

AGENDA

SUPPLEMENTARY

Council
Tuesday 18 February 2020 at 10.30am

Northland Regional Council Supplementary Agenda

Meeting to be held in the Council Chamber
36 Water Street, Whangārei
on Tuesday 18 February 2020, commencing at 10.30am

Recommendations contained in the council agenda are NOT council decisions. Please refer to council minutes for resolutions.

Item	Page
2.0B Receipt of Supplementary Item	
1.0 DECISION MAKING MATTERS	
6.3 Tabled Financial Updates to the Annual Plan 2020/21 Consultation Supporting Information	4

TITLE: **Receipt of Supplementary Report: Tabled Financial Updates to the Annual Plan 2020/21 Consultation Supporting Information**

ID: A1287855

From: Kyla Carlier, Corporate Planning Manager

Recommendation

That as permitted under section 46A(7) of the Local Government Official Information and Meetings Act 1987 the following supplementary report be received:

- Tabled Financial Updates to the Annual Plan 2020/21 Consultation Supporting Information

Authorised by Group Manager

Name: Jonathan Gibbard

Title: GM Strategy, Governance and Engagement

Date: 18 February 2020

TITLE: **Tabled Financial Updates to the Annual Plan 2020/21
Consultation Supporting Information**

ID: A1287330

From: Kyla Carlier, Corporate Planning Manager

Executive summary/Whakarāpopototanga

The council agenda for 18 February 2020 includes the supporting information to the Annual Plan 2020/21 consultation process, for approval by council. Subsequent to the collation of the council agenda, financial corrections were made that had a minor impact on the distribution of rates collection across the council rates. These amendments do not impact the overall percentage or amount of rates collected, nor the average increase per ratepayer across the region. To ensure the most accurate information is approved by council for consultation purposes, a fresh version of this financial information is being tabled.

Recommendation

That the report 'Tabled Financial Updates to the Annual Plan 2020/21 Consultation Supporting Information' by Kyla Carlier, Corporate Planning Manager and dated 17 February 2020, be received.

Attachments/Ngā tapirihanga

Attachment 1: Updated financial section - supporting information to the Annual Plan 2020/21 consultation [!\[\]\(dd161862f9164df98f62b726e9846241_img.jpg\) !\[\]\(370afeb5bfccb68f3befb985d1441328_img.jpg\)](#)

Authorised by Group Manager

Name: Jonathan Gibbard

Title: Group Manager - Strategy, Governance and Engagement

Date: 17 February 2020

Finances Mahere a Pūtea



Funding impact statement

Rating funding impact statement

This statement is GST exclusive. It shows total gross expenditure and lists (by rate and income type) the funding derived from each source, for easy reference.

Annual Plan		Draft Annual	LTP Year 3	Variance
2019/20		Plan 2020/21	2020/21	
\$(000)		\$(000)	\$(000)	\$(000)
47,644	Operational Expenditure	51,853	45,479	(6,374)
16,744	Capital Expenditure	12,208	5,002	(7,206)
64,388	Total Gross Expenditure	64,061	50,481	(13,580)
Funded By:				
8,017	Council Services Rate	9,152	8,143	1,009
2,408	Land Management Rate	2,684	2,693	(9)
4,903	Freshwater Management Rate	5,542	5,151	391
4,527	Pest Management Rate	4,826	4,690	136
2,154	Flood Infrastructure Rate	2,245	2,220	25
1,604	Civil Defence and Hazard Rate	1,657	1,648	9
611	Targeted Regional Infrastructure Rate	611	611	-
1,385	Targeted Regional Sporting Facilities Rate	1,385	1,385	-
4,251	Other Targeted Rates	4,251	4,251	-
4,793	Grants and Subsidies	6,906	2,869	4,037
4,388	User Charges	4,509	4,492	17
2,996	Rental Income	3,654	2,575	1,079
3,340	Interest Income	2,992	4,909	(1,917)
3,708	Dividend Income	3,542	4,096	(554)
-	Forestry Income	-	-	-
-	Sundry Income	-	-	-
15,303	Cash Reserves from/(to)	10,105	748	9,357
64,388	Total Funding	64,061	50,481	13,580

Prospective funding impact statement

The prospective funding impact statement is GST exclusive and is required under the Local Government Act 2002 (Schedule 10, Clause 20) and conforms to Form 1 of the Local Government (Financial Reporting and Prudence) Regulations 2014. Generally Accepted Accounting Practice (GAAP) does not apply to the preparation of the Funding Impact Statements as stated in section 111(2) of the Local Government Act 2002. The key divergences from GAAP are the non-inclusion of depreciation, the inclusion of internal charges, and the combination of capital and operational items within the one financial statement.

Explanatory note to Applications of Capital Funding: The variance in expenditure shown as the line item 'To improve levels of service' is primarily due to the significant redevelopment of the former Countdown building site in Kensington, Whangārei, and a commercial development in Dargaville.

Annual Plan		Draft Annual	LTP Year 3	Variance
2019/20		Plan 2020/21	2020/21	
\$(000)		\$(000)	\$(000)	\$(000)
Sources of Operating Funding				
-	General Rates, uniform annual general charges, rates penalties	-	-	-
29,860	Targeted rates	32,353	30,792	(1,561)
4,793	Grants and subsidies for operating purposes	6,906	2,869	(4,037)
4,388	Fees Charges	4,509	4,492	(17)
7,048	Interest and dividends from investments	6,534	9,005	2,471
2,996	Local authorities fuel tax, fines, infringement fees and other receipts	3,655	2,575	(1,080)
49,085	Total Sources of Operating Funding	53,957	49,733	(4,224)
Applications of Operating Funding				
46,304	Payments to staff and suppliers	50,793	44,081	(6,711)
1,340	Finance costs	1,060	1,398	338
-	Other operating funding applications	-	-	-
47,644	Total Applications of Operating Funding	51,853	45,479	(6,373)
1,441	SURPLUS/(DEFICIT)FROM OPERATING FUNDING	2,104	4,253	2,149
Sources of Capital Funding				
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	-	-	-
6,545	Increase/(Decrease)in debt	3,116	2,049	(1,067)
-	Gross proceed from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
6,545	Total Sources of Capital Funding	3,116	2,049	(1,067)

Finances **Mahere a Pūtea**

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Applications of Capital Funding				
Capital expenditure				
-	- To meet additional demands	-	-	-
15,470	- To improve levels of service	11,011	3,157	(7,854)
1,274	- To replace existing assets	1,198	1,845	647
(616)	Increase/(Decrease) in reserves	(130)	1,383	1,513
(8,142)	Increase/(Decrease) in investments	(6,859)	(83)	6,776
7,986	Total Applications of Capital Funding	5,220	6,302	1,082
(1,441)	SURPLUS/(DEFICIT) FROM CAPITAL FUNDING	(2,104)	(4,253)	(2,149)
-	FUNDING BALANCE	-	-	-

Reconciliation to Statement of Comprehensive Revenue and Expense

Annual Plan		Draft Annual	LTP Year 3	Variance
2019/20		Plan 2020/21	2020/21	
\$(000)		\$(000)	\$(000)	\$(000)
16,744	Capital expenditure included above not in Comprehensive Revenue and Expense	12,208	5,002	(7,206)
(8,142)	Investment movements included above not in Comprehensive Revenue and Expense	(6,859)	(83)	6,776
-	- Other Gains included in Comprehensive Income not above	-	-	-
-	- Gross Proceeds included above not in Comprehensive Income	-	-	-
-	- Financial Asset fair value adjustments included in comprehensive income but not above	-	-	-
-	- Property revaluation adjustments included in comprehensive income but not above	-	-	-
(6,545)	Proceeds from Borrowings included above not in comprehensive revenue	(3,116)	(2,049)	1,067
(616)	Transfers to/(from) special reserves included above not in comprehensive Income	(130)	1,383	1,513
-	- Infrastructure asset revaluation adjustments included in comprehensive income but not above	-	-	-
(1,810)	Depreciation Expense included in Comprehensive Income not above	(1,851)	(1,823)	28
(369)	Total Comprehensive revenue and expense for the year per the Statement of Comprehensive Revenue and Expense	252	2,430	2,178

Rates

The amounts of the rates stated include the council's GST obligations.

The council does not accept lump sum contributions in respect of any targeted rate.

Uniform annual general charge

The council does not set a uniform annual general charge.

Targeted region-wide rates

The council sets six rates, which are applied as targeted region-wide rates – the council services rate, land management rate, fresh water management rate, pest management rate, flood infrastructure rate and the civil defence and hazard management rate. Targeted region-wide rates are assessed on all rateable properties in the Northland region.

Council services rate

What it funds

The council uses the council services rate to fund some activities that are carried out under the Resource Management Act 1991, the Local Government Act 2002, the Maritime Transport Act 1994, maritime bylaws and any other activities that are not covered by any other funding source. This rate will fund the costs remaining after appropriate user fees and charges and a share of investment income, where available, have been taken into account.

How it is set

The council services rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. The rate is calculated on the total projected capital value, as determined by the certificate of projected

valuation of each constituent district in the Northland region. The rate is differentiated by location in the Northland region, and assessed as a fixed amount per each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts and on each rating unit in the Kaipara district. An additional \$1.73 per separately used or inhabited part (SUIP) of a rating unit is to be assessed across the Whangārei constituency to provide \$75,748 to fund the ongoing maintenance of the Hātea River channel.

