

Northland
REGIONAL COUNCIL 
Te Kaunihera ā rohe o Te Taitokerau

Pūrongo ā Tau 2022

Annual Report 2022

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Wāhanga tuatahi: Tirohanga whānui

Section one: Overview



Ngā karere mai i te Heamana rāua ko te Tumuaki

CEO and Chair's foreword

The 2021-22 year was the latest in a series of challenging years both for council and the wider Northland community, once again much of this could be attributed to the ongoing COVID-19 pandemic.

COVID-19 impacted widely across council's operations, affecting everything from the increased number of visiting boaties to decreased passenger numbers on buses, despite this staff and councillors alike continued to show remarkable adaptability to the new environment we have found ourselves working in. We've taken all practical and pragmatic steps to ensure we are serving our community as best and as sustainably as we can to offer the same standards of service as we did pre-COVID-19.

Both at a governance and operational level we have continued to develop and advance our relationships with tangata whenua and communities throughout Te Taitokerau.

We would like to recognise the continued environmental protection and restoration efforts of our various communities and tangata whenua throughout Te Taitokerau. Much of our work as a council would not be possible without the active support of a large number of individuals and groups.

A historic milestone for our council is the upcoming introduction of a new 'at large' Māori constituency – Te Raki – that will deliver two new representatives for Māori at this year's elections to be held in October. Alongside the other three councils in Te Taitokerau, we voted in favour of introducing Māori constituencies/seats. We are very excited to have tangata whenua representation engrained as part of our council moving forward. The perspectives, knowledge, skills, and networks these councillors will provide will be invaluable.

A focus for us in the immediate future is climate change. The ongoing climate crisis continues to affect our everyday way of life here in Te Taitokerau – rising sea-levels, coastal erosion, intense weather systems, flash floods, drought and other impacts are changing the way we live. Over the past year, we – along with the three district councils – developed the Te Taitokerau Climate Adaptation Strategy, which lays out a path toward effective and aligned adaptation in the region. Adopted in April, we are enthusiastic about the implementation of this strategy and the resiliency it will help foster as we face future challenges. Community adaptation plans, developed by communities with support from councils and setting out short and long-term local adaptation actions, will be at the heart of our work around the region in the next few years.

In our operational functions, we continue to face shortages of skilled workers due to the current global geopolitical climate. Health and Safety, engineers, water scientists and Māori engagement roles have been among those difficult to fill.

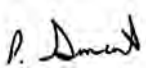
Great progress is being made by Kaipara Moana Remediation programme which – through an ambitious goal of planting 20 million trees – aims to restore the health and mauri of the Kaipara Moana, the largest natural harbour in the Southern Hemisphere.

As the role of council evolves from one of service delivery through to facilitation, we look forward to building the capacity and capabilities of community groups and tangata whenua throughout Te Taitokerau.

With the upcoming October elections and Malcolm Nicolson's impending retirement as chief executive of Northland Regional Council at the end of September, we would like to congratulate his successor Jonathan Gibbard and wish him well in his new role. We would like to thank and acknowledge the huge contribution to both council and Te Tai Tokerau Northland that Mr Nicolson has made over the past 10 years in the CEO role and wish him an enjoyable and well-deserved semi-retirement.

Ina tere ngā kapua, he hau kei muri

Progress is built on applying shared values



Penny Smart
Chair

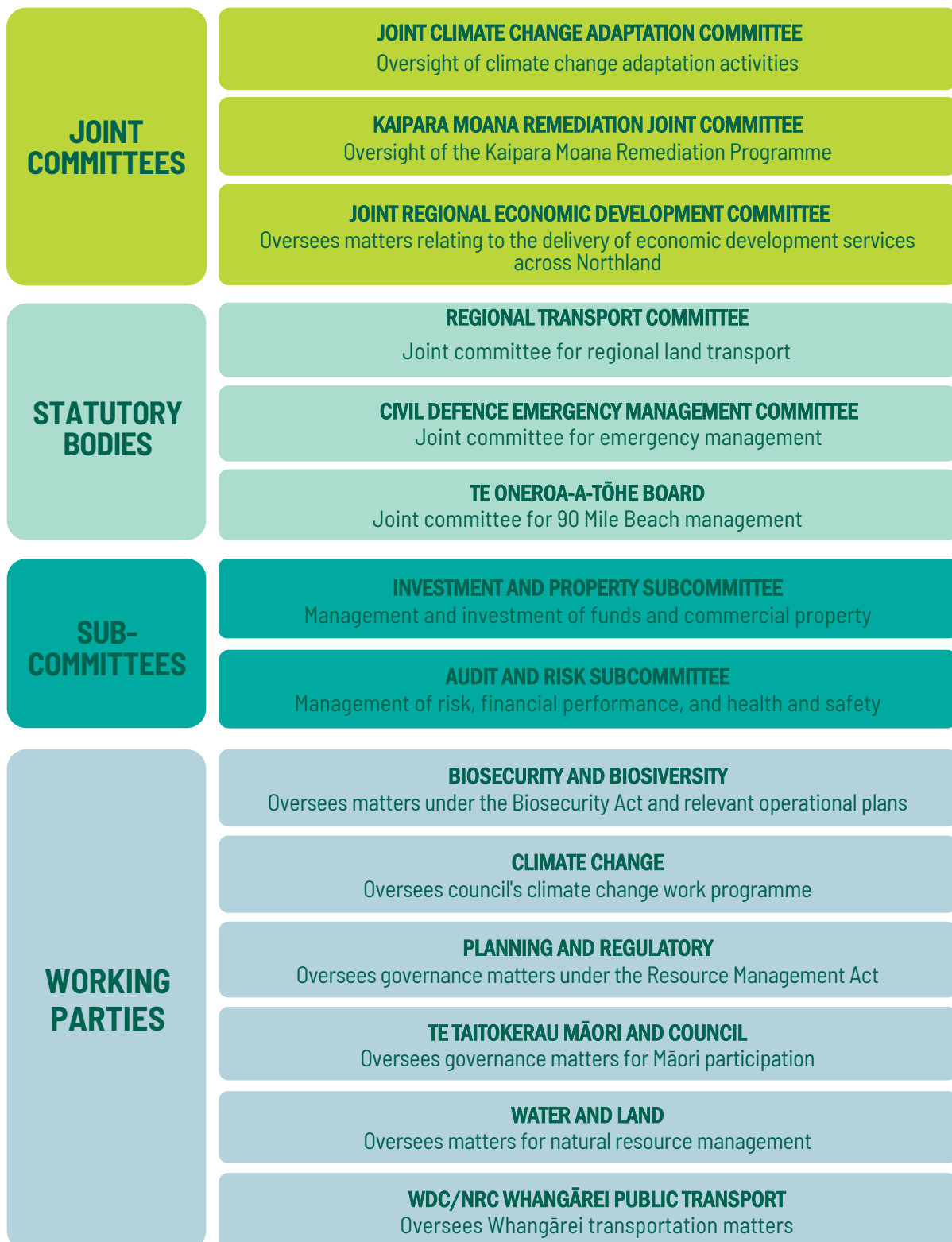


Malcolm Nicolson
Chief Executive Officer

Ō koutou Kaikaunihera Your regional councillors



Governance structure



Council membership, responsibilities and advisors

Regional council representation on committees and boards

Regional Transport Committee

Councillors Archer (Deputy Chair), Stolwerk (Chair)

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

Civil Defence Emergency Management Committee (CDEM Group)

Councillor Stolwerk as Chair (alternative Councillor Kitchen)

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

Te Oneroa-a-Tōhē Board

Regional council membership: Councillors Kitchen and Robinson

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

Joint Climate Change Adaptation Committee

Councillor Macdonald as Chair (alternative Councillor Craw)

NRC iwi/hapū representative

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

Kaipara Moana Remediation Joint Committee

Councillors Macdonald, Smart (Deputy Chair), Yeoman

This committee consists of six appointed Kaipara Uri entities, three elected members appointed by Auckland Council and three elected members appointed by NRC.

Joint Regional Economic Development Committee

Councillors Archer, Blaikie (Chair)

Two councillors each from both Kaipara and Far North District Councils

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

Council Subcommittees

Investment and Property Subcommittee

Councillors Archer, Blaikie, Craw, Kitchen, Smart (ex officio), Stolwerk (Chair), Independent Advisors (x2), and Independent Consultant

Audit and Risk Subcommittee

Councillors Kitchen (Chair), Macdonald, Smart (ex officio), Stolwerk, Yeoman (alternative Councillor Blaikie), and Independent Advisors (x2)

Council Working Parties

- Climate Change Working Party – Councillors Craw, Macdonald (Chair), Robinson, Smart (ex officio), Yeoman, and four members of Te Taitokerau Māori and Council (TTMAC) Working Party
- WDC/NRC Whangārei Public Transport Working Party – Councillors Archer (Chair), Craw, Stolwerk, and three Whangārei District councillors
- Planning and Regulatory Working Party – Councillors Blaikie, Kitchen, Macdonald, Smart (ex officio), Yeoman (Chair), and four members of Te Taitokerau Māori and Council (TTMAC) Working Party

- Biosecurity and Biodiversity Working Party – Councillors Blaikie, Craw (Chair), Robinson, Smart (ex officio), Stolwerk, and four members of Te Taitokerau Māori and Council (TTMAC) Working Party
- Te Taitokerau Māori and Council Working Party (TTMAC) – up to 30 members in total consisting of full council, and up to 21 appointed iwi and hapū members from Taitokerau Māori (one representative per iwi and hapū). The working party is co-chaired by Councillor Robinson and Pita Tipene, Ngātihiine representative
- Water and Land Working Party – Councillors Blaikie (Chair), Craw, Macdonald, Robinson, Smart (ex officio), Yeoman, and five members of Te Taitokerau Māori and Council (TTMAC) Working Party

Collaborative Community Working Groups

- Doubtless Bay Catchment Working Group – Councillor Kitchen
- Mangere Catchment Working Group – Councillor Yeoman
- Ngunguru Catchment Working Group – Councillor Macdonald
- Poutō Catchment Working Group – Councillor Smart
- Waitangi Catchment Working Group – Councillor Robinson
- Whangārei Catchment Working Group – Councillor Craw
- Whangārei Heads Pest Management Working Group – Councillor Macdonald
- Kāeo-Whangaroa River Working Group – Councillor Robinson (Chair)
- Kaihū River Working Group – Councillor Smart (Chair)
- Kerikeri River Working Group – Councillor Yeoman (Chair)
- Ruakākā River Working Group – Councillor Stolwerk (Chair)
- Taumārere River Liaison Working Group – Councillor Blaikie (Co-Chair)
- Urban Whangārei Working Group – Councillor Craw (Chair)
- Awanui River Working Group – Councillor Kitchen (Chair)

Councillor portfolios

- Appeals on Regional Plan – Councillor Yeoman
- Inter council working party on genetically modified organisms risk evaluation and management – no appointment until Regional Plan finalised

- Kaipara Moana Working Party (1a) – Councillors Smart and Yeoman
- Northland Conservation Board – shared across council
- Northland Sports Facilities Plan (Sport Northland) – Councillor Stolwerk
- Shareholder representative for Marsden Maritime Holdings Limited – Councillor Smart as Chair
- Shareholder representative for Northland Inc. Limited – Councillor Blaikie
- Shareholder representative on Regional Software Holdings Limited – Councillor Smart as Chair
- Upper North Island Strategic Alliance (UNISA) – Councillor Smart as Chair
- Zone One (LGNZ) – Councillor Smart as Chair (Councillor Yeoman as alternative)

Advisors

Auditors:

- Deloitte Limited on behalf of the Auditor-General

Bankers:

- ASB Bank
- ANZ Bank
- Bank of New Zealand

Solicitors:

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

Independent Advisors:

- Danny Tuato'o⁽¹⁾ – Audit and risk
- Eriksens Global – Investments
- Stuart Henderson – Financial
- PricewaterhouseCoopers – Treasury

Chief Executive Officer:

The Chief Executive Malcolm Nicolson is responsible for setting the direction of the council within the policy framework provided by councillors. The executive leadership team is accountable to him and he is accountable to the council. It is noted that the new Chief Executive, Jonathan Gibbard, will take position from 1 October 2022 following Malcolm Nicolson's retirement.



From left: current CEO Malcolm Nicolson, CEO designate Jonathan Gibbard, council Chair Penny Smart

1 Danny Tuato'o resigned in April 2022

Council's strategic direction

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



Our year in review

Our Long Term Plan 2021-2031 is the roadmap for the next 10 years, to support Northland's growth and wellbeing, while navigating the unpredictable and changing world we now live in. Achieving environmental, social, economic and cultural wellbeing will only truly happen as we continue to build meaningful partnerships, with everyone from tangata whenua to individual landowners. Resilience is also key, and we must ensure that we're addressing issues such as flood protection, the increasing effects of climate change, and global financial volatility. One year on, and already we're making great progress towards serving Northland's diverse needs as we'd set out to in this plan.

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



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

COVID-19

The COVID-19 pandemic has continued to impact on the home and work lives of people globally over the past year and we have not been spared from this. COVID-19 and the response regulations have had a direct impact, forcing a cancellation of events and delaying projects and rapid escalation of absenteeism due to illness. Council recorded almost 3180 hours

(equivalent to almost 85 weeks) of COVID-19 sick leave taken across its 282 staff between March and the end of June alone. Despite the ongoing COVID-19 disruptions caused – including a lockdown in August 2021 and offices closing in February 2022 – council has shown remarkable resilience. The services we deliver have been affected, especially when the Omicron variant began spreading, but we have been flexible and adaptable to ensure we focus on delivering our most important services to the high standards expected of us.

Skills shortages

Globally there is a trend for people to re-evaluate their priorities in the current climate, with staff turnover increasing as a result. Closing the country's borders has resulted in critical staff and skill shortages and record levels of vacancies and staff turnover. Aggressive employment policies by Central Government and the private sector to resource their reform programme has placed substantial upward pressure on salaries.

This has collectively resulted in a sharp increase in levels of workload pressure and stress on remaining staff. As with most organisations we have also found the number of people applying for some roles has declined. Health and Safety, engineers, water scientists and Māori engagement roles have been among those difficult to fill. In the month of June alone 17 vacancies were listed.

Natural environment

Kaipara Moana Remediation Programme

The Kaipara Moana Remediation Programme (KMR) is contracted by the Ministry of the Environment, through Jobs for Nature investment, and is part of a co-governance arrangement with Ngā Maunga Whakahī o Kaipara, Te Rūnanga o Ngāti Whātua, Te Uri o Hau, Northland Regional Council and Auckland Council.

Through an ambitious goal of planting 20 million trees, the programme aims to restore the health and mauri of the Kaipara Moana, the largest natural harbour in the Southern Hemisphere.

With a dual focus on reducing sediment flows into the Kaipara Moana and developing local people and businesses through nature-based training and employment, KMR will deliver wide intergenerational outcomes and benefits.

The focus of the programme for the past year continued to be on fencing land and planting native trees near waterways. During this time, KMR finalised 202 new sediment reduction plans or equivalent, covering nearly 52,000 hectares of land, which committed landowners to just over 380,000 plants and 235 kilometres of fencing. These results are a significant increase on the 2020/2021 year's delivery and exceed previous regional targets.

KMR also strengthened its focus on growing people into new 'green economy' jobs, and developed and rolled out several training courses across the catchment to upskill and accredit 38 local 'KMR field advisors', including tangata whenua, to work on-the-ground with landowners. KMR accredited 17 nurseries to ensure that they have access to quality, locally grown plants that match the ecological districts of the Kaipara catchment, and accredited 22 local contractors to support KMR-led growth in nature-based employment.

Given the span of KMR's geography and activities, by necessity they work with, and through, many partners. The past year saw a deepening of partnerships with Fonterra, the Forest Bridge Trust, the Ministry of Social Development and Kaipara Uri environmental operations. As the team head into the next year of the programme, further partnerships are in development to support ongoing scaling up of sediment reduction activities across the catchment.

Renewal of partnership with Kiwi Coast

In mid-June 2022 the partnership between council and Kiwi Coast was renewed at ceremony in Tūtūkākā. In 2017, council signed a partnership with Kiwi Coast Trust that formally consolidated a strong working relationship for both parties. The trust provides a regional platform of support and coordination of grassroots conservation across Northland and as part of the partnership, council will contribute \$188,480 annually to Kiwi Coast over the next five years. Over 200 entities are currently linked into Kiwi Coast, 201 of which are community, hapū or iwi-led projects. Collectively, these groups and projects manage approximately 235,000 hectares.

Updated MOU with Department of Conservation

Council held a hui in Whangārei in early June 2022 to essentially 'renew its vows' by signing a revised and updated Memorandum of Understanding (MOU) between us and DOC. The MOU helps both organisations strengthen our whānaungatanga and opens the door for closer, ongoing collaboration and partnership with DOC.

Budget allocations for biosecurity programmes

The Clean Hulls Programme, which council is part of – alongside Auckland, Waikato and Bay of Plenty councils, Department of Conservation and the Ministry for Primary Industries – received \$5.5M over four years in the most recent central government Budget. The programme aims to prevent the spread of invasive marine species that can have significant impacts on the marine environment, marine based industries, aquaculture, and taonga species.

Council contractors checked 2000-plus boat hulls between October 2021 and June 2022. Marine biosecurity staff were encouraged with the overall standard of the fleet surveyed with 52.6% of vessels compliant (if moving between designated areas) with the rules as stated in the Regional Pest Management Plan. This represents a cleaner fleet than last season where 44.6% of vessels were compliant. The most prominent pest species found on vessels was the Australian droplet tunicate followed by the Mediterranean fanworm.

Two other Budget wins for conservation were predator removal and native forests, with deer and goats the focus in protecting native ecosystems.

Biosecurity staff worked with DOC representatives on the eradication of Sika deer at Russell and wider deer issues. Their contribution has helped grow the understanding of how important it is to keep some places in Aotearoa deer free. The kauri forests of Northland are being recognised as one of those special places.

Also on the biosecurity front, implementing the Northland Lakes Strategy continues to be a large project with expanding nutrient management, ecological monitoring, pest weed and fish control and weed surveillance on and around Northland's lakes. We continue to put a lot of resource into biosecurity through our kauri dieback and Predator Free programmes, with the previously mentioned 235,000 hectares of land now under pest protection management for kiwi and forest protection.

Predator free

The Predator Free 2050 projects we're coordinating across Whangārei and Pēwhairangi Whānui (Bay of Islands) have picked up pace over the last year with great work being put in by hapū, uri and community groups across the motu. The Whangārei project team is under way on the first two priority blocks and are busy servicing over 150 traps and 200 bait stations across the Te Whara, Taurikura and Kauri Mountain/Ocean Beach areas. Planning for expansion into other areas of Whangārei Heads in partnership with local hapū uri is well underway, and different

methods of eradication delivery are being explored. Mahi in Pewhairangi Whanui has focused on hapū and community group preparation for eradication commencement across the three project peninsular (Rakauamangamanga, Kororareka and Purerua) with delivery of these peninsular projects being community and hapū lead. Time and focus have gone into exploring effective governance partnership structures and preparing for the start of eradication.

Kauri Protection

The Kauri Protection Team has delivered eight kauri protection workshops, 10 school education presentations, taken 168 soil samples with only six positives, as well as completing three fencing jobs protecting 30 hectares of forest blocks, delivered 14 new hygiene stations and identified two new positive sites.

The Kauri Dieback Track Mitigation project – funded by \$2M from the Provincial Growth Fund to protect kauri along sections of the Te Araroa and other public trails – has continued and completion will be by 30 September 2022. To date five track sections have been completed; Kauri Mountain, Upper Kerikeri River, Puketotara Farm, Wrights Farm and Upper Puketotara (the remaining sections are Paparoa Bush Walk and Kaiwaka Domain). The project has faced challenges and has adapted accordingly and will exceed track distance targets set at the beginning of the project.

Regional Plan for Northland

Negotiations and hearings on the appeals to the Proposed Regional Plan continued over the year with nearly all points now resolved. Significant court decisions over the last year include the High Court decision confirming the application of the National Environmental Standards for Freshwater in the coastal marine area and the Environment Court issuing its final decisions on the provisions for mangrove removal and livestock exclusion from waterways.

Freshwater Plan

Work continues on the Freshwater Plan – a new set of policies and rules for the use of freshwater. The Freshwater Plan is council's response to the Government's 2020 'Essential freshwater' direction for improving freshwater. The Tangata Whenua Water Advisory Group and Primary Sector Liaison Group have been meeting regularly over the past year to input into the development of the Freshwater Plan. A draft of the plan will be released for public feedback mid-2023.

Environmental incidents

For the year ending 30 June 2022, a total of 946 incidents were reported to the Environmental Hotline. Of these 410 (43%) were air quality incidents, followed by 245 water quality; 181 land use; 64 coastal; 40 waste management and six water quantity incidents. Site visits were made to 64% of all incidents reported to council. Four hundred and thirty-three (46%) incidents were confirmed to be a breach of a rule, national regulations or a resource consent.

Community resilience

\$2.5M of Awanui flood works completed

A fourth construction season saw about \$2.5M of works carried out as part of the Awanui flood scheme over summer and autumn.

The work included a \$1.22M contract to increase the flood capacity of the Whangatane Spillway between State Highway 10 and Quarry Rd.

It involved 'benching' or shifting/reconfiguring stopbanks to create a wide, flat area on the inside of them which can carry extra floodwaters.

This year's work focused on maximising the capacity at Quarry Rd Bridge. Next year will focus on Donald Lane and SH10 Bridge capacity upgrades.

Meanwhile, another \$1.2M of work was also carried out from Switzer Bench to Bells Produce.

The goal of that work was to better split flood flows between the Whangatane Spillway – which will carry two-thirds of the water in a big flood – and the Awanui River, which will carry the remaining third. In normal, lower flow conditions all the water goes to sea via the river. However, in heavy rain the higher flows enter the spillway – built in the early 1900s – which cuts by 12 kilometres (and roughly halves) the length of the journey the floodwaters must take to reach the sea.

Finally, work was carried out at Bedgood Park and Dunn Street including stabilising an existing stopbank, benching, and topping up stopbanks.

The upgrade programme is designed to help future-proof the scheme – including predicted climate change impacts – as well as deliver a considerably higher level of protection for Kaitia and surrounding areas.

A \$12.5M grant from the government as part of its COVID-19 recovery response package – the bulk of it for the Awanui scheme – has slashed the time needed to complete the upgrade and reduced the cost to the community. It's now due for completion in just one more year instead of in 2027 as originally planned.

Otiria floodworks

More than \$6.5M of long-awaited staged works designed to substantially reduce flood risk to Otiria and Moerewa began in earnest in 2022.

Works are being carried out in three stages, starting with a 150 metre spillway from Pokapu Rd to where it meets the Waiharakeke River.

In a big flood, about 80% of the water from the Otiria Stream spills over nearby land as does 70% from the Waiharakeke Stream.

Council plans to restore the streams' natural flows by replacing the existing Pokapu Rd Bridge and in late 2022 building a new three-span, 60-metre-long single-lane bridge, including a footpath for safety. The works will reduce the severity of a typical flood by about 75%.

About \$2.8M of the project cost is being met by central government via Kānoa – Regional Economic Development and Investment Unit. This is part of the abovementioned \$12.5M grant.

Emergency management

The Northland Civil Defence Emergency Management Group reviewed and approved a new five-year plan that outlines the strategic direction of CDEM engagement, participation, planning, collaboration, response coordination and recovery. The group has commenced work to install new tsunami alerting systems across the region, having negotiated and agreed a contract to supply 96 sirens and hardware. A feasibility study and initial planning has also been completed for the multi-agency coordination centre. Over the Christmas and New Year period the CDEM professionals provided support to the Kaimaumau fire response, aiding the community.

Harbour safety and navigation

There were 193 maritime incidents logged this year. COVID-19 response and not being able to travel overseas increased recreational boating activity. There was a noted increase in vessel accidents and abandoned boats with decreases in bylaw offences, oil spills, aids to navigation and mooring incidents. Council approved the build of a new replacement work/pilot vessel for delivery in 2023.

Transport

The 2021/22 financial year was extremely difficult regarding the operating of passenger transport services and the Total Mobility Scheme in Northland, particularly during the height of the COVID-19

pandemic protocols, the availability of funding, and the increasing incidents of antisocial behaviour on the buses and at the bus termini.

However, there are some positives. The national and local funding assistance increases applied for through both Waka Kotahi and council were approved allowing for increased contracted passenger services in Whangārei. The planned increases have however been put on hold due to a national bus driver shortage being experienced.

Our passenger numbers on all services have slowly but steadily climbed to approximately 85% of pre-COVID-19 levels and have in fact exceeded budget in the last months of the financial year. Waka Kotahi assisted financially with the loss in farebox revenue due to COVID-19 related passenger reductions. When the government mandated half price fares on all contracted bus services and the Total Mobility Scheme, Waka Kotahi subsidised the reduced portion of the fare.

The CityLink customer satisfaction survey undertaken during June 2022 came out with an overall service satisfaction score of 93%.

The funding for a trial Total Mobility Scheme in the Far North was approved and the service commenced operation on 1 July 2022.

A financial and process audit was undertaken by Waka Kotahi in May 2022. The outcome of the audit was extremely positive for all areas covered.

Regional Leadership

New CEO

In mid-April 2022, senior council manager Jonathan Gibbard was appointed as Northland Regional Council's new CEO – Tumuaki. The five-year appointment comes as current CEO Malcolm Nicolson prepares to retire at the end of September, with Mr Gibbard's official start date 1 October 2022. Aged in his early 40s and the council's current Group Manager – Environmental Services, the new CEO was chosen from a shortlist of four applicants after a year-long intensive search. He lives at Tūtūkākā with his partner and their son.

Local body elections

At the local body elections in October this year we will formally introduce a regional Māori constituency (named Te Raki) for the first time, with two dedicated members to join council. Our decision to include a Māori constituency was formally made in October 2021 and collectively Northland has shown leadership by becoming the only region in New Zealand where all councils have adopted Māori constituencies/wards

and representation. We're looking forward to growing our cultural competency of Te Ao Māori as part of our council.

Tangata whenua

Council remains dedicated to fulfilling its obligations under Te Tiriti and our relationships with iwi and hapū grow and evolve at all levels across the organisation. Over the past three years adopting 50:50 representation on council's working parties has helped create further opportunities for effective decision making between council and hapū and iwi. We're working on implementing a partnership model with Māori and over the past year continued to build meaningful relationships with mana i te whenua.

Economic development

A major focus of work for 2021/22 was supporting the first year of the Joint Regional Economic Development Committee (JREDC). This was set up by council and the Far North and Kaipara district councils to work together on economic development related activities, including the joint shareholder responsibilities for Northland Inc which took effect 1 July 2021.

To support the long-term direction and work of the JREDC, Northland Inc has been directed and funded to develop a regional economic development strategy, Te Ōhanga Rautaki Whānui o Te Tai Tokerau. The co-designed and Te Tiriti o Waitangi based strategy will be intergenerational and developed in partnership with iwi and hapū, communities and industry sectors alongside local and central government. A steering group to guide the development of the strategy has been established. The aim is to complete the strategy by end of June 2023.

Council also developed a criteria and procedures for the allocation of funding from the Regional Projects Reserve, established in the Long Term Plan 2021-2031. It further supported the development of water storage schemes by Te Tai Tokerau Water Trust near Dargaville and Waimate North.

Council continued to lobby central government for improved infrastructure including digital connectivity, transport networks and renewable energy.

Scholarships 2022

Eight \$3000 Northland Regional Council scholarships designed to provide a springboard for future environmental leaders were awarded. We received 40 applications for the 'Tū i te ora Scholarships' which recognise, encourage and support students to undertake study, research or training that relates to our environment, whilst contributing to council's vision 'Our Northland – together we thrive'. Winners

were Tayla Bamber, Fern Donovan, Rosa Harper, Aya Morris, Josh Otene, Maria Secker, Shavonne Toko and Taiawhio Wati.

