired on 30 September 2011. In September 2011 the Minister of Conservation made a conditional decision to vest a leasehold interest in the company. Negotiations continue with the Crown to secure a long term lease agreement for this land but without predicting the companies right to apply for freehold title.

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

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$
Current assets	4,963,457	5,273,006
Non-current assets	129,794,799	128,531,134
Current liabilities	5,623,956	4,897,020
Non-current liabilities	35,441,882	33,573,388
Net assets	93,692,418	95,333,732
Group share of net assets (50%)	46,846,209	47,666,004
Land revaluation not recognised by Northport Limited	-	-
Other consolidation adjustments	(1,534,117)	(1,613,996)
Total Investment in joint venture company	45,312,092	46,053,088
Opening carrying value	46,053,008	46,795,323
Share of after tax surplus	8,243,471	8,331,810
Dividends paid	(7,978,600)	(8,724,356)
Share of land revaluation movement	(737,168)	(281,398)
Share of hedge reserve movement	(268,620)	181,629
Disposal of stakeholding	-	(250,000)
Closing carrying value	45,312,092	46,053,008
Marden Maritime Holding		
Revenue	36,762,234	37,696,582
Net surplus	16,327,459	16,483,958
Current period write back in respect of previous inter-entity asset sales	159,480	179,482

Joint venture commitments and contingencies

Details of any commitments and contingent liabilities arising from the group's involvement in associated companies are disclosed separately in Notes 31 and 32.

Note 21: Investments in council-controlled organisations

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Investment in Northland Regional Council Community Trust				
Investment in Northland Inc. Limited (subsidiary)	200	200	-	-
Investment in Regional Software Holdings Limited (associate)	862,483	862,483	900,561	863,225
	862,683	862,683	900,561	863,225

Regional Software Holdings Limited

Regional Software Holdings Limited ("RSHL") is a Public Limited Company incorporated and registered under the Companies Act 1993 and is a council controlled organisation as defined in section 6 of the Local Government Act. RSHL is an unlisted company, established on 1 January 2013 with a primary objective to provide a framework for collaboration between the shareholders and support the procurement or development of shared software resource products and services in a manner that provides a more cost effective alternative than individual council's can achieve on their own. Council has a 16.75% shareholding.

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$
Assets	5,606,111	5,430,258
Liabilities	229,627	276,676
Surplus/(deficit) for the year	222,902	4,432
Share capital	5,149,150	5,149,150
Council's interest	16.75%	16.75%
Council's investment in Regional Software Holdings Limited in council parent financial statements	862,483	862,483
Share of associates contingent liabilities incurred jointly with other investors	-	-
Contingent liabilities that arise because of several liability	-	-

For the year ended 30 June 2015 RSHL had a surplus of \$222,902 (2014: \$4,432). RSHL is an associate of council, and council recognised its 16.75% shareholding being \$37,336 (2014: \$742) on consolidation.

The total share of associates surplus is \$8,280,807 (2014: \$8,331,721) being council's share of the RSHL surplus \$37,336 (Note 21), and Marsden Maritime Holdings Limited share of surplus in their joint venture company, Northport Limited, \$8,243,471 (Note 20).

Northland Inc. Limited

Northland Inc. Limited is a Public Limited Company incorporated and registered under the Companies Act 1993 and is a council controlled organisation as defined in section 6 of the Local Government Act. Northland Inc. Limited is an unlisted company and subsidiary of council with a primary objective to develop the economy of Northland and review funding opportunities for the Investment and Growth Reserve. Council's investment in Northland Inc. Limited is carried at cost \$200 in the council's parent entity financial statements.

Note 22: Other financial assets

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
CURRENT PORTION				
Term deposits, local authority and government stock, and other securities	75,980	10,801,864	275,980	10,801,864
Loans to subsidiary	28,042	8,038	-	-
Local authority and government stock and other securities	-	-	-	-
Community Investment Fund - call and term deposits stock and other securities	-	480,000	-	480,000
Total current portion	104,022	11,289,902	275,980	11,281,864
NON-CURRENT PORTION				
Loans to subsidiary	33,441	13,752	-	-
Other loans	758,475	-	758,475	-
Term deposits, local authority and government stock, and other securities	15,552,004	8,658,605	16,096,250	9,316,276
Shares	-	-	-	-
Advances	-	-	-	-
Community Investment Fund	11,771,369	10,031,226	11,771,369	10,031,226
Emission Trading Scheme - NZU's	115,236	72,459	115,236	72,459
Total non-current portion	28,230,526	18,776,042	28,741,331	19,419,961

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Term deposits, local authority and government stock, and other securities consists of:				
Term deposits, local authority and government stock	12,336,000	19,940,469	12,536,000	19,940,469
Other securities (Property Reinvestment Fund, Income Funds)	3,291,985	-	3,291,985	-
Fonterra Co-operative Group Limited - shares	-	-	544,246	656,456
Ballance Agri-Nutrients Limited - shares	-	-	-	1,215
	15,627,984	19,940,469	16,372,230	20,598,140

Fair Value

Term Deposits

The carrying amount of term deposits approximates their fair value.

Local authority, and government stock and other securities - Investments held by council

Fair value has been determined using cash flows discounting cash flows from the stocks using a discount derived from relevant market inputs. The discount rates range between 3.37% and 4.89 % (2014: 3.35% and 6.13%). Fair value for the council's investments in Local Authority stocks is provided by ETOS Limited and is determined by reference to published price quotations in an active market. The cost of these investments at 30 June 2015 is \$296,670 (2014: \$2,647,692).

Local authority, and government stock and other securities - Investments in the Community Investment Fund

At 30 June 2015 there were no term deposit investments held in the Community Investment Fund (2014: two term deposits held totaling \$552,235 and maturing on the 17 July 2014).

Emission Trading Scheme

The council has 291 hectares of pre-1990 forest land. This land is subject to the provisions of the New Zealand emissions trading scheme ('ETS').

Council will recognise credits received at deemed cost based on the fair value at the date of receipt.

At the end of the financial year council held 17,460 NZ units (2014: 17,460) at \$6.60 per unit (2014: \$4.15 per unit) with a total market value of \$115,236 (2014: \$72,459).

Other Investments

Community Investment Fund Investment

The value of the Investment at 30 June 2015 was \$11,771,369 (2014: \$10,585,322).

In the 2014-15 financial year council elected to maintain the overall fund balance at \$11,771,369.

Eriksen and Associates Limited are appointed as council's investment advisor for the Community Investment fund providing independent overarching investment guidance for investing these funds, and ensuring compliance with the Community Investment Funds Statement of Investment Policy and Objectives. In August 2014, upon advice from Eriksen and Associates Limited, council amended the asset class benchmark allocation to 45% growth assets and 55% Income assets (2014: 50% growth assets and 50% income assets)

At the end of the financial year, after reinvesting all of the investment income the value of the fund is \$11,771,369 and is invested as follows:

	Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$
Cash, term deposits (income)		-	554,082
Milford Income Fund (income)		2,563,242	2,272,806
Harbour Asset Management Short Duration Fund (income)		-	561,669
Harbour Asset Management Income Fund (income)		1,938,962	1,765,882
Mint Income Fund		1,726,817	-
Total income assets		6,229,021	5,154,439
Global Equities - Schroders Investment Fund (growth assets)		2,693,254	2,398,907
Global Equities - AMP Multi Asset Fund (growth assets)		555,887	516,224
New Zealand Equities - Milford Growth Fund (growth assets)		2,293,207	2,515,752
Total growth assets		5,542,348	5,430,883
		11,771,369	10,585,322

The Community Investment Fund is disclosed in the notes to the financial statements as follows:

	Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$
Cash and cash equivalents	12	-	74,081
Other financial assets - current	22	-	480,000

	Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$
Other financial assets - non-current	22	11,771,369	10,031,241
		11,771,369	10,585,322

Property Reinvestment Fund Investment

The Property reinvestment Fund arose out of the sale of commercial properties and is used to earmark funds for approved property investments in the future but achieve inflation proofed rental-like yields to subsidise council operations in the meantime. The investments in this fund are governed by the Property Reinvestment Fund Statement of Investment Policy and Objectives. Eriksen and Associates Limited are appointed as council's investment advisor for the Property Reinvestment fund providing independent overarching investment guidance for investing these funds, and ensuring compliance with the Statement of Investment Policy and Objectives.

At the end of the financial year, after reinvesting all of the investment income, the value of the Property Reinvestment fund is \$3,291,985 and is invested as follows:

	Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$
Milford Income Fund		776,250	-
Mint Income Fund		2,197,271	-
Continuity Capital Australaisan Equities Fund		318,464	-
		3,291,985	-
The Property Reinvestment Fund is disclosed in the notes to the financial statements as follows:			
Financial assets - non-current, term deposits, local authority and government stock and other securities	22	3,291,985	

Loans and subsidiary

Two term loan facilities have been issued to council's subsidiary Northland Inc. Limited. \$25,000 was drawn down by Northland Inc. Limited in February 2014 with a fixed annual interest rate of 6% over a term of three years and \$60,000 was drawn down in October 2014 with a fixed annual interest rate of 7% over a term of 3 years.

Other loan

A term loan facility of \$750,000 was issued to Resources Enterprises Limited (REL) and drawn down on 5 March 2015 for the purpose of purchasing capital machinery relating to the development of a Northland business. The funding of this loan was made from council's Investment and Growth Reserve. The REL Loan is secured over the property of the debtor by way of a General Security Agreement. The applicable interest rate is set as the greater of OCR +3.5% or 7%. Quarterly interest payments are due in June, September, December and March of each year with the final interest and loan principle payment to be paid on 5 March 2020. For the first two years of the loan the OCR component of the interest payment is paid to council while the remaining interest payable amount is capitalised to the loan for repayment on 5 March 2020.

Fonterra Co-operative Group Limited shares

As at 30 June 2015, Marsden Maritime Holdings Limited and its group held 113,343 co-operative shares in Fonterra Co-operative Group Limited having a disclosed fair value of \$4.80 per share (2014: total holding of 113,343 shares at \$5.79 per share).

The group recognised a fair value decrease of \$112,210 (2014: fair value decrease: \$170,015) being the movement in the disclosed fair value of shares held in Fonterra Co-operative Group Limited. The movement is derived from the movement per share from \$5.79 to \$4.80 over the financial year multiplied by the number of shares held at 30 June 2015.

Ballance Agri-Nutrients Limited shares

As at 30 June 2015, Marsden Maritime Holdings Limited and its group held no shares in Ballance Agri-Nutrients Limited (2014: 150 shares at \$8.10 per share and a fair value of \$1,215).

Interest rates

The weighted average effective interest rates on investments (current and non-current) were:

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Weighted average effective interest rates:				
Term deposits	4.60%	4.34%	4.60%	4.34%
Other securities	8.14%	7.67%	8.14%	7.67%

Note 23: Property, plant and equipment

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Freehold land				
Freehold land at cost - opening balance	-	-	-	-
Freehold land at valuation - opening balance	1,452,500	1,460,000	1,452,500	1,460,000
Less accumulated depreciation	-	-	-	-
Total freehold land - opening balance	1,452,500	1,460,000	1,452,500	1,460,000
Additions	-	-	-	-
Disposals	-	-	-	-
Accumulated depreciation on disposals	-	-	-	-
Transfer between asset classes	-	-	-	-
Revaluation movement	15,000	(7,500)	15,000	(7,500)
Depreciation expense	-	-	-	-
Total freehold land - closing balance	1,467,500	1,452,500	1,467,500	1,452,500
Land at cost - closing balance	-	-	-	-
Land at valuation - closing balance	1,467,500	1,452,500	1,467,500	1,452,500
Less accumulated depreciation	-	-	-	-
Total freehold land - closing balance	1,467,500	1,452,500	1,467,500	1,452,500
Other land				
Other land at cost - opening balance	706,856	706,856	706,856	706,856
Other land at valuation - opening balance	-	-	-	-
Less accumulated depreciation	-	-	-	-
Total other land - opening balance	706,856	706,856	706,856	706,856
Additions	-	-	-	-
Disposals	-	-	-	-
Accumulated depreciation on disposals	-	-	-	-

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Transfer between asset classes	-	-	-	-
Revaluation movement	-	-	-	-
Depreciation expense	-	-	-	-
Total other land - closing balance	706,856	706,856	706,856	706,856
Land at cost - closing balance	706,856	706,856	706,856	706,856
Land at valuation - closing balance	-	-	-	-
Less accumulated depreciation	-	-	-	-
Total other land - closing balance	706,856	706,856	706,856	706,856
Freehold land - port				
Freehold land port at cost - opening balance	-	-	-	-
Freehold land port at valuation - opening balance	-	-	27,050,000	32,725,000
Less accumulated depreciation	-	-	-	-
Total freehold land port - opening balance	-	-	27,050,000	32,725,000
Additions	-	-	-	-
Disposals	-	-	-	-
Accumulated depreciation on disposals	-	-	-	-
Transfer between asset classes	-	-	56,024	-
Revaluation movement	-	-	(10,000,024)	(5,675,000)
Depreciation expense	-	-	-	-
Total freehold land port - closing balance	-	-	17,106,000	27,050,000
Land at cost - closing balance	-	-	-	-
Land at valuation - closing balance	-	-	17,106,000	27,050,000
Less accumulated depreciation	-	-	-	-
Total freehold land port - closing balance	-	-	17,106,000	27,050,000
Buildings				
Buildings - at cost	-	-	-	-
Buildings - at valuation	4,227,500	3,890,000	4,227,500	3,890,000
Total buildings cost/valuation	4,227,500	3,890,000	4,227,500	3,890,000
Accumulated depreciation	-	-	-	-
Total buildings - opening balance	4,227,500	3,890,000	4,227,500	3,890,000
Additions	78,704	23,526	78,704	23,526
Disposals	-	-	-	-
Accumulated depreciation on disposals	-	-	-	-
Transfer between asset classes	-	-	-	-
Revaluation movement	(31,705)	313,974	(31,705)	313,974
Depreciation expense	-	-	-	-