How much is the rate?

The estimated total council services rate amounts to **\$10,524,893** for the 2020/21 financial year.

The council services rate payable in respect of each rating unit in the Kaipara district, and each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts of the Northland region, will be set as shown in the following table.

This funding impact statement recognises that a differentiated, fixed amount on each rating unit (property) or SUIP of a rating unit links better to resource management planning, strategic planning, education, public advice, the public good elements of issuing resource consents, regional advocacy and transport planning where the link to land value is very weak.

Council services rate

District	Rate	Rateable unit
Far North	\$93.89	per SUIP
Kaipara	\$126.69	per rating unit
Whangārei	\$120.05	per SUIP

Land management rate

What it funds

This land value based rate is used to fund activities that are carried out under the Soil Conservation and Rivers Control Act 1941 and the Resource Management Act 1991. The land management rate will specifically fund land management activities that have a direct relationship to land. This rate will fund the costs remaining after appropriate user fees and charges, grants and subsidies, and a share of investment income (where available) have been taken into account. The land management rate is assessed across all sectors of the Northland community and recognises that the benefit derived from the funded activities is strongly linked to land values.

How it is set

The land management rate is a targeted rate authorised by the Local Government (Rating) Act 2002. The rate is assessed on the land value of each rateable rating unit in the region. The rate is set per dollar of the land value. The rate per dollar of land value is different for each constituent district because the rate is allocated on the basis of projected land value, as provided for in section 131 of the Local Government (Rating) Act 2002. The council does not apply a differential on this rate.

How much is the rate?

The estimated total land management rate is \$3,086,560 for the 2020/21 financial year. The following table shows the actual and equalised land value for each district, and the rate per \$100,000 of land value for each district based on the equalised land values. If all districts had the same valuation date, each district would have the same rate per \$100,000 of actual land value.

Land management rate

District	Actual land value \$(000)'s	Equalised land value \$(000)'s	Rate per \$100,000 of actual land value
Far North	10,239,090	10,239,090	\$10.13
Kaipara	5,061,207	5,687,656	\$11.48
Whangārei	14,210,830	14,817,490	\$10.56

Freshwater management rate

What it funds

This land value based rate is used to fund activities that are carried out under the Soil Conservation and Rivers Control Act 1941 and the Resource Management Act 1991, and the National Policy Statement for Freshwater Management, including its amendments.

This rate will fund the costs remaining after appropriate user fees and charges, grants and subsidies, and a share of investment income (where available) have been taken into account. The freshwater management rate will specifically fund planning and works to improve freshwater quality. The freshwater management rate is assessed across all sectors of the Northland community and recognises that the benefit derived from the funded activities is strongly linked to land values.

How it is set

The freshwater management rate is a targeted rate authorised by the Local Government (Rating) Act 2002. The rate is assessed on the land value of each rateable rating unit in the region. The rate is set per dollar of the land value. The rate per dollar of land value is different for each constituent district because the rate is allocated on the basis of projected land value, as provided for in section 131 of the Local Government (Rating) Act 2002. The council does not apply a differential on this rate.

How much is the rate?

The estimated total freshwater management rate is \$6,373,703 for the 2020/21 financial year. The following table shows the actual and equalised land value for each district, and the rate per \$100,000 of land value for each district based on the equalised land values. If all districts had the same valuation date, each district would have the same rate per \$100,000 of actual land value.

Freshwater management rate

District	Actual land value \$(000)'s	Equalised land value \$(000)'s	Rate per \$100,000 of actual land value
Far North	10,239,090	10,239,090	\$20.92
Kaipara	5,061,207	5,687,656	\$23.69
Whangārei	14,210,830	14,817,490	\$21.82

Pest management rate

What it funds

The council uses the pest management rate to fund activities that are carried out under the Biosecurity Act 1993. This rate will fund the costs remaining after appropriate user fees and charges, grants and subsidies, and a share of investment income (where available) have been taken into account. For activities funded by this rate that relate to the implementation of the Northland Regional Pest Management Plan under the Biosecurity Act 1993, consideration is given to the requirements of Section 100T of the Biosecurity Act. An analysis of Section 100T requirements was carried out and considered by council as part of the process of consulting on and adopting the Long Term Plan 2018-2028, and can be found in the rates section of that document.

The pest management rate will specifically fund pest plant and pest animal management activities.

How it is set

The pest management rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. The rate is calculated on the total projected capital value, as determined by the certificate of projected valuation of each constituent district in the Northland region. The rate is differentiated by location in the Northland region, and assessed as a fixed amount per each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts and on each rating unit in the Kaipara district.

How much is the rate?

The estimated total pest management rate amounts to \$5,549,776 for the 2020/21 financial year.

The pest management rate is payable in respect of each rating unit in the Kaipara district, and each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts of the Northland region, and will be set as shown in the following table. This funding impact statement recognises that a differentiated, fixed amount on each rating unit (property), or SUIP of a rating unit, links better to pest management activities, where the link to land value is very weak.

Pest management rate

District	Rate	Rateable unit
Far North	\$49.87	per SUIP
Kaipara	\$67.29	per rating unit
Whangārei	\$62.84	per SUIP

Flood infrastructure rate

What it funds

This rate will partially or fully fund the development of flood protection infrastructure in communities across Northland that meet specified criteria as approved by the council (as set out in the Infrastructure Strategy included in the Long Term Plan 2018-2028). Specific targeted rates will be used to fund the portion of flood protection infrastructure that is not met by this flood infrastructure rate, and operational river schemes works.

How it is set

The flood infrastructure rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. This rate is assessed as a fixed amount on each rateable separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts and each rateable rating unit in the Kaipara district.

How much is the rate?

The estimated total Northland flood infrastructure rate amounts to \$2,581,143 for the 2020/21 financial year. The rate for each rating unit in the Kaipara district and each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts is set as \$27.18.

Civil defence and hazard management rate

What it funds

The council uses the civil defence and hazard management rate to fund activities that are carried out under the Civil Defence Emergency Management Act 2002, Resource Management Act 1991 and Soil Conservation and Rivers Control Act 1941. This rate will fund the costs remaining after appropriate user fees and charges, grants and subsidies, and a share of investment income (where available), have been taken into account.

How it is set

The civil defence and hazard management rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. The rate is calculated on the total projected capital value, as determined by the certificate of projected valuation of each constituent district in the Northland region. The rate is differentiated by location in the Northland region, and assessed as a fixed amount per each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts, and on each rating unit in the Kaipara district.

How much is the rate?

The estimated total civil defence and hazard management rate amounts to \$1,905,935 for the 2020/21 financial year.

The civil defence and hazard management rate payable in respect of each rating unit in the Kaipara district, and each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts of the Northland region, will be set as shown in the following table.

This funding impact statement recognises that a differentiated, fixed amount on each rating unit or SUIP of a rating unit links better to civil defence and hazard management activities where the link to land value is weak.

Civil defence emergency management rate

District	Rate	Rateable unit
Far North	\$17.13	per SUIP
Kaipara	\$23.11	per rating unit
Whangārei	\$21.58	per SUIP

Specific targeted rates

The following specific targeted rates are for 2020/21.

Emergency services rate

What it funds

The council will collect the emergency services rate to provide a funding pool for selected organisations whose primary purpose is to save lives that are in immediate or critical danger, or to respond to serious injury. The funds must be applied to the provision of services in Northland. The fund recipients will be granted funding for a three-year period.

How it is set

The emergency services rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. This rate is assessed as a fixed amount on each rateable separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts, and each rateable rating unit in the Kaipara district.

How much is the rate?

The estimated total emergency services rate is **\$1,112,595** for the 2020/21 financial year.

The rate for each rating unit in the Kaipara district and each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts is set as \$11.72.

How is the rate applied?

The emergency services rate will be applied to approved recipients.

Regional sporting facilities rate

What it funds

The council will collect the regional sporting facilities rate to contribute funds towards the development of sporting facilities across Northland that are of regional benefit. Potential recipient projects will be determined through ongoing work on the Northland Sports Facilities Plan.

How it is set

The regional sporting facilities rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. This rate is assessed as a fixed amount on each rateable separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts and each rateable rating unit in the Kaipara district.

How much is the rate?

The estimated total Northland regional sporting facilities rate amounts to **\$1,593,107** for the 2020/21 financial year. The rate for each rating unit in the Kaipara district and each separately used or inhabited part (SUIP) of a rating unit in the Far North and Whangārei districts is set as \$16.78.

How is the rate applied?

This rate is applied to the development of sporting facilities that are of regional benefit.

Regional infrastructure rate

What it funds

The regional infrastructure rate will fund activities relating to the development and/or completion of regional infrastructure projects.

How it is set

The regional infrastructure rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. The rate is assessed on the land value of each rateable rating unit in the region. The rate is set per dollar of land value. The rate per dollar of land value is different for each constituent district as the rate is allocated on the basis of projected land value, as provided for in section 131 of the Local Government (Rating) Act. The council does not apply a differential on this rate.

How much is the rate?

The estimated total regional infrastructure rate is **\$702,449** for the 2020/21 financial year.

The following table shows the actual and equalised land value for each district, and the rate per \$100,000 of land value for each district, based on the equalised land values. If all districts had the same valuation date, each district would have the same rate per \$100,000 of actual land value.