Environmental awards 2022

A group's community-focused approach to restoring waterways around Kaikohe, incorporating mātauranga Māori and providing opportunities for local youth saw it named supreme winner of Northland Regional Council's annual Whakamānawa ā Taiao – Environmental Awards. This award recognises the environmental work being carried out across Northland. As well as the supreme win, Te Kotahitanga e Mahi Kaha Trust, Project Ngā Wai Ora o Ngāpuhi also took out the awards' Environmental action in water quality improvement and highly commended in Kaitiakitanga. These awards – first held in 2019 – are an opportunity for Northlanders to be recognised and appreciated for their mahi across Te Taitokerau.

Construction of land-based finfish farm commenced in joint venture with NIWA

Council has committed to the construction of the Kingfish Recirculating Aquaculture System (RAS), involving land-based finfish farming, in a joint venture with NIWA at their property at Ruakākā, Northland. Council's role is limited to that of a 'building and core infrastructure investor' by way of a lease agreement, it is not involving itself in the research or the business risk. However, it is fully supportive of NIWA's project as this land-based system appears to be best at producing superior fish that can be grown sustainably and supplied all year round. The RAS works a lot like an aquarium – just bigger. Up to 99% of the water can be recirculated and reused after being filtered and treated to eliminate any impurities. With high environmental and quality certification standards, the control afforded by the RAS protects stock and insures the producer against climate variability and change. Sustainability goals for the project focus on animal welfare, a minimal footprint, sustainable feed, low water usage and energy efficiency. The Kingfish RAS construction is well underway with an expected commissioning in the first half of 2023.

Kaipara Service Centre opening

Our \$9.2M Dargaville complex – now catering for about 80 local authority staff from two different councils – officially opened in late April 2022.

Up to a dozen Dargaville-based Northland Regional Council staff moved into the new building in early May, followed by more than 65 mainly administrative Kaipara District Council (KDC) staff from across the district in early July (the district council's lease officially began 01 June 2022).

Council also intends to have Kaipara Moana Remediation Project staff based at the centre. Local iwi and hapū, as well as the regional economic development agency Northland Inc, have also shown interest in using hot desks there.

The Hokianga Rd complex took about 20 months to build, with the construction time extended by about three months due to COVID-19 related downtime.

It was officially opened with a blessing by Te Kuihi, Te Roroa, Te Uri o Hau and Ngāti Whātua attended by about 60 people.

Enterprise project roll-out

Legislation has increased council's obligations around environmental work, information management, health and safety and data management. The result is

Enterprise, the most significant digital project council has rolled out in the past 10 years and we are excited to see the benefits the new system will bring. Council leveraged some of the work previously done by Waikato Regional Council and Wellington Regional Council to select a modern Enterprise System. The Infor solution was selected in July 2021, subject to securing funding through the Long Term Plan 2021-2031. The Infor solution provided the best functional fit against the requirements, provided a modern cloud technology solution and presented the ability to establish a long-term strategic relationship. Council started implementation with the project in October 2021 and it's scheduled for completion around May 2023. Phase 1 has been completed, on time and on budget.



Stage One of the Otiria floodworks taking shape. From left, observers Pamela-Anne Ngohe-Simon and Danny Baker-Renata with Rivers Project Manager Meg Tyler.

Achievement of key performance indicators

Natural environment » Total 16



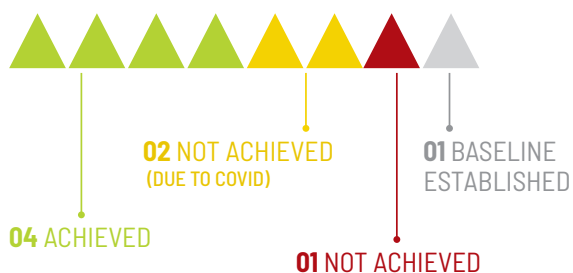
For more info see page 33

Community resilience » Total 07



For more info see page 44

Regional leadership » Total 08



For more info see page 54

Partnerships and meaningful relationships with Māori



Tokotoko belonging to Kaiārahi Tikanga Māori at a council pōwhiri event

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

Highlights for July 2021 – June 2022 year are:

Māori representation (Māori constituencies)

As the first council in Te Taitokerau to vote for Māori seats this was a significant milestone in council's commitment to ensure that iwi and hapū has representation at the decision-making table and council goes some way to reflecting the population of

Te Taitokerau. Consequently, the 2022 local body elections ushers in a new era of local government and includes two dedicated Māori seats for council and a total of nine for Te Taitokerau councils collectively.

Te Taitokerau Māori and Council Working Party (TTMAC)

TTMAC consists of all nine councillors and up to 21 iwi and hapū representatives mandated by their respective iwi authorities and hapū entities co-chaired by Hapū Leader and Ngātihine representative, Pita Tipene and Councillor Marty Robinson. TTMAC has a Māori Technical Advisory Group (MTAG) that has provided robust technical advice and expertise. As such, TTMAC has been pivotal in achieving meaningful outcomes for the region. The TTMAC working party's Strategic Intent 2021-2040 (nrc.govt.nz/maoripartnership) articulates its vision, mission and key whāinga of "Tino Rangatiratanga and Kawanatanga working together for the well-being of the Taiao".

Seven TTMAC formal meetings were hosted across the region during the 2021/22 year, however in response to the risk of COVID-19, virtual meetings were substituted for three regional marae-based workshops. These meetings included a number of respected leaders and experts on topics of climate change, economic development, innovative projects, and Māori representation, to help inform and provide expertise on exemplars of Te Ao Māori methodologies. The only kāhohi ki te kāhohi regional marae-based workshop was held at Moria Marae, hosted by Te Hikutu Hapū and focussed on impacts of climate change and how hapū can respond to these.

Additionally, tangata whenua members have been represented on the Joint Climate Change Adaptation Committee signalling the importance of the Climate Change Strategy for Te Taitokerau "Ngā Taumata o te Moana".

Other council working parties

Tangata whenua members also have equal membership of 50:50 representation on council working parties to create further opportunities for effective decision making between council, hapū and iwi. This includes 50% representation on the following working parties:

- Climate Change
- Planning and Regulatory

- Biosecurity and Biodiversity
- Water and Land

Regional marae-based hui at Mōria Marae in Whirinaki – climate change

On Thursday 1 July, TTMAC held their regional hui at Mōria Marae in Whirinaki. Presentations included Climate Change by Mike Smith, Chair of the National Iwi Climate Change Forum, who spoke about bringing a Te Ao Māori Kaupapa or lens to global warming.



Northland Regional Council's Climate Change Resilience Coordinator and Natural Hazards Advisor spoke about Ngā taumata o te Moana – Our strategy for tackling climate change at the hui. The name of the Climate Change Strategy – Ngā taumata o te Moana – was provided by Pita Tipene (Ngāti Hine), co-chair of TTMAC. The whakataukī 'Titiro atu ki ngā taumata o te moana', was first uttered by the Ariki of Ngāti Hine, Te Ruki Kawiti immediately after the battle of Ruapekapeka in Jan 1846. It means 'Look to the horizons of the ocean' and encourages us to think strategically and maintain a global outlook while appreciating the ground upon which we stand.

Topics discussed were Significant Natural Areas, Resource Consents, and an update on the Three Waters Reform. A common theme at the hui was to ensure that we work together to make a real tangible difference in preserving our taonga and resources in Te Taitokerau.

Co-governance and Te Kahu o Taonui

Co-governance in Te Taitokerau has continued to gain strength. Te Oneroa-ā-Tohe/Ninety Mile Beach Board (TOATB) sets out priority actions from the beach management plan, which is being implemented by the TOATB technical steering group.

The Kaipara Moana Remediation programme continues important mahi over large areas of natural taonga.

Iwi and hapū representatives from across Northland continue to join with council on TTMAC, ushering in a new era that builds on a commitment of co-governance and a range of environmental projects.

Council also has a Memorandum of Understanding with Te Kahu o Taonui (a collective of 12 Te Taitokerau iwi) "Whanaunga ki Taurangi" and continue to work with iwi chairs and chief executives to address the significant challenges and opportunities that exist in the region.

Te Whāriki Māori responsiveness policy and framework

Council has been developing its core cultural competency framework, known as Te Whāriki, into a more holistic programme of change that embraces Te Tiriti o Waitangi. The core cultural competency framework was established and implemented in 2019 to build the capabilities of council staff to engage with iwi and hapū. In July 2021, the first Level 2 workshop was held at Terenga Paraoa Marae in Whāngarei and these continue as an integral component of the overall training programme for staff and councillors.

The workshop outcomes included:

- Continue to build a deeper understanding of the Treaty of Waitangi and Te Tiriti o Waitangi, the differences between the two versions and their application for local government.
- Evaluate and review staff training and competencies including application of tikanga, te reo Māori and Te Tiriti o Waitangi in their work practices.
- Initial understanding of He Whakaputanga o te Rangatiratanga o Nu Tirenī, Declaration of Independence of the United Tribes of New Zealand 1835.

By the end of June 2022, nine staff and councillor workshops were held with two Tiriti o Waitangi trainings for councillors facilitated by a variety of external experts and facilitators.

Te Tiriti o Waitangi Noho Marae for councillors and the Executive Leadership Team

A significant milestone was achieved with a Te Tiriti o Waitangi two-day wānanga being held at Terenga Paraoa Marae for the purpose of building council and Executive Leadership Team (ELT) capability and capacity to engage in authentic and meaningful partnerships with Māori. Iwi, hapū leaders and Te Tiriti o Waitangi experts were invited to provide their advice and expertise that honours Te Tiriti o Waitangi within

the Te Taitokerau Landscape, and how council can give effect to Te Tiriti o Waitangi from a tangata whenua, hapū and iwi leader perspective.



Councillors, Executive Leadership Team, iwi and hapū leaders and Treaty experts at the Treaty of Waitangi / Te Tiriti o Waitangi two-day workshop.

Te Tiriti o Waitangi organisational review (Health Check)

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

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

Council recognises the importance of a Te Tiriti framework that holds accountability for its partnership with Māori and has an ongoing commitment to implement tangible outcomes resulting from recommendations of an independent report (in partnership with iwi and hapū). As such, Buddle Findlay and Whaia Legal have been contracted to provide an independent report and will be guided by TTMAC iwi and hapū representatives. This is the first time that council has undertaken such a comprehensive approach to Te Tiriti o Waitangi and as such, it is an iterative process involving key

stakeholders working towards the long-term vision of building enduring relationships with tangata whenua, which is captured in Te Pae Tawhiti 2021-2031.

Tāiki e!

Tāiki e (council's Te Tiriti Strategy and Implementation Plan) denotes the intent to a collective commitment that "we come together to get the mahi done". This endorses the partnership with TTMAC as Tāiki e aligns with council's commitment to Te Tiriti o Waitangi and strengthens partnerships with tangata whenua and council's ability to respond to central government reforms. It also provides clear strategic direction both at a governance and operational level to give effect to Te Tiriti o Waitangi. The main objective of Tāiki e is that it provides a robust starting point for the incoming council for the understanding of Te Tiriti o Waitangi and Te Taitokerau context, partnership, and obligations.

Tāiki e includes actions that commits council in a partnership with TTMAC (and other key stakeholders) to a series of tasks that have resourcing implications (financial and staffing) and is another milestone that has recently been adopted by council.

Building capability and capacity

Council has increased staff across the organisation and within the Māori Relationships team to build capabilities to respond appropriately to the needs and aspirations of tangata whenua. This includes a new Manager of the Māori Relationships team.

Ongoing mahi

Additionally, council remains committed to and continues to:

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

- Partnering with tangata whenua on freshwater improvement and biosecurity projects.
- Investing in GIS tools and mapping projects to

ensure council develops a better understanding of rohe boundaries and respective marae, hapū and iwi representatives in Te Taitokerau.

Mā te huruhuru, ka rere te manu

Adorn the birds with feathers and they will fly



Council Chair Penny Smart pictured with Mike Smith

Climate change resilience

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

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

Northland Regional Council's Ngā Taumata o te Moana

Here at council, we've developed Ngā Taumata o te Moana: our strategy for tackling climate change, which was adopted in July 2021 along with the implementation plan for this strategy. Both documents guide council's work in this area and we've divided our work programme up into the three pou of the climate change crisis: adaptation, emissions reduction, and carbon removal. During the recent process of developing the Long Term Plan 2021-2031, while climate change was identified as one of the key issues driving our work programme, we were explicit about the need for community values to drive place-based adaptation actions.

The Te Tai Tokerau Climate Adaptation Strategy

Te Taitokerau councils celebrated a unique milestone in April 2022 after the adoption of New Zealand's first region-wide climate adaptation strategy, one that is at the heart of our efforts to increase Northland's resilience and works alongside our own climate change strategy above.

The Te Tai Tokerau Climate Adaptation Strategy was developed by Climate Adaptation Te Tai Tokerau (CATT), a joint council working group under the governance of the Joint Climate Change Adaptation Committee. The strategy was formally adopted in April 2022 by the Northland Regional Council, Whangarei District Council, Kaipara District Council and Far North District Council, in a move that will allow the alignment of climate adaptation work across Northland. It will also drive the delivery of place-based community adaptation plans.

The strategy is the culmination of four years of collaborative mahi with iwi and hapū representatives, elected members and council staff from across Northland.

Looking ahead

Northland communities are particularly exposed to climate change with many of our settlements, town centres, and roads sitting on coastal floodplains, exposed to sea level rise, and increased flooding. With coastal erosion and inundation becoming more prevalent along our region's coastline, difficult but important discussions about how to deal with those challenges are needed. Those discussions will need to canvas all options to manage risk, from holding the line through to moving away from hazardous areas.

We are working with communities, whānau and partner organisations to undertake adaptive planning processes that recognise and allow for the uncertainty inherent in our shared climate future.

Council's newly formed Climate Change team has recently begun work on project planning and tracking the progress of Ngā Taumata o te Moana and Te Tai Tokerau Climate Adaptation Strategy and determining exactly how we're going to achieve what we've set out to so that we can start to see our progress, and importantly, report on this.

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

- Partnering with Kaipara District Council on the region's first community adaptation planning project in Raupō and Ruawai, where work has commenced and the first community events have been undertaken.
- Engaging Toitū to measure and verify our climate impact. This will provide us with a verified emissions baseline and drive emissions reduction action across council and its operations with a focus on priority areas.
- Funding two community housing projects under the Water Resilience Grant Fund Programme. Following on from the 2020 drought, this programme allows vulnerable communities to apply for funding to install new drinking water infrastructure to ensure greater resilience during times of need.
- Completing a climate risk assessment for our lifeline utilities. This work identifies current and future threats to the critical pieces of infrastructure that provide water, power, and transport connectivity. Council have also contributed to a risk assessment and adaptation planning work with the Northland District Health Board.

- Sending submissions on several key policy changes, including proposed changes to the Emissions Trading Scheme, the National Policy Statement on Indigenous Biodiversity, the Emissions Reduction Plan, and the National Adaptation Plan. Staff also wrote a submission in support of Renewable Energy Zones for Northland.
- Continuing work on the CoastCare programme with our coastal communities to encourage greater coastal resilience.
- Releasing updated coastal and riverine flood hazard maps, which are beginning to be incorporated into district council planning regimes.
- Continuing to invest in low or zero emissions technology to support our operations, including additional solar panels on the Water St office and an increase in the number of electric vehicles for operations.
- Changing our procurement policy, council reports, and business case planning to encourage alignment with climate goals.
- Providing funding to Whangarei, Kaipara, and Far North District Councils towards planning for adaptation pilot projects.



Drought conditions, Takou Bay area

Compliance statement

Northland Regional Council

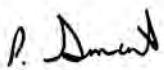
Annual Report

For the year ended 30 June 2022.

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 2022.



Penny Smart
Chair



Malcolm Nicolson
Chief Executive Officer

Date: 27 September 2022



Independent Auditor's Report

To the Readers of Northland Regional Council's Annual Report for the Year Ended 30 June 2022

The Auditor-General is the auditor of Northland Regional Council (the Regional Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Peter Gulliver, using the staff and resources of Deloitte Limited, to report on the information in the Regional Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the Regional Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the Regional Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 27 September 2022. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 66 to 131:
- present fairly, in all material respects:
- the Regional Council's and Group's financial position as at 30 June 2022;
- the results of the operations and cash flows for the year ended on that date; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the funding impact statement on page 135 to 136, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's long-term plan;
- the statement of service performance of the Regional Council on pages 32 to 60:
- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2022, including:
- the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
- the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and



- the statement about capital expenditure for each group of activities on pages 32 to 60, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's long-term plan; and
- the funding impact statement for each group of activities on pages 32 to 60, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's long-term plan.

Report on the disclosure requirements

We report that the Regional Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 61 to 63, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council and Group's audited information and, where applicable, the Regional Council's long term plan.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the *"Responsibilities of the auditor for the audited information"* section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the Regional Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.



For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Regional Council's long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Council Activities, as a reasonable basis for assessing the levels of service achieved and reported by the Regional Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Regional Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Regional Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

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

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 4 to 24 and 138 to 150, but does not include the audited information and the disclosure requirements.

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

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



Independence

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

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

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

Peter Gulliver
Partner

For Deloitte Limited

On behalf of the Auditor-General
Auckland, New Zealand
27 September 2022

Wāhanga tuarua: Ngā mahi ā te
kaunihera
Section two: Council activities



Overview of our activities

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

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

In 2021 council approved the [Long Term Plan 2021-2031](#), which set out the range of services we intend to deliver during the next 10 years.



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

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

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

These performance measures and targets are reported on for the first time in this Annual Report 2022.

Te Taiao

Natural environment

Tiakina te taiao, tiakina te iwi e

We look after the environment, the environment looks after us

This group includes the following activities:

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

These activities contribute to the following council community outcomes:

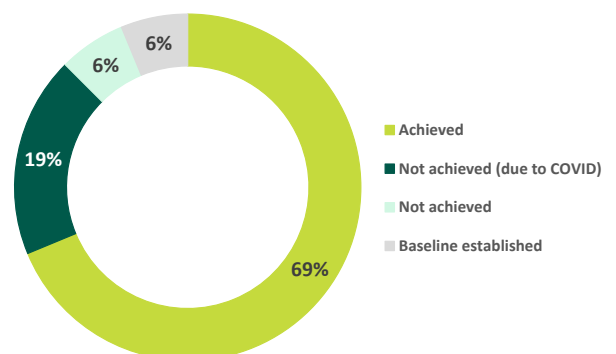
- Healthy waters for the environment and our people
- Protected and flourishing native life
- Resilient, adaptable communities in a changing climate
- Meaningful partnerships with tangata whenua.

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

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

Changes to level of service

In the Natural environment group, the levels of service within each activity remained the same. Performance measures and targets have not all been achieved, with 11 of 16 performance targets met. Of the four targets not met, three of these were due to effects of the ongoing COVID-19 pandemic, such as events being cancelled, one was an administrative error, and one established a baseline given this is the first annual report following the Long Term Plan 2021-2031.



What we did

Environmental science and monitoring

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

- Modelling Northland airsheds to work out where future monitoring will be required.
- Assessing the impact of forestry on water allocation, with the report findings available on our website.
- Assessing the impact of the 2020 drought on Northland rivers, with the report finding available on our website.
- Completing studies on significant ecological areas in Waipu, Mangawahi and Ipipiri.
- Completing the installation of 25 monitoring stations that measure water quality continuously.

- Additional to the above, 10 new sites are now operational and visited monthly with water samples taken and sent for laboratory testing. These new sites are part of the suite of improvements recommended after the recent review of the environmental monitoring network.
- Providing funding and support to SKY TEM, which is a joint iwi, community and council project using remote sensing technology to map the Aupouri aquifer, significantly increasing the spatial knowledge of the system to support better decision making and management of the resource.
- Completing the upgrade to the flood warning system.

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

- Trialled and are now implementing SWIM SAFE, which is a predicative model developed by Auckland Council to warn swimmers of potential risk before they enter the water.
- Begun trialling a new radar system for tracking storms in a collaborative project with the three district councils of Northland.

Another key area of focus has been making more data available to the public after collection. The upgrade to the council environmental data hub has been completed, which now displays an additional 543 sites.

Council now collects 14.4M data points per year and each point must be quality checked. A project to automate the checking begun in June 2022, with the tool aiming for completion by June 2023. This will process 5.5M data points per year, automating around one third of the current checks.

Catchment management

More than \$530,000 from the Environment Fund (along with Central Government-funded projects) was spent across Northland outside of the Kaipara Harbour catchment (around two thirds of Northland). This work included fencing to exclude livestock from riparian, wetland and bush areas, planting and soil conservation works.

Whangārei Urban Awa project

The Government-funded Whangārei Urban Awa project has just completed two full years. This project is helping to fund stock exclusion fencing and riparian planting in the catchments of four waterways running through central Whangārei (the Raumanga, Kirikiri, and Waiarohia streams, and the lower Hātea River).

While the strong uptake of the fund by landowners in the first year slowed down in the second year, the project did achieve a further 5.6km of fencing bringing the total so far to 13kms. The planting area achieved to date is 2800m². The target area will be expanded to include the Otaika catchment for the final year of the project, with the aim of achieving all deliverables for fencing length and riparian planting area.

Waimā Waitai Waiora project

The Waimā Waitai Waiora project is a five-year programme co-funded by the Ministry for the Environment and is in its final year. The final year of the project supported the planting of a further 70,000 native plants throughout the Northern Wairoa catchment, in addition to the completion of Te Kawa Wairoa (mātauranga Māori research project). The programme demonstrates the importance and value of working together as partners with tangata whenua with the common purpose of improving freshwater quality.

Kaipara Moana Remediation Programme

In October 2020, a joint Memorandum of Understanding was signed between the Crown, Kaipara Uri (Te Uri o Hau, Ngā Maunga Whakahi o Kaipara and Te Rūnanga o Ngāti Whātua), Auckland Council and Northland Regional Council, recording an agreement to work in partnership for the remediation of the Kaipara Moana as part of a multi-year \$300M programme. The subsequent Deed of Funding outlined a \$200M remediation programme, over a six-year period, focusing on reducing the level of sediment entering the Kaipara Moana. Within the Deed of Funding, the Crown committed \$100M, Auckland Council and Northland Regional Council committed \$10M respectively, and the remaining \$80M is to be funded through landowner contributions to remediation activities, and from other sources.

The 2021-2022 year has seen Kaipara Moana Remediation Programme build on the momentum of the previous year, substantially upscaling its support for landowners to fence off and plant waterways through the delivery of approximately \$2.1M in grant funding. This has helped pay for 235km of fencing and the planting of just over 380,000 native plants within the Kaipara catchment. This mahi has been facilitated by way of training and mentoring to support local employment, and landowner and community engagement, throughout the rohe. In total, 202 sediment reduction plans or equivalent were finalised in the year, covering nearly 52,000ha of land.

Biodiversity

Terrestrial and general

Advice and biodiversity plans have been provided to landowners. A large multidisciplinary survey and report was undertaken in the council Mt Tiger (Taika) Forest with mana whenua and other teams such as biosecurity and regulatory. As a result, recommendations from the report, such as additional pest and weed control, and fencing, are being actioned. Forest plots were undertaken with mana whenua, and permanent plots and methods are being investigated before the next pine harvest is carried out. Significant support and biodiversity technical advice has been provided to several council programmes, along with terrestrial fencing projects involving a total of 8.2km of fencing for seven forest blocks funded through the Environment Fund (\$47,548).

CoastCare

CoastCare groups and projects have continued to be supported to achieve protection and restoration of dune systems across Northland, with just over 12,000 plants provided through the CoastCare programme for 14 sites. This included restoration advice, organising, and attending planting days. Plant and event numbers were reduced this year due to ongoing effects of COVID-19. Key CoastCare messages have been promoted through newsletters, social media campaigns, signage, and other communications. Council also provided support and funding to the Far North Kaitiaki Ranger programme on the Karikari peninsula. Dune vegetation monitoring was undertaken by staff and local kaitiaki at 12 sites, and made publicly available. In addition, a pilot study was started in collaboration with Patuharakeke Te Iwi Trust Board and NorthTec to monitor fauna at Bream Bay dune sites. The information gained through monitoring helps to inform our management of the dunes and working with iwi, hapū and community groups helps improve understanding of dune systems.

Wetlands

Advice and restorations plans were provided throughout the year to landowners to support wetland projects. Five Top Wetlands were fenced (7.16km) with Environment Fund funding (\$38,628). A further 6.82km of fences bordering other wetlands was undertaken by Land team projects. The number of managed wetlands monitored by Wetland Condition Index Monitoring was increased to over 30 and the four tranches of monitoring since 2011 was completed for most wetlands last summer. Wetland mapping was progressed with an external provider and will be a key focus over the coming year. Staff worked with Manaaki Whenua Landcare Research on a draft report

on Monitoring of Northland Wetlands to deliver the requirements of the National Policy Statement for Freshwater Management. Biodiversity staff have given advice around several wetland compliance matters and are involved in one ongoing prosecution case.

Lakes

COVID-19 related postponements of the annual ecological monitoring, including five-year NIWA LakeSPI (Submerged Plant Index) monitoring, has pushed the programme out to winter 2022. Sixteen lakes will be visited in July, with eight LakeSPI surveys scheduled. Lake Taharoa at Kai Iwi received the annual weed surveillance checks with no target pest weeds detected.

FIF Lakes

Intensive pest fishing was undertaken in Lake Kapoai with 107 tench removed and one possible lake wide eradication. Eleven grass carp were removed from Roto-otua and 22 were removed from Lake Heather. Net mesh sizes have to be very precise for the size of target fish, which is why less fish were caught than anticipated, however more nets have been purchased for next time. An automated fish feeder is being developed to help increase catches next summer.

Several herbicide operations using both Reglone and Aquathol K targeting hornwort were undertaken in collaboration with landowners and/or iwi at Lake Tutaki, Tutaki Pond and Lake Egg (Poutō) throughout summer 2021 and autumn 2022, and at Mt Camel North Lake with the landowners. Monitoring and control operations are continuing. An accidental dieback on some small areas of wetland was recorded as a non-compliance and is being investigated by the Environmental Protection Authority.

Two dune lake education days were held with kura and one marae based Noho Taiao event was supported by delivering interactive freshwater modules. Several events were cancelled due to COVID-19.

A contract to undertake sediment mitigation at Kai Iwi Lakes to improve water quality was signed and the works will be carried out in Summer 2022.

A three-day wānanga for dune lakes held at Kai Iwi Lakes, organised by Te Roroa and council, was well attended by around 50 people from eight iwi. Māori facilitators did a great job in leading discussions on aspirations, needs to support kaitiakitanga, future projects and council-iwi partnerships. In addition, there were talks and workshops incorporating western science and mātauranga Māori, field visits led by landowners and mana whenua, and a night snorkel in the beautiful Waikare. All participants felt the

wānanga was an excellent start point towards a true partnership and another wānanga next year was requested.

Biosecurity

Biosecurity partnerships

Biosecurity restoration partnerships with communities controlling established pest animals have continued to grow and flourish across our Biofund, Community Pest Control Area and High Value Area programmes. In addition, we've been working in partnership with the Kiwi Coast Trust formally since 2017, providing a regional platform of support and coordination of grassroots conservation across Northland. There are now over 200 entities linked into Kiwi Coast, 201 of which are community, hapū or iwi-led projects. Collectively, these groups manage over 235,000 hectares. The momentum shows no signs of slowing down as more Northlander's get involved in actively caring for their native forests and wildlife. Kiwi Coast has continued to strategically support predator control in key areas, linking projects and building continuous trapping networks across landscapes, to boost kiwi survival and allow their safe dispersal into new areas. Monitoring results demonstrate the strength of Kiwi Coast's collaborative approach. Data collated from trap catch shows that 591,584 pest animals were caught in traps by groups and projects involved in Kiwi Coast over the last nine years, since records began.