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Total buildings - closing balance	4,274,500	4,227,500	4,274,500	4,227,500
Buildings at cost - closing balance	-	-	-	-
Buildings at valuation - closing balance	4,274,500	4,227,500	4,274,500	4,227,500
Total cost/valuation	4,274,500	4,227,500	4,274,500	4,227,500
Accumulated depreciation	-	-	-	-
Total buildings - closing balance	4,274,500	4,227,500	4,274,500	4,227,500
Infrastructure				
Infrastructure at cost - opening balance	3,266,373		3,266,373	-
Less accumulated depreciation	-	(44,328)	-	(44,328)
Infrastructure at valuation - opening balance	9,007,881	10,268,440	9,007,881	10,268,440
Total infrastructure opening balance	12,274,254	10,224,112	12,274,254	10,224,112
Additions	1,012,975	3,266,373	1,012,975	3,266,373
Disposals	-	-	-	-
Accumulated depreciation reversed upon revaluation	-	44,328	-	44,328
Transfer between asset classes	(22,000)	-	(22,000)	-
Revaluation movement	-	(1,260,559)	-	(1,260,559)
Depreciation expense	(47,295)	-	(47,295)	-
Total infrastructure closing balance	13,217,935	12,274,254	13,217,935	12,274,254
Infrastructure at cost	4,527,348	3,266,373	4,527,348	3,266,373
Infrastructure at valuation - closing balance	9,007,881	9,007,881	9,007,881	9,007,881
Total cost/valuation	13,265,229	12,274,254	13,265,229	12,274,254
Accumulated depreciation	(47,294)	-	(47,294)	-
Total infrastructure closing balance	13,217,935	12,274,254	13,217,935	12,274,254
Amenities				
Amenities at cost - opening balance	-	-	2,435,286	709,693
Less accumulated depreciation	-	-	(620,770)	(588,205)
Total amenities opening balance	-	-	1,814,516	121,488
Additions	-	-	-	1,135,394
Disposals	-	-	-	(3,729)
Accumulated depreciation on disposals	-	-	-	-
Transfer between asset classes	-	-	-	617,838
Revaluation movement	-	-	-	-
Impairment loss	-	-	-	-
Depreciation expense	-	-	(69,264)	(56,475)
Total amenities closing balance	-	-	1,745,252	1,814,516
Amenities at cost	-	-	2,435,286	2,459,196

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Less impairment loss	-	-	-	-
Less accumulated depreciation	-	-	(690,034)	(644,680)
Total amenities closing balance	-	-	1,745,252	1,814,516
Plant and equipment				
Plant and equipment at cost - opening balance	6,684,379	6,123,393	7,038,386	6,891,691
Less accumulated depreciation	(4,494,266)	(4,067,231)	(4,722,062)	(4,710,338)
Total plant and equipment opening balance	2,190,113	2,056,162	2,316,324	2,181,353
Additions	664,352	718,247	986,583	808,926
Disposals	(168,464)	(157,261)	(169,131)	(207,844)
Accumulated depreciation on disposals	153,158	138,389	153,158	138,389
Transfer between asset classes	-	-	4,400	-
Revaluation movement	-	-	-	-
Depreciation expense	(548,242)	(565,424)	(605,342)	(604,499)
Total plant and equipment closing balance	2,290,918	2,190,113	2,685,993	2,316,325
Plant and equipment at cost	7,180,269	6,684,379	7,859,907	7,492,773
Less accumulated depreciation	(4,889,350)	(4,494,266)	(5,173,913)	(5,176,448)
Total plant and equipment closing balance	2,290,918	2,190,113	2,685,993	2,316,325
Leased equipment	-	-	-	-
Leased equipment at cost - opening balance	-	-	11,056	49,105
Less accumulated depreciation	-	-	(9,495)	(44,455)
Total leased equipment opening balance	-	-	1,561	4,650
Additions	-	-	-	-
Disposals	-	-	(1,561)	(593)
Accumulated depreciation on disposals	-	-	-	-
Transfer between asset classes	-	-	-	-
Revaluation movement	-	-	-	-
Depreciation expense	-	-	-	(2,496)
Total leased equipment closing balance	-	-	(1,561)	(3,089)
Leased equipment at cost	-	-	11,056	48,512
Less accumulated depreciation	-	-	(11,056)	(46,951)
Total leased equipment closing balance	-	-	-	1,561
Navigational aids				
Navigational aids at cost - opening balance	731,346	666,038	731,346	666,038
Less accumulated depreciation	(461,958)	(408,224)	(461,958)	(408,224)
Total navigational aids opening balance	269,388	257,814	269,388	257,814
Additions	20,270	68,144	20,270	68,144

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Disposals	(234,141)	(2,837)	(234,141)	(2,837)
Accumulated depreciation on disposals	225,168	610	225,168	610
Transfer between asset classes	-	-	-	-
Revaluation movement	-	-	-	-
Depreciation expense	(59,487)	(54,344)	(59,487)	(54,344)
Total navigational aids closing balance	221,197	269,388	221,197	269,388
Navigational aids at cost	517,475	731,346	517,475	731,346
Less accumulated depreciation	(296,277)	(461,958)	(296,277)	(461,958)
Total navigational aids closing balance	221,197	269,388	221,197	269,388
Vehicles	-	-	-	-
Vehicles at cost - opening balance	1,858,351	1,817,365	1,906,394	1,845,408
Less accumulated depreciation	(735,573)	(707,317)	(749,083)	(714,869)
Total vehicles opening balance	1,122,778	1,110,048	1,157,311	1,130,539
Additions	419,858	371,834	481,679	396,834
Disposals	(315,421)	(330,847)	(315,421)	(334,547)
Accumulated depreciation on disposals	157,276	193,240	157,276	193,240
Transfer between asset classes	-	-	-	-
Revaluation movement	-	-	-	-
Depreciation expense	(246,546)	(221,496)	(268,180)	(228,754)
Total vehicles closing balance	1,137,946	1,122,779	1,212,666	1,157,312
Vehicles at cost	1,962,788	1,858,351	2,072,652	1,907,694
Less accumulated depreciation	(824,843)	(735,573)	(859,987)	(750,383)
Total vehicles closing balance	1,137,946	1,122,778	1,212,666	1,157,311
Vessels and maritime equipment				
Vessels and maritime equipment at cost - opening balance	1,213,307	1,181,839	1,213,307	1,181,839
Less accumulated depreciation	(743,990)	(700,211)	(743,990)	(700,211)
Total vessels and maritime equipment opening balance	469,316	481,628	469,316	481,628
Additions	157,304	31,468	157,304	31,468
Disposals	(74,801)	-	(74,801)	-
Accumulated depreciation on disposals	73,481	-	73,481	-
Transfer between asset classes	-	-	-	-
Revaluation movement	-	-	-	-
Depreciation expense	(51,453)	(43,780)	(51,453)	(43,780)
Total vessels and maritime equipment closing balance	573,847	469,316	573,847	469,316
Vessels and maritime equipment at cost	1,295,809	1,213,307	1,295,809	1,213,307
Less accumulated depreciation	(721,963)	(743,990)	(721,963)	(743,990)

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Total vessels and maritime equipment closing balance	573,847	469,316	573,847	469,316
Total assets				
Total assets at cost	14,460,610	10,495,490	17,309,003	12,050,630
Total assets at valuation	14,687,881	15,618,440	14,687,881	48,343,440
Total assets cost/valuation	29,148,491	26,113,931	31,996,884	60,394,070
Accumulated depreciation	(6,435,787)	(5,927,311)	(7,307,358)	(7,210,629)
Total assets - opening balance	22,712,704	20,186,620	24,689,526	53,183,441
Additions	2,353,464	4,479,592	2,737,516	5,730,665
Disposals	(792,827)	(490,945)	(795,055)	(549,550)
Accumulated depreciation on disposals	609,084	332,239	609,084	332,239
Accumulated depreciation reversed upon revaluation	-	44,328	-	44,328
Transfer between asset classes	(22,000)	-	38,424	617,838
Revaluation movement	(16,705)	(954,085)	(10,016,729)	(6,629,085)
Impairment loss	-	-	-	-
Depreciation expense	(953,022)	(885,042)	(1,101,018)	(990,348)
Total assets - closing balance	23,890,697	22,712,704	16,161,747	51,739,526
Total assets at cost - closing balance	15,920,545	14,460,611	19,145,332	17,826,056
Total assets at valuation - closing balance	14,749,881	14,687,881	31,855,881	41,737,881
Total cost/valuation	30,670,426	29,148,492	51,001,213	59,563,937
Impairment loss	-	-	-	-
Accumulated depreciation	(6,779,728)	(6,435,785)	(7,789,468)	(7,824,410)
Total assets - closing balance	23,890,698	22,712,704	43,211,743	51,739,527
Capital work in progress	4,717,455	2,049	4,845,802	62,897
Total fixed assets	28,608,153	22,714,753	48,057,545	51,802,423
Depreciation and amortisation expense:				
Property, plant and equipment	953,022	885,042	1,101,018	990,346
Intangibles	289,204	297,467	289,580	297,467
	1,242,226	1,182,509	1,390,598	1,287,813

Council capital work in progress

Work in progress is property, plant and equipment in the course of construction. At 30 June 2015 council had incurred a total of \$4,717,455 of work in progress (2014: \$2,049). Of the \$4,717,455, \$79,777 relates to the constructions of the Kerikeri-Waipapa flood protection scheme, and \$4,637,678 relates to the Whangarei Detention Dam project.

Core infrastructure asset disclosure

Included within council infrastructure assets and work in progress are the following core council assets.

Note	Whangarei \$	Awanui \$	Kaeo \$	Kerikeri- Waipapa \$	Total \$
Closing book value	2,477,710	9,885,197	855,028	-	13,217,935
Acquisitions made during 2014-15 by way of:					
Construction	5,466,063	115,639	68,952	79,776	5,730,430
Transfers	-	-	-	-	-
	5,466,063	115,639	68,952	79,776	5,730,430
Estimated replacement cost	2,477,710	13,390,383	855,028	-	16,723,121

Northland Regional Council

Northland Regional Council land and buildings as at 30 June 2015 have been revalued by Telfer Young (Northland) Limited and stated at the "fair value" of \$5,742,000 (2014: \$5,680,000). The valuation was conducted in accordance with PBE IPSAS17 Property, Plant & Equipment which defines "fair value" as being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

"Fair Value" is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. "Fair Value" requires the consideration of "market-based" evidence for the determination of the value where such evidence exists and can be used to reliably determine the value. The "Fair Value" is assessed with reference to the "highest and best use" being defined as "the most probably use of an asset that is physically possible, appropriately justified, legally permissible, financially feasible and results in the highest value".

Where the fair value of an asset can be determined by reference to price in an active market for the same or similar asset, the fair value of the asset is determined using this information.

The market based approach has been applied to those properties where market evidence can be reliably analysed to assess open market rentals for the buildings or land. Therefore, buildings and land identified in the property schedule has been assessed utilising a market based approach whereby we have capitalised potential market rentals to derive a market value of the property. The prevailing land value as at 30 June 2015 has then been deducted to provide an indicated value of improvements. Adjustment has been made where appropriate for site improvements to provide the residual building value.

Where fair value of the asset is not able to be reliably determined using market based evidence, optimised depreciated replacement cost (ODRC) is considered the most appropriate basis for determination of fair value. This situation usually occurs where the asset is specialised in nature. Specialised assets are those that are rarely, if ever, sold on the open market, (except by way of a sale of the business of which they are a part), due to their uniqueness, which may rise from the specialised nature of the design of the buildings, their configuration, size or location or other factors. In general they offer very little utility for any purpose other than that for which they were originally designed, or earn revenue that has not been derived from an open market and for which market-based evidence does not exist.

There are no restricted assets.

Insurance of assets

At 30 June 2015 council has assets covered by full replacement insurance of \$60,017,199 (2014: \$51,745,215) and indemnity insurance of \$2,024,072 (2014: \$2,384,800). Assets totalling \$3,414,846 (2014: \$3,564,846) are covered by financial risk sharing arrangements with \$1,707,423 (50%) (2014: \$1,782,423) being available to council. There are no assets self insured.

Marsden Maritime Holdings Limited

At 30 June 2015 freehold land has been revalued and stated at 'fair value' being \$17,106,000 (2014: \$27,050,000). The decrease in the fair value is due to the write down of the value of farm land. This write down is reflective of the amount of local, undeveloped industrial and commercially zoned land now on the market in the area. There has been no impact on the company's industrial development block (held as investment property) as its value is underpinned by its prime location adjacent to the port.

Fair value of freehold land, a recurring level three fair value measured asset was determined by using the market comparison method. The valuation has been prepared as at 30 June 2015 using the highest and best use approach while considering various market drivers for land in Marsden Point area together with limited, recent sales evidence for the area.

The valuation was undertaken by independent valuer Chris Seagar of Seagar & Partners. Mr Seagar is a registered valuer, a member of the New Zealand Institute of Valuers and the Property Institute of New Zealand and holds a current practising certificate. The valuation was prepared in accordance with the Practice Standards, Guidance Notes and relevant Code of Ethics set out in Valuation and Property Standards 2013 (Property Institute of New Zealand and Australian Property Institute).