Regional infrastructure rate

District	Actual land value \$(000)'s	Equalised land value \$(000)'s	Rate per \$100,000 of actual land value
Far North	10,239,090	10,239,090	\$2.31
Kaipara	5,061,207	5,687,656	\$2.62
Whangārei	14,210,830	14,817,490	\$2.41

How is the rate applied?

This rate is applied to the infrastructure facilities reserve.

Whangārei transport rate

What it funds

This rate forms the local contribution required to fund the Whangārei bus passenger transport, the Whangārei Total Mobility service, and provision of other public transport services in the Whangārei District.

How it is set

The Whangārei transport rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. The rate is a fixed amount assessed on each rateable separately used or inhabited part (SUIP) of a rating unit in the Whangārei district.

How much is the rate?

The estimated total Whangārei transport rate is **\$1,015,194** for the 2020/21 financial year. The rate will be set at \$23.12 for each rateable separately used or inhabited part (SUIP) of a rating unit in the Whangārei district.

How is the rate applied?

The Whangārei transport rate will be applied to the passenger transport administration activity to subsidise bus passenger transport, provision of the Total Mobility service, and provision of other public transport services in the Whangārei district.

Far North transport rate

What it funds

This rate funds the Far North bus passenger transport service, and the investigation and provision of other public transport services in the Far North district.

How it is set

The Far North transport rate is a targeted rate as authorised by the Local Government (Rating) Act 2002. The rate is a fixed amount assessed on each rateable separately used or inhabited part (SUIP) of a rating unit in the Far North district.

How much is the rate?

The estimated total Far North district transport rate is **\$319,470** for the 2020/21 financial year. The rate will be set at \$8.63 for each rateable separately used or inhabited part (SUIP) of a rating unit in the Far North district.

How is the rate applied?

The Far North district transport rate will be applied to the passenger transport administration activity to subsidise provision of bus passenger transport, and the investigation and provision of other public transport services in the Far North district.

Awanui River management rate

What it funds

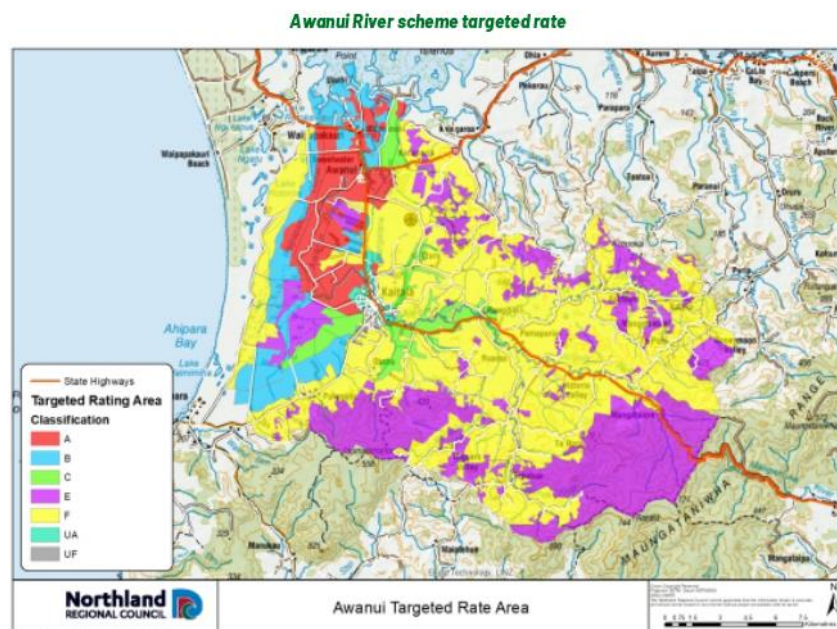
This rate funds capital and operational works on the Awanui River flood management scheme.

How it is set

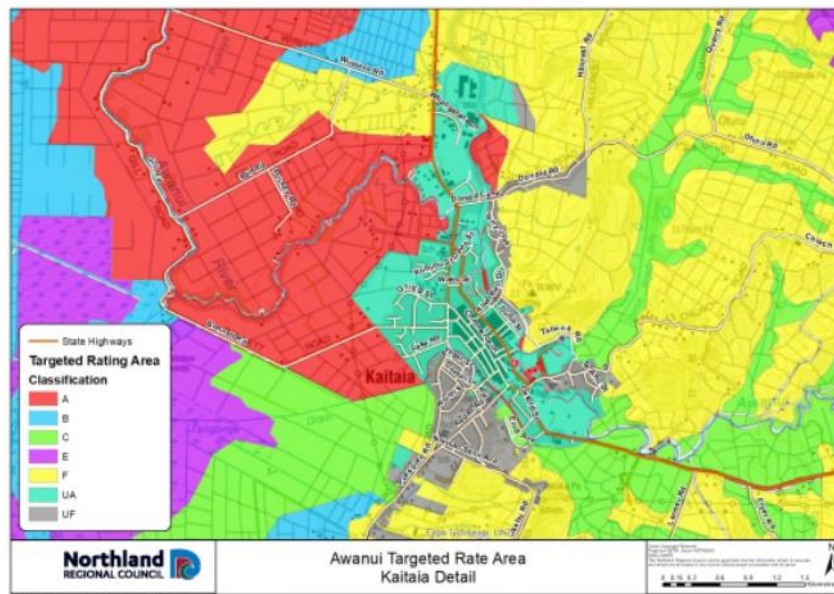
The Awanui River management rate is a targeted rate set under the Local Government (Rating) Act 2002, set differentially by location and area of benefit as illustrated by the following table and maps. The rate is set differentially as follows:

Awanui river management rate			
Category	Description	Rate	Rateable unit
1	Urban rate class UA (floodplain location) \$297.95 direct benefit plus \$30.01 indirect benefit per separately used or inhabited part of a rating unit.	\$327.96	Per SUIP
2	Urban rate classes UF (higher ground) \$30.00 direct benefit plus \$30.01 indirect benefit per separately used or inhabited part of a rating unit.	\$60.01	Per SUIP
3	Commercial differential factor applicable to urban rate classes UA and UF, and rural hectare rate classes A & B, C, E and F.	3.0 times the appropriate rate	Urban rate classes UA and UF, and rural hectare rate classes A & B, C, E and F
4	Rural rate differentiated by class, \$13.35 per separately used or inhabited part of a rating unit of indirect benefit, plus a rate per hectare for each of the following classes of land in the defined Kaitāia flood rating district as illustrated in the following maps and table.	\$13.35	Per SUIP

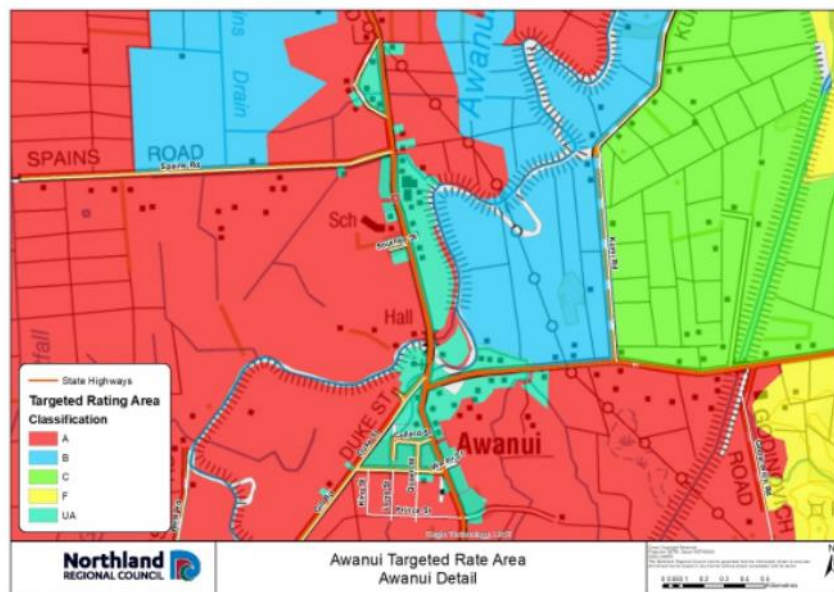
The rating classifications and the rate charged are illustrated in the following maps and table.



Awanui scheme targeted rate - Kataia detail



Awanui River scheme targeted rate - Awanui detail



Awanui river management rate

Class	Description	Rate per hectare
A & B	High benefit; rural land which receives high benefit from the Awanui Scheme works due to reduced river flooding risk and/or reduced duration of flooding and/or reduced coastal flooding.	\$24.47
C	Moderate benefit; land floods less frequently and water clears quickly.	\$11.07
E	Land in flood-ways and ponding areas that receive no benefit and land retained in native bush that provides watershed protection.	-
F	Contributes run-off waters, and increases the need for flood protection.	\$1.09

For more detailed information on rating class boundaries, please refer to the [Awanui Scheme Asset Management Plan](#), which is available on our website.

How much is the rate?

The estimated total Awanui River management rate is \$1,090,352 for the 2020/21 financial year. The revenue sought from each category of rateable land will be as follows:

Awanui river management rate

Class	Rural or urban	Total revenue
A & B	Rural	\$139,082
C	Rural	\$17,898
F	Rural	\$20,449
Indirect benefit	Rural	\$21,465
Urban A	Urban	\$476,686
Urban F	Urban	\$39,697
Commercial differential	Majority urban	\$375,075
Total		\$1,090,352

How is the rate applied?