Marine biosecurity

The 2021–2022 hull surveillance season concluded with 2061 vessels inspected and all incidents responded to promptly and successfully. In addition, the marine biosecurity team continued to grow partnerships with iwi/hapū, local and central government agencies, local communities, and the science and education sector.

The Ōpua Sabella eradication continued with significant gains made both in suppressing the population and subsequent spread of this species, as well as strengthening partnerships and advancing Northland's capacity to respond to and manage marine pest incursions.

Finally, the development of the Clean Hull Plan (a proposed National Marine Pathway Management Plan) progressed considerably, with the draft proposal ready for formal consultation. The Clean Hull Plan has been developed by the Top of the North Marine Biosecurity Partnership (Northland, Waikato and Bay of Plenty regional councils, Auckland Council, the Ministry for Primary Industries, and the Department of Conservation) over several years. It aims to reduce the risk of moving vessels spreading marine pests within New Zealand's waters. It builds on a significant

program of behaviour change, education, and science to create a simple structure that will be easier for the boating community and those working in marine infrastructure and services to understand and implement. This year has seen an exciting develop with Central Government committing \$5.56M over the next four years to advance the Clean Hull programme as a pilot in the Top of the North regions, which captures 70% of New Zealand's vessel fleet.

Pest plants

In addition to supporting the community led pest plant work, the High Value Area and Community Pest Control programmes, over 2000 property inspections and control visits were completed for the Exclusion, Eradication and Progressive Containment species programmes. Extended surveillance work, including drone surveillance, continued to better delimit infestations areas, with a significant number of new sites detected. One new site of the Exclusion species, Climbing Spindleberry (*Celastrus orbiculatus*), was also identified and controlled. Council also managed the delivery of the Ministry for Primary Industry's Manchurian Wild Rice National Interest Pest Response programme and the National Wilding Conifer programme for Northland. Over 74,800 wilding conifers were removed from key habitats.

Predator Free 2050

The Predator Free 2050 projects coordinated across Whangārei and Pēwhairangi Whānui (Bay of Islands) have picked up pace over the last year with great work being put in by hapū, uri and community groups across the motu. Two new staff have joined the team as Predator Free Programme Managers for both projects respectively, and are leading valuable relationship building on mahi.

The Whangārei project team are underway on the first two priority blocks and are busy servicing over 150 traps and 200 bait stations across the Te Whara, Taurikura and Kauri Mountain/Ocean Beach areas. While trail cam footage has shown many resident possum and kiwi images, they are currently observing large quantities of bait being consumed by rats. Planning for expansion into other areas of the Whangārei Heads, in partnership with local hapū uri, is well underway and different methods of eradication delivery are being explored.

Mahi in Pēwhairangi Whānui has focused on hapū and community group preparation for eradication commencement across the three project peninsula's (Rakaumangamanga, Kororareka and Purerua), with delivery of these projects being community and hapū led. Time and focus have also gone into exploring effective governance partnership structures and preparing for the start of eradication. It's looking like

the flow-on from recent collective korero could be a steppingstone for other collaborative environmental and community work.

There is a buzz amongst the groups involved with the Predator Free kaupapa and a keenness to be involved to make a real difference for the future health of our native flora and fauna.

Kauri protection

The Kauri Protection team have delivered eight kauri protection workshops, 10 school education presentations, taken 168 soil samples with only six positives, as well as completing three fencing jobs protecting 30ha of forest blocks, delivered 14 new hygiene stations, and identified two new positive sites.

The Kauri Dieback Track Mitigation project – funded by \$2M from the Provincial Growth Fund to protect kauri along sections of the Te Araroa and other public trails – has continued and completion will be by 30 September 2022. To date, five track sections have been completed, being Kauri Mountain, Upper Kerikeri River, Puketotara Farm, Wrights Farm, and Upper Puketotara, with only Paparoa Bush Walk and Kaiwaka Domain remaining. The project has faced challenges, has adapted accordingly, and will exceed track distance targets set at the beginning.

Deer eradication

Preparations are underway to conduct a large-scale DNA survey using sika faecal pellets over the Russell Forest in October–November this year. The goat population is high in some parts of the forest, and because the faecal pellets of both goats and sika are very similar in appearance, it's difficult to differentiate between them. To ensure efficiency and cost effectiveness of the sika DNA survey, we carried out two goat cull operations with support from the Ministry of Primary Industries, the Department of Conservation, and local hapū in February and March this year. One-hundred-thirty-seven goats were removed from the sika habitat.

An unpermitted deer farm in Ruawai holding 46 deer was destocked by Biosecurity staff and contractors.

There were also several incursions during the year, which resulted in five fallow and seven red deer being destroyed.

Freshwater pests

Red eared slider turtle requests totalled 13 across Northland, ranging from Houhora to Mangawhai. Five slider turtles were rehomed and one euthanised, with the remaining seven requests active as a result of

turtles not being detected on follow up or requiring further notifications from requestors monitoring nearby sites where the turtles were observed.

Drone surveillance work at Lake Taharoa was carried out in May 2022 to determine its potential at detecting koi carp, following a koi carp sighting in the lake in February 2021. Although no koi were detected along shallow margins of the lake, the approach has potential and additional trial work is planned.

Gill and fyke netting work, along with eDNA sampling to determine the presence/absence of koi carp within the Awanui, Karemuhako, Mangatete and Parapara Rivers (Kaitia) outside koi containment zones, was carried out. This was in collaboration with the Department of Conservation as a follow up to reported sightings of koi carp within these rivers. Although no koi were captured, goldfish often were, suggesting these may have been mistaken for koi. However, among some sites, the eDNA results suggest the presence of koi and follow up netting is planned to confirm this.

Additional, netting operations for grass carp in Lake Swan (Pouto) and Lake Heather (Kaitia) saw 33 fish removed, with a further 107 tench removed from Lake Kapoai (Pouto) in a combined effort between the Pest fish and the Biodiversity (FIF Funded) team. To further increase fishing success, floating automatic and stationary fish feeder systems are being developed to attract fish to bottleneck areas in these lakes where netting can be more effective. Similarly, specialty gill and trammel nets have been ordered from overseas to increase capacity to deliver incursion responses for a range of pest fish species (tench, rudd, perch, koi carp, grass carp), and fish sizes (juveniles, sub adults and adults), as well as nets that can cover both shallow (rivers) and deep-water environment (lakes) depth ranges. This will ensure council has the capacity to deliver responses to small, or if required, larger incursions of pest fish throughout Northland.

Planning and policy

Regional Plan for Northland

Negotiations and hearings on the appeals to the Proposed Regional Plan continued throughout the year with nearly all points now resolved. Significant court decisions over the last year include the High Court decision confirming the application of the National Environmental Standards for Freshwater in the coastal marine area and the Environment Court issuing its final decisions on the provisions for mangrove removal and livestock exclusion from waterways. Updates to the appeals version of the plan have been published on a regular basis on our website www.nrc.govt.nz/newregionalplan

Freshwater Plan

Work continues on the Freshwater Plan – a new set of policies and rules for the use of freshwater. The Freshwater Plan is council's response to the Central Government's 2020 'Essential freshwater' direction for improving freshwater. The Tangata Whenua Water Advisory Group and Primary Sector Liaison Group have met regularly over the past year to input into the development of the Freshwater Plan. A draft of the Freshwater Plan will be released for public feedback mid-2023.

Consents

A total of 1201 consent application decisions were made during the financial year:

- Coastal permits – 178
- Discharge permits – 236
- Land use consents – 306
- Water permits – 481

There were appeals on 24 of the consent application decisions, being the Aupouri groundwater take applications. These applications were jointly processed and decided on by Independent Commissioners. The appeals on these application decisions are still before the Environment Court.

Compliance monitoring

In addition to the compliance monitoring carried out and recorded as performance measures in this report, council also received 248 notifications under the National Environmental Standard – Plantation Forestry and carried out 110 site inspections.

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

- 92 infringement notices (93 in 2020/21)
- 200 abatement notices (210 in 2020/21)
- Nil enforcement orders (four in 2020/21)
- Two prosecutions initiated (3 in 2020/21)

1.1 Science

Performance measures and targets

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

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

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

Performance measure	Target	2021/22 result
Percentage of time that flood-level monitoring is accurate (to enable flood warnings to be developed) and is made available to the community	100%	100% – achieved
Percentage of NRC environmental networks monitored for water quality and quantity, and ecology, with results made available to the community	100%	100% – achieved
Percentage of time that continuous monitoring of air sheds is achieved, with any exceedances of National Environmental Standards reported and made available to the community	100%	100% – achieved
Percentage of data from routinely monitored sites that meets quality standards and is made available to the community within 12 months of collection	90% or more	95.9% – achieved

1.2 Catchment management

Performance measures and targets

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

Performance measure	Target	2021/22 result
Number of subsidised poplar poles provided for erosion-prone land by the council-owned nursery	2021/22: 5,000	8030 - achieved
The percentage of Environment Fund allocation (in dollar value) that proceeds to completion of successful projects that meet council objectives	95% or more	83% - not achieved There were several issues farmers faced this year - COVID-19, price rises, and supply chain hold-ups - all of which all impacted the number of projects completed. This result is calculated on general environment fund allocation and does not include contributions towards central government funded projects.
Successful delivery of Kaipara Moana Remediation Project workplan milestones through the contribution of financial, governance, staff and technical support	100% of milestones (as set out in the project workplan)	100% - achieved
Percentage of routinely monitored river sites with a Water Quality Index (WQI) score of 'Excellent' or 'Good'	Maintain or increase	37% - baseline established As this is a new measure, the data collected from this period establishes the baseline. Data collected from 1 July 2015 to 30 June 2020 shows a result of 38%, so there is a slight downward trend when compared to this.

1.3 Biodiversity

Performance measures and targets

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

Performance measure	Target	2021/22 result
Number of plants provided through CoastCare programme	2021/22: 14,000	12,290 - not achieved COVID-19 restrictions in July and August 2021 meant several planting events couldn't go ahead. Planting was also lower than normal in May/June 2022 due to availability of contractors required to undertake animal and plant pest control prior to planting; weather restricting both pest control work and planting; and the ability of schools to attend planting days with staff sickness.

Performance measure	Target	2021/22 result
Number of top-ranked lakes identified in the Northland Lakes Strategy that are under active management ⁽¹⁾ with stock excluded	20 lakes	19 lakes – not achieved Due to COVID-19 restrictions, one of 20 lakes listed in the Northland Lakes Strategy did not have its Lake Submerged Plant Index monitoring carried out in the time period, and therefore did not meet the criteria of active management.

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

1.4 Biosecurity

Performance measures and targets

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

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

Performance measure	Target	2021/22 result
Increase in hectares of land under Community Pest Control Area Plans (CPCAs) per annum	5000ha annually	7345ha – achieved
Survey at least 2000 vessel hulls for marine pests each year as part of marine biosecurity surveillance programme	2000 hulls annually	2061 hulls – achieved

1.5 Planning and policy

Performance measure and target

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

Performance measure	Target	2021/22 result
Percentage of environmental planning legislative requirements achieved each year	100% of requirements met	100% – achieved

1.6 Consents

Performance measure and target

1.6 Processing and administering of resource consents is efficient and effective

Performance measure	Target	2021/22 result
Percentage of all resource consent applications that are processed within the statutory timeframes	100%	99.92% – not achieved

Performance measure	Target	2021/22 result
		One out of 1201 consents was not processed within the statutory timeframes due to an administration error that has now been rectified.

1.7 Compliance monitoring

Performance measures and targets

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

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

Te Taiao | Natural environment

Funding Impact Statement

For the period ending 30 June	Long Term Plan 2020/21 \$000	Long Term Plan 2021/22 \$000	Actual 2021/22 \$000
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	-	-	275
Targeted rates	15,960	20,346	20,735
Subsidies and grants for operating purposes	330	6,345	6,272
Fees and charges	2,408	2,640	3,164
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	6
TOTAL OPERATING FUNDING	18,698	29,331	30,452
Applications of operating funding			
Payments to staff and suppliers	17,245	27,224	24,573
Finance costs	-	14	-
Internal charges and overheads applied	6,072	8,754	9,005
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	23,317	35,992	33,578
Surplus/(deficit) of operating funding	(4,619)	(6,661)	(3,126)
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	-
Applications of capital funding			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	332	398	374
to replace existing assets	2	117	72
Increase/(decrease) in reserves	-	(548)	1,972
Increase/(decrease) of investments	(4,953)	(6,627)	(5,544)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(4,619)	(6,661)	(3,126)
Surplus/(deficit) of capital funding	4,619	6,661	3,126
FUNDING BALANCE	-	-	-

Major variances compared to Year 1 (2021/22) of the Long Term Plan 2021-2031

Operating Funding

Operating funding is \$1.12M more than the long term plan predominantly due to:

- Higher than planned rates income
- Higher than planned consent monitoring income

Application of Operational Funding

Applications of operating funding is \$2.41M lower than the long term plan predominantly due to:

- Lower than planned salaries due to vacancies
- Lower than planned costs on software projects
- Lower than planned costs on predator free project costs
- Lower than planned Freshwater Improvement Fund project costs
- Lower than planned environment fund grants

Manawaroa te hāpori

Community resilience

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

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

This group includes the following activities:

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

These activities contribute to the following council community outcomes:

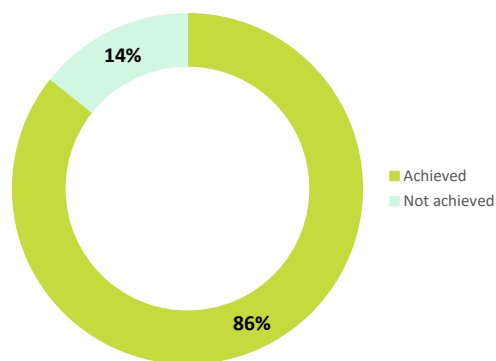
- Resilient, adaptable communities in a changing climate
- Safe and effective transport networks connecting our region.

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

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

Changes to levels of service

In the Community resilience group, the levels of service within each activity remained the same. Performance measures and targets have been largely achieved with six of seven performance targets met. The one target not met was due to a retendering of two public transport services, which meant the customer satisfaction survey was not undertaken.



What we did

Flood protection

Awanui flood scheme upgrade

We're in year two of the three year accelerated works programme and as a result of COVID-19 affecting contractor staff during summer's earthworks season, we lost approximately three weeks. Both contractors have mitigated this by working longer hours and weekends, and as a result, the Awanui Contract 21/05 - Northern Stopbanks are approximately 80% complete. All completed sites are seeded and fenced. The outstanding sites are programmed to commence Sept/Oct 2022.

Contract 21/09 - Switzer Bench is approximately 50% complete. The earthworks and rock revetment at the rear of Bell's Produce is now 100% complete (the most difficult part of the contract). The outstanding sites are programmed to commence Sept/Oct 2022.

Contract 21/10 – Rugby Club earthworks are 100% complete. The rock revetment is phased to continue into winter (materials availability and river levels permitting) and has the advantage that we have rock storage on hard stand, so less risk from wet weather. A timber floodwall is also under construction and programmed to be completed within the winter period.

Primary School bench is now 100% complete and the community is incredibly happy with the reinstatement of the A&P showgrounds areas. A comprehensive planting programme is underway. The Far North District Council shared path is fully concreted and in use. The path ties in very nicely with council reinstatement.

Design and procurement for the final year of the Provincial Growth Fund programme is ramping up and it's hoped we can complete some low-impact work, such as timber floodwalls, during the coming winter period.

Planting is underway on several completed areas and local contractors are employed for this work. This will enhance the new river pathway that loops around the Te Ahu Centre and the new Te Hiku Sports Hub that is under construction, adding a fantastic feature for the community as an exercise loop.

Otiria-Moerewa flood mitigation spillway and bridge

We're approaching practical completion of the Stage 1 Contract. The Stage 2 (Bridge Replacement, including footpath) tender has closed, and staff are evaluating tenders. The Stage 3 design is completed and will commence in September 2022. Replanting at Turntable Hill has been completed, although we have experienced delays due to wet weather and COVID-19 impacts.

Regional work

Region-wide flood maps have been completed and this data is live on our website, giving access to the most up-to-date flood hazard information in Northland. This will inform future development and is Northland's best tool to adapt for future climate change. These maps complement the Priority Rivers flood maps, meaning we now have river flood maps coverage for the whole region.

The Coastal Flood and Erosion Hazards Zone maps have been completed for all of Northland, particularly in relation to potential climate change impact, for example Sea Level Rise (SLR) current predictions.

The upgrading of the Whangārei hydraulic flood model (and related maps), in collaboration with Whangārei District Council, is nearing completion. This will

incorporate the latest LiDAR and flood risk management works, and Central Business District stormwater networks, in the Whangārei catchment.

The hydraulic flood modelling for the Waima Catchment has also commenced, with deliverables like the above-mentioned Region-wide flood maps.

Climate change

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

Emergency management

All Civil Defence Emergency Management (CDEM) groups are legislatively required to operate under Group Plans, which must be reviewed every five years. The Northland Civil Defence Emergency Management Group recently reviewed and approved the 2021-2026 plan, which outlines the strategic direction of CDEM engagement, participation, planning, collaboration, response coordination and recovery.

Work has commenced on the Tsunami Siren Upgrade project, which will see the installation of 96 new tsunami warning sirens across the region. The \$5M project is being funded by all four of Northland's councils through their long term plans and will take place over an estimated three years. Twenty potentially suitable locations for the first tranche of sirens to be installed in Year 1 of the programme have been identified, and community and stakeholder engagement is underway.

The development of a Multi-Agency Emergency Coordination Centre for Northland is commencing. This will provide a central, purpose-built facility that will allow for improved collaboration between CDEM staff, emergency services and other agencies during responses. Site investigations, a feasibility study and initial planning has been completed.

The group continued to support the All-of Government response to COVID-19 as well as a series of other regional events. Over the Christmas and New Year period, the CDEM professionals provided support to the community impacted by the Kaimaumau fire response in the Far North, the Aranga fire in Kaipara, and in late January 2022 responded to the tsunami impacts in the Tutukaka Marina that occurred as result of the Hunga Tonga-Hunga Ha'apai underwater volcanic eruption in Tonga. There have also been several moderate weather events that required monitoring by on call staff.

Harbour safety and navigation

There were 193 maritime incidents logged this year. COVID-19 response and not being able to travel overseas increased recreational boating activity.

There was a noted increase in vessel accidents and abandoned boats with decreases in bylaw offences, oil spills, aids to navigation and mooring incidents. Council approved the build of a new replacement work/pilot vessel for delivery in 2023.

A continued campaign to improve navigation safety outcomes in the Far North once again proved successful and the identification of the need for another Honorary Enforcement officer for the Far North is being implemented.

Summer safety patrols continued around Northland again and play an essential role in managing on water issues over the busy summer period.

Aids to Navigation work was completed in many of the Far North harbours over the past year. Planning is underway for the replacement of the old beacons in the Kioreroa reach with new buoys.

The Maritime team have been assisting Maritime New Zealand with the transition at Marsden Point of the Refinery to Channel infrastructure and a new Tier 1 plan. This has included training new staff in field and command centre positions for dealing with a local oil spill incident.

Regional transport

Planning

Both the Regional Land Transport Plan for Northland 2021-2027 and the Regional Public Transport Plan for Northland 2021-2031 were completed and implemented in 2021.

The release of the 2021-24 National Land Transport Programme was three months late, resulting in a number of projects having late starts due to funding uncertainties.

Contracted bus services and Government funding assistance

In an effort to allow contracted bus services to fully operate during the 2021/2022 financial year, the Government continued to subsidise lost farebox revenue at 50%. In addition, they introduced a 50% fare incentive scheme to get more people on buses and to assist people struggling financially. The Government has covered the discounted portion of the fare at 100%.

CityLink Service

Passenger figures have taken a 43,530 drop from the 2020/2021 (326,894) to 2021/2022 (283,364) financial years. This has been directly attributed to the large

swing from adult passengers to scholars carried, which results in a dramatic drop in passengers traveling during the school holiday periods.

In addition to the above, incidents of anti-social behaviour at the Rose Street Bus Terminus and on the buses have continued unabated. Staff continue to work with the bus operator, schools, Whangarei District Council, CitySafe and the New Zealand Police in an attempt to find a solution to this problem.

The planned introduction of individual school-only buses operating directly to/from the schools in an effort to keep the students apart has had to be delayed due to a shortage of bus drivers.

SuperGold Card passengers also remain hesitant to use the service due to the fear of COVID-19 and the antisocial behaviour experienced, and therefore remain using the Total Mobility Scheme.

In June 2022, a Passenger Satisfaction Survey was conducted on the CityLink service over a period of 4 days, with 199 passengers interviewed. Of these, 93% rated their overall experience of the public transport system as Good to Extremely Good.

Hikurangi Link service

Staff continue to actively work with community groups to identify various options to continue to grow the service and if feasible, expand it. Passenger figures have however, remain low.

Whangārei Heads Link service

Following a period of increased promotion for this service and no increase in passenger numbers, this service was withdrawn at the end of January 2022.

Far North Link/Mid North Link/Hokianga Link service

Following an extensive feasibility/viability exercise into the above services, both the Far North Link and Mid North Link services were retendered. The Mid North Link tender was awarded to the Kaikohe Bus Company, being the only tenderer. The Far North Link tender has yet to be awarded.

National bus driver shortage

There is presently a national bus driver shortage, which is having a growing impact on the ability of operators to meet their contractual obligations. This in turn is negatively impacting passenger numbers. It's anticipated that this problem will continue to grow over the next financial year.

Total Mobility

Total Mobility scheme – Whangārei

When comparing the 2021/2022 against the 2020/2021 financial year, there was a \$21,868 increase in fares collected, however 4377 fewer trips operated.

There was a drop in trips in September, October and November 2021, due to COVID-19 and New Zealand moving through the different lockdown levels. When the new protection framework (traffic light system) commenced in December 2021, clients were still too nervous to travel.

On 1 April 2022, the Government introduced the 50% public transport initiative, which included 50% discount on Total Mobility fares. This resulted in Total Mobility clients travelling further but not as often hence the increase in fares collected, but still fewer trips.

A total of 1259 Total Mobility scheme clients are registered on the database. This is a decrease of 57 compared to the previous financial year's total of 1316 clients.

Total Mobility scheme – Far North

The Far North Total Mobility scheme commenced on 1 July 2022 in the Kerikeri area. The approved Transport Operator, based in Kerikeri, has installed the relevant equipment to allow use of the Ridewise electronic Total Mobility card system. All Health and Safety requirements have been met/signed off and all drivers have been trained in the Waka Kotahi NZ Transport Agency unit standards 01748 and 15165 to allow them to carry Total Mobility clients.

Northland Transportation Alliance staff have undertaken 95 eligibility assessments and have entered all 95 into the database. This will be an ongoing process.

Plans are in place to increase the maximum subsidy from \$15 to \$25 (or \$30) in November/December 2022. This will hopefully encourage more people to sign up to the scheme and any increase will be closely monitored to ensure costs do not exceed budget.

Regional road safety

Regional Road Safety partners continue collaborating using evidence-based approaches to targeting road safety risk. Key themes include restraints, impairment, distractions, and speed - otherwise referred to as 'RIDS'. In addition, the Safe System Approach targets - Safe Roads & Roadsides, Safe Speeds, Safe Vehicles, Safe Road Use. This also includes targeting motorcycles and heavy vehicle safety.

The Government's 'Road to Zero Strategy' has a target of a 40% reduction in deaths and serious injuries by 2030. Road Safety promotion includes advertising - print and radio, social media promotion, digital, websites, bus backs, roadside billboards etc. - to support initiatives of police and roading engineers to reduce deaths and serious injuries on the region's roads. Ongoing advocacy with Waka Kotahi continues regarding safety improvements on all Northland state highway and local road corridors.

During the 2021/2022 financial year, provisionally there were 28 deaths and 166 serious injuries on Northland roads. To achieve a 40% reduction in death and serious injuries over the next 10 years (or 4% per annum) is going to be exceptionally challenging in these on-going uncertain COVID-19 and funding restricted times.

2.1 Flood protection

Performance measure and target

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

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

2.2 Climate change resilience

Performance measure and target

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

Performance measure	Target	2021/22 result
Development, delivery and implementation of key regional climate change plans and documents	2021/22: <ul style="list-style-type: none">• NRC climate change strategy complete with high-level vision• Regional climate change risk assessment and adaptation strategy developed	100% - achieved

2.3 Emergency management

Performance measure and target

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

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

2.4 Oil pollution response

Performance measure and target

2.4 An efficient and responsive oil pollution response is maintained

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

2.5 Harbour safety and navigation

Performance measure and target

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

Performance measure	Target	2021/22 result
Marine activities are safely managed, with nationally compliant harbour safety management systems that comply with the Port and Harbour Marine Safety Code operational safety management system ⁽¹⁾	100%	100% – achieved

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

2.6 Transport

Performance measures and targets

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

Performance measure	Target	2021/22 result
Percentage of passengers surveyed on the Whangārei, Kaitiaki and Mid-North bus services that are satisfied with the overall service provided	90% or more from 3/3 measures	Overall – not achieved (93% for CityLink Whangārei – achieved 0% for both Far North Link and Mid North Link – not achieved) As both the Far North Link and the Mid North service were being retendered in 2021/2022, passenger satisfaction surveys were not undertaken.
Achievement of key Northland Transport deliverables, measured as an aggregated score, for: <ul style="list-style-type: none">● road safety● capital works programmes● maintenance programmes● response to customer service requests	Aggregated score for achievement of deliverables is greater than 75%	80.9 – achieved

Manawaroa te hāpori | Flood protection

Funding Impact Statement

<i>For the period ending 30 June</i>	Long Term Plan 2020/21 \$000	Long Term Plan 2021/22 \$000	Actual 2021/22 \$000
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	-	-	54
Targeted rates	4,050	4,387	4,388
Subsidies and grants for operating purposes	-	-	4
Fees and charges	-	-	-
Internal charges and overheads recovered	4	5	18
Local authorities fuel tax, fines, infringement fees and other receipts	36	37	42
TOTAL OPERATING FUNDING	4,090	4,429	4,506
Applications of operating funding			
Payments to staff and suppliers	1,454	1,451	1,821
Finance costs	582	452	335
Internal charges and overheads applied	984	554	769
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	3,020	2,457	2,925
Surplus/(deficit) of operating funding	1,070	1,972	1,581
Sources of capital funding			
Subsidies and grants for capital purposes	-	3,940	5,620
Increase/(decrease) in debt	2,354	2,469	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	2,354	6,409	5,620
Applications of capital funding			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	2,429	6,703	4,666
to replace existing assets	1,220	-	-
Increase/(decrease) in reserves	1,218	5,205	2,085
Increase/(decrease) of investments	(1,443)	(3,527)	450
TOTAL APPLICATIONS OF CAPITAL FUNDING	3,424	8,381	7,201
Surplus/(deficit) of capital funding	(1,070)	(1,972)	(1,581)
FUNDING BALANCE	-	-	-

Major variances compared to Year 1 (2021/22) of the Long Term Plan 2021-2031

Flood Protection

Sources of Capital Funding

Sources of capital funding is \$789K lower than the long term plan predominantly due to:

- Not requiring borrowing on flood infrastructure work during the year. This was due to more than planned grants for flood infrastructure works from the PGF.