Significant unobservable valuation input	Range
Price per hectare	\$100,000 to \$190,000

Significant increases (decreases) in estimated price per hectare in isolation would result in significantly higher (lower) fair value. With the exception of a portion of land designated for a transport corridor, the group has no restrictions on the realisability of its freehold land.

Impairment

There has been no impairment losses recognised during the year (2014: Nil).

Northland Inc. Limited leased equipment

The net carrying amount of the Property, Plant and Equipment for Northland Inc. Limited under a finance lease at 30 June 2015 is nil (2014: \$1,561).

Note 24: Intangible assets

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Computer software				
Cost - opening balance	2,029,567	3,014,660	3,304,408	3,248,505
Accumulated amortisation	(1,160,964)	(1,904,492)	(2,435,802)	(2,138,335)
Computer software opening carrying amount	868,603	1,110,168	868,603	1,110,170
Additions	66,282	166,636	76,281	166,636
Net disposals*	-	(2,001)	-	(2,001)
Transfer of IRIS asset to Regional Software Holdings Limited	-	(108,733)	-	(108,733)
Impairment losses	-	-	-	-
Amortisation charge	(289,204)	(297,467)	(289,578)	(297,467)
Total computer software closing balance	645,680	868,603	655,306	868,603
Cost	2,095,849	2,029,567	3,380,686	3,304,408
Accumulated amortisation	(1,450,169)	(1,160,964)	(2,725,380)	(2,435,802)
Total computer software closing balance	645,680	868,603	655,306	868,603

* Disposals are reported net after accumulated depreciation.

There are no restrictions over the title of intangible assets and no Intangible assets are pledged as security for liabilities.

Note 25: Forestry assets

	Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Balance at 1 July		1,933,000	1,731,775	1,933,000	1,731,775
Gains arising from changes in fair values less estimated point-of-sale costs	7	267,000	201,225	267,000	201,225
Balance at 30 June		2,200,000	1,933,000	2,200,000	1,933,000

Northland Regional Council owns 319 hectares of radiata pine forest which are at varying stages of maturity, ranging from 5 to 30 years.

Valuation Assumptions

"Independent registered forestry industry consultants, Chandler Fraser Keating Limited (CFK), have valued council's forestry assets at fair value and provided estimated point-of-sale costs as at 30 June 2015.

The valuation has been undertaken in accordance Public Benefit Entity International Public Sector Accounting Standard 27. The purpose is to assess a "fair" (i.e. market) value of the tree crop asset exclusive of land. Only the current existing tree crop is valued.

In 2015 (and 2014), CFK derived the fair value of the forest using an expectation value (or income) method. Under the expectation value approach, the net present value of the forest is calculated by discounting the projected future net cash flow of the tree crop to the valuation date (30 June 2015). The calculated net present value is then linked to sales evidence through the application of a discount rate of 10% (2014: 10.5%) derived from the analysis of actual transactions. Costs and prices are held constant in 2015 NZ dollars, i.e. the net impact of inflation is assumed to be zero.

Financial risk management strategies

The council is exposed to financial risks arising from changes in timber prices. The council is a long term forestry investor and although log prices may vary in the short term, council can manage its harvest to maximise its returns. Therefore, council has not taken any measures to manage the risk of a decline in timber prices. The council reviews its outlook for timber prices regularly and considers the need for active financial risk management.

Note 26: Payables and deferred revenue

	Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
CURRENT PORTION					
Payables and deferred revenue under exchange transactions					
Trade payables		3,032,494	1,457,025	3,965,213	2,082,521
Other payables and accruals		593,163	1,228,239	1,054,807	1,271,239
Revenue received in advance		831,330	972,960	880,330	972,960
Amounts due to subsidiaries and associates		-	10,542	24,856	32,071
		4,456,987	3,668,766	5,925,206	4,358,791
Payables and deferred revenue under non-exchange transactions					
Grants payable		460,745	550,627	460,745	550,627
Other grants and deferred revenue received subject to conditions not yet met		353,382	222,063	411,768	222,063

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Other taxes (e.g. GST and FBT)	136,170	44,550	136,170	44,550
	950,297	817,240	1,008,683	817,240
Current total payables and deferred revenue	5,407,284	4,486,006	6,933,889	5,176,031
NON-CURRENT PORTION				
Payables and deferred revenue under non-exchange transactions				
Grants payable	-	-	-	-
Other grants received and deferred revenue subject to conditions not yet met	598,533	714,670	736,264	714,670
Other taxes (e.g. GST and FBT)	-	-	-	-
	598,533	714,670	736,264	714,670
Non-current total payables and deferred revenue	598,533	714,670	736,264	714,670

Trade and other payables are non-interest bearing and are normally settled on terms varying between 7 days and 20th of the month following the invoice date. Therefore, the carrying value of trade and other payables approximates their fair value.

- Contributions from northland region local authorities and other interested parties to support the Northland Civil Defence Emergency Management (CDEM) Group. This group was established under the CDEM Act sections 23 and 24. At 30 June 2015 a balance of \$356,368 (\$150,000 current portion) (2014: \$327,475, current \$180,366) is held by NRC on behalf of this group. NRC only acts as a conduit for funds to be made available to the CDEM Group and has a return obligation to the CDEM.
- Lifeline is a voluntary group that receives funding from northland region local authorities and other interested parties. A balance of \$33,620 (all current portion) (2014: \$30,841, current \$6,222) is held by NRC on behalf of this group. NRC only acts as a conduit for funds to be made available to the Lifeline group and has a return obligation to the Lifelines group.
- Kai tiaki Fund was established as part of a resource consent application. Northport contributes to the fund which is then used by interested parties to fund projects to maintain the environmental health of Whangarei Harbour. At 30 June 2015 the balance is \$227,277 (\$60,000 current portion) (2014: \$217,227, current nil) and has a return obligation to an alternative organisation should council not complete the programme.
- Waipao Catchment Rehabilitation is an account that NRC administers on behalf of the consents issued for water takes from Poroti Springs. At 30 June 2015 the balance is \$23,356 (all current portion) (2014: \$19,217, current nil) and is used by the consent holders group planting and fencing. NRC only acts as a conduit for funds and as such has a return obligation to the consent holders.
- Kaero Property Assistance Funds was established with funds from the Department of Internal Affairs. This funding was specifically for assisting flood prone homeowners with flood protection. At 30 June 2015 the balance is \$183,569 (\$40,000 current portion) (2014: \$176,895, current nil). Any unspent funds at the end of the programme must be returned.
- Houhora service station settlement is held by Northland Regional Council to monitor the ongoing effects of the rehabilitation of the contaminated site. The balance is \$91,319 (\$10,000 current portion) (2014: \$100,000, current \$8,681). These funds would be claimed back from council should council not uphold its obligations.
- Oyster Shell Project was established with assistance from the Ministry for the Environment and Ministry for Primary Industries to clean up the detritus created over many years of oyster farming. At 30 June 2015 the balance is \$36,456 (all current portions) (2014: \$65,077, current \$26,794). These funds would be returned if unspent.

Note 27: Employee benefit liabilities

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Annual leave	1,009,757	1,015,781	1,030,196	1,030,815
Accrued pay	98,033	39,149	107,165	43,173
Sick leave	49,123	58,199	49,123	58,199
Flexi time leave	119,511	66,497	119,511	66,497
Other leave	25,954	24,944	25,954	24,944
Retirement gratuities	48,491	99,069	48,491	99,069
	1,350,870	1,303,640	1,380,441	1,322,698
Represented by:				
Current benefit liabilities	1,339,138	1,283,080	1,368,709	1,302,138
Non-current benefit liabilities	11,732	20,559	11,732	20,559
	1,350,870	1,303,640	1,380,441	1,322,698

Key assumption in measuring retirement gratuities

Retirement gratuities depend on a number of factors that are determined on an actuarial basis. The key assumptions used in calculating this liability include the individual's salary and salary inflation factor, time to retirement and discount rate. Any changes in these assumptions will affect the carrying amount of the liability. In 2015, a discount rate of 5% (2014: 5%) and salary inflation factor of 2.5% (2014: 2.2%) were used.

Note 28: Borrowings

Note	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Current		
Secured loans	-	-
Lease liabilities	-	625
Total Current borrowings	-	625
Non-current		
Secured Loans	3,650,000	-
Lease liabilities	-	-
Total non-current borrowings	3,650,000	-

As at 30 June 2015 Marsden Maritime Holdings Limited has a secured loan facility of \$6,000,000 with \$3,650,000 (2014: Nil) being drawn-down at 30 June 2015. The facility matures in July 2019.

The remainder of the loan facility is able to be drawn-down on request subject to the company being in compliance with undertakings in respect of the facility. Interest rates are determined by reference to prevailing money market rates at the time of draw-down plus a margin. Interest rates paid during the year ranged from 4.36% to 4.84%.

Note 29: Marsden Maritime Holdings Limited - Joint operation interest

Northland Stevedoring Services was an unincorporated joint venture in which NPC Corporate Services Limited (a 100% owned subsidiary of Marsden Maritime Holdings Limited prior to its amalgamation in May 2015) had a 50% interest up until Northland Stevedoring Services ceased to be a joint operation of the Marsden Maritime Holdings Limited group on 30 June 2014.

Note 30: Joint venture - between NRC and KiwiRail (unincorporated)

In January 2009, the council entered into a Memorandum of Understanding with ONTRACK (now known as KiwiRail) to create a Joint Venture and establish the obligations of each entity, in order to advance the proposed Oakleigh to Marsden Point rail link. Council entered into voluntary negotiations with land owners who owned land along the proposed corridor. A total of 9 properties have been acquired at a total cost of \$11.41 million (refer note 19: Investment property). In accordance with the joint venture agreement, while council has full legal title and full ownership rights to these properties, the accounting treatment must be based on the economic substance of the agreement. The land is deemed to be a jointly controlled asset; therefore, council and KiwiRail will each recognise a 50 percent share of the land. Council will have a receivable from KiwiRail to account for the remaining 50 percent share of the security interest held in the ownership of the land.

The agreement between council and KiwiRail requires each organisation to incur expenditure in their own right, but for each entity to recognise a 50 percent share of the combined expenditure, with an expectation that both parties will be reimbursed from the annual contribution and from the proceeds from the sale of the surplus land acquired. The agreement requires each entity to contribute \$500,000 cash per annum to the joint venture, for approximately six years. Council funded the purchase of the land; the agreement requires the Joint Venture to reimburse council for the opportunity cost of capital (interest income) as the first priority.

Consent orders for the resource consents and recommendation to the Minister of Conservation in regard to the Restricted Coastal Activities were issued by the Environment Court on 12 April 2012. The decision on the Restricted Coastal Activities was issued by the Minister of Conservation on 15 May 2012.

Apart from the reclamation which has consent in perpetuity, the disturbance and occupation consents expire 35 years from the date of commencement which was 30 May 2012, so the expiry date is 29 May 2047.

It should be noted, the consents must be "given effect to" by 29 May 2032 otherwise they lapse.

In the current financial year, the total net operating expenditure incurred by council in relation to the joint venture is \$162,437 (2014 \$180,000), this includes \$101,197 (2014 \$101,000) for the opportunity cost of interest payable to KiwiRail. In addition there was a fair value gain on land and buildings of \$120,687 (2014: \$225,000). Council recognised \$292,248 (2014 \$343,000) as income relating to KiwiRail's 50 percent share of the council's opportunity cost of capital incurred. KiwiRail did not incur any operating costs during the year (2014: Nil). Council's 50 percent share of the designation asset costs are recognised as inventory of \$3,065,006 (2014: \$3,055,866) (refer to note 13).

As at 30 June 2015, KiwiRail has a liability of \$5,161,931 (2014: \$5,094,000) to council. This liability largely relates to KiwiRail's share of the acquisition cost of purchase properties. Council has recognised the liability owed by KiwiRail for their 50 percent share of the cost of the properties and other associated costs as other receivables (refer to note 18).

Council's share of properties acquired are included in council's Investment Properties, refer note 19.

Council will only transfer the rail corridor to KiwiRail once KiwiRail has entered into an unconditional contract for the construction of the entire Marsden Point Rail Link.

As at 30 June 2015, the Joint Venture had no assets and liabilities.

Note 31: Capital commitments and operating leases

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Committed grant funding	-	-	-	-
Operating Lease payments	-	-	-	-
Property plant and equipment	1,487,176	177,426	1,959,116	177,426
	1,487,176	177,426	1,959,116	177,426

Capital Commitments represent capital expenditure contracted for at year end but not yet incurred. Water quality monitoring instruments totalling \$3,000 were on order but not received at year end, a contract was in place at year end totalling \$85,176 to increase council's information technology storage space (this work occurred in July 2015) and there was a commitment of \$1,399,000 in relation to the construction of the Whāngārei Dam at year end (anticipated to occur in July - October 2015).

Marsden Maritime Holdings Limited capital commitments at 30 June 2015 amounts to \$471,940.

Northland Inc. Limited and Regional Software Holdings Limited has no capital commitments at 30 June 2015 (June 2014: Nil).

Operating leases as lessee

The council has no lease commitments.