The rate is applied 100 percent to Awanui River flood management scheme works, which form part of the river management activity.

Kaihū River management rate

What it funds

This rate funds channel maintenance works on the Kaihū River flood management scheme.

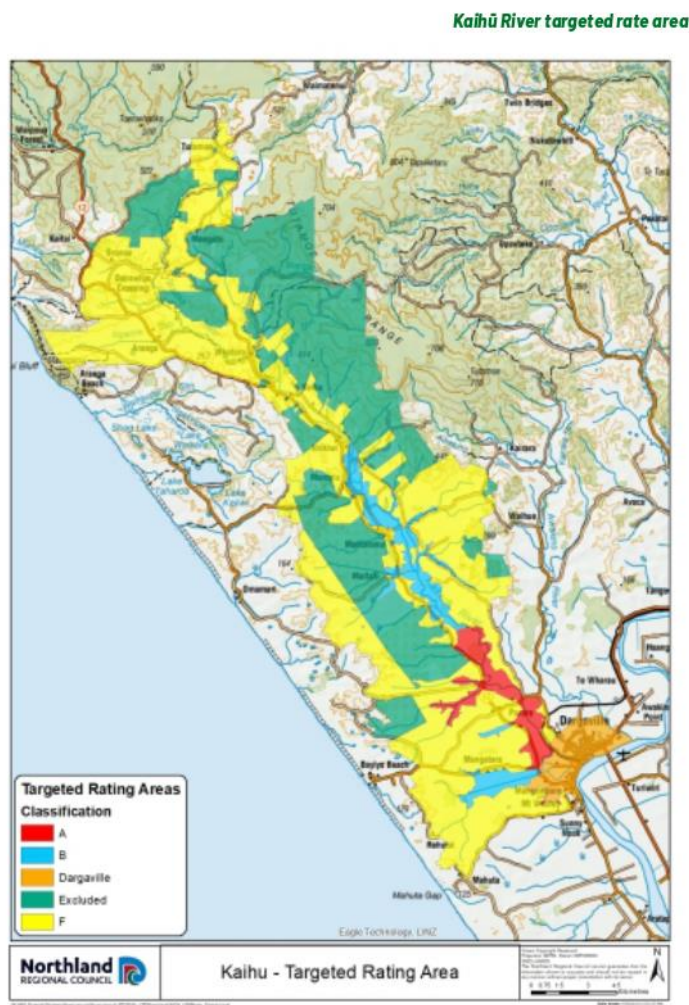
How it is set

The Kaihū River management rate is a targeted rate set under the Local Government (Rating) Act 2002, set differentially by location and area of benefit as illustrated by this map and the following table.

The council will set the rate differentially as follows:

- Class A – land on the floodplain and side valleys downstream of the Rotu Bottleneck; rate is applied per hectare of land.
- Class B – land on the floodplain and tributary side valleys between Ahikiwi and the Rotu Bottleneck and in the Mangatara Drain catchment upstream of SH12; rate is applied per hectare of land.
- Class F (Catchment rate) – balance of land within the Kaihū River rating area not falling within class A and class B; rate is applied per hectare of land.
- Urban contribution – a contribution from Kaipara District Council instead of a separate rate per property.

The rating classifications and the rate charged are illustrated as follows:



Kaihū river management rate

Class	Description	Rate per hectare
A	Land on the floodplain and side valleys downstream of the Rotu Bottleneck.	\$23.13
B	Land on the floodplain and tributary side valleys between Ahikiwi and the Rotu Bottleneck and in the Mangatara Drain catchment upstream of SH12.	\$11.39
F	Balance of rateable land within the Kaihū River rating area.	\$1.60
	Urban contribution	Per annum
	A contribution from Kaipara District Council instead of a separate rate per property.	\$5,015

How much is the rate?

The estimated total Kaihū River management rate is \$79,869 in the 2020/21 financial year. The revenue sought from each category of rateable land will be as follows:

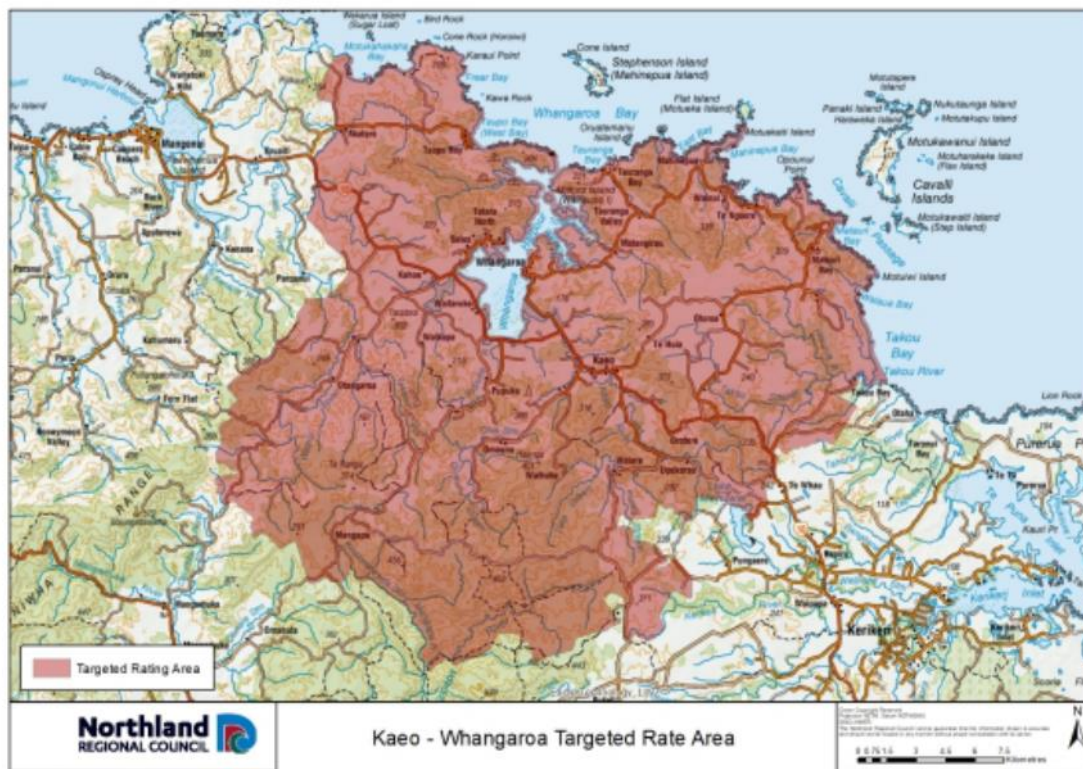
Kaihū river management rate	
Class	Total revenue
A	\$31,798
B	\$12,148
F	\$30,908
Urban contribution	\$5,015
Total	\$79,869

How is the rate applied?

The rate is applied 100 percent to Kaihū River flood management scheme works, which form part of the river management activity.

Kāeo-Whangaroa rivers management rate

Kāeo-Whangaroa River targeted rate area



What it funds

This rate funds operational and capital flood scheme works in Kāeo and Tauranga Bay, and minor river maintenance works to clear flood debris and gravel from streams from Taupō Bay to Te Ngaere.

How it is set

The Kāeo-Whangaroa rivers management rate is a targeted rate set under the Local Government (Rating) Act 2002, set on a uniform basis in respect of each rateable separately used or inhabited part (SUIP) of a rating unit falling within the former Whangaroa ward rating rolls of 100-199, as illustrated in this map.

How much is the rate?

The estimated total Kāeo-Whangaroa rivers management rate is \$116,644 in the 2020/21 financial year. The rate is set at \$51.57 and will be assessed on each rateable separately used or inhabited part (SUIP) of a rating unit falling between rating rolls 100-199 of the former Whangaroa ward as illustrated in this map.

How is the rate applied?

The rate is applied 100 percent to Kāeo-Whangaroa rivers flood management scheme works which form part of the river management activity.

Whangārei urban rivers management rate

What it funds

This rate funds the operational costs and capital costs of flood scheme works for urban Whangārei.

How it is set

The Whangārei urban rivers management rate is a targeted rate set under the Local Government (Rating) Act 2002, and assessed on all rateable properties defined by reference to the differential categories, and differentiated by location (see map on following page), and, for some categories, land use. It is set as a fixed amount per each separately used or inhabited part (SUIP) of a rating unit, as follows:

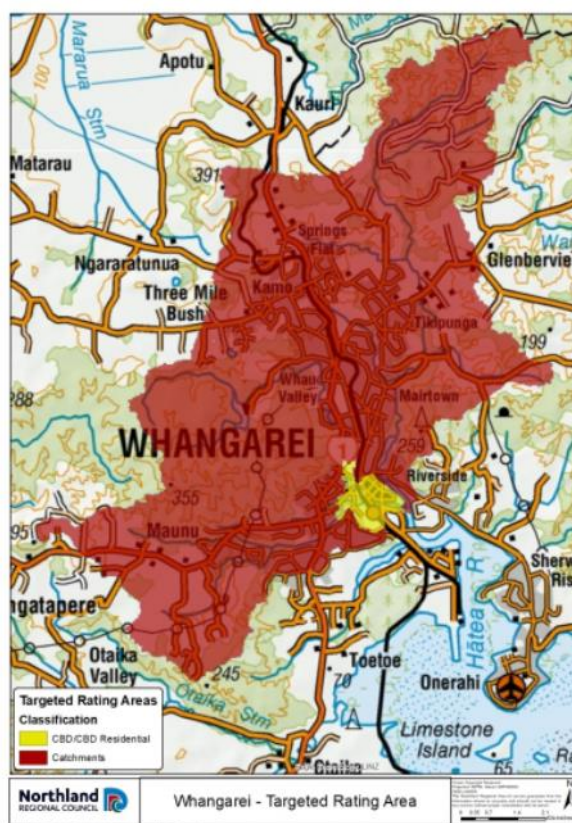
Whangārei urban rivers management rate			
Category	Description	Rate	Rateable unit
1	Commercial properties in the Whangārei CBD flood area.	\$353.75	Per SUIP
2	Residential properties in the Whangārei CBD flood area.	\$174.91	Per SUIP
3	Properties in the contributing water catchment area (including properties falling in the Waiarohia, Raumanga, Kirikiri and Hātea River catchments).	\$43.52	Per SUIP

The differential recognises the different categories of beneficiaries to the scheme and the properties that contribute to flooding in the Whangārei CBD. Properties in the contributing water catchment area contribute run-off from rainfall to the CBD which exacerbates and contributes to flooding, and these properties also receive a wider benefit from reduced flooding of the Whangārei CBD. The commercial and residential properties in the Whangārei CBD flood area are the primary beneficiaries due to reduced flood risk. Commercial properties benefit more significantly than residential properties due to improved business continuity from reduced flooding.