Capital Expenditure

Capital Expenditure is \$2.03M lower than the long term plan predominantly due to:

- Delays on some flood works programmes

Manawaroa te hāpori | Community resilience

Funding Impact Statement

For the period ending 30 June	Long Term Plan 2020/21 \$000	Long Term Plan 2021/22 \$000	Actual 2021/22 \$000
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	-	-	76
Targeted rates	4,183	6,142	6,231
Subsidies and grants for operating purposes	2,539	3,780	4,330
Fees and charges	1,899	1,550	1,129
Internal charges and overheads recovered	-	-	16
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL OPERATING FUNDING	8,621	11,472	11,782
Applications of operating funding			
Payments to staff and suppliers	7,629	10,031	9,187
Finance costs	-	-	5
Internal charges and overheads applied	1,927	1,744	1,685
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	9,556	11,775	10,877
Surplus/(deficit) of operating funding	(935)	(303)	905
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	-
Applications of capital funding			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	-	-	-
to replace existing assets	26	1,201	446
Increase/(decrease) in reserves	(54)	(59)	299
Increase/(decrease) of investments	(907)	(1,445)	160
TOTAL APPLICATIONS OF CAPITAL FUNDING	(935)	(303)	905
Surplus/(deficit) of capital funding	935	303	(905)
FUNDING BALANCE	-	-	-

Major variances compared to Year 1 (2021/22) of the Long Term Plan 2021-2031

Operational Funding

Operating funding is \$310K more than the long term plan predominantly due to:

- Cost recoveries from the Northern Transport Alliance not in the long term plan
- Higher subsidies for council public transport services than in the long term plan

Application of Operational Funding

Applications of operating funding is \$898K less than the long term plan predominantly due to:

- Lower than planned staffing costs due to vacancies
- Lower than planned costs on a water resilience fund project
- Lower than planned costs on council's share of Northern Transport Alliance costs
- Lower than planned expenditure on climate change resilience projects
- Lower than planned costs on the civil defence shared service.

Hautūtanga ā rohe

Regional leadership

Mā e huru huru, ka rere te manu

With support, anything can be accomplished

This group includes the following activities:

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

The activities contribute to the following council community outcomes:

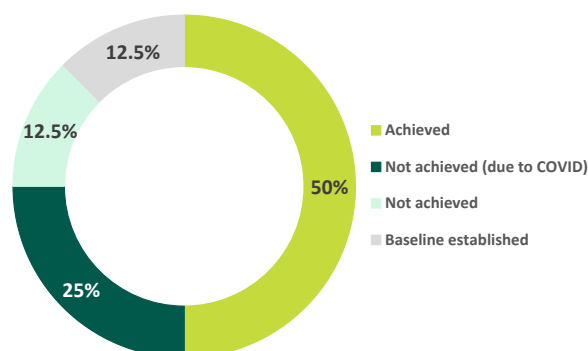
- Healthy waters for the environment and our people
- Protected and flourishing native life
- Resilient, adaptable communities in a changing climate
- A strong and sustainable regional economy
- Meaningful partnerships with tangata whenua
- Safe and effective transport networks connecting our region.

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

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

Changes to levels of service

In the Regional leadership group, levels of service within each activity remained the same. However, performance measures and targets have not all been achieved with only four of eight performance targets met. Of the three targets not met, two of these were due to the effects of the ongoing COVID-19 pandemic, such as staff resourcing and business disruptions, one was due to administrative errors, and one was establishing a baseline given this is the first annual report following the Long Term Plan 2021-2031.



What we did

Representation review

Following the decision to establish Māori constituencies in October 2020, council was required to undertake a representation review so that the new arrangements would be in place for the next local government elections in 2022. This review looked at the number of councillors, the areas they are elected from (constituencies), and the names of those constituencies.

In July 2021, council resolved its initial representation arrangements proposal being a council comprising of nine members elected from eight constituencies as follows:

- Far North General (one general councillor)

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

Council received 31 submissions within the month-long consultation period. Having conducted hearings and then deliberating on submissions, council confirmed its initial proposal as its final proposal for the October 2022 local body elections.

Two appeals were received on the final proposal, which were then passed on to the Local Government Commission to make the final decision. The Commission conducted hearings with the council and the two appellants, and in April 2022 determined that council's final representation arrangements would apply for the October 2022 local body elections.

Partnerships and meaningful relationships with Māori

Our work with Māori is outlined in section one of this report titled 'Partnerships and meaningful relationships with Māori'

Economic development

A major focus of work for 2021/22 was supporting the first year of the Joint Regional Economic Development Committee (JREDC). The JREDC was established by Northland Regional Council, Far North District Council and Kaipara District Council to work together on economic development related activities, including the joint shareholder responsibilities for Northland Inc, which took effect 1 July 2021.

To support the long-term direction and work of the JREDC, Northland Inc has been directed and funded to develop a regional economic development strategy, Te Ōhanga Rautaki Whānui o Te Tai Tokerau. The co-designed and Te Tiriti o Waitangi based strategy will be intergenerational and developed in partnership with iwi and hapū, communities and industry sectors alongside local and central government. A steering group to guide the development of the strategy has been established. The aim is to complete the strategy by the end of June 2023.

Council developed a criteria and procedures for the allocation of funding from the Regional Projects Reserve, which was established in the Long Term Plan 2021-2031. Council also supported the development

of water storage schemes by Te Tai Tokerau Water Trust in both Kaipara (near Dargaville) and the Mid North (near Waimate North).

Council continued to lobby central government for improved infrastructure including digital connectivity, transport networks and renewable energy.

An agreement was reached with a guarantor of the failed REL sawmill venture at Ruakaka to recover some of the money owed to council. Four issues of the Northland Economic Quarterly were published.

Community engagement

The Tū i te ora Scholarship programme recognises and supports students to undertake study, research or training that relates to council's environmental and regulatory functions. Eight scholarships valued at \$3000 were awarded to deserving students chosen from more than 40 applications. The scholarships also aim to build Māori capability within Northland, with four of the recipients identifying as Māori.

The fourth Whakamānawa ā Taiao – Environmental Awards celebration event was held in Dargaville with around 150 people in attendance. The awards are about recognising and celebrating individuals and groups that are making a difference to help Taitokerau thrive. This year we had nine winners (seven category winners, one supreme winner, and one special awards winner), 22 finalists and 52 entries.

Council allocated \$23,000 of funding via the annual Environmental Leaders' Fund (ELF) to 30 early childhood centres and schools across Northland. Funding is provided for native planting and riparian restoration projects, fencing, shade house and nursery construction, and SHMAK kits for water quality monitoring. In addition to the ELF fund, another \$6578 worth of trapping hardware from council's biosecurity fund was granted to eight schools carrying out pest control projects.

Education

We now have 147 Enviroschools – 11 hold Green-Gold status, 27 Silver and 61 Bronze. We adapted our NCEA-based courses – Project Pest Control and WaiFencing – to fit with COVID-19 mandates. We held a dedicated pest control workshop for teachers and provided 30 schools with Kete Aronui – taking climate action kits – as a response to being unable to hold a face-to-face event.

Customer services

The total number of incoming calls through customer services was 23,740, with 97.5% of calls being answered within 30 seconds.

We've changed the way we measure community feedback. An annual residents' survey has been replaced with an "always on" survey where residents can tell us what's important to them and what they think we can do better. We've also started to focus on the customer feedback provided directly after an interaction with council.

Corporate services

Section 17a service review

The following service delivery options were considered for delivering consent and monitoring services to the Northland region:

- Current state (predominantly insourced)
- Outsourced
- Outsourced through Council Controlled Organisation

It was determined that the current predominantly insourced model demonstrates the best option for cost effective delivery of these services.

Commercial property developments

In November 2021 investment partners council and NIWA kicked off the construction of a new land-based aquaculture facility at Ruakākā, one promoting a more environmentally friendly future for the industry. NIWA is providing the scientific know-how, specialist equipment and the product sales, marketing and restaurant distribution, while council supports the project through specific lease agreements covering

the core infrastructure and buildings. When operating at full capacity, the unit is projected to demonstrate the practical use of this type of technology for the commercial, whole-of-cycle production of kingfish by sustainably producing up to 600 tonnes of harvest fish per year.

Late April 2022 saw council complete the \$9.2M Kaipara Service Centre complex, now housing approximately 80 local authority staff from two different councils. Mainly administrative Kaipara District Council staff (KDC) moved into the new building in early July 2022 and, as a regional council field office, the two-storey building is also now home to associated council vehicles and specialist equipment. While KDC is the key tenant, council, as building owner, expects to also have Kaipara Moana staff based at the centre and both local iwi and regional economic development agency Northland Inc have also shown interest in using hot desks there.

Enterprise system refresh project

In June we completed the implementation of the core functionality for finance (chart of accounts and general ledger), human resources (employee master data), asset management (the asset register) and budgeting and planning (the budgeting life cycle) as well of the new training platform.

The project team is now working on the design and implementation of the more complex processes that are built on the core functionality for managing the various enterprise processes such finances, budgets, procurement, billing, employees, and assets.

3.1 Governance

Performance measures and targets

3.1 Council maintains effective, open and transparent democratic processes

Performance measure	Target	2021/22 result
Percentage of official information requests that are responded to within 20 working days	100%	94.1% - not achieved This measure is reported on quarterly, and the above result is therefore the average of all four. While details of individual information requests are reported monthly through the CE's report, it is noted that in most cases the reason for the breach was either an administrative error or simply the time/resource to obtain the information requested. On two occasions, hard copy files had to be found and retrieved, one of which was during a lock down.

Performance measure	Target	2021/22 result
Percentage of time that elected members attend council meetings	90%	93.2% - achieved

3.2 Māori partnerships

Performance measures and targets

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

Performance measure	Target	2021/22 result
An independent Treaty health check is completed annually	Annual completion	Incomplete - not achieved Te Tiriti health check was completed by the Māori Technical Advisory Group on behalf of TTMAC to identify priority areas for independent consultants to prepare a report utilising the Te Arawhiti Treaty Framework. Staff capacity, delays in procurement, and impacts of COVID-19 means the independent report will not be presented to council until the end of August 2022, therefore outside of this reporting timeframe.
All councillors and executive leadership team participate in annual core cultural competency training	100%	100% - achieved

3.3 Economic development

Performance measure and target

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

Performance measure	Target	2021/22 result
Percentage of key performance indicators set out in Northland Inc's draft annual report that are achieved by 30 June each year	100%	83% - not achieved 13 of the 16 KPIs set for Northland Inc for 2021/22 were met. The three not met relate to the number of inward delegations hosted, the number of high impact projects that are implemented and the value of grant funding and investment facilitated for Māori

Performance measure	Target	2021/22 result
		businesses. Business disruptions caused by the on-going COVID-19 pandemic has been the primary reason for this.

3.4 Community engagement

Performance measure and target

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

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

3.5 Customer services

Performance measure and target

3.5 Council provides efficient and meaningful customer service

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

3.6 Corporate services

Performance measure and target

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

Performance measure	Target	2021/22 result
Key project milestones for the council's technology solutions are met as per the project plan	2021/22: 40% of enterprise system modules implemented	54% achieved - achieved

Hautūtanga ā rohe | Regional leadership

Funding Impact Statement

<i>For the period ending 30 June</i>	Long Term Plan 2020/21 \$000	Long Term Plan 2021/22 \$000	Actual 2021/22 \$000
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	-	-	89
Targeted rates	6,599	6,699	6,756
Subsidies and grants for operating purposes	-	268	365
Fees and charges	185	256	663
Internal charges and overheads recovered	9,999	12,568	13,008
Local authorities fuel tax, fines, infringement fees and other receipts	11,544	15,487	7,240
TOTAL OPERATING FUNDING	28,327	35,278	28,121
Applications of operating funding			
Payments to staff and suppliers	17,754	25,362	24,790
Finance costs	828	293	267
Internal charges and overheads applied	1,007	1,509	1,504
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	19,589	27,164	26,561
Surplus/(deficit) of operating funding	8,738	8,114	1,560
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Increase/(decrease) in debt	(305)	-	-
Gross proceeds from sale of assets	-	-	30,068
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	(305)	-	30,068
Applications of capital funding			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	395	9,304	12,072
to replace existing assets	597	363	815
Increase/(decrease) in reserves	220	(4,681)	28,916
Increase/(decrease) of investments	7,221	3,128	(10,176)
TOTAL APPLICATIONS OF CAPITAL FUNDING	8,433	8,114	31,627
Surplus/(deficit) of capital funding	(8,738)	(8,114)	(1,560)
FUNDING BALANCE	-	-	-

Major variances compared to Year 1 (2021/22) of the Long Term Plan 2021-2031

Operational Funding

Operating funding is \$7.16M lower than the long term plan predominantly due to:

- Lower than planned gains on externally managed funds
- A gain on sale not eventuating as in the long term plan

Application of Operational Funding

Applications of operating funding is \$603K lower than the long term plan predominantly due to:

- Capital loss on externally managed funds not in the long term plan
- Higher than planned recruitment costs
- Costs for regional council collaboration not in the long term plan

Partially offset by:

- Lower than planned costs on an enterprise system implementation

Capital Expenditure

Capital Expenditure is \$3.22M more than the long term plan predominantly due to:

- Higher than planned commercial property development costs

Financial prudence

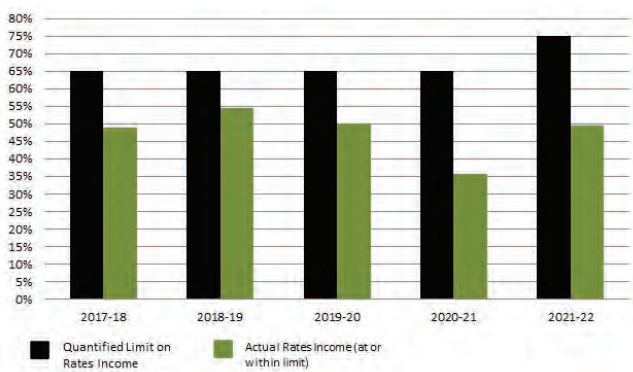
Rates affordability benchmarks

The council meets the rates affordability benchmark if:

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

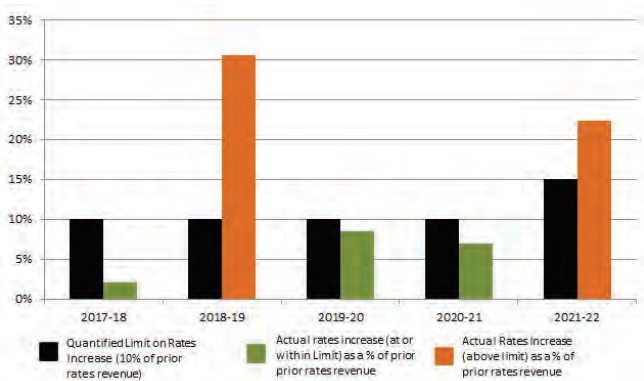
Rates income affordability

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



Rates increase affordability

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



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

Debt affordability benchmarks

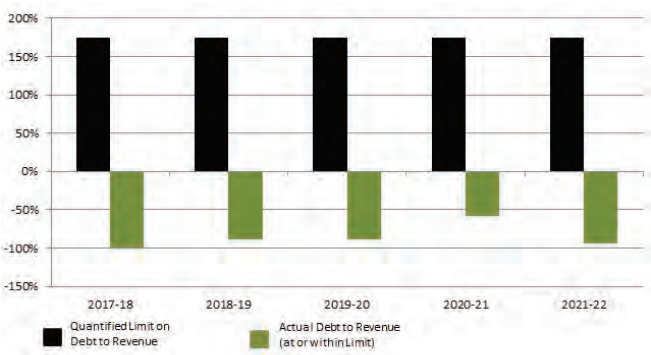
The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

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

Northland Regional Council has \$13.96M of external debt.

Net debt to total revenue

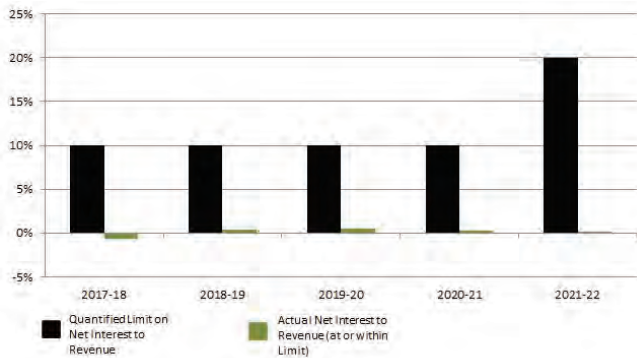
The quantified limit for net debt as a proportion of total revenue is 175%.



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

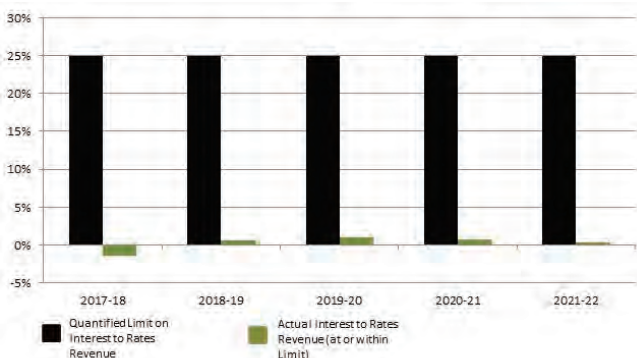
Net interest to total revenue

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



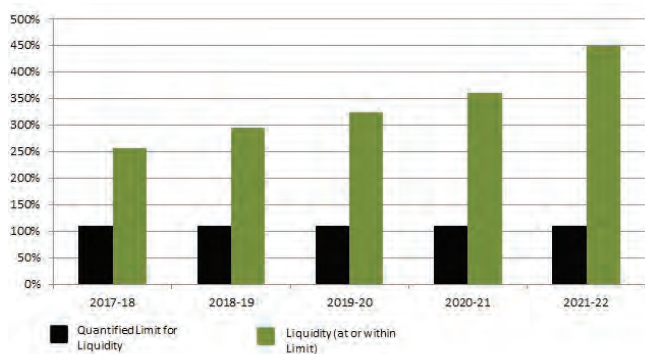
Net interest to annual rates revenue

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



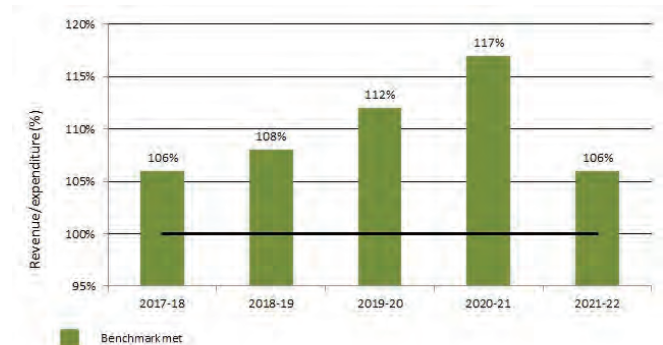
Liquidity

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



Balanced budget benchmark

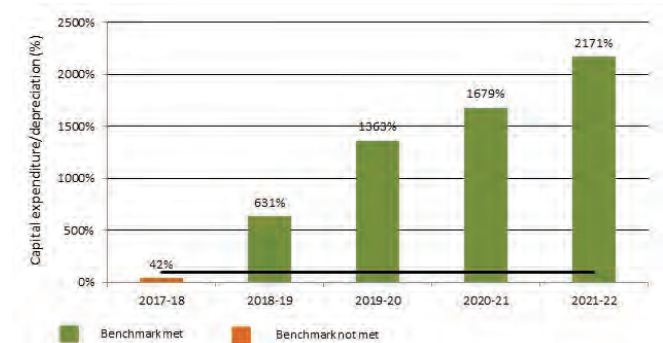
This graph shows council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and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



Essential services benchmark

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

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



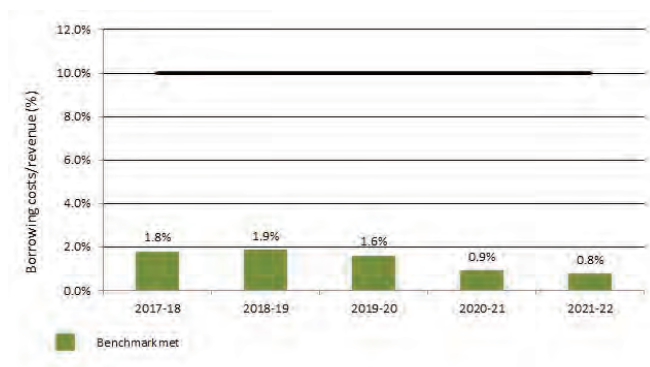
2017-18 reflects lower capital expenditure due to the reclassification of Kerikeri flood protection works from capital expenditure originally incurred in 2015-16 to operation expenditure in 2017-18 as the project did not continue.

2018-19, 2019-20, and 2020-21 reflect the capital cost associated with the Flood Infrastructure Schemes.

Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

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

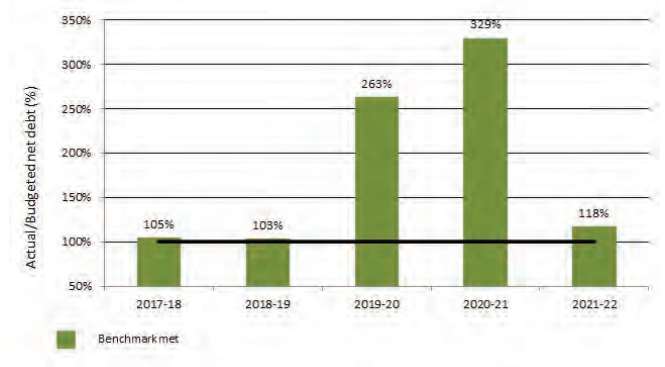


Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

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

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

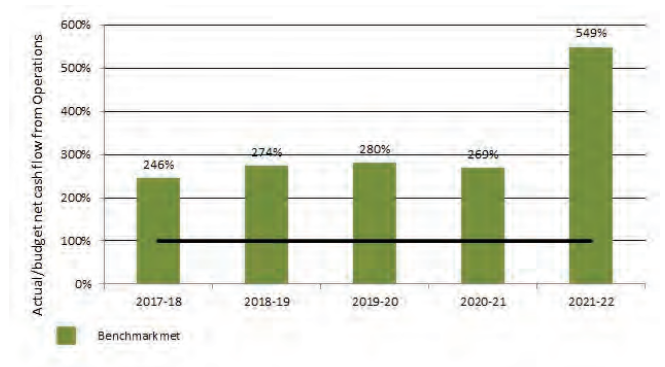


2019-20 and 2020-21 reflect lower actual net debt due to the sale proceeds of the MPRL JV being held in council's investment portfolio, lower than planned financial assets being required to fund development projects that were delayed due to COVID-19, and lower than planned borrowings required for capital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

Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. For the purposes of this measure 100% equals planned net cash flow. The benchmark is represented by the black line.



Wāhanga tuatoru: Tauākī pūtea

Section three: Financial statements



Statement of comprehensive revenue and expense

For the year ended 30 June 2022	Note	Council 30-Jun-22 \$000	Long Term Plan 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Revenue						
Rates		38,605	37,574	31,542	38,605	31,542
Fees and charges		4,956	4,446	4,505	7,036	5,876
Subsidies and grants		16,591	14,333	12,822	16,591	12,927
Revenue from activities		-	-	-	16	3,011
Interest revenue		372	161	345	372	346
Other revenue	2(ii)	6,916	6,210	6,675	9,336	8,800
Other gains	2(iii)	10,620	9,155	32,645	14,541	36,505
TOTAL REVENUE	1	78,060	71,879	88,534	86,497	99,007
Expenses						
Personnel costs	3	22,265	22,620	19,241	23,690	22,688
Depreciation and amortisation expense	13	1,517	1,986	1,635	2,060	2,222
Finance costs		528	747	581	1,516	1,116
Other expenses	4	39,218	41,549	33,900	44,334	38,487
TOTAL EXPENSES	1	63,528	66,902	55,357	71,600	64,513
Share of associate and joint venture company surplus/(deficit)	12(i)(ii)	(145)	-	(171)	8,287	9,354
SURPLUS/(DEFICIT) BEFORE TAX		14,387	4,977	33,006	23,184	43,848
Income tax expense	5	-	-	-	168	(24)
SURPLUS/(DEFICIT) AFTER TAX		14,387	4,977	33,006	23,352	43,824
<i>SURPLUS/(DEFICIT) ATTRIBUTABLE TO:</i>						
Northland Regional Council		14,387	4,977	33,006	17,345	37,167
Non-controlling interest					6,007	6,657
Other comprehensive revenue and expense						
<i>Items that will be reclassified to surplus/(deficit):</i>						
Net hedging movement	16(ii)				1,346	496
<i>Items that will not be reclassified to surplus/(deficit):</i>						
Gains/(loss) on property revaluations (other than investment properties)		2,477	-	260	10,509	4,983
Gains/(loss) on carbon credit revaluations	14	568	-	199	568	199

For the year ended 30 June 2022	Note	Council 30-Jun-22 \$000	Long Term Plan 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Gains/(loss) on Infrastructure Asset revaluations	20	1,547	-	-	1,547	-
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE		4,592	-	459	13,970	5,678
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		18,979	4,977	33,465	37,322	49,502
<i>TOTAL COMPREHENSIVE REVENUE AND EXPENSE ATTRIBUTABLE TO:</i>						
Northland Regional Council					26,964	40,423
Non-controlling interest in Marsden Maritime Holdings Limited					10,358	9,079
					37,322	49,502

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

Major variances compared to the Long Term Plan 2021-2031 (in thousands)

Revenue

Revenue is \$6,181 more than long term plan, mainly due to:

- Unbudgeted revaluations of investment property of \$7,559
- Higher than budgeted subsidies for flood infrastructure capital works of \$1,679
- Unbudgeted revaluations of council occupied buildings of \$1,478
- Unbudgeted revaluations of flood infrastructure assets of \$1,187
- Unbudgeted subsidies for a Kauri boardwalk project of \$1,184
- Higher than budgeted rates of \$1,030
- Higher than budgeted dividend income of \$720
- Higher than budgeted subsidies on a wilding conifer project of \$633
- Unbudgeted revaluations of forestry assets of \$359
- Higher than budgeted Waka Kotahi subsidies of \$246
- Higher than budgeted natural hazard project subsidies of \$201
- Higher than budgeted cost recoveries from the Northern Transport Alliance of \$205
- Higher than budgeted tenancy recoveries of \$175K (predominantly relating to now sold commercial development)
- Partially offset by:

- Lower than budgeted gain sale of investment property of \$4,949
- Lower than budgeted gains on externally managed funds of \$4,206
- Lower than budgeted subsidies for the predator free programme of \$1,203

Expenditure

Expenditure is \$3,374 less than long term plan, mainly due to:

- Lower than budgeted salaries of \$572 which includes \$640 of unbudgeted Kaipara Moana Remediation entity salaries. These unbudgeted salaries are fully offset with lower than budgeted grant expenditure.
- Lower than budgeted expenditure on the predator free programme of \$1,134
- Lower than budgeted depreciation of \$469 mostly related to a large number of vehicles fully depreciated but not yet replaced the non-completion of capital works during the year.
- Lower than budgeted interest costs of \$153 relating to not needing to take new borrowing during the year as planned
- Lower than budgeted grants to the Kaipara Moana Remediation entity of \$1,443 partially offset by unbudgeted salaries.
- Lower than budgeted expenditure on the implementation of a new enterprise system of \$2,532
- Lower than budgeted IT operational costs of \$142

- Lower than budgeted costs on council's contribution to the new version of IRIS software of \$132
- Lower than budgeted environment fund grants of \$190
- Lower than budgeted biosecurity contract and project costs of \$513
- Lower than budgeted costs on FIF projects of \$778
- Lower than budgeted costs on a sediment tracking project of \$225
- Lower than budgeted costs on climate change response projects of \$192

Partially offset by:

- Unbudgeted movements in staff annual leave entitlements of \$321
- A capital loss on council's externally managed funds of \$2,804
- Loss on sales of investment property of \$1,112
- Higher than budgeted costs relating to council's consenting activities of \$460
- Higher than budgeted provision for doubtful debts and bad debts on rates and other receivables of \$618