The group leases buildings and plant and equipment in the normal course of its business. The groups future aggregate minimum lease payments payable under non-cancellable operating leases existing at year end are as follows:

Note	Marsden Maritime Holdings Limited 30-Jun-15	Marsden Maritime Holdings Limited 30-Jun-14	Northland Inc. Limited 30-Jun15	Northland Inc. Limited 30-Jun-14	Consolidated 30-Jun15	Consolidated 30-Jun-14
Not later than one year	93,590	88,912	63,599	58,729	157,189	147,641
Later than one year and not later than five years	153,682	163,104	61,575	84,454	215,257	247,558
Later than five years	(a) 125,376	14,491	-	-	125,376	14,491
Total non-cancellable operating leases	(a) 372,648	266,507	125,174	143,183	497,822	409,690

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

Operating Leases as lessor

Operating leases relate to investment properties owned by Northland Regional Council. The majority of council's investment portfolio is made up of leasehold properties. These properties have lease terms of between 5 to 21 years with options to extend at the completion of each lease. All leasehold lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period. Council owns some farm's and dwellings. These properties generally have lease terms of around 12 months.

Council also owns three freehold properties which have lease terms of between 1 and 20 years.

The Group leases land and buildings in the normal course of business to a variety of customers within close proximity to the port. These non-cancellable leases have remaining terms of between one month and 33 years. All leases include a clause to enable upward revision of the rental charge on contractual rent review dates according to prevailing market conditions.

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

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Not later than one year	2,392,293	2,758,666	3,842,887	3,684,263
Later than one year and not later than five years	7,275,854	8,130,847	11,276,540	10,961,925
Later than five years	7,590,070	10,227,218	14,142,907	16,987,593
Total non-cancellable operating leases	17,258,217	21,116,731	29,262,334	31,633,781

Note 32: Contingent liabilities

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Bonds	-	-	75,000	75,000
Share of associated companies' contingent liabilities	-	-	-	675,000
Rates postponed	-	-	200,898	226,935
	-	-	275,898	976,935

Council

Kiwirail

KiwiRail, the requiring authority responsible for the Marsden Point Rail Link Designation, may be approached by landowners seeking the acquisition of their properties. There is specific provision within the Resource Management Act 1991 that allows landowners to seek and order from the Environment Court requiring an authority to acquire a particular landowners property. There is provision within the Rail Corridor Acquisition for council to provide assistance to KiwiRail if KiwiRail is approached by a landowner wanting to sell their properties. This is an agreement between council and KiwiRail.

Mangawhai ratepayer's and residents and Richard Bruce Rogan & Heather Elizabeth Rogan (CIV-2015-488-95)

On 16 July 2015, Northland Regional Council and Kaipara District Council were served with a Notice of Proceeding by Mangawhai ratepayer's and residents and Richard Bruce Rogan & Heather Elizabeth Rogan who have applied for a Judicial Review in regard to the validity of rates from 2011/2012 to 2015/2016. The proceeding is being jointly defended by Northland Regional Council and Kaipara District Council. A date has yet to be set for a hearing.

Other legal Claims

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

Northland Inc. Limited

Nil.

Regional Software Holdings Limited

Nil.

1. Bank of New Zealand - a bond given by them to the New Zealand Stock Exchange - \$75,000 (2014: \$75,000).
2. To the Whangarei District Council in respect of postponed land rates on company owned farmland in accordance with the council's previous postponed rates policy - \$200,898 (June 2014: \$226,935). This amount becomes payable immediately if the said land ceases to be farmland or is sold.

Note 33: Contingent assets

At 30 June 2015 the council and the group has no contingent assets (2014: Nil).

Note 34: Related party transactions

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

Related party disclosures have also not been made for transactions with entities with the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between entities and are on normal terms and conditions for such group transactions.

There are no related party transactions with any associate, subsidiary or key management personnel requiring disclosure.

Key Management Personnel Compensation

Key management personnel includes all the elected and independent (non-elected) representatives of council, the chief executive and senior management leadership team. Due to the difficulty in determining the full time equivalent for Councillors and the Independent Member of the Finance Committee, the full time equivalent figures are taken as the number of Councillors and Independent Members.

	Note	Council 30-Jun-15	Council 30-Jun-14
Councillors			
Remuneration		\$ 640,714	\$ 606,723
Full time equivalent members		9	9
Independent (non elected) member of the Finance Committee			
Remuneration		\$ 20,247	\$ 3,334
Full time equivalent members		1	1
Senior management team including the Chief Executive			
Remuneration		\$ 975,853	\$ 1,023,568
Full time equivalent members		4.4	5.1
Total key management personnel remuneration		\$ 1,636,814	\$ 1,633,625
Total full-time equivalent personnel		14.4	15.1

Note 35: Remuneration

Note 35A: Chief Executive

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

The total remuneration (including any non financial benefits) paid or payable for the year to the Chief Executive was \$291,167 (2014: \$235,121). Of the \$291,167 salary paid in the 2014-15 financial year, \$8,163 was back pay relating to the previous financial year.

A breakdown of the Chief Executive's remuneration is as follows:

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$
Salary	267,811	215,362
Vehicle - (including FBT)	14,235	11,938
KiwiSaver employer contribution	8,034	6,452
Memberships and allowances	1,087	1,369
Total remuneration	291,167	235,121

Note 35B: Elected Representatives

Elected representatives received the following remuneration for the period:

Note	Salary	Non-salary	Total Council Remuneration	30-June-2015	30-June-2014
Bill Shepherd, Chair ¹	101,686	839	102,525	102,525	69,537
Graeme Ramsey, Deputy Chair	74,200	7,312	81,512	81,512	73,328
Joe Carr, Chair Environmental Management Committee	61,328	12,152	73,480	73,480	67,470
Chair, Finance Committee - David Sinclair	61,328	2,149	63,477	63,477	43,447
Craig Brown	61,328	4,689	66,017	66,017	76,644
John Bain	61,328	3,942	65,270	65,270	60,698
Dennis Bowman	16,221	5,673	21,894	21,894	51,773
Dover Samuels	61,328	11,105	72,434	72,434	46,680
Paul Dimery	61,328	7,961	69,289	69,289	45,848
Monty Knight	21,720	3,096	24,816	24,816	-
Tony Davies-Colley	-	-	-	-	17,134
Ian Walker	-	-	-	-	24,505
Bill Rossiter	-	-	-	-	17,134
Bronwyn Hunt	-	-	-	-	18,433
Total elected representatives' remuneration	581,796	58,918	640,714	640,714	612,632

¹ The Chairman has full private use of a council vehicle

Elected representatives' Salary

With the enactment of the Local Government Act 2002, the Remuneration Authority is responsible for setting the remuneration levels for elected members. The Council monetary remuneration (salary) detail above was determined by the Remuneration Authority.

Elected representatives' Non Salary

Councilors are able to claim an allowance for mileage, travel time and communications. These allowances are set by the Remuneration Authority and paid to Councilors based on claims approved by the council chairman and chief executive.

Note 35C: Council Employees

The annual remuneration by band for council employees as at 30 June 2015 is detailed below. For employees receiving remuneration of \$60,000 or more, they are grouped into \$20,000 bands as presented below. For any \$20,000 bands with 5 or fewer employees in the band, they are combined upwards with the next banding as stipulated in the Local Government Act 2002.

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$
< \$60,000	93	98
\$60,000 - \$79,999	61	54
\$80,000 - \$99,999	23	21
\$100,000 - \$139,999	7	5
\$140,000 - \$279,999	2	3
Total employees	186	181

Total remuneration includes any non financial benefits provided to employees.

At balance date, the council employed 143 (2014: 140) full time equivalents with the balance of staff representing 17.52 (2014: 15.81) full time equivalent employees. A full time employee is determined on the basis of a 37.5 working week.

Note 36: Severance payments

In accordance with Schedule 10, section 33 of the Local Government Act 2002, the Council is required to disclose the number of employees who received severance payments during the year, and the amount of each severance payment made.

Severance payments include any consideration (monetary and non-monetary) provided to any employee in respect of the employee's agreement to the termination of their employment with Council. Severance payments exclude any final payment of salary, holiday pay and superannuation contributions.

For the year ending 30 June 2015, the council made three (2014: Nil) severance payments to employees totaling \$34,444.16 (2014: Nil). The value of each of the severance payments was \$22,101.16, \$7,343 and \$5,000.

Note 37: Events after balance sheet date

Subsequent to balance date, Marsden Maritime Holdings Limited declared a fully imputed dividend of 6.75 cents per share to be paid on 18 September 2015. Also subsequent to balance date, Marsden Maritime Holdings Limited has finalised an agreement to lease with a large international commodity trader an area situated on the companies industrial subdivision. Under the terms of the lease the company will construct a bulk storage warehouse for the tenant costing approximately \$3,000,000.

On 6 July 2015, council entered into a Debenture Trust Deed to facilitate the granting of securities to its financiers and establish a framework for the issuance of secured debt instruments.

On the 13 August 2015 the Council issued 2 fixed rate notes. The first, a \$3 million fixed rate note for two and a half years at an annual interest rate of 3.44% and the second a \$10 million fixed rate note for 5 years at annual interest rate of 3.79%. The Lead Manager in both issues was the ANZ Bank New Zealand Limited. The fixed rate note issues were approved to reduce the cost of capital to the ratepayer of constructing the Whangarei Detention Dam, purchasing the Marsden Point Rail Link properties and contributing to the construction of Regional Events Centre.

As per the Debenture Trust deed, council secures its funding by granting a security interest in its rates revenue set and assessed under the Local Government Rating Act 2002

There were no other significant events after balance date.

Note 38: Breach of legislation

There were no significant breaches of legislation during the year ended 30 June 2015.

Note 39: Segment reporting

The Northland Regional Council is a public benefit entity and is therefore not required to present segment information under NZ IFRS 8 (2.2) Operating Segment.

The council's subsidiary, Marsden Maritime Holdings Limited, is an entity whose securities are publicly traded, and it will therefore present segment information in its own separate financial report.

Note 40: Financial instruments

Note 40A: Financial instrument categories

	Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
FINANCIAL ASSETS					
Loans and receivables:					
Cash and cash equivalents	11	5,509,010	5,124,001	5,729,361	6,889,760
Term deposits	22	-	9,030,000	275,980	9,030,000
Debtors and other receivables	12	5,170,160	4,080,877	5,957,599	4,377,051
Loans to subsidiary	22	61,483	21,790	-	-
Other loans	22	758,475	-	758,475	-
Other receivables (long term)	18	5,161,934	5,094,119	5,161,934	5,094,119
Total loans and receivables		16,661,062	23,350,787	17,883,349	25,390,930
Financial assets at fair value through profit and loss					
Other financial assets:					
Term deposits, local authority and government stock		12,047,700	8,246,333	12,247,700	8,246,333
Income funds		9,202,541	4,600,357	9,202,541	4,600,357
Equity Funds		5,860,813	5,430,883	5,860,813	5,430,883
Listed shares		-	-	544,246	657,671
Emission Trading Scheme - NZU's		115,236	72,459	115,236	72,459
Total financial assets at fair value through surplus/(deficit)		27,226,290	18,350,032	27,970,536	19,007,703
Fair value through other comprehensive income					
Other financial assets:					
Local authority and government stock		288,300	2,664,122	288,300	2,664,122
Listed shares		-	-	-	-
Total fair value through equity		288,300	2,664,122	288,300	2,664,122
FINANCIAL LIABILITIES					
Financial liabilities measured at amortised cost					
Creditors and other payables	26	6,005,817	5,200,676	7,670,153	5,890,701
Borrowings:					
Bank loan		-	-	3,650,000	-
Lease liability		-	-	-	625
Total financial liabilities measured at amortised cost		6,005,817	5,200,676	11,320,153	5,891,326

Note 40B: Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.
- The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

		Valuation techniques			
	Note	Total \$	Quoted market price \$	Observable inputs \$	Significant non-observable inputs \$
30 June 2015 - Council					
Financial assets					
Emission trading scheme - NZU's		115,236	115,236	-	-
Income funds		9,202,541	9,202,541	-	-
Equity funds		5,860,813	5,860,813	-	-
Loans		819,958	819,958	-	-
Other stocks and bonds		288,300	288,300	-	-
Financial liabilities					
Derivatives		-	-	-	-
30 June 2015 - Group					
Financial assets					
Emission trading scheme - NZU's		115,236	115,236	-	-
Income funds		9,202,541	9,202,541	-	-
Equity funds		5,860,813	5,860,813	-	-
Loans		758,475	758,475	-	-
Other stocks and bonds		288,300	288,300	-	-
Financial liabilities					
Secured bank facility		3,650,000	3,650,000	-	-
30 June 2014 - Council					
Financial assets					
Emission trading scheme - NZU's		72,459	72,459	-	-
Income funds		4,600,357	4,600,357	-	-
Equity funds		5,430,883	5,430,883	-	-
Other stocks and bonds		2,664,124	2,664,124	-	-

	Note	Total \$	Quoted market price \$	Observable inputs \$	Significant non-observable inputs \$
Financial liabilities					
Derivatives		-	-	-	-
30 June 2014 - Group					
Financial assets					
Emission trading scheme - NZU's		72,459	72,459	-	-
Shares		657,671	657,671	-	-
Income funds		4,600,357	4,600,357	-	-
Equity funds		5,430,883	5,430,883	-	-
Other stocks and bonds		2,664,124	2,664,124	-	-
Financial liabilities					
Derivatives		-	-	-	-

There were no transfers between the different levels of the fair value hierarchy.

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements.

	Note	2015 \$	2014 \$
Balance at 1 July		-	9,552
Sales		-	(9,552)
Balance at 30 June		-	-

Note 40C: Financial instrument risks

The Northland Regional Council has a series of policies to manage the risk associated with financial instruments.

Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Council-approved Liability Management and Investment policies for its investments. These policies do not allow any transactions that are speculative in nature to be entered into.

Council administers the Community Investment Fund and the Property Reinvestment Fund (earmarked funds for any future council approved property investments) and does so in accordance with the relevant Statement of Investment Policies and Objectives (SIPO). The two SIPOs and any changes to them are approved by council. Quarterly performance reporting on both Funds is prepared by council's independent investment advisor, Eriksens and Associates, and any breach of compliance with either SIPO is also reported to Council quarterly.

Maximum exposure to credit risk

Council's maximum credit exposure for each class of financial instrument are as follows:

	Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Cash at bank and term deposits		5,509,010	5,124,001	5,509,010	6,889,760

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
Debtors and other receivables	5,170,160	4,080,877	5,170,160	4,377,051
Other receivables	5,161,934	5,094,119	5,161,934	5,094,120
Term deposits, local authority and government stock	12,336,000	19,940,469	12,336,000	19,940,469
Loans to subsidiary	61,483	21,790	-	-
Other loans	758,475	-	758,475	-
Emission trading scheme - NZU's	115,236	72,459	115,236	72,459
Shares	-	-	-	657,671
Income funds	9,202,541	4,600,357	9,202,541	4,600,357
Equity funds	5,860,813	5,430,883	5,860,813	5,430,883
	44,175,652	44,364,955	44,114,169	47,062,769

Credit quality of financial assets

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

Note	Council 30-Jun-15 \$	Council 30-Jun-14 \$	Consolidated 30-Jun-15 \$	Consolidated 30-Jun-14 \$
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and current term deposits				
AA-	5,509,010	5,124,001	5,509,010	6,889,760
Total cash at bank and current term deposits	5,509,010	5,124,001	5,509,010	6,889,760
Term deposits, local authority and government stock				
A+	-	2,170,070	-	2,170,070
A-	212,319	214,925	212,319	214,925
AA-	12,047,701	17,478,174	12,047,701	17,478,174
Unrated	75,980	77,299	75,980	77,299
Total term deposits, local authority and government stock	12,336,000	19,940,469	12,336,000	19,940,469
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Emission trading scheme - NZU's	115,236	72,459	115,236	72,459
Shares	-	-	-	657,671
Loans	819,958	21,790	758,475	-
Income funds	9,202,541	4,600,357	9,202,541	4,600,357
Equity funds	5,860,813	5,430,883	5,860,813	5,430,883
	15,998,548	10,125,489	15,937,065	10,761,370

Debtors and other receivables arise mainly from the council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

The Council's primary investment objective is to protect capital value to minimise the risk of capital loss. Credit risk is minimised by setting maximum portfolio limits on each class of investment and specific limits on each investee. Where relevant, the minimum long term credit rating is BBB+.

During 2005/2006 Council's Treasury Management Policy allowed Council to invest in unrated investments, if strongly recommended by expert financial advisers. Investments in unrated investments were undertaken in the 2005/2006 financial year. There have been no further investments in unrated banks or bonds. The Treasury Management Policy requires Council to reduce the credit exposure to zero (or minimise it by taking into account maturity dates, and the costs of (losses on redemption). Council has sought independent investment advice and is continuing to monitor the credit worthiness of these investments.

A Statement of Investment Policies and Objectives has been developed for the investment of the Community Investment Funds and Property Reinvestment Funds.

Contractual maturity of financial liabilities

The table below analyses Council and group's financial liabilities into relevant maturity groupings, based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Note	Carrying Amount \$	Contractual Cash Flows \$	Less than 1 Year \$	1 - 2 Years \$	2 - 5 Years \$	More than 5 Years \$
Council 2015						
Creditors and other payables	6,005,817	6,005,817	5,407,284	598,533	-	-
Group 2015						
Creditors and other payables	7,670,153	7,670,153	6,933,889	736,264	-	-
Secured bank facility	3,650,000	-	-	-	3,650,000	-
Total	11,320,153	7,670,153	6,933,889	736,264	3,650,000	-
Council 2014						
Creditors and other payables	5,200,676	5,200,676	4,486,006	714,670	-	-
Group 2014						
Creditors and other payables	5,890,701	5,890,701	5,176,031	714,670	-	-
Finance leases	-	625	625	-	-	-
Total	5,890,701	5,891,326	5,176,656	714,670	-	-

Contractual maturity of financial assets

The table below analyses Council's financial assets into relevant maturity groupings, based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual, undiscounted cash flows.

Contractual maturity analysis of financial assets

	Note	Carrying Amount \$	Contractual Cash Flows \$	Less than 1 Year \$	1 - 2 Years \$	2 - 5 Years \$	More than 5 Years \$
Council 2015							
Cash and cash equivalents		5,509,010	5,550,327	5,550,327	-	-	-
Debtors and other receivables		5,170,160	5,170,160	5,170,160	-	-	-
Other receivables		5,161,934	5,161,934	-	-	5,161,934	-
Other financial assets:							
Term deposits, local authority and government stock		12,336,000	12,363,204	12,141,111	222,093	-	-
Term deposits, stocks and bonds (Community Investment Fund)		-	-	-	-	-	-
Loans		819,958	819,958	28,042	26,137	765,777	-
Emission trading scheme - NZU's		115,236	115,236	115,236	-	-	-
Income funds		9,202,541	9,202,541	9,202,541	-	-	-
Equity funds		5,860,813	5,860,813	5,860,813	-	-	-
Total		44,175,652	44,244,174	38,068,230	248,230	5,927,711	-
Group 2015							
Cash and cash equivalents		5,729,361	5,772,331	5,772,331	-	-	-
Debtors and other receivables		5,957,599	5,957,599	5,957,599	-	-	-
Other receivables		5,161,934	5,161,934	-	-	5,161,934	-
Other financial assets:							
Term deposits, local authority and government stock		12,336,000	12,363,204	12,141,111	222,093	-	-
Loans		819,958	819,958	28,042	26,137	765,777	-
Emission trading scheme - NZU's		115,236	115,236	115,236	-	-	-
Equity funds		9,202,541	9,202,541	9,202,541	-	-	-
Private equity		5,860,813	5,860,813	5,860,813	-	-	-
Total		45,727,688	45,797,862	39,621,919	248,230	5,927,711	-
Council 2014							
Cash and cash equivalents		5,124,001	5,162,431	5,162,431	-	-	-
Debtors and other receivables		4,080,877	4,080,877	4,080,877	-	-	-
Other receivables		5,094,119	5,094,119	-	-	5,094,119	-
Other financial assets:							
Term deposits, local authority and government stock		19,460,462	20,522,036	19,249,852	675,150	597,033	-
Term deposits, stocks and bonds (Community Investment Fund)		480,000	480,000	480,000	-	-	-
Loans		21,790	21,790	8,038	8,534	5,218	-
Emission trading scheme - NZU's		72,459	72,459	72,459	-	-	-

	Note	Carrying Amount \$	Contractual Cash Flows \$	Less than 1 Year \$	1 - 2 Years \$	2 - 5 Years \$	More than 5 Years \$
Income funds		4,600,357	4,600,357	4,600,357	-	-	-
Equity funds		5,430,883	5,430,883	5,430,883	-	-	-
Total		44,364,948	45,464,952	39,084,897	683,684	5,696,370	-
Group 2014							
Cash and cash equivalents		6,889,760	6,941,433	6,941,433	-	-	-
Debtors and other receivables		4,377,051	4,377,051	4,377,051	-	-	-
Other receivables		5,094,119	5,094,119			5,094,119	
Other financial assets:							
Term deposits, local authority and government stock		19,438,679	20,020,245	18,761,814	666,616	591,815	
Term deposits, stocks and bonds (Community Investment Fund Fund)		480,000	480,000	480,000	-	-	-
Loans		21,790	21,790	8,038	8,534	5,218	-
Emission trading scheme - NZU's		72,459	72,459	72,459	-	-	-
Listed shares		657,671	657,671	657,671	-	-	-
Income funds		4,600,357	4,600,357	4,600,357	-	-	-
Equity funds		5,430,883	5,430,883	5,430,883	-	-	-
Total		47,062,769	47,696,009	41,329,706	675,150	5,691,152	-

Sensitivity analysis

The table below illustrates the potential effect on the surplus/(deficit) and equity (excluding retained earnings) impact for reasonable possible market movements, with all other variables held constant, based on council's financial instrument exposures at the balance date.

	Note	2015				2014			
		+100bps		-100bps		+100bps		-100bps	
		Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity
COUNCIL									
Financial assets									
Cash and cash equivalents		55,090	-	(55,090)	-	51,240	-	(51,240)	-
Other financial assets:									
Term deposits, local authority and government stock		123,360	-	(123,360)	-	199,405	-	(199,405)	-
Community Investment Fund		117,714	-	(117,714)	-	100,312	-	(100,312)	-
Property Investment Fund		32,920	-	(32,920)	-	-	-	-	-
Financial liabilities									
Derivatives - hedge accounted		-	-	-	-	-	-	-	-
Total sensitivity to interest rate risk		329,084	-	(329,084)	-	350,957	-	(350,957)	-

Explanation of sensitivity analysis – Council

Cash and cash equivalents

Cash and cash equivalents include deposits, at call, totalling \$5,509,010 (2014 \$5,124,001). A movement in interest rates of plus or minus 1% has an effect on interest income of \$55,090 (2014 \$51,240)

Term deposits, local authority and government stock

A total of \$12,336,000 (2014 \$19,940,469) of investment in local authority stock is classified at fair value through equity. A movement in interest rates of plus or minus 1% has an effect of \$123,360 (2014 \$199,405) on the fair value through equity reserve.

Community Investment Fund

A total of \$11,771,369 of Community Investment Fund is classified through surplus or deficit. A movement in interest rates of plus or minus 1% has an effect of \$117,714 (2014 \$100,312) on the surplus or deficit. The portfolio is subject to fair value interest rate risk, cash flow interest rate risk and currency risk. As this is a long-term investment the cash flows from the investment are expected to be receivable in more than five years.

Council has established and approved a Statement of Investment Policies and Objectives for the investment of these monies.

Property Reinvestment Fund

A total of \$3,291,985 of Property Reinvestment Fund is classified through surplus or deficit. A movement in interest rates of plus or minus 1% has an effect of \$32,920 (2014: Nil) on the surplus or deficit. The portfolio is subject to fair value interest rate risk, cash flow interest rate risk and currency risk. As this is a long-term investment the cash flows from the investment are expected to be receivable in more than five years.

Council has established and approved a Statement of Investment Policies and Objectives for the investment of these monies.

Listed Shares

Council holds listed equity instruments in Marsden Maritime Holdings Limited Ltd, which are publicly traded and included in the New Zealand Stock Exchange.

The Northland Regional Council's investment in the Marsden Maritime Holdings Limited is carried at cost.

Note	2015				2014			
	+100bps		-100bps		+100bps		-100bps	
	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity
GROUP								
Financial assets								
Cash and cash equivalents	57,294	-	(57,294)	-	68,898	-	(68,898)	-
Other financial assets:								
Term deposits, local authority and government stock	123,360	-	(123,360)	-	199,405	-	(199,405)	-
Community Investment Fund	117,714	-	(117,714)	-	100,312	-	(100,312)	-
Property Investment Fund	32,920	-	(32,920)	-	-	-	-	-
Financial liabilities								
Borrowings:								
Secured bank facility	(36,500)	-	36,500	-	-	-	-	-
Total sensitivity to interest rate risk	296,787	-	(296,787)	-	368,615	-	(368,615)	-

Explanation of sensitivity analysis - Group

Cash and cash equivalents

Cash and cash equivalents include deposits, at call, totaling \$5,729,361 (2014: \$6,889,760). A movement in interest rates of plus or minus 1% has an effect on interest income of \$57,294 (2014: \$68,898).

Term deposits, local authority and government stock

A total of \$12,336,000 (2014: \$19,940,469) of investment in local authority stock is classified at fair value through equity. A movement in interest rates of plus or minus 1% has an effect of \$123,360 (2014: \$199,405) on the fair value through equity reserve.

Community Investment Fund

A total of \$11,771,369 of Community Investment Fund is classified through surplus or deficit. A movement in interest rates of plus or minus 1% has an effect of \$117,714 (2014: \$100,312) on the surplus or deficit. The portfolio is subject to fair value interest rate risk, cash flow interest rate risk and currency risk. As this is a long-term investment the cash flows from the investment are expected to be receivable in more than five years.

Council has established and approved a Statement of Investment Policies and Objectives for the investment of these monies.

Property Reinvestment Fund

A total of \$3,291,985 of Property Reinvestment Fund is classified through surplus or deficit. A movement in interest rates of plus or minus 1% has an effect of \$32,920 (2014: Nil) on the surplus or deficit. The portfolio is subject to fair value interest rate risk, cash flow interest rate risk and currency risk. As this is a long-term investment the cash flows from the investment are expected to be receivable in more than five years.

Council has established and approved a Statement of Investment Policies and Objectives for the investment of these monies.

Interest rate risk

Marsden Maritime Holdings Limited is exposed to changes in interest rate of its long-term debt obligations, as these are based on floating interest rates. To mitigate this risk, derivative interest rate swap contracts are periodically entered into under which the Group is obliged to receive interest at floating rates and to pay interest at fixed rates. The Group constantly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative hedging positions and the mix of fixed and variable interest rates.

Creditors and other payables

Marsden Maritime Holdings Limited's exposure to foreign exchange risk is considered to be minimal. Where relevant, this risk is managed through the use of forward foreign exchange contracts.