Residential properties in the Whangārei central business district (CBD) flood area are defined as all rating units which are used principally for residential or lifestyle residential purposes, including retirement villages, flats etc. Residential properties also include multi-unit properties, these being all separate rating units used principally for residential purposes, and on which is situated multi-unit type residential accommodation that is used principally for temporary or permanent residential accommodation and for financial reward, including, but not limited to, hotels, boarding houses, motels, tourist accommodation, residential clubs and hostels, but excluding any properties that are licensed under the Sale and Supply of Alcohol Act 2012.

Commercial properties in the Whangārei CBD flood area are all separate rating units used principally for commercial, industrial or related purposes or zoned for commercial, industrial or related purposes in accordance with the Whangārei district plan. For the avoidance of doubt, this category includes properties licensed under the Sale and Supply of Alcohol 2012; and private hospitals and private medical centres.

Whangārei urban rivers management rate area map



How much is the rate?

The estimated total Whangārei urban rivers management rate is \$1,154,250 in the 2020/21 financial year. The revenue sought from each category is as follows:

Whangārei urban rivers management rate

Category	Description	Total revenue
1	All commercial properties in the Whangārei CBD flood area.	\$357,646
2	All residential properties in the Whangārei CBD flood area.	\$28,161
3	All properties in the contributing water catchment area (including properties falling in the Waiahoia, Raumanga, Kirikiri and Hātea River catchments).	\$768,443
Total		\$1,154,250

How is the rate applied?

The rate is applied 100 percent to Whangārei urban rivers flood scheme works, which form part of the river management activity.

Other rating information

Each of Northland's three district councils is appointed as a collector for the Northland Regional Council in terms of section 53 of the Local Government (Rating) Act 2002. This means that the district councils issue rates assessments and invoices for the Northland Regional Council's rates. They also collect the rates.

Northland Regional Council has adopted policies regarding remission of rates and penalties, postponement of rates, and early repayment of rates. The council remits rates and penalties, postpones payment of rates, applied charges for postponement of rates, and applies discounts for early payment of rates in accordance with these policies. It also resolves that penalties will be added to unpaid rates. The district councils record these transactions on the rating information database and rates records which they maintain on behalf of the Northland Regional Council.

Separately used or inhabited part of a rating unit definitions

Northland Regional Council has adopted the same definitions as the Far North and Whangarei district councils to determine a separately used or inhabited part of a rating unit (SUIP) as follows:

Far North district SUIP definition

Where rates are calculated on each separately used or inhabited part of a rating unit, the following definitions will apply:

- Any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement;
- Any part or parts of a rating unit that are used or occupied by the ratepayer for more than one single use.

The following are considered to be separately used parts of a rating unit:

- Individual flats or apartments;
- Separately leased commercial areas which are leased on a rating unit basis;
- Vacant rating units;
- Single rating units which contain multiple uses such as a shop with a dwelling; and
- A residential building or part of a residential building that is used, or can be used, as an independent residence. An independent residence is defined as having a separate entrance, separate cooking facilities, for example, cooking stove, range, kitchen sink etc. together with living and toilet/bathroom facilities.

The following are not considered to be separately used or inhabited parts of a rating unit:

- A residential sleep-out or granny flat that does not meet the definition of an independent residence;
- A hotel room with or without kitchen facilities;
- A motel room with or without kitchen facilities; and
- Individual offices or premises of business partners.

Whāngarei district SUIP definition

A separately used or inhabited part is defined as;

- any part of a property (rating unit) that is separately used or occupied, or is intended to be separately used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, license, or other agreement;
- any part of a rating unit that is separately used, or occupied, or intended to be separately used or occupied by the ratepayer.

Examples include –

- Each separate shop or business activity on a rating unit;
- Each occupied or intended to be occupied dwelling, flat, or additional rentable unit (attached or not attached) on a rating unit;
- Individually tenanted flats, including retirement units, apartments and town houses (attached or not attached) or multiple dwellings on Māori freehold land on a rating unit;
- Each block of land for which a separate title has been issued, even if that land is vacant.

Inspection and objection to council's rating information database

The rating information database for each district is available at the relevant district council and the Northland Regional Council. The rating information database for each district can also be found on each district council website. The website addresses are:

www.fndc.govt.nz

www.wdc.govt.nz

www.kaipara.govt.nz

Ratepayers have the right to inspect rating information database records and can object on the grounds set out in the Local Government (Rating) Act 2002.

Rating examples

How much will my rates be?

Presented on the next pages are some example rates for properties in each of Northland's three districts. The tables show the total rates that would apply to different groups of ratepayers under this annual plan.

Note that the rates detailed in this plan are worked out using estimated land or capital values (where applicable) – actual rates will be set using information from the district valuation rolls at the time the rates are set, so they may differ slightly.

Ratepayers in the Whangārei district

Whangārei district ratepayers will be assessed:

1. A targeted council services rate, differentiated by location and calculation on the total projected capital value determined by the certificate of projected valuation of the district at 30 June, with an additional charge of \$1.73 per separately used or inhabited part of a rating unit to fund the maintenance of the Hātea Channel;
2. A targeted land management rate assessed on the land value of each rateable rating unit;
3. A targeted freshwater management rate assessed on the land value of each rateable unit;
4. A targeted pest management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
5. A targeted, fixed flood infrastructure rate, assessed on each separately used or inhabited part of the rating unit;
6. A targeted civil defence and hazard management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
7. A targeted, fixed regional sporting facilities rate assessed on each separately used or inhabited part of the rating unit;
8. A targeted regional infrastructure rate assessed on the land value of each rateable rating unit;
9. A targeted, fixed Whangārei transport rate assessed on each separately used or inhabited part of a rating unit;
- 10A targeted, fixed emergency service rate assessed on each separately used or inhabited part of a rating unit; and
- 11A targeted, Whangārei urban rivers management rate differentiated by location and category and set as a fixed amount per each separately used or inhabited part of a rating unit.

Whangārei Urban/Rural/Other			
Land Management Rate = LV rate in the \$ = 0.0001056	Land Value	2020/21	2019/20
Freshwater Management Rate = LV rate in the \$ = 0.0002182	(LV)	Rates	Rates
Regional Infrastructure Rate = LV rate in the \$ = 0.0000241	(\$)	(\$)	(\$)
Residential Property (non CBD)			
Targeted Council Services Rate		120.05	104.25
Targeted Land Management Rate	225,000	23.76	22.31
Targeted Freshwater Management Rate		49.10	45.50
Targeted Pest Management Rate		62.84	58.37
Targeted Flood Infrastructure Rate		27.18	26.02
Targeted Civil Defence and Hazard Management Rate		21.58	20.68
Targeted Regional Sporting Facilities Rate		16.78	16.74

Targeted Regional Infrastructure Rate		5.42	5.69
Targeted Whangārei Transport Rate		23.12	22.83
Targeted Emergency Services Rate		11.72	11.69
Total Regional Rates		361.55	334.08
Residential Property (in CBD area)			
Targeted Council Services Rate		120.05	104.25
Targeted Land Management Rate	225,000	23.76	22.31
Targeted Freshwater Management Rate		49.10	45.50
Targeted Pest Management Rate		62.84	58.37
Targeted Flood Infrastructure Rate		27.18	26.02
Targeted Civil Defence and Hazard Management Rate		21.58	20.68
Targeted Regional Sporting Facilities Rate		16.78	16.74
Targeted Regional Infrastructure Rate		5.42	5.69
Targeted Whangārei Transport Rate		23.12	22.83
Targeted Emergency Services Rate		11.72	11.69
Whangārei River Management Rate - CBD Residential		174.91	174.16
Total Regional Rates		536.46	508.24
Residential Property (in stormwater catchment area)			
Targeted Council Services Rate		120.05	104.25
Targeted Land Management Rate	225,000	23.76	22.31
Targeted Freshwater Management Rate		49.10	45.50
Targeted Pest Management Rate		62.84	58.37
Targeted Flood Infrastructure Rate		27.18	26.02
Targeted Civil Defence and Hazard Management Rate		21.58	20.68
Targeted Regional Sporting Facilities Rate		16.78	16.74
Targeted Regional Infrastructure Rate		5.42	5.69
Targeted Whangārei Transport Rate		23.12	22.83
Targeted Emergency Services Rate		11.72	11.69
Whangārei River Management Rate - General Catchment		43.52	43.34
Total Regional Rates		405.07	377.42
Farm Property			
Targeted Council Services Rate		120.05	104.25
Targeted Land Management Rate	2,750,000	290.40	272.64
Targeted Freshwater Management Rate		600.05	556.10
Targeted Pest Management Rate		62.84	58.37
Targeted Flood Infrastructure Rate		27.18	26.02