Statement of changes in equity

For the year ended 30 June 2022	Note	Accumulated funds \$000	Reserves \$000	Total Council \$000	Long Term Plan \$000
Council					
Balance at 1 July 2020		115,650	41,844	157,494	166,805
Total comprehensive revenue and expense for the year		33,465	-	33,465	4,977
Net transfers in special reserves	20	9,244	(9,244)	-	-
Net transfers in other reserves	20	(459)	459	-	-
Balance at 30 June 2021		157,900	33,059	190,959	171,781
Total comprehensive revenue and expense for the year		18,979	-	18,979	4,977
Net transfers in special reserves	20	(33,272)	33,272	-	-
Net transfers in other reserves	20	(4,592)	4,592	-	-
Balance at 30 June 2022		139,015	70,923	209,938	171,781

For the year ended 30 June 2022	Note	Accumulated funds \$000	Reserves \$000	Subtotal Group \$000	Non-controlling interest \$000	Total Group \$000
Group						
Balance at 30 June 2020		148,562	74,420	222,982	64,462	287,444
Total comprehensive revenue and expense for the year		40,423	-	40,423	9,079	49,502
Net transfers in special reserves	20	9,244	(9,244)	-	-	-
Net transfers in other reserves	20	(3,246)	3,246	-	-	-
Dividends paid		-	-	-	(3,066)	(3,066)
Balance at 30 June 2021		194,983	68,422	263,405	70,475	333,880
Total comprehensive revenue and expense for the year		26,964	-	26,964	10,358	37,322
Net transfers in special reserves	20	(33,272)	33,272	-	-	-
Net transfers in other reserves	20	(9,619)	9,619	-	-	-
Dividends paid		-	-	-	(3,305)	(3,305)
Balance at 30 June 2022		179,056	111,313	290,369	77,528	367,897

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

Statement of financial position

as at 30 June 2022	Note	Council 30-Jun-22 \$000	Long Term Plan 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
EQUITY						
Accumulated funds	20	139,015	114,725	157,900	179,056	194,983
Reserves	20	70,923	57,056	33,059	111,313	68,422
Total equity attributable to Northland Regional Council		209,938	171,781	190,959	290,369	263,405
Non-controlling interest	20				77,528	70,475
TOTAL EQUITY		209,938	171,781	190,959	367,897	333,880
ASSETS						
Current assets						
Cash and cash equivalents	6	4,528	831	7,985	4,758	10,853
Receivables	7	6,362	7,902	6,597	6,623	7,607
Inventory	8	270	203	271	424	365
Investment property assets held for sale	9	987	715	29,335	987	29,335
Other financial assets	10	22,314	14,441	18,023	22,314	18,023
TOTAL CURRENT ASSETS		34,461	24,092	62,211	35,106	66,183
Non-current assets						
Investment property	11	74,370	50,944	62,516	182,749	155,618
Other financial assets	10	60,469	68,173	39,996	60,817	40,447
Investment in subsidiaries (excluding council control organisations) and joint venture company	12(i)	7,828	7,828	7,828	61,448	51,494
Investment in Council Controlled Organisations	12(ii)	341	634	486	341	486
Property, plant and equipment	13	55,794	47,433	40,294	85,083	72,214
Capital projects in progress	13	1,592	-	392	1,831	1,278
Intangible assets	14	1,399	869	828	1,399	828
Forestry assets	15	4,062	3,157	3,703	4,062	3,703
Derivative financial instruments	16(i)				672	-
Deferred tax asset	5	-	-	-	7	-
TOTAL NON-CURRENT ASSETS		205,855	179,038	156,043	398,409	326,068
TOTAL ASSETS		240,316	203,130	218,254	433,515	392,251

As at 30 June 2022	Note	Council 30-Jun-22 \$000	Log Term Plan 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
LIABILITIES						
Current liabilities						
Payables and deferred revenue	17	12,455	7,333	10,277	14,238	15,527
Employee entitlements	18	3,011	2,358	2,537	3,058	2,666
Borrowings and other financial liabilities	19	-	-	-	7,550	10,000
TOTAL CURRENT LIABILITIES		15,466	9,691	12,814	24,846	28,193
Non-current liabilities						
Payables and deferred revenue	17	937	610	506	2,797	2,253
Employee entitlements	18	17	20	17	17	17
Borrowings and other financial liabilities	19	13,958	21,028	13,958	37,958	27,908
TOTAL NON-CURRENT LIABILITIES		14,912	21,658	14,481	40,772	30,178
TOTAL LIABILITIES		30,378	31,349	27,295	65,618	58,371
NET ASSETS		209,938	171,781	190,959	367,897	333,880

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

Major variances compared to the Long Term Plan 2021-2031 (in thousands)

Asset variances

Current

Cash and cash equivalents are \$3,697 greater than the long term plan predominantly due to:

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

Receivables are \$1,540 less than the long term plan due to:

- Lower levels of outstanding general debtors at year end than planned

Other financial assets are \$7,873 more than the long term plan due to:

- A higher balance of the short term fund than planned due to the timing of cash required for commercial property transactions and lower than planned funding requirements for operational and capital projects

- A higher level of term deposits than planned relating to long term project retentions
- Unbudgeted term deposits relating to made up of de risked long term fund and short term fund balances

Non-current

Investment Property is \$23,426 more than the long term plan due to:

- Expenditure on commercial developments
- Revaluations on investment property

Other financial assets are \$7,704 less than the long term plan due to:

- Lower than budgeted gains on the long term fund
- Capital losses during the year

Property, plant, and equipment are \$8,361 more than the long term plan due to:

- The building of the Kaipara Service Centre
- Gains in revaluation on infrastructure assets and council occupied buildings

Capital Projects in progress are \$1,592 more than the long term plan due to:

- A large number of partial assets not able to be fully capitalised at year including a large flood scheme and a pilot vessel replacement

Intangible assets are \$530 more than the long term plan predominantly due to:

- Gains on the revaluation of emissions trading assets

Forestry assets are \$905 more than the long term plan due to:

- Gains on the revaluation of forestry assets

Liability variances

Current

Payables and deferred revenue is \$5,122 more than the long term plan due to:

- Higher than planned levels of funding received in advance for works not yet undertaken
- Some large invoices payable at year end relating to grants and capital work in progress

Employee entitlements are \$653 more than the long term plan due to:

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

Non-current

Payables and deferred revenue is \$327 more than the long term plan due to:

- Higher than planned levels of non current funding received in advance for works not yet undertaken

Borrowings and other financial liabilities are \$7,070 less than the long term plan due to:

- Not requiring as much borrowing for river works as planned due to unbudgeted grants from the PGF subsidising flood infrastructure works
- Not requiring any borrowing for the enterprise system, Tsunami Sirens, and Kaipara Moana projects due to insufficient expenditure during the financial year to take new borrowings

Equity variances

Accumulated funds are \$24,290 more than the long term plan predominantly due to:

- The budgets in the long term plan being prepared in advance of the 30 June 2021 retained earnings balance being finalised. As such, the budgeted 30 June 2022 balance of retained earnings is \$115M – based upon the actual 30 July 2020 retained earnings balance of \$115M plus very minor budgeted surpluses over the 2020/21 and 2021/22 financial years

The 2021/22 actual closing balance of \$139M is \$24M higher than budget as it includes accumulated unbudgeted surpluses after transfers to reserves of \$24M (2020/21 +\$43M; 2021/22 -\$19M) predominantly due to recognising actual and unbudgeted fair value movements on investment properties and forestry holdings over the two years.

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

- Unbudgeted funds that were unspent in 2021/22 being set aside in a special reserve to fund the completion of unfinished work programmes in 2022/23
- Revaluation reserves being greater than budget as the fair value movements on councils' infrastructural assets, land and buildings and carbon credits are not budgeted due to the uncertain nature of these items
- At year-end the balance of the flood infrastructure reserve is higher than budget as council utilised a larger level of external subsidies than was budgeted to fund flood infrastructure capital works instead of using reserve funds
- At year end the balance of the enterprise system reserve is higher than budget as the expenditure at this stage of the project was lower than planned resulting in a lower funding requirement from this reserve than originally anticipated.

Statement of cash flows

For the year ended 30 June 2022	Council 30-Jun-22 \$000	Long Term Plan 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Cash flows from operating activities					
Receipts from rates revenue	37,661	37,094	30,664	37,661	30,664
Receipts from customers	8,161	9,513	10,838	16,587	23,453
Interest received	320	161	228	320	229
Dividends received	3,820	3,100	3,543	9,529	8,307
Subsidies and grants received	18,760	15,659	13,637	18,760	14,197
Payments to suppliers and employees/members	(53,310)	(72,936)	(54,442)	(59,416)	(62,721)
Interest paid	(528)	(747)	(580)	(1,516)	(1,115)
Income tax paid	-	-	-	(27)	(24)
Net goods and services tax received/(paid)	655	3,703	(248)	655	(109)
Net cash from operating activities	15,539	(4,453)	3,640	22,553	12,881
Cash flows from investing activities					
Receipts from sale of property, plant and equipment	68	-	247	72	252
Receipts from sale of investment property and assets held for sale	25,040	15,220	-	25,040	-
Receipt from the sale of investments	35,847	17,469	69,536	35,847	69,536
Loan repayments received	-	-	250	-	250
Purchase of property, plant and equipment and intangible assets	(10,517)	(18,087)	(4,860)	(10,945)	(6,099)
Purchase of investment property	(6,064)	-	(7,834)	(16,872)	(18,229)
Purchase of financial investments	(63,370)	(17,953)	(51,191)	(63,370)	(51,191)
Disposal of investment in subsidiary	-	-	-	(2,715)	-
Net cash from investing activities	(18,996)	(3,351)	6,148	(32,943)	(5,481)
Cash flows from financing activities					
Proceeds received from ASB facility	-	-	-	7,600	7,400
Dividends paid	-	-	-	(3,305)	(3,065)
Proceeds from borrowings	-	5,533	4,290	-	4,290
Repayment of borrowings	-	-	(10,000)	-	(10,000)
Net cash from financing activities	-	5,533	(5,710)	4,295	(1,375)
Net increase (decrease) in cash, cash equivalents and bank overdrafts	(3,457)	(2,271)	4,078	(6,095)	6,025
Cash, cash equivalents and bank overdrafts at the beginning of the year	7,985	3,102	3,907	10,853	4,828
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR	4,528	831	7,985	4,758	10,853

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

For the year ended 30 June 2022	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Surplus/(deficit) after tax	14,387	33,006	23,352	43,824
Add/(less) non cash items				
Depreciation & amortisation expense	1,517	1,635	2,060	2,222
Share of associate companies' (surplus)/loss	145	171	1,225	(1,058)
(Gain)/loss on disposal of subsidiary	-	-	161	-
Fair value adjustments	(10,584)	(23,857)	(14,399)	(27,716)
Non cash (gain)/loss on externally managed funds and loans	2,805	(8,645)	2,805	(8,645)
Other non-cash items	(45)	115	(45)	115
Total non cash items	(6,162)	(30,581)	(8,193)	(35,082)
Add/(less) items classified as investing or financing activities				
(Gains)/loss on sale of property plant and equipment	(37)	(143)	(35)	(143)
(Gains)/loss on sale of investment properties and assets held for sale	1,112	-	1,112	-
Total items classified as investing or financing activities	1,075	(143)	1,077	(143)
Add/(Less) movements in working capital				
Decrease (increase) in trade and other receivables	433	462	1,092	(79)
Decrease (increase) in prepayments	(198)	31	(107)	(65)
Decrease (increase) in inventory	1	212	(59)	191
(Decrease) increase in tax payable	-	-	(7)	-
(Decrease) increase in trade and other payables	4,744	(1,366)	1,389	191
(Decrease) increase in revenue received in advance	(2,134)	2,657	(2,134)	5,384
(Decrease) Increase in employee entitlements accrual	474	226	392	254
Investing capital items included in working capital movements	2,919	(864)	5,751	(1,594)
	6,239	1,358	6,317	4,282
Net cashflows from operating activities	15,539	3,640	22,553	12,881

Statement of accounting policies

Reporting entity

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

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

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

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

Reporting period

The financial statements of the council and group are for the year ended 30 June 2022. The financial statements were authorised for issue by council on 27 September 2022.

Basis of preparation

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

Statement of Compliance

The financial statements of the council and group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements comply with PBE accounting standards.

Functional and presentation currency

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

Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective and which are relevant to the council:

Financial instruments

PBE IPSAS 41 Financial Instruments was issued in March 2019. This standard replaces PBE IPSAS 29, and supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022.

The council plans to apply this standard in preparing its 30 June 2023 financial statements. Council does not expect any significant changes as the requirements are similar to PBE IFRS 9.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2022 following consultation that has been initiated by the External Reporting Board. The council believe the application of PBE FRS 48 will not have any significant impact on its statement of performance as the council has well established service performance reporting processes.

Other changes in accounting policies

There have been no changes in accounting policies during 2022.

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate;

Significant accounting policies that do not relate to a specific note are outlined below;

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

Basis of consolidation

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

Foreign currency transactions

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

Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The 2022 budget figures are those approved by the council in its 2021-2031 Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

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

Council's infrastructure assets are revalued by an independent valuer at regular intervals, with the most recent infrastructure valuation, undertaken in 2020. There are a number of estimates and assumptions exercised when valuing the individual elements (stop banks, floodgates, spillways) of infrastructure assets, such as estimating the age, condition, optimisation and remaining life of each element. A comparison of the carrying value of infrastructure assets and the fair value of infrastructure assets using market-based evidence is undertaken annually. In assessing generic market changes there is inherent uncertainty, and actual results may vary from estimates and these variations may be significantly more or less favourable than assumed depending on the asset class in question. Further detail is provided in Note 13.

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

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

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

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2022.

Council has one leasehold property holding which has been offered to the leaseholder or open market. This property has therefore been classified as current

assets investment property (assets held for sale) as it is assumed these sales will occur within the next 12 months.

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

Council's investment in Northland Inc. Limited has been treated as an associate as it is considered that council holds significant influence over the financial and operating policies of Northland Inc. Limited due to the fact that council shares joint control of Northland Inc. Limited with Kaipara District Council (33.3%) and Far North District Council (33.3%).

Notes to the financial statements

Note 1: Summary revenue and expenditure for groups of activities

Accounting policy

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

Breakdown of summary revenue and expenditure for group of activities:

	Council 30-Jun-22 \$000	Long Term Plan 30-Jun-22 \$000	Council 30-Jun-21 \$000
Revenue			
Community Resilience	11,782	11,472	10,341
Natural Environment	30,452	29,331	-
Flood Protection	10,126	8,370	7,762
Regional Leadership	28,121	35,278	-
Governance and Engagement	-	-	7,066
Regulatory Services	-	-	10,193
Environmental Services	-	-	14,650
Corporate Excellence	-	-	26,817
Total activity revenue and rates as per activity funding impact statements	80,482	84,451	76,829
Internal charges and overheads recovered	(13,042)	(12,573)	(12,294)
Other gains not attributable to an activity	10,620	-	23,999
Total revenue as per statement of comprehensive revenue and expense	78,060	71,879	88,534
Expenses			
Community Resilience	10,877	11,775	11,442
Natural Environment	33,578	35,992	
Flood Protection	2,925	2,457	4,293
Regional Leadership	26,561	27,164	
Governance and Engagement	-	-	7,039
Regulatory Services	-	-	12,049
Environmental Services	-	-	18,997
Corporate Excellence	-	-	12,043
Total activity expenses as per activity funding impact statements	73,941	77,388	65,863
Internal charges and overheads recovered	(13,042)	(12,573)	(12,294)
Other expenses not attributable to an activity	1,112	100	153

	Council 30-Jun-22 \$000	Long Term Plan 30-Jun-22 \$000	Council 30-Jun-21 \$000
Depreciation and amortisation	1,517	1,986	1,635
Total expenses as per statement of comprehensive revenue and expense	63,528	66,902	55,357

BREAKDOWN OF DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY	Note	Council 30-Jun-22 \$000	Long Term Plan 30-Jun-22 \$000	Council 30-Jun-21 \$000
Community Resilience		142	178	143
Natural Environment		482	473	
Flood Protection		223	224	227
Regional Leadership		668	1,111	
Regulatory Services		-	-	444
Corporate Excellence		-	-	821
TOTAL DEPRECIATION AND AMORTISATION EXPENSE	13	1,517	1,986	1,635

Note 2: Revenue

Accounting policy

Revenue is measured at fair value.

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

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

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

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

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

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

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

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

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

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

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

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

Rates revenue is shown net of rates remissions and postponements, and early payment discounts (2020/21 only). The Northland Regional Council's rates remission policies allow it to remit approved rates as per the Rates Remission Policies of the Territorial Authorities that collect Northland Regional Council's rates on its behalf. In 2020/21 the Whangarei District Council offered a 2% early payment discount if rates were paid in full at the first instalment of 20th September 2021. There were no early payment discounts in 2021/22.

2(ii) Breakdown of other revenue

	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Rental revenue from investment properties	3,096	3,132	9,336	8,800
Dividend revenue – Marsden Maritime Holdings Limited	3,820	3,543	-	-
Total other revenue	6,916	6,675	9,336	8,800

Operating leases as lessor

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

	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Not later than one year	1,841	3,211	5,350	6,071
Later than one year and not later than five years	3,271	9,353	12,234	16,848
Later than five years	1,931	6,300	6,358	9,980
Total non-cancellable operating leases	7,043	18,864	23,942	32,899

Council

Operating leases relate to investment properties owned by Northland Regional Council. The majority (in terms of numbers) of council's investment property portfolio is made up of leasehold properties. These leasehold properties have perpetual lease terms ranging from five to 21 years. The lessee has the option to renew the lease at the completion of each term. All leases contain market review clauses at varying cycles or upon renewal. The lessee does not have a right to purchase the property at the expiry of the lease. Council has four residential properties with fixed or periodic tenancy and owns 33 freehold commercial properties, of which eight are owner occupied, one is vacant, and the remaining have lease terms of between one month and 15 years.

Marsden Maritime Holdings Limited

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

No contingent rents have been recognised during the year.

2(iii) Breakdown of other gains:

	Note	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Gain on revaluation of investment property	11	7,509	11,905	11,427	15,560
Gain on revaluation of investment property assets held for sale	9	50	10,346	50	10,346
Gain on revaluation of infrastructural assets		1,187	-	1,187	-

	Note	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Gain on revaluation of forestry assets	15	359	546	359	546
Gain on revaluation of buildings and amenities		1,478	1,052	1,478	1,255
Gain on disposal of property, plant and equipment		37	143	40	143
Total non-financial instruments gains		10,620	23,992	14,541	27,850
Externally Managed Investment Funds		-	8,646	-	8,646
Gain on fair value adjustment of financial investments		-	7	-	9
Total financial instruments gains		-	8,653	-	8,655
Total other gains		10,620	32,645	14,541	36,505

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

Note 3: Personnel costs

Accounting policy

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

Breakdown of personnel costs and further information:

	Note	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Salaries and wages		21,212	18,507	22,646	21,923
Employer contributions to defined contribution plans		579	508	579	568
Increase/(decrease) in employee benefit liabilities	18	474	226	465	197
Total personnel costs		22,265	19,241	23,690	22,688

Chief Executive remuneration

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

The total remuneration (including any non financial benefits) paid or payable for the year ended 30 June 2022 to the Chief Executive was \$341,034 (2021: \$325,489).

Elected representatives

Elected representatives received the following remuneration:

	Note	Salary 30-Jun-22 \$000	Non-salary 30-Jun-22 \$000	Total Council Remuneration 30-Jun-22 \$000	Total Council Remuneration 30-Jun-21 \$000
Penny Smart, Chair		126	2	128	124
Justin Blaikie, Deputy Chair		79	3	82	89
Terry Archer		72	-	72	25
John Bain		-	-	-	25
Jack Craw		72	1	73	74
Colin Kitchen		72	5	77	90
Amy Macdonald		72	2	74	85
Marty Robinson		72	3	75	81
Rick Stolworthy		72	5	77	85
Joce Yeoman		72	3	75	76
Total elected representatives' remuneration	4	709	24	733	754

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

Council employee remuneration by band

The annual remuneration by band for council employees as at 30 June 2022 is detailed below. For employees receiving remuneration of \$60,000 or more, they are grouped into \$20,000 bands as presented below. For any \$20,000 bands with five or fewer employees in the band, they are combined upwards with the next banding as stipulated in the Local Government Act 2002.

	Council 30-Jun-22	Council 30-Jun-21
< \$60,000	58	56
\$60,000 - \$79,999	113	123
\$80,000 - \$99,999	72	55
\$100,000 - \$119,999	19	16
\$120,000 - \$139,999	6	6
\$140,000 - \$159,999	8	-
\$140,000 - \$199,999	-	9
\$160,000 - \$219,999	6	-
\$320,000 - \$339,999	-	1
\$340,000 - \$369,999	1	-

	Council 30-Jun-22	Council 30-Jun-21
Total employees	283	266

Total remuneration includes any non financial benefits provided to employees.

At 30 June 2022, the council employed 248(2021: 212) full time employees with the balance of staff representing 17.79(2021: 15.18) full time equivalent employees. A full time employee is determined on the basis of a 37.5, and 40 hour where applicable, working week.

Severance payments

For the year ending 30 June 2022, the council made no severance payments to employees (2021: 2 severance payments - one of \$10,000 and one of \$12,000).

Note 4: Other expenses

Accounting Policy

Expenditure is recognised when goods and services have been received.

Grant expenditure: Non-discretionary grants are those grants that are awarded when the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where the council has no obligation to award the grant on receipt of the grant application and are recognised as expenditure when the grant conditions have been satisfied.

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

Breakdown of other expenses and further information:

	Note	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Fees to external auditors:					
Fees to Deloitte for audit of financial statements		156	122	156	164
Fees to Deloitte for other services*		70	127	70	127
Fees to OAG for audit of financial statements		11	11	11	11
Fees to EY for the audit of the Marsden Maritime Holdings Group		-	-	94	90
Fees for other services provided by the auditor of Marsden Maritime Holdings Limited		-	-	-	5
Directors'/Councillors' fees and trustee remuneration	3	733	754	1,016	1,153
Donations		1,902	1,802	1,904	1,804
Operating lease payments		289	155	304	285
Impairment on Investment in Associate		-	153	-	153

	Note	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Current year rates written off		94	457	94	457
Impairment of receivables	7	1,005	79	1,005	96
Operating grants to Northland Inc. Limited		1,637	1,365	1,637	-
Other payments to Northland Inc. Limited		318	455	318	-
Payments to Regional Software Holdings Limited		391	351	391	351
Loss on externally managed investment funds		2,804	-	2,804	-
Loss on disposal of investment property assets held for sale		1,112	-	1,112	-
Loss on disposal of property, plant and equipment		-	-	-	1
Loss on fair value adjustment of financial investments		-	-	103	-
Other operating expenses		28,696	28,069	33,315	33,790
Total other expenses		39,218	33,900	44,334	38,487

* The fees paid to Deloitte for other services for the year ending 30 June 2022 were for a review and training in respect of fraud and corruption awareness, a review of councils internal audit programme and its rating processes and controls and for the audit compliance report prepared in respect to councils debenture trust deed.

Council acts as an agent in relation to the Kaipara Moana Remediation Programme (KMRP) and accordingly costs and funding are not recorded in council's financial statements. However for completeness we note Deloitte undertakes an agreed procedures engagement for the KMRP and the fee for 2021-22 is expected to be approximately \$16,000.

Operating leases as lessee

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

	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Not later than one year	261	179	261	329
Later than one year and not later than five years	168	248	168	562
Total non-cancellable operating leases	429	427	429	891

Note 5: Taxation

Accounting policy

The income tax expense includes both current and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.

Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

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

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

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

Current tax and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenue and expense or directly in equity.

Breakdown of taxation and further information:

	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Components of tax expense		
Current tax expense/(credit)	(168)	24
Tax expense	(168)	24
Relationship between tax expense and accounting surplus		
Surplus/(deficit) before tax	23,184	43,848
Taxation at 28%	6,492	12,277
Plus (less) tax effect of:		
Non-deductible expenditure	-	1,344
Recognition of temporary differences	-	-
Imputation dividend receipts	(4,149)	(3,700)
Non-taxable income	(3,017)	(9,789)
Tax paid on joint venture company earnings	306	(341)
Carried forward losses derecognised/(recognised)	200	233
Tax expense/(benefit)	(168)	24

	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Deferred tax		
Balance at 1 July	-	-
Items charged to profit and loss	-	-
Balance at 30 June	-	-
Represented by:		
Investment property	(2,483)	(1,465)
Property plant and equipment	510	(131)
Financial instruments	(188)	-
Provisions	13	21
Deferred tax liability	(2,148)	(1,575)
Deferred tax asset (tax effect of losses carried forward)	2,155	1,575
Net deferred tax asset	7	-

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

A deferred tax asset has not been recognised in relation to tax losses in Northland Regional Council of \$15,336,355 (2021: \$13,426,805) as council considers it unlikely that the benefit of these losses will be utilised against future taxable income.

As at 30 June 2022 Marsden Maritime Holdings Limited group has taxation losses amounting to \$7,696,043 of which the tax effect is \$2,154,892 (2021: losses \$6,654,868 tax effect \$1,863,363) subject to Inland Revenue Department confirmation. Due to the timeframe in which assessable income is anticipated to be available to offset such losses, Marsden Maritime Holdings Ltd has determined that it is appropriate to only recognise prior period losses in the financial statements to a level that directly offsets the deferred tax liability.

Note 6: Cash and Cash Equivalents

	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Cash on hand and at trading banks *	4,389	3,612	4,619	6,480
Cash on hand and at trading banks held as part of the Long Term Fund	26	-	26	-
Term deposits, held as part of the Short Term Fund - with maturities of less than 3 months acquisition	-	1,405	-	1,405
Term deposits, held as part of the Long Term Fund - with maturities of less than 3 months acquisition	23	2,278	23	2,278
Other Term deposits - with maturities of less than 3 months at acquisition	90	690	90	690
Total cash and cash equivalents	4,528	7,985	4,758	10,853

* The council holds unspent funds included in cash on hand and at trading banks of \$56,036 (2021: \$2,167,252) relating to marine farm and commercial bonds that are subject to restrictions, and \$25,675 (2021: \$93,346) relating to retention monies withheld under commercial construction contracts.

Note 7: Current receivables

Accounting policy

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

A receivable is considered to be uncollectible when there is evidence that the amount due will not be fully collected. The amount that is uncollectible is the difference between the amount due and the present value of the amount expected to be collected.

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.

Breakdown of receivables and further information

	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Rates receivables	5,136	4,585	5,136	4,585
Other receivables	4,042	4,001	4,089	4,716
GST receivable	816	1,146	858	1,211
Receivables from subsidiaries and associates	-	14	-	-
Prepayments	438	240	610	502
Gross debtors and other receivables	10,432	9,986	10,693	11,014
Less provision for uncollectibility of receivables	(4,070)	(3,389)	(4,070)	(3,407)
Total current receivables	6,362	6,597	6,623	7,607
Total current receivables comprise:				
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements and fees and charges that are partly subsidised by rates	3,738	6,057	3,952	7,004
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	2,624	540	2,671	603
	6,362	6,597	6,623	7,607

Assessment for uncollectibility

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

Outstanding rates are usually recognised in full when the rates become payable due to the fact that the value can be measured reliably, it is probable that council is going to receive payment, and there is not expected to be a significant delay in receipt. Rates revenue is recognised immediately because there are no conditions arising from the transaction.