Listed Shares

Council holds listed equity instruments in Northland Port Corporation (NZ) Limited, which are publicly traded and included in the New Zealand Stock Exchange. The Northland Regional Council's investment in the Northland Port Corporation (NZ) Limited is carried at cost.

At 30 June 2015, council had invested its Community Investment fund with 6 different Fund Manager s (refer note 22), some of which invest in cash, NZ and offshore companies, NZ and offshore bonds and property. Council's independent investment advisor Eriksen and Associates monitors and reports the performance of the six fund managers. At 30 June 2015 the fund balance was \$11,771,369 (2014: \$10,585,322)

At 30 June 2015, council had an invested its Property Re-Investment fund with 3 different Fund Manager s (refer note 22), some of which invest in cash, NZ and offshore companies, NZ and offshore bonds and property. Council's independent investment advisor Eriksen and Associates monitors and reports the performance of the three fund managers. At 30 June 2015 the fund balance was \$3,291,985 (2014: Nil).

Note 41: Adjustments to the comparative year financial statements

		Actual 2014				
	Note	Before adjustments	Reclassification adjustment	PBE transition adjustment	Correction of error	After adjustment
COUNCIL						
Expenses						
Other losses	(a)	197,620	-	(197,620)	-	-
Other expenses	(a)	17,245,520	-	197,620	-	17,443,140
Current assets						
Receivables	(b)	4,088,915	(8,038)	-	-	4,080,877
Other financial assets - other investments	(b)	11,281,864	8,038	-	-	11,289,902
Non-current assets						
Other Receivables	(b)	5,107,872	(13,752)	-	-	5,094,120
Other financial assets - other investments	(b)	18,762,290	13,752	-	-	18,776,042
Current liabilities						
Payables and deferred revenue	(c)	5,200,676	-	(714,670)	-	4,486,006
Non-current liabilities						
Payables and deferred revenue	(c)	-	-	714,670	-	714,670
GROUP						
Expenses						
Other losses	(a)	689,917	-	(689,917)	-	-
Other expenses	(a)	18,428,193	-	689,917	-	19,118,110
Current liabilities						
Payables and deferred revenue	(c)	5,890,701	-	(714,670)	-	5,176,031
Non-current liabilities						
Payables and deferred revenue	(c)	-	-	714,670	-	714,670

Explanatory Notes

- For the Council and the Group, \$197,620 and \$689,917 respectively have been reclassified as Other expenses as there is no longer a requirement to separately disclose Other losses in the new PBE accounting standards.
- Council has reclassified the current and term portion of the loan issued to Northland Inc. Limited (subsidiary) from Receivables to Other Financial Assets as it is considered more appropriate to be classified as an investment in a subsidiary.
- Current payables and deferred revenue has decreased by \$714,670 as the new PBE accounting standards requires disclosure of deferred grant revenue received with conditions and return obligations attached. The current portion of this deferred grant revenue represents the amount that will be recognised as revenue over the next 12 months.

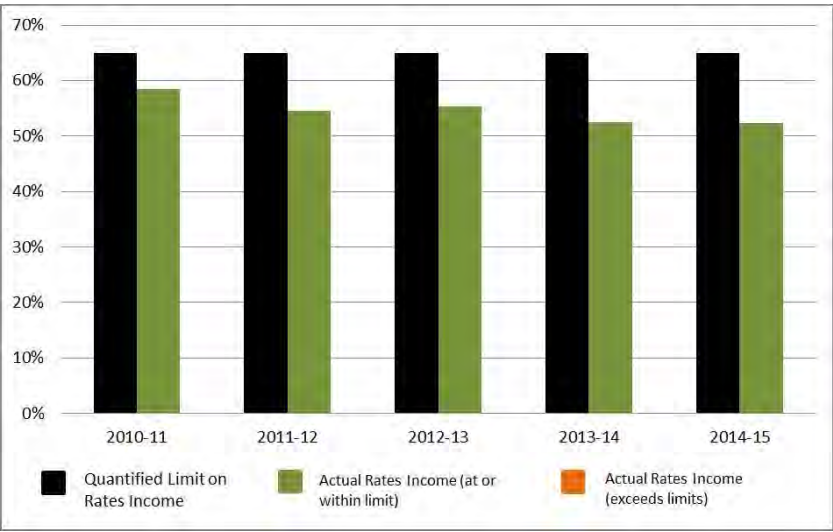
Financial prudence

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

RATES AFFORDABILITY BENCHMARKS

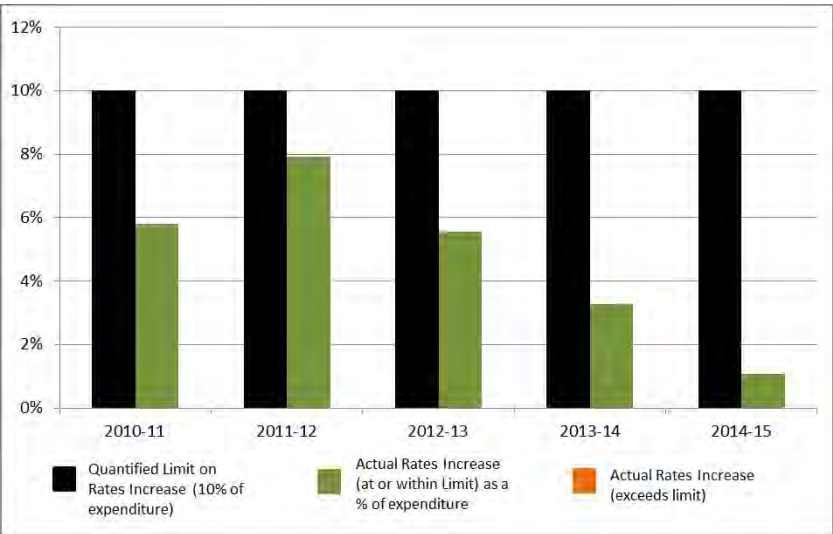
Rates income affordability

The following graph compares the council's planned rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is no more than 65% of total revenue.



Rates increases affordability

The following graph compares the council's planned regional-wide targeted rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is no more than 10% of total expenditure.



The majority of increases in rates revenue is attributed to greater numbers of ratepayer's rather than significant changes in rates charges.

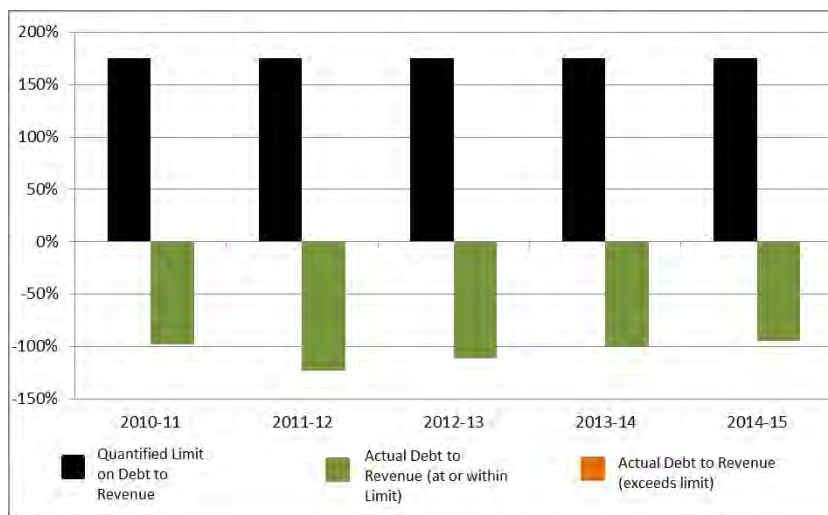
DEBT AFFORDABILITY BENCHMARKS

The following graphs compare the council's planned borrowing with quantified limits on borrowing stated in the financial strategy included in the council's long term plan.

Northland Regional Council has no external debt.

Net debt to total revenue

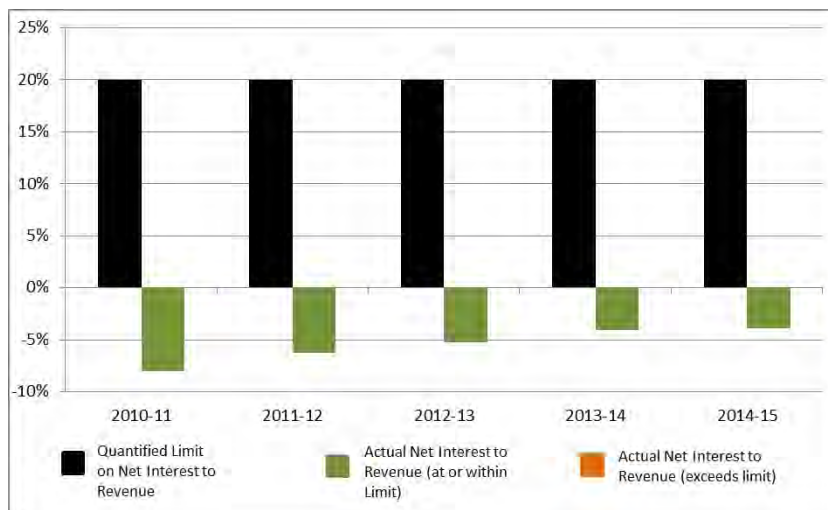
The quantified limit for net debt as a proportion of total revenue is 175%.



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

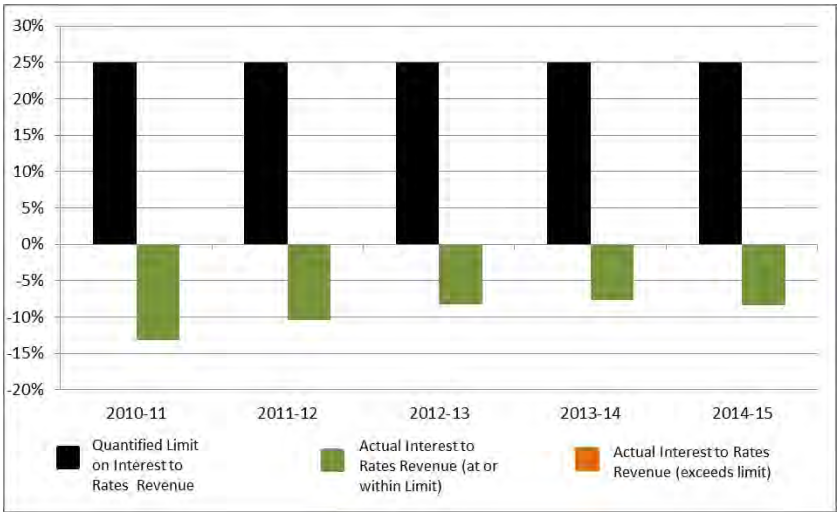
Net interest to total revenue

The quantified limit for Net Interest as a proportion of total revenue is 20%.



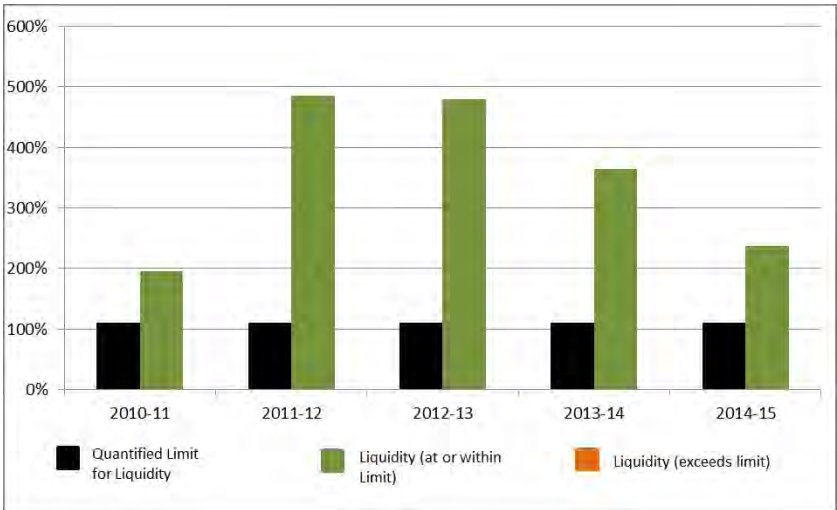
Net interest to annual rates revenue

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



Liquidity

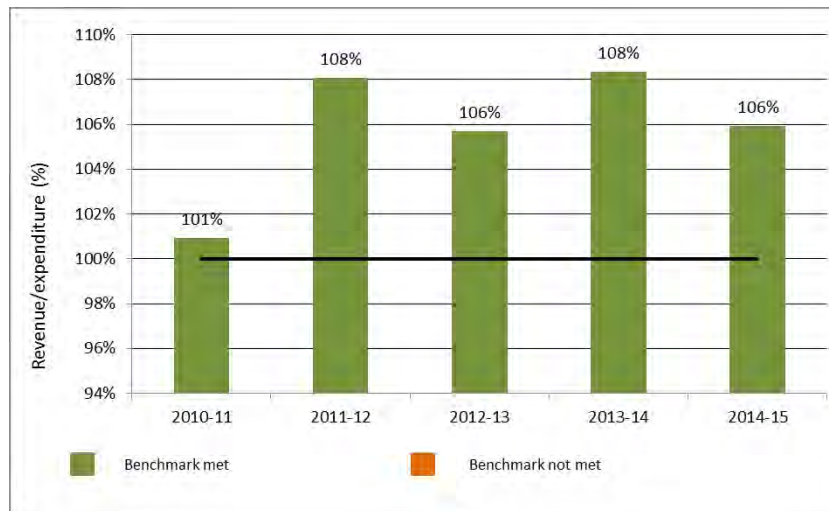
The quantified limit for liquidity is set as a minimum of 110%.