Targeted Civil Defence and Hazard Management Rate		21.58	20.68
Targeted Regional Sporting Facilities Rate		16.78	16.74
Targeted Regional Infrastructure Rate		66.28	69.60
Targeted Whangārei Transport Rate		23.12	22.83
Targeted Emergency Services Rate		11.72	11.69
Total Regional Rates		1,240.00	1,158.93
Commercial Property (non CBD)			
Targeted Council Services Rate		120.05	104.25
Targeted Land Management Rate	2,000,000	211.20	198.28
Targeted Freshwater Management Rate		436.40	404.44
Targeted Pest Management Rate		62.84	58.37
Targeted Flood Infrastructure Rate		27.18	26.02
Targeted Civil Defence and Hazard Management Rate		21.58	20.68
Targeted Regional Sporting Facilities Rate		16.78	16.74
Targeted Regional Infrastructure Rate		48.20	50.62
Targeted Whangārei Transport Rate		23.12	22.83
Targeted Emergency Services Rate		11.72	11.69
Total Regional Rates		979.07	913.92
Commercial Property (in CBD area)			
Targeted Council Services Rate		120.05	104.25
Targeted Land Management Rate	2,000,000	211.20	198.28
Targeted Freshwater Management Rate		436.40	404.44
Targeted Pest Management Rate		62.84	58.37
Targeted Flood Infrastructure Rate		27.18	26.02
Targeted Civil Defence and Hazard Management Rate		21.58	20.68
Targeted Regional Sporting Facilities Rate		16.78	16.74
Targeted Regional Infrastructure Rate		48.20	50.62
Targeted Whangārei Transport Rate		23.12	22.83
Targeted Emergency Services Rate		11.72	11.69
Whangārei River Management Rate - CBD Commercial		353.75	352.25
Total Regional Rates		1,332.82	1,266.17

Ratepayers in the Kaipara district

Kaipara district ratepayers will be assessed:

1. A targeted council services rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each rating unit;
2. A targeted land management rate assessed on the land value of each rateable rating unit;
3. A targeted freshwater management rate assessed on the land value of each rateable rating unit;
4. A targeted pest management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each rating unit;
5. A targeted, fixed flood infrastructure rate assessed on each rating unit;
6. A targeted civil defence and hazard management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each rating unit;
7. A targeted, fixed regional sporting facilities rate assessed on each rating unit;
8. A targeted, regional infrastructure rate assessed on the land value of each rateable rating unit;
9. A targeted, fixed emergency service rate assessed on each rating unit; and
- 10A targeted Kaihū River management rate, based on land area, and differentiated by location and area of benefit as defined in the Kaihū River management scheme.

Kaipara Urban/Rural			
Land Management Rate = LV rate in the \$ = 0.0001148	Land Value	2020/21	2019/20
Freshwater Management Rate = LV rate in the \$ = 0.0002369	(LV)	Rates	Rates
Regional Infrastructure Rate = LV rate in the \$ = 0.0000262	(\$)	(\$)	(\$)
Residential Property			
Targeted Council Services Rate		126.69	112.05
Targeted Land Management Rate	225,000	25.83	23.92
Targeted Freshwater Management Rate		53.30	48.74
Targeted Pest Management Rate		67.29	63.80
Targeted Flood Infrastructure Rate		27.18	26.02
Targeted Civil Defence and Hazard Management Rate		23.11	22.61
Targeted Regional Sporting Facilities Rate		16.78	16.74
Targeted Regional Infrastructure Rate		5.89	6.08
Targeted Emergency Services Rate		11.72	11.69
Total Regional Rates		357.79	331.65
Farm Property			
Targeted Council Services Rate		126.69	112.05
Targeted Land Management Rate	2,750,000	315.70	292.38
Targeted Freshwater Management Rate		651.48	595.68
Targeted Pest Management Rate		67.29	63.80
Targeted Flood Infrastructure Rate		27.18	26.02
Targeted Civil Defence and Hazard Management Rate		23.11	22.61
Targeted Regional Sporting Facilities Rate		16.78	16.74

Finances **Mahere a Pūtea**

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Targeted Regional Infrastructure Rate	72.05	74.36
Targeted Emergency Services Rate	11.72	11.69
Total Regional Rates	1,312.00	1,215.33

Additional for Properties in the Kaihū River Catchment	Land Value	2020/21	2019/20
	(\$)	Rates	(\$)
10 hectares	Class A	231.30	237.20
	Class B	113.90	116.80
	Class F	16.00	16.40
100 hectares	Class A	2,313.00	2,372.00
	Class B	1,139.00	1,168.00
	Class F	160.00	164.00

Ratepayers in the Far North District

Far North district ratepayers will be assessed:

1. A targeted council services rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
2. A targeted land management rate assessed on the land value of each rateable rating unit;
3. A targeted freshwater management rate assessed on the land value of each rateable rating unit;
4. A targeted pest management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on separately used or inhabited part of the rating unit;
5. A targeted, fixed flood infrastructure rate assessed on each separately used or inhabited part of the rating unit;
6. A targeted civil defence and hazard management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
7. A targeted, fixed regional sporting facilities rate assessed on each separately used or inhabited part of the rating unit;
8. A targeted, regional infrastructure rate assessed on the land value of each rateable rating unit;
9. A targeted, fixed emergency service rate assessed on each separately used or inhabited part of the rating unit;
- 10A targeted, fixed Far North transport rate assessed on each separately used or inhabited part of the rating unit.

Far North			
Land Management Rate = LV rate in the \$ = 0.0001013	Land Value	2020/21	2019/20
Freshwater Management Rate = LV rate in the \$ = 0.0002092	(LV)	Rates	Rates
Regional Infrastructure Rate = LV rate in the \$ = 0.0000231	(\$)	(\$)	(\$)
Residential/Commercial/Other			
Targeted Council Services Rate		93.89	82.16
Targeted Land Management Rate	225,000	22.79	26.28
Targeted Freshwater Management Rate		47.07	53.54
Targeted Pest Management Rate		49.87	46.78
Targeted Flood Infrastructure Rate		27.18	26.02
Targeted Civil Defence and Hazard Management Rate		17.13	16.58
Targeted Regional Sporting Facilities Rate		16.78	16.74
Targeted Regional Infrastructure Rate		5.20	6.68
Targeted Emergency Services Rate		11.72	11.69
Targeted Far North Transport Rate		8.63	8.68
Total Regional Rates		300.26	295.15
Farm Property			
Targeted Council Services Rate		93.89	82.16
Targeted Land Management Rate	2,750,000	278.58	321.23
Targeted Freshwater Management Rate		575.30	654.33
Targeted Pest Management Rate		49.87	46.78
Targeted Flood Infrastructure Rate		27.18	26.02

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Targeted Civil Defence and Hazard Management Rate	17.13	16.58
Targeted Regional Sporting Facilities Rate	16.78	16.74
Targeted Regional Infrastructure Rate	63.52	81.65
Targeted Emergency Services Rate	11.72	11.69
Targeted Far North Transport Rate	8.63	8.68
Total Regional Rates	1,142.60	1,265.86

Far North district ratepayers in the Awanui River management rate area will be assessed:

1. A targeted council services rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
2. A targeted land management rate assessed on the land value of each rateable rating unit;
3. A targeted freshwater management rate assessed on the land value of each rateable rating unit;
4. A targeted pest management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on separately used or inhabited part of the rating unit;
5. A targeted, fixed flood infrastructure rate assessed on each separately used or inhabited part of the rating unit;
6. A targeted civil defence and hazard management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
7. A targeted, fixed regional sporting facilities rate assessed on each separately used or inhabited part of the rating unit;
8. A targeted, regional infrastructure rate assessed on the land value of each rateable rating unit;
9. A targeted, fixed emergency service rate assessed on each separately used or inhabited part of the rating unit;
- 10A targeted, fixed Far North transport rate assessed on each separately used or inhabited part of the rating unit;
- 11A targeted Awanui River management rate, classes UA/UF, A, B, C, E and F differentiated by location and area of benefit as defined in the Awanui river flood management scheme.