The ageing profile of receivables at year end is detailed below:

	2022			2021		
	Gross \$000	Provision for uncollectibility \$000	Net \$000	Gross \$000	Provision for uncollectibility \$000	Net \$000
Council						
Not past due	5,343	(7)	5,336	4,747	(6)	4,741
Past due 1-60 days	72	(24)	48	43	(22)	21
Past due 61-120 days	49	(24)	25	692	(22)	670
Past due > 120 days	4,968	(4,015)	953	4,504	(3,339)	1,165
Total	10,432	(4,070)	6,362	9,986	(3,389)	6,597

	2022			2021		
	Gross \$000	Provision for uncollectibility \$000	Net \$000	Gross \$000	Provision for uncollectibility \$000	Net \$000
Group						
Not past due	5,604	(7)	5,597	5,536	(6)	5,530
Past due 1-60 days	72	(24)	48	257	(22)	235
Past due 61-120 days	49	(24)	25	717	(22)	695
Past due > 120 days	4,968	(4,015)	953	4,504	(3,357)	1,147
Total	10,693	(4,070)	6,623	11,014	(3,407)	7,607

Provision for Uncollectibility

The provision for uncollectibility of general receivables has been based on a review of specific overdue receivables and a collective assessment. The collective assessment is based on an analysis of past collection history and debt write offs. Rates receivables have been assessed of uncollectibility based on an analysis of council's historical non collection rate for each district.

	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Movements in the provision for uncollectibility of receivables are as follows:				
Balance at 1 July	3,389	2,588	3,407	2,659
Increase in provision due to reversal of accumulated rates receivable impairments	-	2,777	-	2,777
Rate arrear receivables written off during the year	(324)	(2,032)	(324)	(2,032)
Other receivables written off during the year	-	(23)	-	(93)

	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Additional provisions made during the year	1,005	79	987	96
Balance at 30 June	4,070	3,389	4,070	3,407

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

Note 8: Inventory

Accounting policy

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

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

Breakdown of inventory and further information:

	Note	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Stores and materials		270	271	424	365
		270	271	424	365

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

Note 9: Assets held for sale

Accounting policy

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

Any impairment losses are recognised in the surplus or deficit.

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

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

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

Breakdown of assets held for sale and further information:

	Note	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Balance at 1 July		29,335	715	29,335	715
Transfers from/(to) investment properties	11	-	13,780	-	13,780
Additions		-	4,494	-	4,494
Properties sold during the year		(28,398)	-	(28,398)	-
Fair value gains/(loss) on valuation	2(iii)	50	10,346	50	10,346
Total assets held for sale		987	29,335	987	29,335

During the year, council sold two investment properties classified as held for sale resulting in one investment property being held for sale at 30 June 2022. (2021: 3). Council's investment properties held for sale are valued at Fair Value under PBE IPSAS 16. The valuation was undertaken by Telfer Young Northland Ltd as at 30 June 2022.

Note 10: Other financial assets

Accounting policy

Financial assets (other than shares in subsidiaries) 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.

Financial assets at fair value through surplus or deficit

Financial assets are initially recognised 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 unless council intends to hold the funds beyond 12 months.

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

Council's external managed funds are classified in this category as they are evaluated and reported on a quarterly basis against the corresponding statement of investment policy and objectives. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

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.

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 de-recognised are recognised in the surplus or deficit.

At year end the assets are assessed for indicators of impairment. Impairment is established when there is evidence that the council and group 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 into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

If assets are impaired, the amount not expected to be collected is 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 that are intended to be held long term but which may be realised before maturity; and
- Shareholdings that are held for strategic purposes.

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

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

If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

Breakdown of other financial assets and further information:

	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
CURRENT PORTION				
Term deposits, and other securities *	3,279	1,674	3,279	1,674
Term deposits held as part of the Short Term Fund	-	1,554	-	1,554
Term deposits held as part of the Long Term Fund	3,460	1,462	3,460	1,462
Short term investment fund	15,575	13,333	15,575	13,333
Total current portion	22,314	18,023	22,314	18,023
NON-CURRENT PORTION				
Other loans	2,891	2,846	2,891	2,846
Term deposits and other securities	263	307	611	758
Long Term Fund	57,315	36,843	57,315	36,843
Total non-current portion	60,469	39,996	60,817	40,447
TOTAL OTHER FINANCIAL ASSETS	82,783	58,019	83,131	58,470

* includes \$401,738 of term deposits held as retentions under commercial construction contracts and subject to restrictions

Fair value

The carrying amount of term deposits approximates their fair value.

Other loans

Funds of \$3,750,000 were advanced to Northland Emergency Services Trust (NEST) on 8 May 2018 to assist with the purchase of a helicopter. The NEST Loan is secured over the newly purchased helicopter by way of a General Security Deed and has an applicable fixed interest rate of 4.77% pa. A lump sum repayment of \$548,786 was received from NEST during the 2018-19 year. A further repayment of \$250,000 was received from NEST in the 2020-21 year following the sale of an engine that was surplus to requirements. The carrying amount of the NEST loan is \$2,891,091(2021: \$2,845,798) reflecting a non-cash fair value adjustment of \$60,123(2021: \$105,417) to account for the fact the interest rate is below an assessed market interest rate of 6.5%. The fair value adjustment of \$60,123 will be unwound through profit and loss over the term of the loan.

Fonterra Cooperative Group Limited Shares

As at 30 June 2022, Marsden Maritime Holdings Limited and its Group held 119,935 co-operative shares in Fonterra Co-operative Group Ltd having a disclosed fair value of \$2.90 per share (2021: total holding of 119,935 shares at an average of \$3.76 per share) recognising a total fair value decrease for the year of \$103,144 (2021: fair value increase \$2,399).

Externally managed investment funds

Eriksen and Associates Limited are appointed as council's investment advisors for 2 externally managed investment funds (2021:2) providing independent overarching investment guidance for these funds. Council's externally managed funds are classified as financial assets at fair value through surplus or deficit as Eriksen and Associates Limited evaluate and report the performance of each fund on a fair value basis (monthly) in accordance with council's Statement of Investment Policy and Objectives (SIPO). This designation is consistent with the investment strategy in council's finance strategy, as the managed funds are managed prudently against the SIPO with a view to prudently maximising and managing returns over the long term within a diverse portfolio that preserves and maintains the capital value of each fund. The Long Term Fund is presented as non current as council does not expect to dispose of it within 12 months of the balance date.

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

Investment commitments

Breakdown of fund managers with uncalled committed investments at year end	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000
Continuity Capital Fund (No.2)	100	180
Continuity Capital Fund (No.4)	250	400
Continuity Capital Fund (No.5)	1,493	2,417
Continuity Capital Fund (No.6)	1,500	1,900
Continuity Capital Fund (No.7)	1,947	-
CPE Capital (No.9)	470	-
Direct Capital Fund (No.6)	1,629	1,638
Milford PE Fund (No.3)	500	-
MLC Private Equity fund (No.2)	175	188
MLC Private Equity fund (No.3)	282	484
Oriens Fund (No.2)	740	1,000
Pioneer Capital Partners Fund (No.3)	150	257
Pioneer Capital Partners Fund (No.4)	391	987
	9,627	9,451

Externally managed investment fund performance (12 month return to 30 June 2022, net of fees)	Council and Consolidated 30-Jun-22	Council and Consolidated 30-Jun-21
Long Term fund	-2.0%	18.70%
Short Term fund	-4.6%	10.20%

Councils Long Term and Short-Term Investment Funds experienced negative annual returns in 2021/22 as rising inflation and interest rates weakened investor confidence and created extreme volatility in local and global financial markets. In addition, geopolitical conflicts, COVID-19 and climate change added to uncertainty and volatility that gave rise to an episode of turmoil in the financial markets that intensified throughout the year.

Council took steps to de-risk its investment portfolio by reducing exposure to global equities late last year. Additionally, to protect capital, council adopted a strategy of reinvesting private equity distributions into low-risk term deposits.

Despite experiencing negative annual returns, it should be noted that the majority of these losses are unrealised to date and the three-year and five-year average returns for both investment funds remain positive.

The investment portfolio is well set up to weather any future financial market volatility with a wide range of investments providing diversification to reduce the impact of listed markets and continue to add value going forward.

Weighted average effective interest rates	Council and Consolidated	Council and Consolidated
	30-Jun-22	30-Jun-21
Term deposits	1.12%	0.60%
Other securities	3.16%	3.16%

Note 11: Investment property

Accounting policy

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

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

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

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

Breakdown of investment property and further information:

	Note	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Balance at 1 July		62,516	60,361	155,618	138,357
Additions		5,420	4,030	15,986	15,302
Transfers from/(to) assets held for sale	9	-	(13,780)	-	(13,780)
Transfers from/(to) property plant and equipment - freehold land	13	(185)	-	611	144
Transfers from/(to) property plant and equipment - buildings	13	(890)	-	(890)	-
Movement in lease incentives		-	-	(3)	35
Fair value gains/(losses) on valuation	2(iii)	7,509	11,905	11,427	15,560
Balance at 30 June		74,370	62,516	182,749	155,618

Investment properties valuation - Council

The annual valuation of council's investment properties was performed by Telfer Young (Northland) Limited. The valuation is effective as at 30 June 2022.

Council's investment properties are valued at fair value comprising of ground leases of \$35,284,000 (2021: \$31,371,000); freehold, and lessee's interest, investment properties (land, buildings and improvements) of \$39,086,403 (2021: \$31,145,000).

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

Capitalisation rate range 4.32% to 9.83% (2021: 4.86% to 10.33%)

Future market rents

+5.25% for five-yearly ground lease rent reviews (2021: 5.10%)

+5.50% for seven-yearly ground lease rent reviews (2021: 5.35%)

+6.80% for 21-yearly ground lease rent reviews (2021: 6.65%)

Annual inflation on land values: 1.5% (2021: 1.5%)

Discount rate: 6.5% (2021: 6.50%)

Investment properties valuation – Marsden Maritime Holdings Limited

Fair value has been determined based on valuations performed as at 30 June 2022, by Telfer Young (Northland) Limited, industry specialists in valuing these types of assets (2021: Seager & Partners).

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

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

Land available for lease range*: \$40-\$240 per square metre (2021: \$75-\$110 per square metre)

Discount rate range: 6.75% – 10.5% (2021: 7.5% – 9.75%)

Capitalisation rate range: 5.75% – 7.00% (2021: 6.875%)

Exit yield range: 6.75% – 7.75% (2021: 7.25% – 7.50%)

Annual Rental cash flow: \$617,000 – \$1,000,000 (2021: \$569,000 – \$837,000)

* Excludes undeveloped land and land designated for a transport corridor which has a value of \$5 per m² (2021: \$30 to \$100 per m²).

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

As reported in the financial statements for the year ended 30 June 2021, Marsden Maritime Holdings Limited commissioned an independent inspection of all the marina piles to understand the extent of any issues with the structural integrity of the piles. The conclusion reached was that there was no evidence of issues with the structural integrity of the marina piles.

Capital Commitments

	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Investment Property	4,932	6,188	5,634	13,327
Total capital commitments	4,932	6,188	5,634	13,327

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

Accounting policy

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

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

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

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

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

	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Investment in joint venture company	-	-	61,448	51,494
Shares in Marsden Maritime Holdings Limited (22.14 million shares)	7,828	7,828	-	-
Total investments in subsidiaries (excluding CCOs) and joint venture company	7,828	7,828	61,448	51,494

Council - Investment in Marsden Maritime Holdings Limited

Marsden Maritime Holdings Limited is a listed company. The fair value of these shares, as per the market price at 30 June 2022 is \$5.72 per share (2021: \$6.12 per share). The shares are held at historical cost of \$0.35 cents per share. Council shareholding in Marsden Maritime Holdings Limited is 53.61%.

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

	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Current assets	5,966	5,934
Non-current assets	170,946	145,684
Current liabilities	6,163	5,974
Non-current liabilities	45,237	40,016

	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Net assets	125,512	105,628
Group share of net assets (50%)	62,756	52,814
Other consolidation adjustments	(1,308)	(1,320)
Total Investment in joint venture company	61,448	51,494
Opening carrying value	51,494	46,269
Share of after tax surplus	8,432	9,525
Dividends paid	(9,513)	(8,295)
Share of land revaluation movement	10,174	3,499
Share of hedge reserve movement	861	496
Closing carrying value	61,448	51,494
Revenue	42,577	44,605
Net surplus	16,840	19,025
Current period write back in respect of previous inter-entity asset sales	12	12
Total share of joint venture company net surplus (50%)	8,432	9,525

Joint venture commitments and contingencies

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

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

Accounting policy

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

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

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

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

The investment in the associate is accounted for using the equity method in the council's parent entity financial statements.

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

	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Investment in Northland Inc Limited (2022 Associate: 2021 Subsidiary)	59		59	
Investment in Regional Software Holdings Limited (associate)	282	486	282	486
Total investments in council controlled organisations	341	486	341	486

Northland Inc. Limited (Associate)

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

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

	Note	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000
Assets		3,394	
Liabilities		3,218	
Revenue		5,888	
Share capital			
Accumulated funds		176	
Total equity		176	
Council's interest		33.33%	-
Council investment in Associate (before impairment)		59	-
Council impairment in investment in Associate		-	
Council's investment in Regional Software Holdings Limited in Council parent financial statements		59	-

For the year ended 30 June 2022, council's investment in Northland Inc. Limited was recognised initially at fair value of \$53,830 and then increased by its 33% share of Associate surplus, being \$4,882 within the council's parent entity financial statements. In 2021 Northland Inc. Limited was treated as a subsidiary and council recognised its 100% share of Subsidiary surplus (\$10,588) in the Group financial statements and carried its Investment in subsidiary at cost of \$240 in the Parent entity financial statements.

Disposal of Subsidiary

As referred to above, on 1 July 2021 council disposed of its interest (100% owned subsidiary) in Northland Inc. Limited.

The net assets of Northland Inc. Limited (100% owned subsidiary) at the date of disposal were as follows:	01-Jul-21 \$000
Cash and cash equivalents	2,715
Trade receivables	751
Property, plant and equipment	237
Trade payables	(559)
Employee entitlements	(73)
Deferred revenue	(2,910)
Net assets disposed of	161
Loss on disposal	(107)
Total Consideration	54
Satisfied by:	
Cash and cash equivalents	-

The net assets of Northland Inc. Limited (100% owned subsidiary) at the date of disposal were as follows:	01-Jul-21 \$000
Fair value of associate interest in Northland Inc. Limited	54
Total consideration transferred	54
Net cash from investing activities arising on disposal	
Consideration received in cash and cash equivalents	-
Less: cash and cash equivalents disposed of	(2,715)
Total net cash from investing activities arising on disposal	(2,715)

There were no disposals of subsidiaries made in 2021. The impact of Northland Inc. Limited on the Groups results in the prior period is not material. The current year surplus of Northland Inc. Limited is set out below via council's share of associate surplus.

Regional Software Holdings Limited (Associate)

Regional Software Holdings Limited (RSHL) is a Limited Company incorporated and registered under the Companies Act 1993 and is a council controlled organisation as defined in section 6 of the Local Government Act. RSHL is an associate of council with a primary objective to provide a framework for collaboration between the shareholders 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 councils can achieve on their own. Council has a 16.75% shareholding. RSHL is classified as an associate as the council's CEO is on the Board of Directors of Regional Software Holdings Limited and as such it is considered that council has significant influence over the operating and financial policies of Regional Software Holdings Limited.

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

	Note	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000
Assets		5,600	6,494
Liabilities		3,001	2,679
Revenue		5,463	3,606
Share capital		5,149	5,149
Accumulated funds		(2,550)	(1,335)
Total equity		2,599	3,814
Council's interest		16.75%	16.75%
Council investment in Associate (before impairment)		435	639
Council impairment in investment in Associate		(153)	(153)
Council's investment in Regional Software Holdings Limited in Council parent financial statements		282	486

For the year ended 30 June 2022 Regional Software Holdings Limited had a deficit of \$1,215,263 (2021: \$1,022,808 deficit), and council recognised its 16.75% share of Associate deficit being \$203,557 in the council's parent entity financial statements (2021: 16.75% being \$171,320 deficit).

Council investment in Regional Software Holdings Limited was impaired by \$152,994 in 2021, due to council's intention to withdraw from the underlying asset of its investment earlier than the planned retirement of the asset by RSHL.

The total share of associates and Joint Venture company surplus in comprehensive revenue and expense is \$8,287,033 (2021: \$9,353,535) being council's share of the Regional Software Holdings Limited deficit \$203,557 (2021: \$171,320) Note 12(ii), council's share of the Northland Inc. Limited surplus being \$4,882 and the fair value of the initial investment in Northland Inc. Limited as an associate \$53,830 (2021: \$0) Note 12(ii), and Marsden Maritime Holdings Limited share of surplus in their joint venture company, Northport Limited, \$8,431,878 (2021: \$9,524,855) Note 12(i).

Note 13: Property, plant and equipment

Accounting policy

Property, plant and equipment consists of:

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

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

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

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

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

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

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

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

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the council and group and the cost of the item can be measured reliably. The costs of day to day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

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

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

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

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

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

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

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

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

Value in use for non cash generating assets: Non cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

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

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

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

COUNCIL	Freehold Land \$000	Forestry Land \$000	Buildings \$000	Infrastructure \$000	Plant, equipment, vehicles and vessels \$000	TOTAL \$000	Capital work in progress \$000
Year ended 30 June 2021							
Opening net book value	3,535	707	5,370	21,245	5,057	35,914	4
Additions	-	-	236	3,409	1,002	4,647	388
Disposals* and divested assets	-	-	-	-	(105)	(105)	-
Revaluation movement	260	-	1,052	-	-	1,312	-
Depreciation expense	-	-	(108)	(205)	(1,161)	(1,474)	-
Closing net book value	3,795	707	6,550	24,449	4,793	40,294	392
At 30 June 2021							
Assets at cost/valuation	3,795	707	6,550	24,654	13,926	49,632	392
Accumulated depreciation	-	-	-	(205)	(9,133)	(9,338)	-
Net book value	3,795	707	6,550	24,449	4,793	40,294	392

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

Depreciation and amortisation expense		Council 30-Jun-22	Council 30-Jun-21
Property, plant and equipment		1,453	1,474
Intangibles	Note 14	64	161
Total		1,517	1,635

* disposals are reported net after accumulated depreciation

CONSOLIDATED	Freehold Land \$000	Forestry Land \$000	Freehold Land - Port \$000	Buildings and amenities \$000	Infrastructure \$000	Plant, equipment, vehicles and vessels \$000	TOTAL \$000	Work in progress \$000
Year ended 30 June 2021								
Opening net book value	3,535	707	19,723	14,191	21,245	6,974	66,375	606
Additions	-	-	27	443	3,409	1,486	5,365	1,181
Disposals* and divested assets	-	-	-	-	-	(112)	(112)	(335)
Transfer between asset classes	-	-	(93)	-	-	-	(93)	(174)
Revaluation movement	260	-	1,225	1,255	-	-	2,740	-
Depreciation expense	-	-	-	(438)	(205)	(1,418)	(2,061)	-
Closing net book value	3,795	707	20,882	15,451	24,449	6,930	72,214	1,278
At 30 June 2021								
Assets at cost/valuation	3,795	707	20,882	16,387	24,654	17,361	83,786	1,278
Accumulated depreciation	-	-	-	(936)	(205)	(10,431)	(11,572)	-
Net book value	3,795	707	20,882	15,451	24,449	6,930	72,214	1,278
Year ended 30 June 2022								
Opening net book value	3,795	707	20,882	15,451	24,449	6,930	72,214	1,278
Additions	-	-	-	4,635	3,551	1,319	9,505	1,362
Disposals* and divested assets	-	-	-	-	-	(273)	(273)	-
Transfer between asset classes	185	-	-	897	-	4	1,086	(807)
Revaluation movement	1,105	-	(2,357)	3,065	2,734	-	4,547	-
Transfer to operations	-	-	-	-	-	-	-	(2)
Depreciation expense	-	-	-	(475)	(213)	(1,308)	(1,996)	-
Closing net book value	5,085	707	18,525	23,573	30,521	6,672	85,083	1,831
At 30 June 2022								
Assets at cost/valuation	5,085	707	18,525	24,843	30,939	17,008	97,107	1,831
Accumulated depreciation	-	-	-	(1,270)	(418)	(10,336)	(12,024)	-
Net book value	5,085	707	18,525	23,573	30,521	6,672	85,083	1,831

Depreciation and amortisation expense		Consolidated 30-Jun-22	Consolidated 30-Jun-21
Property, plant and equipment		1,996	2,061
Intangibles	Note 14	64	161
Total		2,060	2,222

* disposals are reported net after accumulated depreciation

Valuation of freehold land and buildings

The most recent valuation of council's freehold land and buildings was performed by Telfer Young (Northland) Limited, and is effective as at 30 June 2022.

Council's land and buildings are valued at fair value of \$19,750,000 (2021: \$10,345,000) using a market-based approach based on a highest and best use approach, whereby the potential market rentals are capitalised to derive a market value of the property. Significant assumptions in the 30 June 2022 valuations include market rentals and capitalisation rates.

- Market rents range from: \$133.64 to \$325 per square metre
- Capitalisation rates are market based rates of returns, ranging from 6.31% to 9.06%

If council's freehold land and buildings were measured at depreciated replacement cost, the carrying amount would be \$17,660,000 (2021: \$9,240,000). Council has no restrictions on the realisability of its freehold land and buildings.

Valuation of Freehold Land - Marsden Maritime Holdings Limited

The most recent valuation of Marsden Maritime Holding Limited's freehold land was performed by independent registered valuers, Telfer Young (Northland) Limited (2021: Seagar & Partners) and is effective as at 30 June 2022.

Marsden Maritime Holdings Limited freehold land is valued at fair value of \$18,525,000 (2021: \$20,881,830) using a market comparison method based on a highest and best use approach considering various market outcomes for land in the Marsden Point area, together with limited, recent sales evidence for the area.

Significant assumptions in the 30 June 2022 valuations include estimated prices per hectare of freehold land in the Marsden Point area.

Price per hectare: \$100,000 to \$190,000

If Marsden Maritime Holdings Limited's freehold land and buildings were measured at depreciated replacement cost the carrying amount would be \$7,359,929 (2021: \$7,359,929).

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

Valuation of Buildings - Marsden Maritime Holdings Limited

The most recent valuation of Marsden Maritime Holdings Limited's buildings was performed by independent registered valuers Telfer Young (Northland) Ltd and is effective as at 30 June 2022.

Marsden Maritime Holdings Limited buildings are valued at fair value of \$2,400,000 (2021: \$2,240,000). As there is no general market to assist in determining the market value of the buildings, the optimised depreciated replacement cost approach methodology was used to establish the cost to replace the buildings having regard to current building costings, and then an allowance for depreciation was deducted.

Valuation of Infrastructural assets – council

The most recent valuation of council's infrastructural assets was performed by independent registered valuers AON Valuation Services. The valuation is effective as at 30 June 2020.

Flood protection assets are valued using the depreciated replacement cost (DRC) method. In using the DRC methodology, age, condition, remaining life, optimisation and modern equivalent replacement cost information were collated on individual elements of the flood protection assets (i.e. stop banks, floodgate, spillway, retaining wall, culverts and bridge). Replacement costs were derived from recent contract prices or in-house databases before assigning modern equivalent replacement costs and assessing values.

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

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

For the purpose of the 2020 valuation, the assets have been classed as being fully optimised and no discount has been applied to account for any spare capacity.

To ensure that the carrying value of council's infrastructure assets do not differ materially from their fair value, AON Valuation Services undertake an annual high-level review of selected markets. During the year, the increase in relevant classes of infrastructure assets were identified as follows:

- Non-residential buildings +5.97%
- Civil construction +9.41%
- Land improvements +8.02%
- Plant, Machinery and Equipment +3.5%
- Reserve land +15% to 20%

Based upon the AON assessment, council considered the fair value of its infrastructure assets at 30 June 2022 were materially higher than their carrying value and revalued these assets to fair value. The revaluation movement recognised in 2022 was \$2,734,479.

Core infrastructure disclosure

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

	Whangārei		Awanui		Kaeo-Whangaroa		Punguru		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Closing book value	8,539	7,637	19,963	15,025	995	903	1,024	884	30,521	24,449

Acquisitions made by way of:										
Constructed by Council	-	-	3,500	3,010	-	21	51	378	3,551	3,409
Transferred to Council	-	-	-	-	-	-	-	-	-	-
Total Acquisitions	-	-	3,500	3,010	-	21	51	378	3,551	3,409
Most recent cost estimate for revalued assets	8,374	7,397	16,991	15,419	1,045	949	595	506	27,005	24,271

Capital Commitments

	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Buildings	-	180	-	180
Property plant and equipment	235	27	235	27
Total capital commitments	235	207	235	207

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

Note 14: Intangible assets

Accounting policy

Software acquisition and development

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

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

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

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

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

Carbon Credits

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

New Zealand Units are revalued annually with reference to market prices. The net revaluation result is credited or debited to other comprehensive revenue and expense and accumulated to an asset revaluation reserve in equity. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit.

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

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

Easements

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually. The cost of an easement is capitalised as part of the asset to which they relate.

Amortisation

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

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

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

Computer software: 3-5 years 20-33%

Breakdown of intangible assets and further information:

	Note	Council and Consolidated 30-Jun-22 \$000	Council and Consolidated 30-Jun-21 \$000
Computer software			
Cost - opening balance		3,952	3,952
Accumulated amortisation		(3,883)	(3,722)
Computer software opening carrying amount		69	230
Additions		69	-
Net disposals*		(2)	-
Amortisation charge		(64)	(161)
Total computer software closing balance		72	69
Cost		4,019	3,952
Accumulated amortisation		(3,947)	(3,883)
Total computer software closing balance		72	69
Emission Trading Scheme - New Zealand Units (NZU's)			
Opening balance		759	560
Gain/(loss) on revaluation of Emission Trading Scheme - NZU's	20	568	199
Total Emission Trading Scheme - NZU's - Closing Balance		1,327	759
Total Intangible Assets		1,399	828

There are no restrictions over the title of intangible assets and no intangible assets are pledged as security for liabilities.

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

The council has 291 hectares of pre 1990 forest land. This land is subject to the provisions of the New Zealand emissions trading scheme (ETS). Council will recognise credits received at fair value at balance date. At the end of the financial year council held 17,460 NZ units (2021: 17,460) at \$76 per unit (2021: \$43.47 per unit) with a total market value of \$1,326,960 (2021: \$758,986).

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

* Disposals are reported net after accumulated depreciation.

Note 15: Forestry assets

Accounting policy

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

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

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

Breakdown of forestry assets and further information:

	Note	Council and Consolidated 30-Jun-22 \$000	Council and Consolidated 30-Jun-21 \$000
Balance at 1 July		3,703	3,157
Gain/(Loss) arising from changes in fair values less estimated point-of-sale costs	2(iii)	359	546
Balance at 30 June		4,062	3,703

Northland Regional Council owns 311 hectares (2021: 311 hectares) of radiata pine forest which are at varying stages of maturity, ranging from one to 27 years.

Valuation assumptions

Independent registered forestry industry consultants, Forme, have valued forestry assets at fair value less estimated selling costs as at 30 June 2022.

In 2022 and 2021 the fair value of the forest was derived by using the crop expectation value method. Under the crop expectation value approach, the net present value of the forest is calculated by discounting the projected future net cash flow of the tree crop to the valuation date (30 June 2022). The calculated net present value is linked to sales evidence through the application of a discount rate of 8.0% (2021: 8.0%) derived with consideration to the cost of capital of a similar investment and the 2020 discount rate survey published in the NZ Journal of Forestry Vol65, 15-24. The valuation also uses the standard set of conventions (time, cost, area market) as recommended by the NZ Institute of Forestry. In applying this approach PBE IPSAS 27 requires exclusion of financing, funding and costs related to subsequent crops. Costs and prices are held constant in 2022 NZ dollars, i.e. the net impact of inflation is assumed to be zero.

Note 16: Derivative financial instruments

Accounting policy

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

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

Designated Cash Flow Hedges

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

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

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

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

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

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

Derivatives that do not qualify for hedge accounting

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

Note 16(i) Derivative financial instruments:

	Note	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Non current asset portion					
Interest rate swaps - cash flow hedge				672	-
Total non current asset portion		-	-	672	-
Total derivative financial instrument assets		-	-	672	-

Marsden Maritime Holdings Limited

As at 30 June 2022 Marsden Maritime Holdings Limited had interest rate swaps in place covering 63% (2021: nil) of the loan principal of \$31,550,000 outstanding with the Bank of New Zealand with interest rates of between 2.56% and 2.62%.