BALANCED BUDGET BENCHMARK

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

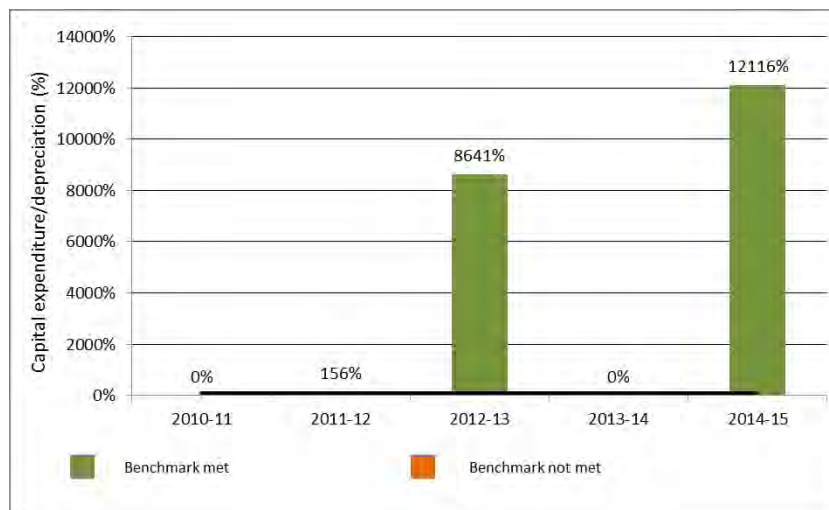
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



ESSENTIAL SERVICES BENCHMARK

The following graph displays the council's planned capital expenditure on network services (flood protection) as a proportion of expected depreciation on network services.

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



2010-11 was a revaluation year. The value for flood control assets was increased and therefore no cost was incurred in that year. Northland Regional Council has embarked on significant flood control projects starting in 2012-13.

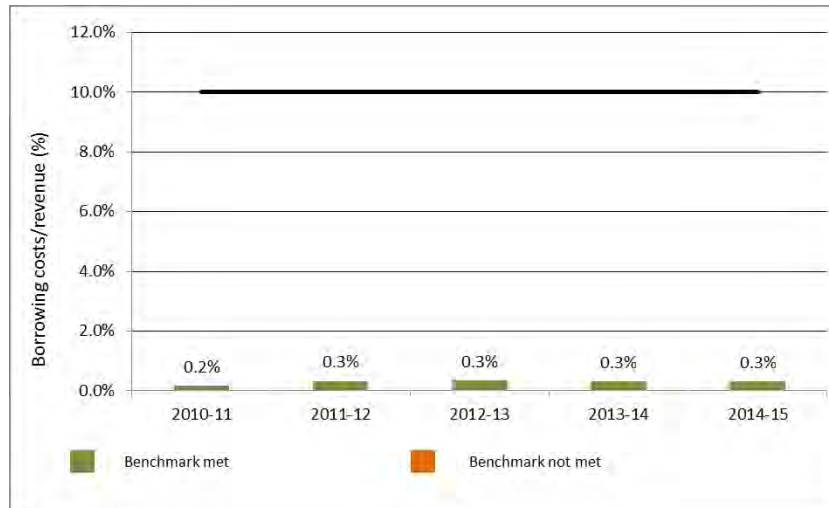
In 2011-12 the result was 156% which is difficult to see due to the scale of the above graph, however this represents an achieved benchmark.

2013-14 was a revaluation year. The value for flood control assets was increased and therefore no cost was incurred in that year.

DEBT SERVICING BENCHMARK

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

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



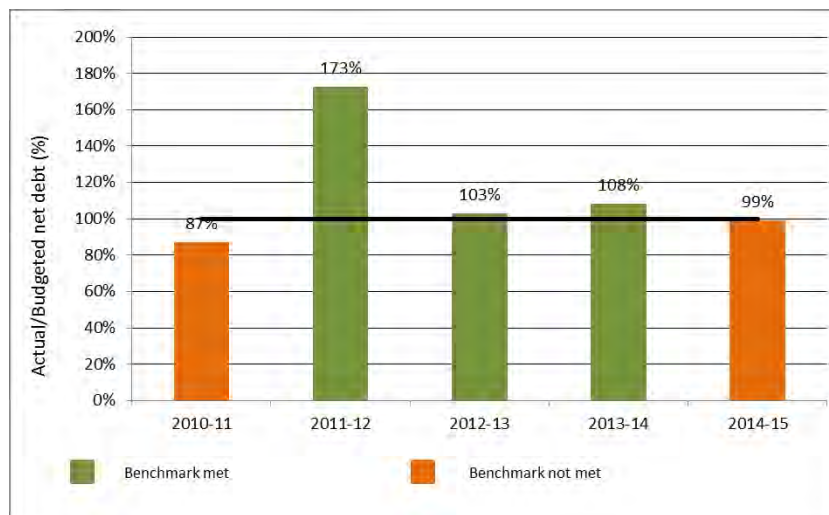
Note that no debt servicing costs existed in 2009-10 and the figures represented in the following years are NRC's half share of the interest associated with the Marsden Point Rail Link in conjunction with NZ Rail.

DEBT CONTROL BENCHMARK

This measure is designed to display the council's actual net debt as a proportion of planned net debt.

Northland Regional Council has no external debt, so therefore has planned to have net assets in all the years represented in the following graph. Financial Assets (excluding trade and other receivables) were planned to exceed its financial liabilities.

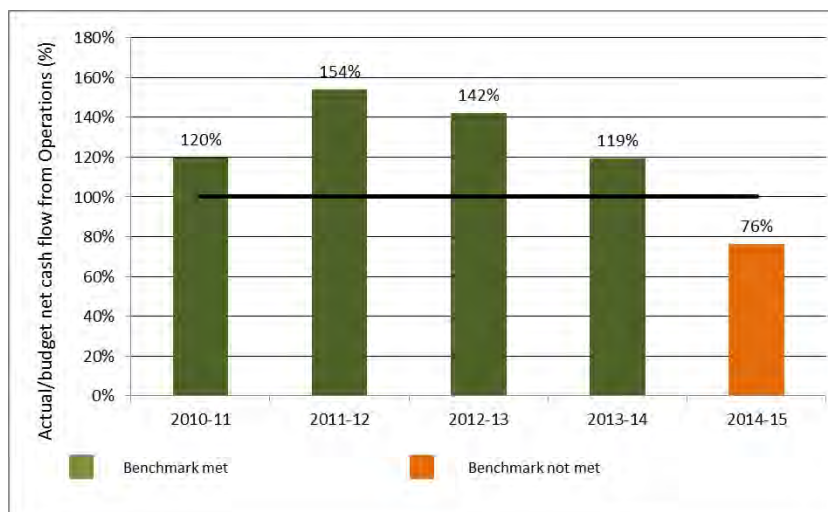
The council meets the debt control benchmark if its actual net assets equals or exceeds its planned net debt. For the purposes of this measure 100% equals planned net assets.



OPERATIONS CONTROL BENCHMARK

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

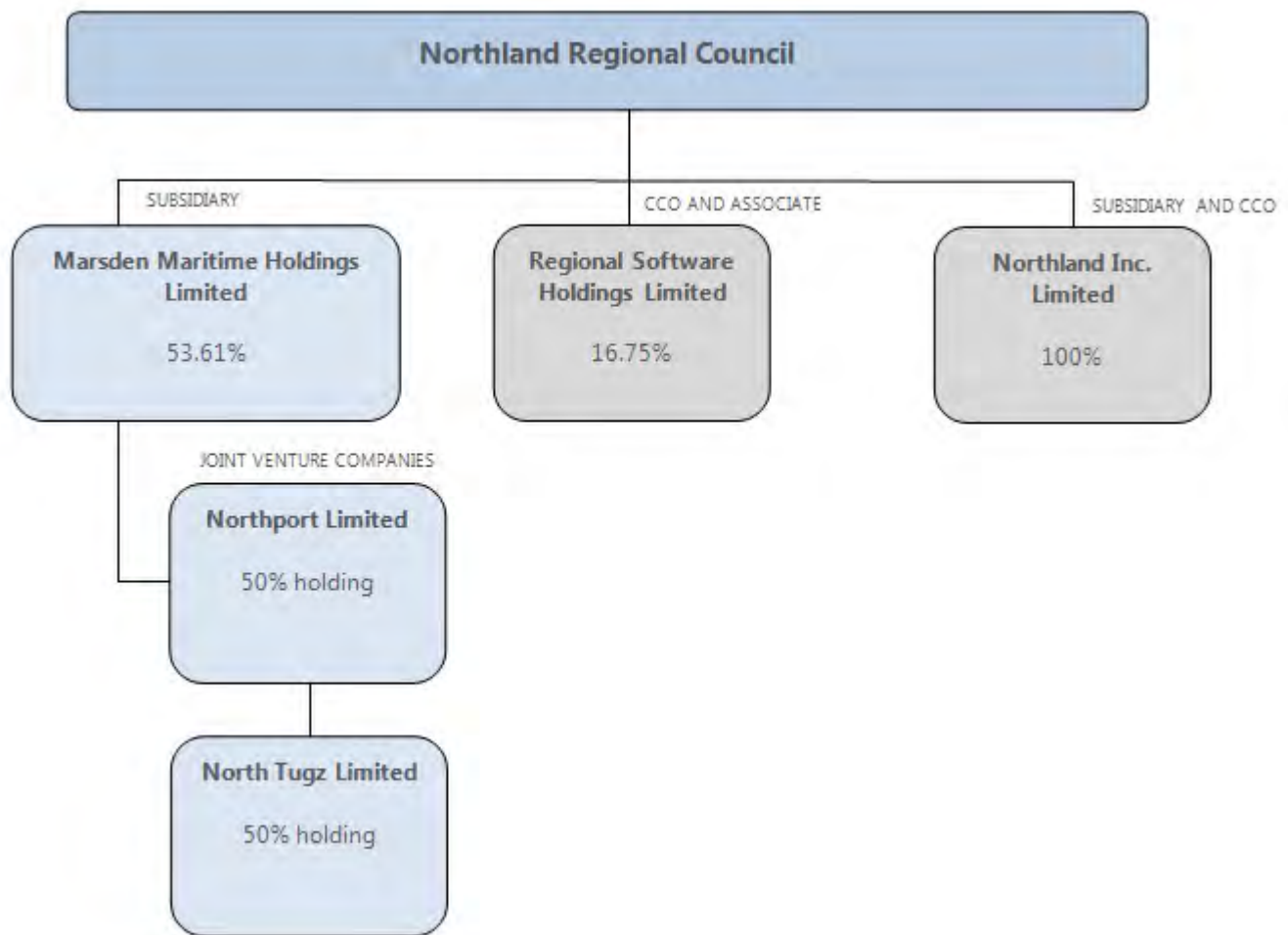
The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. For the purposes of this measure 100% equals planned net cash flow.



The benchmark was not met in 2014-15. This is due to Northland Regional Council budgeting for interest revenue from all of the cash funds held. During the year council revised the investment strategy to use fund managers to invest a portion of the funds. The return on the funds placed with these fund managers is recognised as fair value gains on the instruments. As a result a lower than budgeted cash return was recorded.

SECTION FOUR: CCOS & SUBSIDIARIES

Group structure



A council-controlled organisation (CCO) is a company or organisation in which a council or council's hold 50% or more of the voting rights or can appoint 50% or more of the trustees, directors or managers. A council-controlled trading organisation (CCTO) is a company or organisation that operates a trading operation for the purpose of making a profit.

CCOs and CCTOs are required to complete a Statement of Intent (SOI) and report against their policies, objectives and performance in their annual reports unless an exemption has been granted.

This section provides the information required under the Local Government Act 2002 for Northland Inc. Limited and Regional Software Holdings Limited. Marsden Maritime Holdings Limited is also a subsidiary organisation but is exempt from the CCO provisions of the Local Government Act 2002 and is not required to publish a statement of intent.

Marsden Maritime Holdings Limited

Port ownership

Northland Regional Council owns 53.61% (22.1 million shares) of the issued capital of the Marsden Maritime Holdings Limited, which is presently 41,300,651 ordinary shares of 25 cents each. The balance of shares is held by the public and all shares are listed on the New Zealand Stock Exchange (NZX).

The council reviews its shareholding in the company during the triennial review of its strategic plan.

There are six directors of the Marsden Maritime Holdings Limited. One-third of the directors retire by rotation each year. Appointments are then confirmed at AGM's. The current directors are:

- Sir John Goulter, Chairman
- Mr Mark Bogle
- Mr Peter Griffiths
- Ms Susan Huria
- Mr David Keys
- Ms Elena Trout

Mr Colin Mitten resigned effective 17 October 2014.

Company operations

Prior to 4 August 2014 the company was known as Northland Port Corporation (NZ) Limited. It is registered under the Companies Act 1993 and is domiciled and incorporated in New Zealand. The company consists of joint venture company, Northport Limited.

The companies operations principally comprise of its 50% stakeholding in the deep water port facility, Marsden Cove Canals Management Limited, at Marsden Point together with its substantial land holdings in the adjacent area. The Marsden Cove marina complex consists of a 223 berth marina and adjoining commercial complex. The entity effectively serves as a body corporate for the canal waterways at Marsden Cove. This entity is a not for profit company and as such its stakeholders do not receive any distributions or have any entitlement's to a share in the entities equity. Due to the nature of this entity it has not been consolidated with Marsden Maritime Holdings Limited in their financial statements.