Far North District - Awanui Catchment			
Land Management Rate = LV rate in the \$ = 0.0001013	Land Value	2020/21	2019/20
Freshwater Management Rate = LV rate in the \$ = 0.0002092	(LV)	Rates	Rates
Regional Infrastructure Rate = LV rate in the \$ = 0.0000231	(\$)	(\$)	(\$)
Residential & Commercial Urban			
Targeted Council Services Rate		93.89	82.16
Targeted Land Management Rate	225,000	22.79	26.28
Targeted Freshwater Management Rate		47.07	53.54
Targeted Pest Management Rate		49.87	46.78
Targeted Flood Infrastructure Rate		27.18	26.02
Targeted Civil Defence and Hazard Management Rate		17.13	16.58
Targeted Regional Sporting Facilities Rate		16.78	16.74
Targeted Regional Infrastructure Rate		5.20	6.68
Targeted Emergency Services Rate		11.72	11.69
Targeted Far North Transport Rate		8.63	8.68
<i>Plus Awanui river management rates applicable to:</i>			
- Urban rate class UA (floodplain location)		327.96	327.96
- Urban rate classes UF (higher ground)		60.01	60.01
- Commercial Urban UA		983.88	983.88
Lifestyle Property - 10 hectares			
Targeted Council Services Rate		93.89	82.16
Targeted Land Management Rate	450,000	45.59	52.57

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Targeted Freshwater Management Rate	94.14	107.07
Targeted Pest Management Rate	49.87	46.78
Targeted Flood Infrastructure Rate	27.18	26.02
Targeted Civil Defence and Hazard Management Rate	17.13	16.58
Targeted Regional Sporting Facilities Rate	16.78	16.74
Targeted Regional Infrastructure Rate	10.39	13.36
Targeted Emergency Services Rate	11.72	11.69
Targeted Far North Transport Rate	8.63	8.68

Plus Awanui River Management Rates applicable to:

- Rural Commercial A & B	747.45	747.45
- Rural Class A & B	258.05	258.05
- Rural Class C	124.05	124.05
- Rural Class E	13.35	13.35
- Rural Class F	24.25	24.25

Farm Property – 100 hectares

Targeted Council Services Rate		93.89	82.16
Targeted Land Management Rate	2,750,000	278.58	321.23
Targeted Freshwater Management Rate		575.30	654.33
Targeted Pest Management Rate		49.87	46.78
Targeted Flood Infrastructure Rate		27.18	26.02
Targeted Civil Defence and Hazard Management Rate		17.13	16.58
Targeted Regional Sporting Facilities Rate		16.78	16.74
Targeted Regional Infrastructure Rate		63.52	81.65
Targeted Emergency Services Rate		11.72	11.69
Targeted Far North Transport Rate		8.63	8.68

Plus Awanui River Management Rates applicable to:

- Rural Commercial A & B	7,354.35	7,354.35
- Rural Class A & B	2,460.35	2,460.35
- Rural Class C	1,120.35	1,120.35
- Rural Class E	13.35	13.35
- Rural Class F	122.35	122.35

Note: Commercial properties for the Awanui River management rate are subject to the 3:1 commercial differential: On \$327.96 for urban commercial UA class equating to \$983.88; on \$60.01 for urban commercial UF class equating to \$180.03; on \$24.47 for rural commercial class A and B equating to \$73.41; on \$11.07 for rural commercial class C equating to \$33.21; and on \$1.09 for rural commercial class F equating to \$3.27.

The rural rate also includes a single rate of \$13.35 to reflect the indirect benefit. Note that the commercial and industrial activities that have a lower area and land value will be rated less than the illustrated differentials above. Refer to rating factors previously set out (and multiply by the differential factor of three).

Far North district ratepayers in the Kaeo-Whangaroa rivers management rate area will be assessed:

1. A targeted council services rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
2. A targeted land management rate assessed on the land value of each rateable rating unit;
3. A targeted freshwater management rate assessed on the land value of each rateable rating unit;
4. A targeted pest management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on separately used or inhabited part of the rating unit;
5. A targeted, fixed flood infrastructure rate assessed on each separately used or inhabited part of the rating unit;
6. A targeted civil defence and hazard management rate, differentiated by location and calculated on the total projected capital value determined by the certificate of projected valuation of the district at 30 June and assessed on each separately used or inhabited part of the rating unit;
7. A targeted, fixed regional sporting facilities rate assessed on each separately used or inhabited part of the rating unit;
8. A targeted, regional infrastructure rate assessed on the land value of each rateable rating unit;
9. A targeted, fixed emergency service rate assessed on each separately used or inhabited part of the rating unit;
- 10A targeted, fixed Far North transport rate assessed on each separately used or inhabited part of the rating unit;
- 11A targeted Kaeo-Whangaroa rivers management rate set on a uniform basis in respect of each separately used or inhabited part of a rating unit for properties falling within the former Whangaroa ward (rating rolls 100-199).

Far North - Kaeo-Whangaroa			
Land Management Rate = LV rate in the \$ = 0.0001013	(LV)	Rates	Rates
Freshwater Management Rate = LV rate in the \$ = 0.0002092	Land Value	2020/21	2019/20
Regional Infrastructure Rate = LV rate in the \$ = 0.0000231	(\$)	(\$)	(\$)
Residential/Commercial/Other			
Targeted Council Services Rate		93.89	82.16
Targeted Land Management Rate	225,000	22.79	26.28
Targeted Freshwater Management Rate		47.07	53.54
Targeted Pest Management Rate		49.87	46.78
Targeted Flood Infrastructure Rate		27.18	26.02
Targeted Civil Defence and Hazard Management Rate		17.13	16.58
Targeted Regional Sporting Facilities Rate		16.78	16.74
Targeted Regional Infrastructure Rate		5.20	6.68
Targeted Emergency Services Rate		11.72	11.69
Targeted Far North Transport Rate		8.63	8.68
Targeted Kaeo-Whangaroa Rivers Management Rate		51.57	52.06
Total Regional Rates		351.83	347.21
Farm Property			
Targeted Council Services Rate		93.89	82.16
Targeted Land Management Rate	2,750,000	278.58	321.23
Targeted Freshwater Management Rate		575.30	654.33
Targeted Pest Management Rate		49.87	46.78

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Targeted Flood Infrastructure Rate	27.18	26.02
Targeted Civil Defence and Hazard Management Rate	17.13	16.58
Targeted Regional Sporting Facilities Rate	16.78	16.74
Targeted Regional Infrastructure Rate	63.52	81.65
Targeted Emergency Services Rate	11.72	11.69
Targeted Far North Transport Rate	8.63	8.68
Targeted Kaeo-Whangaroa Rivers Management Rate	51.57	52.06
Total Regional Rates	1,194.17	1,317.92

Summary of rates

The following table illustrates the distribution of the regional rate on forecast basis for the 2020/21 financial year, with the actual 2019/20 regional rate for comparison. The actual and projected apportionment of rates among Northland's districts is as follows, based on the Valuation Roll at 30 June in each year:

District Valuation Roll

Estimate – 30 June 2020

	Gross Number	Net Number	Capital Value	Land Value	Equalised	Equalised	Equalised	Equalised
	of RU (Kaipara)	of RU (Kaipara)	(CV)	(LV)	CV	LV	CV	LV
	or SUIP (others)	or SUIP (others)						
	(gross)	(net)	\$(000)	\$(000)	\$(000)	\$(000)	(%)	(%)
Far North District	38,355	37,020	19,484,844	10,239,090	19,484,844	10,239,090	33.26	33.30
Kaipara District	14,659	14,030	8,863,912	5,061,207	9,964,039	5,687,656	17.01	18.50
Whangārei District	45,416	43,912	28,088,759	14,210,830	29,125,807	14,817,490	49.73	48.20
Total Valuation - Northland	98,430	94,962	56,437,515	29,511,127	58,574,690	30,744,236	100.00	100.00

	Rates 2020/21 (including GST)			Rates 2019/20 (including GST)		
		Total (gross)	Total (net)		Total (gross)	Total (net)
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Targeted Council Services Rate						
Far North (per SUIP)	93.89	3,601,250	3,475,903	82.16	3,109,982	3,023,383
Kaipara (per RU)	126.69	1,857,175	1,777,486	112.05	1,631,669	1,561,189
Whangārei (per SUIP)	120.05	5,452,055	5,271,504	104.25	4,755,947	4,634,917
		10,910,480	10,524,893		9,497,598	9,219,489
Targeted Land Management Rate						
Far North (per \$ of actual LV)	0.0001013	1,037,376	1,027,952	0.0001168	906,054	895,546
Kaipara (per \$ of actual LV)	0.0001148	580,797	571,010	0.0001063	531,165	522,627
Whangārei (per \$ of actual LV)	0.0001056	1,500,745	1,487,598	0.0000991	1,400,168	1,351,234
		3,118,918	3,086,560		2,837,387	2,769,407
Targeted Freshwater Management Rate						
Far North (per \$ of actual LV)	0.0002092	2,141,903	2,122,704	0.0002379	1,845,620	1,823,491
Kaipara (per \$ of actual LV)	0.0002369	1,199,070	1,179,129	0.0002166	1,082,154	1,064,161