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

Note 16(ii) Cash flow hedge reserve:

	Note	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Movement in Marsden Maritime Holdings Limited (parent) hedging				672	
Movement in share of joint venture hedging reserve				1,197	689
Total movement in hedging reserve before tax		-	-	1,869	689
Taxation on above items				(523)	(193)
Total movement in hedging reserve after tax		-	-	1,346	496
Balance 1 July				(605)	(1,101)
Balance 30 June		-	-	741	(605)
Balance 30 June - Attributable to controlling interest in Marsden Maritime Holdings Ltd	20	-	-	396	(325)

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

Note 17: Payables and deferred revenue

Breakdown of payables and deferred revenue and further information:

	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
CURRENT PORTION				
Payables and deferred revenue under exchange transactions				
Payables and accruals	5,337	3,937	7,183	6,159
Revenue received in advance	658	2,792	658	2,792
Amounts due to subsidiaries and associates	63	10	-	5
	6,058	6,739	7,841	8,956
Payables and deferred revenue under non-exchange transactions				
Grants payable	816	63	816	63
Other grants and deferred revenue received subject to conditions not yet met	4,983	3,202	4,983	6,112
Other taxes	598	273	598	396
	6,397	3,538	6,397	6,571
Current total payables and deferred revenue	12,455	10,277	14,238	15,527
NON-CURRENT PORTION				
Payables and deferred revenue under non-exchange transactions				
Other grants received and deferred revenue subject to conditions not yet met	937	506	2,797	2,253
Non-current total payables and deferred revenue	937	506	2,797	2,253

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

Note 18: Employee entitlements

Accounting policy

Short-term employee entitlements

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

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

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

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

Long-term employee entitlements

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

Presentation of employee entitlements

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

Breakdown of employee entitlements and further information:

	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Annual leave	1,972	1,651	2,019	1,780
Accrued salaries and wages	741	581	741	581
Other leave	315	322	315	322
	3,028	2,554	3,075	2,683
Represented by:				
Current benefit liabilities	3,011	2,537	3,058	2,666
Non-current benefit liabilities	17	17	17	17
	3,028	2,554	3,075	2,683

Note 19: Borrowings

Accounting policy

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

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

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

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

Breakdown of borrowings and further information:

	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Current				
Secured loans	-	-	7,550	10,000
Total current borrowings	-	-	7,550	10,000
Non-current				
Local Government Funding Agency - Bond Issuance	13,958	13,958	13,958	13,958
Secured Loans	-	-	24,000	13,950
Total non-current borrowings	13,958	13,958	37,958	27,908

Council

As at 30 June 2022 council has five bond issuances (2021: 5) with the Local Government Funding Agency. The first being a \$2,800,000 fixed coupon bond issued at a fixed annual interest rate of 4.86%, maturing on 13 August 2032. The second a \$3,811,000 fixed coupon bond issued at a fixed annual interest rate of 4.77%, maturing on 14 February 2033. The third a \$1,931,000 fixed coupon bond issued at a fixed annual interest rate of 4.72%, maturing on 14 February 2033. The fourth a \$1,016,000 fixed coupon bond issued during the year at a fixed annual interest rate of 4.0%, maturing on 14 February 2033 and the fifth a \$4,400,000 fixed coupon bond issued at a fixed annual interest rate of 1.98%, maturing on 14 April 2033. Council secures its fixed coupon bonds by granting a security interest in its rates revenue set and assessed under the Local Government Rating Act 2002. The total fair value of council's debentures and bond issuances at 30 June 2022 is \$13,110,581 (2021: \$15,988,103).

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

Marsden Maritime Holdings Limited

As at 30 June 2022 Marsden Maritime Holdings Limited has access to funding facilities with the BNZ totalling \$40,000,000 (2021: \$31,500,000) of which \$31,550,000 (2021: \$23,950,000) was drawn down at this date. The remainder of the loan facility is able to be drawn down on request subject to the company being in compliance with undertakings in respect of the facility. A \$11,000,000 tranche of the funding facility is due to mature on 6 April 2023.

Interest rates are determined by reference to prevailing money market rates at the time of draw-down plus a margin. Interest rates (excluding establishment and line fees) paid during the year ranged from 1.32% to 4.16% (2021: 1.26% to 1.51%).

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

Note 20: Equity

Accounting policy

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

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

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

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

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

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

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

Breakdown of equity and further information:

	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Accumulated funds				
As at 1 July	157,900	115,650	194,983	148,562
Surplus/(deficit) for year	14,387	33,006	17,345	37,167
Net transfers from/(to) special reserves	(33,272)	9,244	(33,272)	9,244
Net transfers from/(to) other reserves	-	-	-	10
As at 30 June	139,015	157,900	179,056	194,983

Reserves	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Asset revaluation reserve				
As at 1 July	2,408	1,949	38,096	35,115
Revaluation gains/(losses) – buildings and amenities	1,372	-	1,487	(10)
Revaluation gains/(losses) – land	1,105	260	5,296	2,792
Revaluation gains/(losses) – infrastructure assets	1,547	-	1,547	-
Revaluation gains/(losses) – carbon credits	568	199	568	199
As at 30 June	7,000	2,408	46,994	38,096
Asset revaluation reserve attributable to:				
Land	2,887	1,782	42,766	37,470
Buildings and amenities	1,372	-	1,487	-
Infrastructure assets	1,547	-	1,547	-
Carbon credits	1,194	626	1,194	626
Total Asset revaluation reserve	7,000	2,408	46,994	38,096
Special reserves				
As at 1 July	30,651	39,895	30,651	39,895
Transfers from/(to) accumulated funds	33,272	(9,244)	33,272	(9,244)
As at 30 June	63,923	30,651	63,923	30,651
Cashflow hedge reserve				
As at 1 July	-	-	(325)	(590)
Fair value gains/(losses) recognised	-	-	721	265
As at 30 June	-	-	396	(325)
Total Reserves	70,923	33,059	111,313	68,422
Non-controlling interest	-	-	77,528	70,475
Total Equity	209,938	190,959	367,897	333,880
Non-controlling interest				
Balance at 1 July			70,475	64,462
Share of total comprehensive revenue and expense attributable to the non controlling interest in Marsden Maritime Holdings Limited			10,358	9,079
Dividends paid			(3,305)	(3,066)
Balance at 30 June			77,528	70,475

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

Note 20 continued	Activities to which the reserve relates	Balance at 30 June 2022 \$000	Balance at 30 June 2021 \$000
Land management reserve	Land and Biodiversity	833	265
Awanui river reserve	River management	(111)	(273)
Kaihū river reserve	River management	53	48
Kaeo-Whangaroa rivers reserve	River management	258	217
Whangārei urban rivers reserve	River management	(7,671)	(8,131)
Kerikeri-Waipapa rivers reserve	River management	18	364
Property reinvestment fund reserve	Economic development	31,318	14,805
Equalisation reserve	All	2,286	2,095
Hātea river maintenance reserve	Harbour safety and navigation	59	100
Investment and growth reserve	Economic development	80	1,122
Regional economic development fund reserve	Economic development	16,836	-
Regional projects fund reserve	All	14,125	16,691
Whangārei transport reserve	Transport	(63)	(126)
Emergency services reserve	Community representation and engagement	53	70
Approved carry forwards reserve	All	1,573	181
Lidar project reserve	Natural hazard management	(0)	11
Flood infrastructure reserve	River management	(812)	(2,032)
Kaeo River flood infrastructure reserve	River management	54	38
Awanui River flood infrastructure reserve	River management	81	(230)
Whangārei River flood infrastructure reserve	River management	100	48
Taumarere River flood infrastructure reserve	River management	162	-
Far North transport reserve	Transport	451	338
Regional Sporting Facilities reserve	Economic development	1,316	1,255
Opex reserve	All	2,566	2,233
Capital Subsidy reserve	Transport	0	8
Kaipara Moana remediation reserve	Kaipara Moana remediation programme	358	-
Enterprise System Reserve	Enterprise System	-	1,554
Total Special Reserves		63,923	30,651

Purpose of each reserve fund:

Land Management reserve

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

River and Flood Infrastructure reserves

The Awanui, Kaihū, Kaeo-Whangaroa, Kerikeri-Waipapa, Whangārei urban and Taumārere river reserves and flood infrastructure reserves hold targeted river management rates and targeted flood infrastructure rates collected and unspent in any given year to cover:

- Any future funding shortfalls in respect to the maintenance and operation of existing river flood management schemes (River Reserves)
- Any future funding shortfalls in respect to the development, maintenance and operation of new flood infrastructure schemes (Flood Infrastructure Reserves)

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

Property Reinvestment Fund reserve

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

Equalisation Fund reserve

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

Hātea River Maintenance reserve

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

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

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

Investment and Growth reserve

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

Regional Economic Development Fund reserve

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

Regional Projects Fund reserve

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

Transport reserves

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

Emergency Services reserve

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

Approved carry forwards reserve

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

LiDAR Project reserve

This reserve currently holds unspent funding collected from the parties in a project to undertake a multiyear topographic survey utilising Airborne Laser Scanning (LiDAR) over the entire Northland region.

Flood Infrastructure reserve

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

Regional Sporting Facilities reserve

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

Operational Reserve

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

Opex reserve

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

Capital Subsidy reserve

This reserve represents capital subsidies received from the Waka Kotahi NZ Transport Agency that will be used to offset the future costs associated with the Regional Integrated Ticketing Information System (RITIS).

Kaipara Moana Remediation Reserve

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

Enterprise System Reserve

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

Note 21: Contingencies

21(i): Contingent liabilities

	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Bonds	-	-	75	75
	-	-	75	75

Council

Northland Regional Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. NZLGFA has a local currency rating from Standard and Poor's of AAA and a foreign currency rating of AA. NZLGFA has a local currency rating from Fitch of AA+ and a foreign currency rating of AA.

As at 30 June 2022, Northland Regional Council is one of 68 local authority guarantors of the NZLGFA. When aggregated with the uncalled capital of other shareholders, \$20M is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Northland Regional Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2022, NZLGFA had borrowings totalling \$15,789M (2021: \$13,605M).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

At year end, council was involved in a shared cost arrangement to fund 50% of the costs arising from a subdivision that is subject to the construction of a rail spur connecting the main trunk line to Marsden Point.

Other Legal Claims

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

Marsden Maritime Holdings Limited

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

1. To the Bank of New Zealand for a \$75,000 (2021: \$75,000) Bond given by them to the New Zealand Stock Exchange.

21(ii): Contingent assets

At 30 June 2022 the group has no contingent assets (2021: Nil).

21(iii): Investment commitments

At 30 June 2022 council had uncalled committed capital relating to its investment in private equity fund managers of \$9,626,589 (2021: \$9,451,499).

Note 22: Related party transactions

Related party disclosures have not been made for transactions with entities with the council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between entities and are on normal terms and conditions for such group transactions.

There are no related party transactions with any associate, subsidiary or key management personnel requiring disclosure.

Key Management Personnel Compensation

Key management personnel includes all the elected and independent (non-elected) representatives of council, the chief executive and senior management leadership team. Due to the difficulty in determining the full time equivalent for councillors and the independent members of council, the full time equivalent figures are taken as the number of councillors and independent members.

	Note	Council 30-Jun-22	Council 30-Jun-21
Councillors			
Remuneration \$000	4	733	754
Full time equivalent members		9	9
Independent (non elected) members of Council			
Remuneration \$000		40	43
Full time equivalent members		2	2
Senior management team including the Chief Executive			
Remuneration \$000		1,393	1,268
Full time equivalent members		7.00	6.04

	Note	Council 30-Jun-22	Council 30-Jun-21
Total key management personnel remuneration \$000		2,166	2,065
Total full time equivalent personnel		18.00	17.04

Note 23: Events after balance sheet date

Subsequent to balance date, Marsden Maritime Holdings Limited declared a fully imputed dividend of 10 cents per share to be paid on 30 September 2022.

In August 2022, two investment property purchase agreements settled.

There were no other significant events after balance date.

Note 24: Financial instruments

Note 24A: Financial instrument categories

	Note	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
FINANCIAL ASSETS					
Derivatives that are hedge accounted					
Derivative financial instrument assets	16(i)			672	
Loans and receivables:					
Cash on hand and at trading banks	6	4,415	3,612	4,645	6,480
Term deposits	6,10	6,852	9,106	6,852	9,106
Local government funding agency borrower notes	10	263	264	263	263
Debtors and other receivables	7	6,362	6,597	6,623	7,607
Other loans	10	2,891	2,846	2,891	2,846
Total loans and receivables		20,783	22,425	21,274	26,302
Financial assets at fair value through surplus or deficit					
Other financial assets:					
Income funds	10	32,705	22,312	32,705	22,312
Equity Funds	10	40,185	27,864	40,185	27,864
Listed shares	10	-	-	348	451
Total financial assets at fair value through surplus or deficit		72,890	50,176	72,238	50,627
FINANCIAL LIABILITIES					
Financial liabilities measured at amortised cost					
Creditors and other payables	17	13,392	10,783	17,035	17,780
Borrowings:					
Local government funding agency - bond issuance	19	13,958	13,958	13,958	13,958

	Note	Council 30-Jun-22 \$000	Council 30-Jun-21 \$000	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Bank loan	19	-	-	31,550	23,950
Total financial liabilities measured at cost		27,350	24,741	62,543	55,688

Note 24B: Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

Financial assets at fair value through surplus or deficit and financial assets at fair value through other comprehensive revenue and expense are classified as level 1.

Note 24C: Financial instrument

The council's and group's activities expose it to a variety of financial instrument risks including market risk, credit risk, interest rate risk and liquidity risk. The council and group has a series of policies to manage the risks associated with financial instruments and its treasury activities.

The council has an approved liability management policy and an investment policy for its investments. These policies do not allow any transactions that are speculative in nature to be entered into and manages council's exposure in respect to liquidity risk, credit risk, price risk and interest rate risk.

The council also has investments in externally managed funds and administers these funds with overarching independent investment advice from Eriksens Global Limited. These two funds are administered in accordance with council's Statement of Investment Policies and Objectives (SIPO). The SIPO and any changes to it are approved by council. Monthly performance reporting on the two funds is prepared by Eriksens Global Limited, and any breach of compliance with the SIPO is also reported monthly to council's investment subcommittee.

Price risk

Price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Equity securities price risk arises on listed share investments. For council this only includes security investments in its externally managed funds. Price risk can be minimised through diversification. At 30 June 2022 council's externally managed investment funds were diversified over 18 fund managers (2021: 16). The use of a wide range of fund managers with different mandates and different asset allocations asset allocations, and that no single fund manager is permitted to hold more than 20% of the aggregated sum of the Long-Term Investment fund mitigates council's price risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council's exposure to currency risk is provided below:

	Consolidated 30-Jun-22 \$000	Consolidated 30-Jun-21 \$000
Long Term Fund: Investments in		
Blackrock Fixed Income Global Opportunities Fund	608	631
Continuity Capital Fund (No.5) & (No.7)	1,880	885
MLC Private Equity Fund (II) & (III)	1,551	1,114
Schroders Real Return +5% Fund	4,152	1,171
Federation Alternative Fund	974	923
Fermat ILS Fund	686	642
Nanuk New World Fund	912	1,033
CPE Capital (No.9)	65	-
Total exposure to currency risk	10,828	6,399

Currency risk is mitigated by limiting investments in non-NZD denominated funds to a maximum of 20% of the aggregated sum of the Long-Term Investment fund. Council (via its CEO) manages currency risk associated with non-NZD denominated investments (currently AUD) with consideration to the views of council's independent financial advisor, independent treasury advisor, and independent investment advisor.

Marsden Maritime Holdings Limited foreign exchange risk is considered minimal.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Northland Regional Council's exposure to fair value interest rate risk is limited to its interest-bearing investments within the portfolio and its \$14.0M borrowings in the form of Local Government Funding Agency fixed coupon bonds.

Interest rate risk

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

Council's long-term borrowing and long-term deposit investments are at a fixed rate. Marsden Maritime Holdings Limited exposure to interest rate risk stems from its portion of long-term debt obligations that are uncovered by hedging arrangements and therefore have a floating interest rate. At 30 June 2022 the unhedged portion of its long term debt obligations was \$11,550,000. Interest rates paid during the year on this amount ranged from 1.32% to 4.16%.

Marsden Maritime Holdings Limited also has an indirect exposure to variable interest rate risk via its holding in joint venture company Northport Limited. This entity periodically enters into cashflow hedges to hedge the risk associated with fluctuations in interest rates.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the council and group, causing it to incur a loss. Due to the timing of council's cashflows and outflows, surplus cash is invested into term deposits and externally managed funds.

The council's investments in term deposits, are invested in accordance with its Treasury Management Policy as determined by the Standard and Poor's credit ratings. Where relevant, the minimum long term credit rating can be no lower than BBB and the maximum exposure of council's portfolio rated less than A- can not exceed 20%.

The council is exposed to credit risk as a guarantor of all of NZLGFA's borrowings. Information about this exposure is explained in note 21.

The credit risk associated with council's externally managed funds is minimised by setting maximum portfolio limits on each class of investment and specific limits on each Fund Manager. Council's SIPO ensures credit risk of each fund manager and the overall fund is managed within acceptable parameters.

Marsden Maritime Holdings Limited manages its credit exposure by only trading with recognised, credit-worthy parties and by limiting the amount of funds placed with any one financial institute at any one time. Accordingly, the group has no significant concentrations of credit risk.

Maximum exposure to credit risk

The council and group's maximum credit risk exposure for each class of financial asset is the carrying value set out in the table in Note 24A.

Debtors and other receivables arise mainly from the council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that the council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through the investment portfolio. The council's treasury management policy ensures the sum of external debt, liquid funds and available committed bank facilities are at least 110% of external debt.

The council is exposed to liquidity risk as a guarantor of all of NZLGFA's borrowings. This guarantee becomes callable in the event of the NZLGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 21.

Marsden Maritime Holdings manages its exposure to liquidity risk by maintaining a balance continuity of funding and flexibility through the use of bank loans, overdrafts and committed available credit lines. As at 30 June 2022 Marsden Maritime Holdings Limited had access to BNZ funding totalling \$40M of which \$31.55M was drawn down at year end (2021: \$23.95M).

Contractual maturity of financial liabilities

The table below analyses council and group's financial liabilities into relevant maturity groupings, based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments. The council's treasury management policy limits the level of borrowing that matures within the next three years to 60% of the total borrowing, unless any borrowings are funded by a specific targeted rate in which case the corresponding maximum maturity profile in any one year is 100%.

	Carrying Amount \$000	Contractual Cash Flows \$000	Less than 1 Year \$000	1 - 2 Years \$000	2 - 5 Years \$000	More than 5 Years \$000
Council 2022						
Creditors and other payables	13,392	13,392	12,455	937	-	-
Local Government Funding Agency - Bond Issuance	13,958	19,610	537	1,074	1,611	16,388

	Carrying Amount \$000	Contractual Cash Flows \$000	Less than 1 Year \$000	1 - 2 Years \$000	2 - 5 Years \$000	More than 5 Years \$000
Total	27,350	33,002	12,992	2,011	1,611	16,388
Group 2022						
Creditors and other payables	17,035	17,035	14,238	2,797	-	-
Secured bank facility	31,550	34,039	8,735	25,304	-	-
Local Government Funding Agency - Bond Issuance	13,958	19,610	537	1,074	1,611	16,388
Total	62,543	70,684	23,510	29,175	1,611	16,388
Council 2021						
Creditors and other payables	10,783	10,783	10,277	506	-	-
Local Government Funding Agency - Bond Issuance	13,958	20,148	537	1,074	1,610	16,927
Total	24,741	30,931	10,814	1,580	1,610	16,927
Group 2021						
Creditors and other payables	17,780	17,780	15,527	2,253	-	-
Secured bank facility	23,950	24,920	10,450	14,470	-	-
Local Government Funding Agency - Bond Issuance	13,958	20,148	537	1,074	1,610	16,927
Total	55,688	62,848	26,514	17,797	1,610	16,927

Sensitivity analysis

The table below illustrates the potential effect on the surplus/deficit and equity (excluding accumulated funds) for reasonably possible market movements with all other variables held constant based on the council's and group's financial instrument exposures at balance date.

Sensitivity analysis	2022				2021			
	+100bps		-100bps		+100bps		-100bps	
	Surplus \$000	Other Equity \$000	Surplus \$000	Other Equity \$000	Surplus \$000	Other Equity \$000	Surplus \$000	Other Equity \$000
COUNCIL								
Total sensitivity to interest rate risk	844	-	(844)	-	632	-	(632)	-

	2022				2021			
	+100bps		-100bps		+100bps		-100bps	

	Surplus \$000	Other Equity \$000	Surplus \$000	Other Equity \$000	Surplus \$000	Other Equity \$000	Surplus \$000	Other Equity \$000
GROUP								
Total sensitivity to interest rate risk	731	-	(731)	-	421	-	(421)	-

Borrowings

Council has \$14M of external borrowings in the form of Local Government Funding Agency fixed coupon bonds. The rate of interest payable is fixed for the life of the borrowings and is not affected by rising or falling interest rates.

Note 24D: Capital management

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

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

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

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

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves. Refer to Note 20 for a list of council's reserves. Self-insurance reserves are built up annually from regional-wide or sometimes targeted rates and are made available for specific unforeseen events. The release of these funds is approved by council.

Wāhanga tuawha: Ngā
Whakaturanga ā Ture
Section four: Legislative disclosures



Rating base information

The following rating base information for Northland Regional Council is disclosed based on the rating base information at the end of the preceding financial year:

	30-Jun-22	30-Jun-21
The number of rating units within council's region at 30 June:	99,526	98,479
The total capital value of rating units within council's region at 30 June:	\$61,345,616,040	\$60,574,314,690
The total land value of rating units within council's region at 30 June:	\$31,662,410,950	\$31,446,236,200

Insurance of assets

At 30 June 2022 council had assets covered by full replacement insurance of \$84,784,787 (2021: \$86,584,552) and indemnity insurance of \$70,000 (2021: \$70,000). At 30 June 2022 there are no assets self insured.

Internal borrowings

S112(b)(iii) of the Local Government Act defines borrowing as the use for any purpose, of funds received or invested by the local authority for any other purpose. Schedule 10(27) requires council to disclose internal borrowing, including the amount of the borrowings, funds borrowed and repaid during the year and the amount of any interest paid (if any) in relation to the internal borrowing by each group of activity.

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

	Opening balance 1-Jul-21 \$000	Funds borrowed 2021/22 \$000	Funds repaid 2021/22 \$000	Change to external borrowing 2021/22 \$000	Closing balance 30-Jun-22 \$000	Interest charged 2021/22 \$000
River management	643	-	-	(643)	-	-
Transport	127	-	(63)	-	64	5
TOTAL	770	-	(63)	(643)	64	5

Council funding impact statement

Period ending 30 June 2022

	Long Term Plan 2020/21 \$000	Annual Report 2020/21 \$000	Long Term Plan 2021/22 \$000	Actual 2021/22 \$000
Sources of operating funding				
General rates, uniform annual general charges, and rates penalties	-	405	-	495
Targeted rates	31,128	31,138	37,574	38,110
Subsidies and grants for operating purposes	8,149	10,330	14,333	10,971
Fees and charges	3,989	4,505	4,446	4,956
Interest and dividends from investments	3,776	12,533	3,261	4,191
Local authorities fuel tax, fines, infringement fees and other receipts	3,310	3,132	12,265	3,096
TOTAL OPERATING FUNDING	50,352	62,042	71,879	61,819
Applications of operating funding				
Payments to staff and suppliers	49,928	52,988	64,069	60,371
Finance costs	1,060	580	747	528
Other operating funding applications	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	50,988	53,568	64,816	60,899
Surplus/(deficit) of operating funding	(636)	8,473	7,063	920
Sources of capital funding				
Subsidies and grants for capital purposes	-	2,493	-	5,620
Increase/(decrease) in debt	3,116	(5,600)	2,468	-
Gross proceeds from sale of assets	-	248	-	30,068
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	3,116	(2,859)	2,468	35,687
Applications of capital funding				
Capital expenditure:				
to meet additional demand	-	-	-	-
to improve levels of service	11,750	12,581	16,405	17,112
to replace existing assets	6,113	977	1,682	1,333
Increase/(decrease) in reserves	(579)	(9,244)	(83)	33,272
Increase/(decrease) of investments	(14,804)	1,299	(8,473)	(15,110)
TOTAL APPLICATIONS OF CAPITAL FUNDING	2,480	5,614	9,531	36,607
Surplus/(deficit) of capital funding	636	(8,473)	(7,063)	(920)
FUNDING BALANCE	-	-	-	-

Reconciliation to the statement of comprehensive revenue and expense

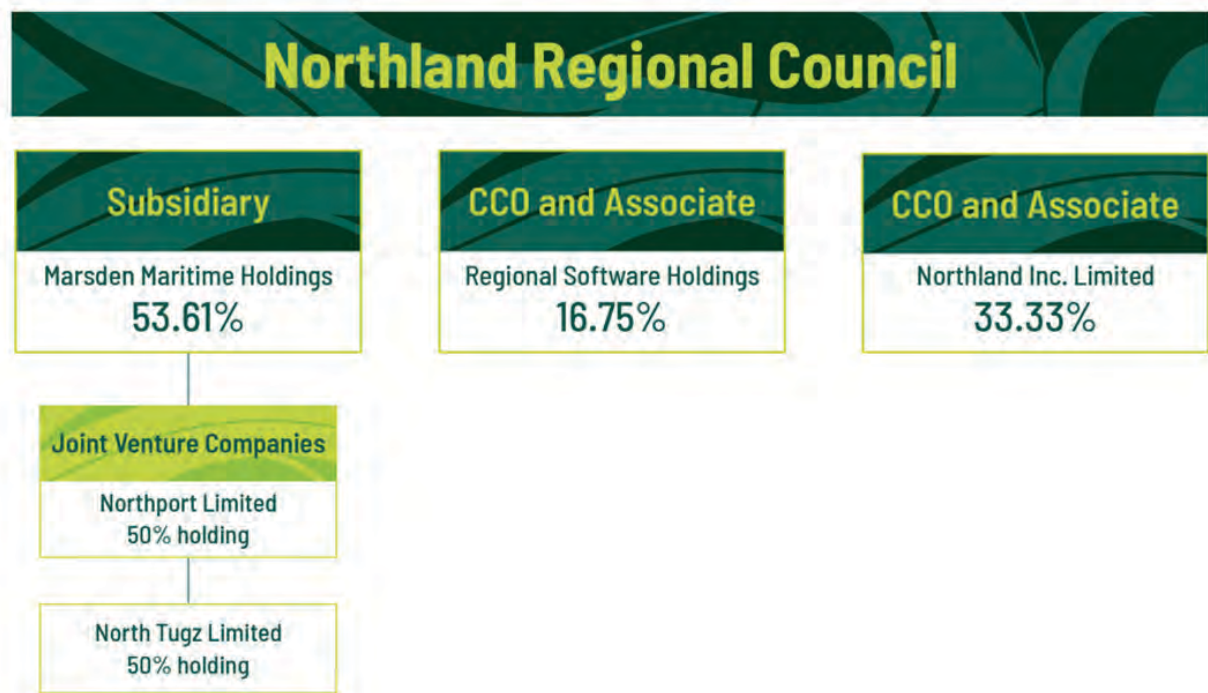
Period ending 30 June 2022

	Long Term Plan 2020/21 \$000	Annual Report 2020/21 \$000	Long Term Plan 2021/22 \$000	Actual 2021/22 \$000
Capital expenditure included above, not in comprehensive revenue and expense	17,864	13,558	18,087	18,445
Investment movements included above not in comprehensive revenue and expense	(14,805)	1,299	(8,473)	(15,110)
Other gains included in comprehensive income not above	-	-	-	4,592
Gross proceeds included above, but not in comprehensive revenue and expense	-	(248)	-	(30,068)
Gains on asset disposals included in comprehensive revenue and expense	-	143	-	(1,075)
Financial assets fair value adjustments included in comprehensive income but not above	-	-	(100)	-
Revaluation adjustments not included above, but in comprehensive revenue and expense	-	24,315	-	9,397
Infrastructure asset revaluation adjustments included in comprehensive income	-	-	-	1,187
RSHL deficit and impairment included in comprehensive income but not above	-	(324)	-	(145)
Proceeds from borrowing included above not in comprehensive revenue	-	-	(2,468)	-
Transfers to/from special reserves included above, but not in comprehensive revenue and expense	(579)	(9,244)	(83)	33,272
Increase/(decrease) in debt included above but not in comprehensive income	(3,116)	5,600	(3,116)	-
Depreciation and amortisation expense not included above, but in comprehensive revenue and expense	(1,839)	(1,635)	(1,986)	(1,517)
Total comprehensive revenue and expense per the statement of comprehensive revenue and expense	(2,475)	33,464	4,977	18,979

Wāhanga tuarima: CCOs me ngā
Kamupene
Section five: CCO's and Subsidiaries



Group structure



A council-controlled organisation (CCO) is a company or organisation in which a council or councils hold 50% or more of the voting rights or can appoint 50% or more of the trustees, directors or managers. A council-controlled trading organisation (CCTO) is a company or organisation that operates a trading operation for the purpose of making a profit.