On 1 May 2015 wholly owned subsidiary NPC Corporate Services Limited was amalgamated with its parent company Marsden Maritime Holdings Limited.

Company financial data

As a listed company, the Marsden Maritime Holdings Limited is not required to publish a Statement of Corporate Intent nor provide budget estimates to the council, its major shareholder. The corporation is exempt from the council-controlled organisation provisions of the Local Government Act 2002.

Company	Holding at 30 June 2014	Main activity
Northport Limited	50.0%	Port operating company

Northland Inc. Limited

About this Council-Controlled Organisation (CCO)

Northland Inc. Limited, established in July 2012, is the region's economic development agency.

Northland Inc. Limited is primarily funded by an operational contribution from Northland Regional Council and is project funded through other public and private agencies, with central government being the next largest contributor. The organisation has a governance board of professional directors, each appointed for a three year term by the council. Operational activity is led by a chief executive officer.

Policies and objectives

Council's Long Term Plan 2012-2022 provided the framework for Northland Inc. Limited. The activities and functions of the economic development organisation include:

- Finding economic development projects for the council (and others) to invest in (initially using the Investment and Growth Reserve).
- Helping put together business cases for economic development projects.
- Assessing economic development projects (and their business cases) for the council (and others) to invest in.
- Directly assisting projects through business incubation, removing (some) risk (e.g. by getting resource consents, securing land, securing partners).
- Advising council on opportunities and barriers to economic development in Northland.
- Delivering the business growth and skills development service provision, funded by central government.
- Collaborating with industry sector groups, Māori development groups and supporting regional forums – e.g. Northland Energy Forum, Digital Forum, Minerals, Aquaculture, and Oyster shell project.
- Regional promotion including tourism promotion and destination marketing.
- Promoting Northland as a place to live, work, invest and visit.

Investment and Growth Reserve

Northland Inc. Limited's activities include a focus on finding economic development projects that qualify for funding through council's Investment and Growth Reserve. The reserve is to be used to fund specific projects that will increase jobs and economic performance in Northland. The council adopted criteria for determining eligible projects to be funded from the reserve (see Long Term Plan 2012-2022, pages 120-121). The main points are as follows:

- The reserve's objective is to increase Northland's jobs numbers, average weekly household income and GDP (gross domestic product) by investing in economic projects/ventures.
- The reserve will provide operational expenditure for Northland Inc. Limited to identify, progress and monitor projects.
- The reserve will provide loan funding or directly invested funds for capital expenditure on new ventures or expanding existing businesses, and operating expenditure (for a finite period and with conditions).
- Loaned funds or directly invested funds will deliver an appropriate rate of return, taking into account the level of risk and revenue flows.
- Any project that is determined to potentially have significant adverse impacts on social, environmental, economic, or cultural well-being will not be eligible for funding, regardless of the positive impacts.
- All projects will be assessed for funding eligibility against a business case assessment tool.
- Only projects recommended for funding by the Northland Inc. Limited will be considered by the council.
- Council will decide on the allocation of all reserve funds.

In February 2014, council made two changes to the criteria to improve the performance of the reserve, these are:

- A new investment category, impact investment funding, was established, capped at \$1 million per annum. Projects funded through this category do not have to deliver a return to council. However, they still must demonstrate an ability to lift the economic performance of the region.
- Up to an additional \$200,000 will be made available to Northland Inc. Limited to carry out feasibility and business case assessments with the intention of getting more projects processed and approved.

Key performance measures and targets

Northland Inc. Limited's key performance measures and targets are reported under the council's economic group of activities. These are results are:

- The GDP of Northland increases annually was achieved.
- Business Growth increases annually was achieved.
- The employment rate increase annually was not achieved.

A year in review

2014/15 was the second full year in which Northland Inc. Limited has been operating under the current structure, having been established in July 2012. The mission of Northland Inc. Limited is to strengthen and diversify the

regional economy through facilitating the creation of sustainable jobs, business, investment and export opportunities in strategic sectors and communities across Northland. This is delivered through five primary work streams: business development, industry sector development, investment and infrastructure, Māori economic development and regional promotion.

The following report provides a summary overview of the key activities and achievements of the CCO for the 2014/15 year and is grouped into three key areas:

- Stakeholder engagement.
- Sector growth.
- Investment and funding.

These areas are aligned to the policies and objectives as described in the Long Term Plan.

Stakeholder engagement

The intent of this area is to work with interested parties on activities and projects that contribute to the economic development priorities of Northland Inc. Limited.

The 2014/15 key performance targets and results for this area are:

Measure	2014/15 performance target	Result
Increase web traffic number of projects actively engaged in	5% increase	Achieved – 39%

Tai Tokerau Northland growth study

Northland Inc. Limited partnered with the Ministry of Business, Innovation and Employment (MBIE) and the Ministry for Primary Industries (MPI) in completing a Tai Tokerau Northland Growth Study. Northland Inc. Limited played a major role in assisting the Martin Jenkins research team obtain the necessary material and conduct interviews with the key stakeholders. The study was released in February by Ministers Joyce, Guy and Flavell at an event in Kerikeri that immediately followed the release of the Te Tai Tokerau Māori Growth Strategy “He Tangata, He Whenua, He Oranga”.

The growth report provides the basis for preparing a Northland 2025 Action Plan which will maximise the opportunities identified. It was hoped to finalise the Action Plan before the end of June 2015 but has been delayed into 2015/16. This was due to the extended period of time required to gather the necessary material and the by-election for the Northland parliamentary seat.

Digital Registration of Interest

Northland Inc. Limited co-ordinated the completion of a region wide Registration of Interest – Support for central government’s Ultra-Fast Broadband 2, Rural Broadband Initiative 2 and Mobile Blackspot Fund initiative on behalf of the four local authorities and the Te Tai Tokerau Iwi Chief Executive Consortium. It continues to take the lead in developing a regional Digital Enablement Plan to support the ROI.

Northland Intersectoral Forum (NIF)

NIF is a collective of local and central government agencies and organisations who network, share information and work collaboratively to address collective priorities to make a positive difference on the wellbeing of Northlanders. NIF is committed to continue to influence policy and decision-makers as a collective. Northland Inc. Limited provided a base for the NIF Coordinator, and led the Economic Development Strategy Group.

Regional promotional activity

- A total of 21 travel trade famils to Northland were organised which equates to 225 famil participants (from across the world) who experienced Northland for themselves.
- Attendance at six Tourism New Zealand (TNZ) Trade Training events around the country where a total of 480 international sellers of New Zealand holidays were trained on the delights of Northland
- Attendance at the Inbound Operator RTONZ event which included meetings with 30 inbound operator companies, TNZ and domestic travel media.
- Met with 80 international buyers at TRENZ, the annual national trade show
- Hosted 28 media outlets including television, print, online, social and radio from New Zealand and around the world.
- Selling Northland as a conference destination to domestic and international buyers at Meetings, New Zealand’s leading trade event for the conference, meetings, events, exhibition, and travel incentive industry.

Sector growth

The purpose of this activity is to assist in growing the performance, productivity and profitability of Northland’s key industry sectors. Business capability funding (New Zealand Trade & Enterprise) and research and development funding (Callaghan Innovation) is delivered in Northland through the Regional Business Partnership at Northland Inc. Limited. The Northland Chamber of Commerce partners with Northland Inc. Limited to deliver the NZTE contract for small businesses.

The 2014/15 key performance targets and results for this area are:

Measure	2014/15 performance target	Result
Number of unique businesses actively managed	150	Achieved - 199
Value of investment in building capacity in Northland firms provided through NZTE's Regional Business Partnership Programme and Callaghan Innovation R&D grants	\$500,000	Achieved - \$1,061,932

Business capability

In total 199 Northland businesses were actively managed during 2014/15, up from 136 in 2013/14. A total of \$172,417 worth of vouchers from NZTE were obtained to by these businesses to improve their performance in identified areas. The primary focus of the training was on business planning, systems and managing resources.

Innovation and R&D

By the end of the financial year, 10 projects undertaken by Northland firms had received \$856,634 of Callaghan Innovation R&D funding. The businesses included a mix of land based and light manufacturing firms across the region. 45% of Callaghan Innovation R&D funding was allocated to firms based in the Far North district, 19% to firms based in the Kaipara district and 35% to firms based in the Whangarei district.

Investment and growth funding

The intent of this activity is to leverage economic growth in the region through the strategic co-ordination, management and allocation of available public and private sector funding, primarily the Investment and Growth Reserve.

The 2014/15 key performance targets and results for this area are:

Measure	2014/15 performance target	Result
Number of proposals recommended by the Board of Northland Inc. Limited for funding through the IGR	4	Achieved - 6
Number of partner projects with iwi, hapu and/or Māori collective organisations	2	Achieved - 3

The Board of Northland Inc. Limited made recommendations on six projects during the year: five recommendations for funding and one decline. Of the five positive recommendations, three of these projects were presented to council for funding consideration in 2014/15: Resource Enterprises Limited, Twin Coast Tourism Investment Project and Twin Coast Cycle Trail. All three were agreed to be funded by council. The remaining two projects will be considered by council in 2015/16. The sixth project – Waikare Inlet Oyster Farming Reclamation Project – was declined by the Board as the direct economic benefits were not considered significant enough. Council also approved seven projects for feasibility assessment and business case development worth \$160,000.

Regional Software Holdings Limited

Regional Software Holdings Limited (RSHL) is a shared services undertaking by the Northland, Waikato, Taranaki, Horizons, West Coast and Southland regional councils. It is responsible for the long-term maintenance and development of the IRIS (Integrated Regional Information System) product as developed for and by the shareholding councils.

Over the last few years, the six regional councils have developed a leading edge software solution (IRIS) for the regional council specific functions undertaken by those councils. The major achievements for 2014/15 were the delivery of the capability for use with mobile devices and consolidating the use of the IRIS product within each of the six councils.

Financially, the company is in a sound position as planned. Regional Software Holdings Limited's revenue comes from licence charges and fees from the shareholding councils. This funding is used for the maintenance and development of the IRIS product. The company does not trade to make a profit; rather it charges to cover its planned level of expenditure.

RSHL faces a number of challenges going forward. In particular the company will be looking to ensure that it continues to deliver value for its members and build on this success and provide a compelling proposition for all regional councils. Additionally the company will also need to respond to any structural changes that may occur within the local government.

It is also the opportunity to leverage a successful, proven and established collaborative framework based on shared best practice and enabling technologies by expanding this across all regional councils.

Each council contributed financially to the development cost of IRIS based on their shareholding in RSHL. At the time of formation the following shareholding was agreed:

Council	Shareholding
Environment Waikato	32.75%
Northland Regional Council	16.75%
Horizons Regional Council	15.50%
Taranaki Regional Council	15.50%
Southland Regional Council	15.50%
West Coast Regional Council	4.00%

Each council has the ability to appoint one director to the board. Each member of the board has equal voting rights.

Our council's experience

This council continues to realise the benefits of the IRIS solution and the high level of integration achieved with other core application such as Document Management, Geographic and Financial Information Systems. For Northland, the collaborative approach to the project continues to bring together the best ideas, practices and experiences into a solution that is fit for purpose, performs well and is well received by users. The IRIS solution now provides a platform that allows council to embrace new technologies such as mobility and integration from web based applications to back end systems that was previously unachievable.

Statement of Intent and performance targets

RSHL has prepared an Statement of Intent (SOI) for year ending 30 June 2015.

The following table summarises the performances targets and results for the 2014/15 financial year:

	Performance measure	Performance to 30 June 2015
Non-financial	IRIS Advisory Group meets regularly & is effective (self-assessed by the Advisory Group, compared to expectations in the Terms of Reference for the Advisory Group).	Achieved The Advisory Group (AG) met every month (except for a single combined meeting for December and January). The AG developed and prioritised the IRIS roadmap for 2014/15 and has drafted the 2015/16 roadmap.

	Performance measure	Performance to 30 June 2015
		Significant reviews of IRIS functionality have been undertaken during the year by the AG, including an overall fit for purpose review, a review of the monitoring functionality and of the map component.
	95% of Support requests are resolved within agreed timeframes (as per section 13 of Support Contract).	Achieved
	IRIS user groups meet and effectively control their support and minor development budgets.	Achieved User group meetings have been held fortnightly and have been very effective. The support and minor development budgets have been effectively managed and controlled.
	IRIS annual development projects have approved business cases, and are completed on time and within budget.	Partially Achieved Development projects have progressed based on approved business cases. Development projects were within the overall budget. The timeframes for the delivery of the overall programme of work were behind the 2014/15 schedule. Budget has been committed to development projects that are continuing in to the next year.
	Reporting and Payments (as per section 9.3 of Business Plan) are completed on time.	Achieved
	Consider a new service area or areas outside of the current scope of IRIS	Achieved The concept of a Customer Portal is currently being considered to compliment the Online Services functionality of IRIS.
Financial	RSHL will operate within its budget	Achieved
	Annual charges: increase in cost to councils not to exceed the CPI.	Achieved
Growth	One further council added to IRIS as shareholder or customer by end of 2017.	In Progress RSHL continued to work with the non-IRIS regional councils and responded to RFP request earlier in the year from HBRC and BoPRC. BoPRC decided not to use IRIS and HBRC have put their decision on hold for the foreseeable future. RSHL will continue work to develop IRIS as a compelling product and competitive option for non-IRIS regional councils.

* It should be noted that the achievement of some of the above performance targets are dependent on decisions to be made by parties over which the board of directors has limited influence.



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