CCOs and CCTOs are required to complete a Statement of Intent and report against their policies, objectives and performance in their annual reports unless an exemption has been granted.

This section provides the information required under the Local Government Act 2002 for Northland Inc. Limited and Regional Software Holdings Limited. Marsden Maritime Holdings Limited is also a subsidiary organisation but is exempt from the CCO provisions of the Local Government Act 2002 and is not required to publish a Statement of Intent.

Marsden Maritime Holdings Limited

Company operations and ownership

Marsden Maritime Holdings Ltd (known as Northland Port Corporation (NZ) Ltd until August 2014) is a designated port company formed under the Port Companies Act 1988, which required harbour boards to form companies to take over commercial, port-related assets of the Boards. In Northland's case, the company's assets include substantial land-holdings at Marsden Point.

The company is registered under the Companies Act 1993 and is domiciled and incorporated in New Zealand. In 1992 the company's shares were listed on the New Zealand Stock Exchange. Northland Regional Council currently holds 53.61% of the share capital, whilst Ports of Auckland Ltd holds 19.9%. The balance of shares is held by members of the public. The council may review its shareholding in the company as part of its triennial long-term planning process.

In 2002, in a 50/50 joint venture with Port of Tauranga, associate company Northport Ltd was formed and a new cargo terminal at Marsden Point was developed. Northport Ltd operates the deep water commercial port facility situated at the entrance to Whangārei Harbour, making it the northern-most multi-purpose port in New Zealand, and the closest port to the majority of New Zealand's international markets. More information about Northport Ltd is available at www.northport.co.nz

In 2014, the company purchased the Marsden Cove Marina, comprising 236 berths, adjoining commercial buildings, and land. Marsden Maritime Holdings Ltd (MMHL) is a stakeholder of Marsden Cove Canals Management Ltd (MCCML), which administers the waterways within the Marsden Cove marina development. MCCML is an IRD approved charitable entity with budgeted expenditure met by dividing costs across all canal users. Due to the nature of this entity it has not been consolidated with MMHL in its financial statements.

The Board of Directors of MMHL is elected by the shareholders to supervise the management of the company and its associates in the best interests of shareholders. The Board has several key functions which are:

- The establishment of business objectives, strategies and policies.
- The approval of annual capital and operating budgets.
- The appointment of a Chief Executive to manage the day to day operations of the company within the established framework.
- The ongoing monitoring of management performance in relation to the goals established for that purpose.

The Board currently has seven members. Under the company's constitution, one-third (or the number nearest to one third) of the directors retire by rotation each year. Northland Regional Council participates in the process of appointing directors by:

- Identifying potential candidates;
- Nominating candidates for election; and
- Voting for preferred candidates at the company's annual general meeting.

Current information about the company's Board of Directors, governance structure and its organisation framework is available at www.marsdenmaritime.co.nz/about/

Company financial data

MMHL is deemed a "strategic asset" of the council, as provided for in section 5 of the Local Government Act 2002, but the Act also specifically provides that designated port companies and their subsidiaries are not council-controlled organisations. MMHL is therefore not required to provide to the council a statement of corporate intent nor submit budget estimates.

Company	Holding at 30 June 2020	Main activity
Northland Port	50.0%	Port operating company

Marsden Maritime Holdings Ltd

53.61% Northland Regional Council

19.90% Ports of Auckland Ltd

26.49% other Shareholders

Northport Ltd

50% Marsden Maritime Holdings Ltd

50% Port of Tauranga Ltd

North Tugz Ltd

50% Northport Ltd

50% Ports of Auckland Ltd

FLOWCHART NOTES

—————> Ownership (in whole or part)

-----> Customer relationship

Abbreviations

BOPRC = Bay of Plenty Regional Council

QHL = Quayside Holdings Ltd

QSL = Quayside Securities Ltd

ACIL = Auckland Council Investments Ltd

POTL = Port of Tauranga Ltd

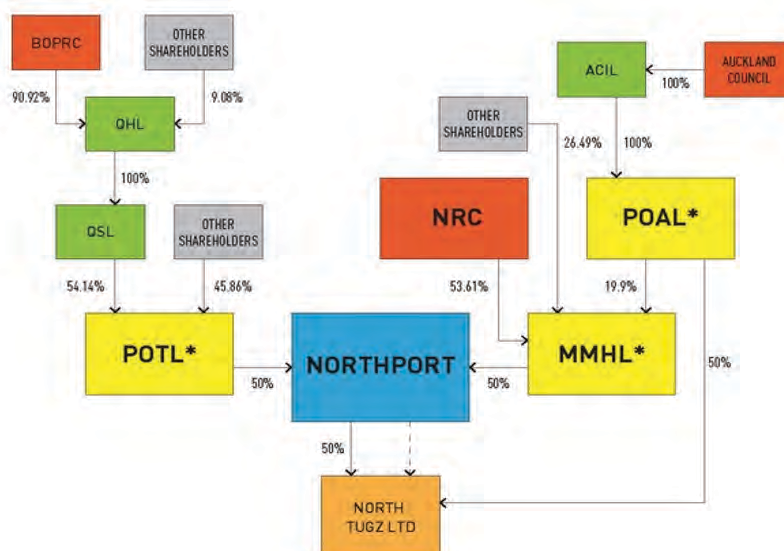
MMHL = Marsden Maritime Holdings Ltd

POAL = Ports of Auckland Ltd

NRC = Northland Regional Council

Percentages shown indicate how much the parent entity owns of the connected entity. Not all minor shareholders are shown.

* Designated port companies



Northland Inc. Limited

About this council-controlled organisation (CCO)

Northland Inc Limited, established in July 2012, is the region's economic development agency and regional tourism organisation. Prior to 1 July 2021, it was 100% owned by Northland Regional Council. Since 1 July 2021, it is equally and jointly owned by NRC, Kaipara District Council and Far North District Council (together referred to as the shareholder councils).

Northland Inc Limited is primarily funded by an operational contribution from its shareholder councils delivered through NRC's Investment and Growth Reserve (IGR). It is project funded through other public and private agencies, with central government being the next largest contributor. The organisation has a governance board of professional directors, each appointed by the shareholder councils. Operational activity is led by a chief executive officer.

Policies and objectives

The mission of Northland Inc Limited is to identify and focus on activities and relationships that will strengthen, diversify and grow the economy of Te Tai Tokerau Northland to help achieve equity and environmental sustainability. Six key pou are set out in the 2021-24 Statement of Intent as the organisational objectives.

Pou	Objective
Pou Tahī: Māori Economic Development- "Āe Mārika"!	To respect and implement the principals of Te Tiriti O Waitangi, which support meaningful partnership with Māori. Working with strategic partners in the Māori Economic Development space to drive delivery on high impact Māori economic development projects across all levels, with a specific focus on improving capacity and capability of those who we partner with for delivery. Implementation of our pathway – He Korowai Manawanui – a two-year programme working on our organisational culture towards elevating the importance of Māori Economic Development and becoming a better partner for Māori with a genuine understanding of Tikanga and Te Ao Māori.
Pou Rua: Environmental Sustainability	Help prepare for Tai Tokerau Northland's transition to a zero carbon and low emission economy by partnering to provide support and embedding environmental sustainability criteria within all active projects. Northland Inc will work to embed Te Ao Māori/Mātauranga Māori in environment/sustainability Kaupapa.
Pou Toru: Regional Investment	Grow investment and business support services such that regional economic activity improves consistently year on year. Following assessment and review we will prioritise activities and ideas, with a view to applying our resources to engage in focused impactful projects reflecting the organisational capacity at this time.
Pou Whā: Destination Management and Marketing	To lead the implementation of a regional Destination Management Plan in partnership with relevant stakeholders, industry, iwi and hapū. Through a programme of investment and development, we will deliver destination management and marketing activity to position Northland within target markets as a desirable place to visit and support a visitor economy that aims to enhance the distribution of benefits across the region, environmental sustainability, heritage and culture.
Pou Rima: Profile and Advocacy of Economic Development	To develop and improve the profile of economic development and Northland Inc to ensure that Tai Tokerau Northland understands and values the efforts of Northland Inc and advocate for Te Tai Tokerau Northland to improve the economic well-being of the region to help support strong communities and environmental sustainability.
Pou Ono: Organisational Culture	At its core, regional economic development is about improving the livelihoods of the Tai Tokerau Northland's people. As an economic development agency, our culture should therefore be focused on supporting our people and their livelihoods. Therefore, Northland Inc actively upholds a culture where teams are respectful and supportive of one another; our histories, our whānau, and our aspirations.

Investment and Growth Reserve

Northland Inc Limited's activities include a focus on finding economic development projects that qualify for funding through the IGR. The objective of the reserve is to provide a fund that shareholder councils can use to support strategic investments that lift the long-term growth of the Northland economy that support strong communities and environmental sustainability. All three shareholder councils contribute funding to the IGR, and through their membership of the Joint Regional Economic Development Committee, have responsibility for allocating funding from the IGR. The main criteria for allocation are as follows:

- The reserve provides operational expenditure for Northland Inc Limited.
- Up to \$300,000 per annum can be used for project development funding.
- Responsibility for allocating project development funding of up to \$100,000 is delegated to the Board of Northland Inc Ltd.
- The reserve can be used to provide enabling investment funding for projects that lift the economic performance of Northland through the construction of public or community held infrastructure or the development of regionally strategic sectors. The strategic sectors identified in the 2021-24 Statement of Intent are aquaculture, agriculture and horticulture, digital, tourism, ship and boat building and repair services.
- Any project that is determined to potentially have significant adverse impacts on social, environmental, economic, or cultural well-being will not be eligible for funding, regardless of the positive impacts.
- Decisions on enabling investment funding must have been considered and evaluated for funding by the Board of Northland Inc Ltd.
- Applications for enabling investment funding must be accompanied by a robust business case.

Key performance measures and targets

This section summarises the results of Northland Inc Limited's activities during 2021/22 against the 16 key performance indicators set for five of the six pou (objectives). Key performance indicators were not set for the sixth pou: organisational culture.

Māori economic development

The 2021/22 key performance targets and results for this objective are:

Measure	2021/22 performance target	Result
Number of engagements or established relationships with iwi/hapū groups and other Māori organisations, e.g., marae, land trusts, etc. that have led to a positive outcome	10	Achieved, 12
Proportion of Māori organisations that are satisfied with Northland Inc support	>50%	Achieved, 78%

Environmental sustainability

The 2021/22 key performance targets and results for this objective are:

Measure	2021/22 performance target	Result
Number of workshops/events that help promote or support environmental sustainability values and culture in Te Tai Tokerau	4	Achieved, 4
Proportion of businesses/projects that Northland Inc are supporting that have identified their environmental aspirations and complied with governmental regulations	80%	Achieved, 91%
Change in carbon footprint of Northland Inc	Initial carbon footprint audit completed	Achieved, base line of 55,260 kg/Co2 per year established

Regional Investment

The 2021/22 key performance targets and results for this objective are:

Measure	2021/22 performance target	Result
Number of unique businesses assisted (reporting by TA and industry)	230	Achieved, 545
Proportion of those businesses assisted that are Māori (by TA and industry)	20%	Achieved, 22%
Number of inward delegations hosted	3	Not achieved, 1
Client satisfaction with businesses assistance provided by Northland Inc as measured by Net Promotor Score	NPS>50	Achieved, 100
Value of grant funding and investment facilitated for Māori businesses	\$110,000	Not achieved, \$106,000
Number of high impact projects that are implemented (reporting by regional strategic sectors)	4	Not achieved, 2

There was one enabling investment project allocation made in 2021/22: \$80,000 to support the development of a regional economic development strategy. Four projects received project development funding totalling \$175,000. Travel restrictions put in place to control the spread of COVID-19 limited the ability of Northland Inc. to host inward investment delegations.

Destination management and marketing

The 2021/22 key performance targets and results for this work programme are:

Measure	2021/22 performance target	Result
Number of destination promotion campaign initiatives to generate national exposure to the region (reporting will include number of businesses that are engaged in the campaign)	1 campaign per year	Achieved, 4
Number of workshops / events to promote product development and position Te Tai Tokerau Northland as a green tourism destination	Establish baseline	Achieved, 3

Profile and advocacy of economic development

The 2021/22 key performance targets and results for this work programme are:

Measure	2021/22 performance target	Result
Number of regional economic development updates or reports released	4	Achieved, 4
Number of media features that profile the region	12	Achieved, 20
Number of media activity that references Northland Inc	24	Achieved, 77

Regional Software Holdings Limited

Council is also a shareholder of Regional Software Holdings Limited (RSHL), being a major shared services undertaking by the Northland, Waikato, Taranaki, Horizons, West Coast and Southland regional councils. All sixteen Regional Councils/Unitary Authorities in New Zealand are stakeholders and customers of RSHL.

RSHL operates a range of collaboration and shared services on behalf of Te Uru Kahika.

RSHL is at an exciting and challenging juncture in its journey, evolution and growth. A number of opportunities exist, that if they come to fruition, have the ability to significantly enhance the productivity of the regional and unitary sectors.

The Integrated Regional Information System (IRIS) programme is RSHL's longest running programme. The six member councils developed a software solution (IRIS) for regional council specific functions. Hawkes Bay Regional Council also uses IRIS. The programme has been in place for nearly 10 years and has been a remarkable success.

As the IRIS system reaches the end of its useful life, RSHL has made the strategic decision to prioritise planning for the next generation of IRIS (IRIS Next Generation). Significant steps towards this goal were taken in 2021/2022.

RSHL also operates the Sector Financial Management System (SFMS) on behalf of Te Uru Kahika. Under this agreement, RSHL supports a range of sector work programmes and projects. RSHL manages funding collected from the sector to support shared sector activities, as well as providing project management support.

The Sector Financial Management System allows RSHL to further achieve its vision "To provide a high-quality shared service for the regional council sector (and associated agencies) that delivers value to customers, shareholders and the sector."

RSHL continues to extend the services and value it provides to Te Uru Kahika.

In August 2021, the Regional Chief Executives Group approved the business case for the implementation of a Regional Sector Shared Services Organisation based on RSHL.

This initiative is the next significant step towards RSHL achieving its potential as a shared services vehicle for the regional sector.

The business case set out that the next evolutionary step for Te Uru Kahika is to consolidate existing collaboration programmes and to put in place a fit-for-purpose structure that will enable the sector to respond quickly to shared issues and opportunities, while reducing individual council cost and resource use. Ultimately, doing more with less.

Te Uru Kahika will benefit from the creation of the shared services organisation through:

- Being better prepared to respond to future issues and opportunities.
- Achieving a better return on investment with a focus on quality of outcome and realising the value proposition for the sector.
- Increased credibility of the sector as a trusted deliverer with a unified and consistent sector profile.
- Improved key staff attraction and retention.
- Consistent good practise process across the sector and within councils.

Much of the work required to restructure RSHL occurred in 2021/22, with the final necessary legal steps to be completed by the end of September 2022.

For the legacy IRIS product, the priority is on consolidation and cost minimisation. Two releases of new functionality were delivered over the year. The focus for the legacy IRIS product is ensuring it remains fit for purpose for the remainder of its useful life by improving the performance of the application and making changes to enhance usability.

Pleasingly, the IRIS user survey completed in September 2021 showed ongoing improvement over previous years.

As noted in previous annual reports, there is a need to undertake a reinvestment in the IRIS solution to ensure the underlying technology remains current and fit for purpose. This is the IRIS NextGen Programme.

The scope of IRIS Next Generation includes development of good practice processes for the regional sector, as well as selection of a vendor and partner to deliver the software solution. This approach builds on a key lesson learnt from the IRIS programme, that having councils agree on consistent good practice processes significantly reduces the cost of developing and operating software.

IRIS Next Generation will be cloud based and be more efficient for staff and customers. Basing the solution on sector agreed best practice processes will enable sharing of resources, training, along with continuous improvement.

Datacom have been selected as our partner for the implementation of IRIS NextGen, with an offering based on their ERP platform "Datascope" and professional services to support the development of good practice process.

Over the last 12 months, we worked with Datacom and eleven councils to further refine the details of the IRIS NextGen Programme. We expect to have final approval from councils to proceed with the programme in August 2022.

IRIS Next Generation will be a sector-wide initiative, which is why we have made every effort to involve experts from as many councils as possible, along with leaders from the Te Uru Kahika Network.

The sector has responded to the challenges of the COVID-19 pandemic, and local government reform by placing a greater emphasis on collaboration, development of shared services and more use of Council Controlled Organisations. RSHL and its shareholding councils are aligned with this direction.

The purpose of the Sector Financial Management System is to remove barriers to shared initiatives within the sector. As part of the SFMS, RSHL is responsible for the management of the funding for sector collaborative programmes including:

- Regional Sector Office
- Sector Business Plan
- River Managers Programme
- ReCoCo Technology Projects
- EMaR Programme
- Bio Managers Programme
- Bio Control Programme
- Science Programme

Along with funding management, RSHL also supports the collaborative programmes through project, procurement and contract management. Where appropriate RSHL also provides IT systems for programmes to use.

In 2020/21, RSHL oversaw programmes with a total value of \$2.1M, with \$0.4M of this funding secured from central government to support Te Uru Kahika.

In 2021/22, the total value of the programme increased to \$3.6M, including \$0.5M from central government.

ReCoCo is one of the programmes within the SFMS. Under the ReCoCo banner RSHL delivers collaborative technology projects for groups of councils.

To support accelerated growth and development RSHL has completed the establishment of independent business infrastructure.

- In 2019, the Board appointed a full-time General Manager. The benefits of having a full-time general manager can clearly be seen in the accelerated progress of the company. In June 2022, the General Manager position was re-titled Chief Executive reflecting the growth of RSHL and the increasing complexity of the role.
- IT Systems have been transitioned from Waikato Regional Council to a cloud-based Microsoft 365 environment.
- Financial services have been transitioned to ONLA (O'Fee & Associates Ltd), based in Palmerston North.
- RSHL has completed a branding project to create a brand and supporting collateral for RSHL.
- RSHL now has a website www.rshl.co.nz to further increase the visibility of the organisation.

Financially, the company continues to be in a sound position.

RSHL's revenue comes from:

- Licence fees from councils that use IRIS. These fees are used for the maintenance and development of the IRIS product.
- Funding contributions for sector work programmes. This funding is used to pay service providers delivering services to Te Uru Kahika.

The company does not trade to make a profit. Rather, it charges to cover its planned level of expenditure. Unspent revenue is reallocated to programmes in the new financial year or redistributed back to councils.

The financial result is a deficit of \$1,215,263. This reflects the depreciating value of the investment in the IRIS product.

Expenditure on the IRIS solution is no longer being treated as a capital investment. As a result, the book value of the asset is depreciating rapidly. This is appropriate as the product nears the end of its life and the company looks to reinvest in IRIS NextGen. Cash balances remain healthy as the losses are resulting from depreciation rather than trading activities.

The success of IRIS and RSHL is due to the collaborative approach of Te Uru Kahika.

The success and richness of IRIS and IRIS NextGen product reflects the contribution, expertise, and commitment of a team of well over 100 people from all the participating councils, in a variety of roles.

The outlook for Regional Software Holdings Ltd is bright and there are significant opportunities to support the activities and achievements of Te Uru Kahika into the future.

[1] Te Uru Kahika is the collective of the 16 regional councils and unitary authorities that make up the regional sector*

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%

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 applications such as Document Management, Geographic and Financial Information Systems. For Northland, the increasing focus on collaboration to projects continues to bring together the best ideas, practices and experiences into solutions that are fit for purpose, perform well and achieve more through working together for the sector.

Statement of Intent and performance targets

The following performance measure were incorporated into the Statement of Intent for the 2020/21 financial year.

Performance measure	Level of achievement		Comment																				
	2021/22	2020/21																					
Non-financial																							
Undertake an annual survey of users and shareholder/customer councils in relation to product performance, Datacom support and RSHL support.	Complete	Complete	The IRIS user survey was completed in November 2021. Results were reported to the board in February 2022 and reflected overall improvement in the performance of RSHL, Datacom and the IRIS Product																				
Baseline to be developed following the completion of the first survey.			The report has been provided to member councils.																				
Develop, approve, communicate the product strategy for IRIS NextGen.	Complete	Complete	The IRIS NextGen Product Strategy consist of outputs created during the Discovery phase of the programme. These outputs support the product strategy framework of Vision, Programme Goals, SWOT analysis, Product Goals and Product Initiatives. Through the Discovery Phase, outputs were developed that will provide a framework to guide the development and implementation of the IRIS NextGen product. <ul style="list-style-type: none"> ● Good Practice Operating Model Baseline ● Datascape solution mapping ● Priorities requirement backlog ● Requirements Gap Analysis ● Datascape development backlog ● Integration approach ● Stakeholder success assurance report ● Risk plan and mitigations ● Implementation and transition priorities 																				
Prepare and adopt the annual IRIS major enhancement roadmap by 30 June for delivery in the subsequent year.	Complete	Complete	The IRIS Product Roadmap extends for the 3 years. It is refined by the Advisory Group as required. The roadmap was presented to the board in November 2021.																				
Major Enhancement projects are completed within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year.	Complete	Complete	The total budget for major enhancements to IRIS was \$460k including \$110k for enhancements to the core product, \$150k for Business Intelligence Implementation and \$200k for data migration tools. <table border="1"> <thead> <tr> <th>Budget Item</th><th>SOI Budget</th><th>Expenditure</th><th>Variance</th></tr> </thead> <tbody> <tr> <td>BI Initiative</td><td>\$150,000</td><td>\$70,200</td><td>\$79,800</td></tr> <tr> <td>Data Migration</td><td>\$200,000</td><td>\$0</td><td>\$200,000</td></tr> <tr> <td>MAJs</td><td>\$110,000</td><td>\$61,539</td><td>\$48,461</td></tr> <tr> <td>TOTAL</td><td>\$460,000</td><td>\$131,739</td><td>\$328,261</td></tr> </tbody> </table> MAJ Costs	Budget Item	SOI Budget	Expenditure	Variance	BI Initiative	\$150,000	\$70,200	\$79,800	Data Migration	\$200,000	\$0	\$200,000	MAJs	\$110,000	\$61,539	\$48,461	TOTAL	\$460,000	\$131,739	\$328,261
Budget Item	SOI Budget	Expenditure	Variance																				
BI Initiative	\$150,000	\$70,200	\$79,800																				
Data Migration	\$200,000	\$0	\$200,000																				
MAJs	\$110,000	\$61,539	\$48,461																				
TOTAL	\$460,000	\$131,739	\$328,261																				

Budgets for support and minor enhancements are approved by the Board by 30 June each year and delivery is within these budgets is effectively managed by the Advisory Group and the General Manager.	Complete	Complete	MAJ057 "IRIS Advanced Search Enhancement was completed under budget for \$45,500. The balance of the costs being for releases.
			BI Initiative
			The IRIS BI Applications Module Implementation had a budget of \$70,200 and was completed exactly on budget.
			Data Migration
			The Data Migration project did not progress as a MAJ in FY22. Scoping activity was funded from the MIN budget. In FY2022 \$236,040 was allocated for minor enhancements and \$263k has been spent. \$260K was allocated for IRIS Support and \$225,397 was spent.
Financial	2021/22	2020/21	
RSHL will operate within approved budget, with any material variations approved by the Board.	Achieved	Achieved	RSHL operated within the overall budget, with contributions from members and councils as-budgeted. The Statement of Financial Performance, and the balance sheet were impacted by the decision not to borrow to fund IRIS NextGen in FY2022, and the non-capitalisation of IRIS NextGen Discovery work.
Annual charges for shareholders and customers to be at level approved by the Board and Shareholder Councils based upon the approved operating budget and budgets for major and minor enhancements.	Complete	Complete	Charges to shareholders were exactly on budget at \$1,211,619.
Growth	2021/22	2020/21	
Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL.	Complete	Complete	RSHL expects that up to 4 additional councils will participate in the IRIS NextGen, subject to approval of the Partnership agreements. They are BOPRC, ORC, TDC, and NCC. Through the Sector Financial management Systems, all 16 regional sector organisations are customers of RSHL. MFE, MPI and LINZ also fund and receive benefit from our programmes.
Engage with councils in the sector to evaluate options for the eventual replacement of the current IRIS software package. The objective is to identify a solution that can be adopted by an increasing number of councils in the sector.	Complete	Complete	Datacom have been selected as our partner for the implementation of IRIS NextGen, with an offering based on their ERP platform "Datascape" and professional services to support the development of good practice process. Up to 11 Councils are expected to participate in IRIS NextGen.
Be a service delivery vehicle for wider regional council sector share programmes under the Sector Financial Management System (or similar).	Complete	Complete	In FY2022 RSHL managed the funding for the Te Uru Kahika work programmes with a total value of \$3.8M. In the same time period \$3.6M in funding was collected. The following programmes were included in the Sector Financial Management System:

		<ul style="list-style-type: none"> ● Regional Sector Office ● Sector Business Plan ● River Managers Projects ● ReCoCo Technology Projects ● EMaR Programme ● Bio Managers Programme ● Bio Control Programme ● Science Programme ● Essential Freshwater MFE Fund ● Sector Spatial Projects ● Shovel Ready Projects
Be a service delivery vehicle for wider regional council sector and related bodies information management projects (ReCoCo) and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and ReCoCo Advisory Group.	Complete	<p>Under the ReCoCo Programme RSHL supported the delivery of the following projects:</p> <ul style="list-style-type: none"> ● Environmental Data Mobility Implementation ● Environmental Data Programme ● WellsNZ Implementation ● Sector Reference Model Engagement Project ● N-Cap Implementation <p>Appropriate project management controls were in place for each project.</p> <p>In addition, RSHL was responsible for the upgrade of the Sectors collaborations portal to a modern Teams environment.</p> <p>RSHL also managed the funding for the following sector programmes:</p> <ul style="list-style-type: none"> ● LIDAR PGF Programme Manager ● Retrolens <p>\$543k was collected in funding to support the ReCoCo Programme.</p>
Work with the RCEOs Group to develop a business case for the Regional Sector Shared Services Organisation.	Complete	The business case for the Regional Sector Shared Services organisation was approved by the RCEOs on 3 August 2021
Business Case to be considered by December 2021 to allow for the development of a new Statement of Intent in early 2022.		

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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