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Whangārei (per \$ of actual LV)	0.0002182	3,101,240	3,071,870	0.0002022	2,855,984	2,751,351
		6,442,213	6,373,703		5,783,758	5,639,003
Targeted Pest Management Rate						
Far North (per SUIP)	49.87	1,912,705	1,846,130	46.78	1,770,784	1,721,475
Kaipara (per RU)	67.29	986,387	944,063	63.80	929,051	888,921
Whangārei (per SUIP)	62.84	2,854,099	2,759,583	58.37	2,663,165	2,595,393
		5,753,191	5,549,776		5,363,000	5,205,789
Targeted Flood Infrastructure Rate						
Far North (per SUIP)	27.18	1,042,519	1,006,233	26.02	984,883	957,458
Kaipara (per RU)	27.18	398,443	381,347	26.02	378,898	362,532
Whangārei (per SUIP)	27.18	1,234,443	1,193,563	26.02	1,187,074	1,156,865
		2,675,405	2,581,143		2,550,855	2,476,855
Targeted Civil Defence and Hazard Management Rate						
Far North (per SUIP)	17.13	656,872	634,008	16.58	627,428	609,957
Kaipara (per RU)	23.11	338,751	324,215	22.61	329,184	314,965
Whangārei (per SUIP)	21.58	980,170	947,712	20.68	943,619	919,606
		1,975,793	1,905,935		1,900,231	1,844,528
Targeted Regional Sporting Facilities Rate						
Far North (per SUIP)	16.78	643,453	621,057	16.74	633,474	615,835
Kaipara (per RU)	16.78	245,923	235,371	16.74	243,706	233,180
Whangārei (per SUIP)	16.78	761,910	736,679	16.74	763,523	744,092
		1,651,286	1,593,107		1,640,703	1,593,107
Targeted Regional Infrastructure Rate						
Far North (per \$ of actual LV)	0.0000231	236,341	233,944	0.0000297	230,274	227,152
Kaipara (per \$ of actual LV)	0.0000262	132,438	129,952	0.0000270	135,100	132,562
Whangārei (per \$ of actual LV)	0.0000241	342,215	338,553	0.0000253	357,469	342,735
		710,994	702,449		722,842	702,449
Targeted Emergency Services Rate						
Far North (per SUIP)	11.72	449,375	433,734	11.69	442,406	430,087
Kaipara (per RU)	11.72	171,748	164,378	11.69	170,200	162,848
Whangārei (per SUIP)	11.72	532,104	514,483	11.69	533,230	519,660
		1,153,227	1,112,595		1,145,836	1,112,595
Targeted Whangārei Transport Rate						

Rate per SUIP	23.12	1,049,965	1,015,194	22.83	1,041,703	1,015,194
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Targeted Far North Transport Rate

Far North District	8.63	330,991	319,470	8.68	328,621	319,470
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Targeted Awanui River Management Rate

Far North District - Rural		210,330	207,969		210,330	207,969
Far North District - Urban		892,878	882,383		892,878	882,383
		1,103,208	1,090,352		1,103,208	1,090,352

Targeted Kaihū River Management Rate

Kaipara District (Kaihū river area only)		79,869	79,869		79,869	79,869
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Targeted Kaeo-Whangaroa Rivers Management Rate

Far North (Kaeo only)	51.57	123,923	116,644	52.06	123,981	116,644
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Targeted Whangārei Urban Rivers Management Rate

Rate per SUIP		1,164,148	1,154,250		1,167,409	1,154,250
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TOTAL RATES	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)
Far North District	13,279,916	12,928,131	12,106,715	11,830,850
Kaipara District	5,990,602	5,786,820	5,510,995	5,322,854
Whangārei District	18,973,095	18,490,989	17,669,291	17,185,296
	38,243,613	37,205,940	35,287,001*	34,339,001**

* Amount inclusive of GST

** Amount net of remissions and inclusive of GST

Financials

Financial Statements

The following financial statements show our draft financial plan for the 2020/21 year. These statements were accurate as at January 2020. They are draft only and will be subject to change during development of the final Annual Plan 2020/21.

Please note that the following documents support the financial information contained in these financial statements, and can be found on our website www.nrc.govt.nz/annualplanpolicies:

- Significant forecasting assumptions
- Significant financial forecasting assumptions
- Accounting policies

Prospective statement of comprehensive revenue and expense

Annual Plan		Draft Annual	LTP Year 3
2019/20		Plan 2020/21	2020/21
\$(000)		\$(000)	\$(000)
REVENUE			
29,860	Rates	32,353	30,792
4,388	Fees and Charges	4,509	4,492
4,793	Subsidies and Grants	6,906	2,869
1,001	Interest Revenue	707	1,480
6,704	Other Revenue	7,197	6,671
2,339	Other Gains	2,284	3,429
49,085	Total Revenue	53,956	49,733
EXPENSES			
17,623	Personnel Costs	19,572	17,776
1,810	Depreciation and Amortisation Expense	1,851	1,823
1,340	Finance Costs	1,060	1,398
-	Other Losses	-	-
28,681	Other Expenditure on Activities	31,221	26,305
49,454	Total Operating Expenditure	53,704	47,302
(369)	SURPLUS/(DEFICIT) BEFORE TAX	252	2,430
-	INCOME TAX CREDIT/(EXPENSE)	-	-
(369)	SURPLUS/(DEFICIT) AFTER TAX	252	2,430
SURPLUS/(DEFICIT) ATTRIBUTABLE TO:			
(369)	Northland Regional Council	252	2,430
	Non-Controlling Interest		
OTHER COMPREHENSIVE REVENUE AND EXPENSE			
<i>Items that will be reclassified to surplus/(deficit)</i>			
-	Financial Assets at fair value through other comprehensive revenue and expense	-	-
<i>Items that will not be reclassified to surplus/(deficit)</i>			
-	Gains/(Losses) on Property Revaluations	-	-
-	Gains/(Losses) on Infrastructure Asset revaluations	-	-
-	TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE	-	-
(369)	TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR	252	2,430

Section 100 of the Local Government Act 2002 states that a local authority must set revenues at a level sufficient to meet that year's operating costs. Exceptions are permitted under s100(2).

The table below demonstrates the calculations used to determine a balanced budget. Any result zero or greater demonstrates a balanced budget that meets s100(1).

2019/20		2020/21
(368,856)	GAAP deficit as above	251,520
(3,345,967)	Transfers to Reserves	(4,812,908)
3,961,724	Transfers from Reserves	4,942,585
<u>246,901</u>		<u>381,197</u>
(716,000)	CIF Recapitalisation	(715,356)
500,000	CIF Funded Grant	360,000
<u>30,901</u>	Balanced budget surplus / (deficit)	<u>25,841</u>

Prospective statement of financial position

Annual Plan		Draft Annual	LTP Year 3
2019/20		Plan 2020/21	2020/21
\$(000)		\$(000)	\$(000)
ASSETS			
Current Assets			
73	Cash and cash equivalents	4 4	4 4
3,930	Other financial assets	7,300	3,626
5,285	Receivables	5,616	6,081
3,175	Inventory	3,181	3,205
-	Assets held for sale	2,079	-
12,463	Total Current Assets	18,220	12,956
Non Current Assets			
5,900	Receivables	6,102	6,546
42,922	Other financial assets	42,108	67,366
41,376	Infrastructure, property, plant and equipment	40,272	43,908
70,449	Investment property	63,864	47,667
525	Intangible assets	582	126
2,862	Forestry assets	3,264	2,713
7,828	Investment in subsidiaries (excl council controlled organisations) and joint venture company	7,828	7,828
863	Investment in council controlled organisations	863	863
172,724	Total Non Current Assets	164,883	177,018
185,187	TOTAL ASSETS	183,103	189,974
LIABILITIES			
Current Liabilities			
4,602	Payables	5,696	5,616
1,792	Employee entitlements	1,910	1,749
6,394	Total Current Liabilities	7,606	7,364
Non Current Liabilities			
806	Payables and deferred revenue	633	948
27,077	Borrowings and other financial liabilities	19,930	28,571
19	Employee entitlements	2 0	19
27,901	Total Non Current Liabilities	20,583	29,538
34,296	TOTAL LIABILITIES	28,189	36,902

150,892	NET ASSETS	154,914	153,071
EQUITY			
137,567	Accumulated funds	140,996	131,967
3,963	Revaluation reserves	3,973	2,807
9,361	Other reserves	9,945	18,297
150,892	Total Equity	154,914	153,071
-	Non-controlling interests in subsidiary companies	-	-
150,892	TOTAL EQUITY	154,914	153,071

Prospective statement of changes in equity

Annual Plan		Draft Annual	LTP Year 3
2019/20		Plan 2020/21	2020/21
\$(000)		\$(000)	\$(000)
151,261	Balance at 1 July	154,662	150,641
(369)	Total comprehensive revenue and expense	252	2,430
150,892	Balance at 30 June	154,914	153,071
<i>Total comprehensive revenue and expense attributable to:</i>			
(369)	Northland Regional Council	252	2,430
-	Non-controlling interests	-	-
150,892	Balance at 30 June	154,914	153,071

Prospective statement of cashflows

Annual Plan		Draft Annual	LTP Year 3	Variance
2019/20		Plan 2020/21	2020/21	to LTP
\$(000)		\$(000)	\$(000)	\$(000)
Cash flows from operating activities				
29,157	Receipts from rates revenue	31,743	30,223	(1,520)
11,725	Receipts from customers	9,888	9,282	(606)
2,278	Subsidies and grants received	6,942	2,144	(4,798)
2,938	GST received	3,316	3,763	447
3,607	Interest received	661	3,559	2,898
3,708	Other revenue received	3,542	4,096	554
(50,126)	Staff and suppliers	(55,409)	(48,378)	7,031
(291)	Other payments - operating	(273)	(275)	(2)
(1,340)	Interest paid	(1,060)	(1,398)	(338)
1,657	Net cash provided (used) in operating activities	(650)	3,016	3,666
Cash flows from investing activities				
-	Sale of infrastructure, property, plant and equipment	-	-	-
8,438	Other receipts - investing	12,252	(100)	(12,352)
(16,744)	Purchase of infrastructure, property, plant and equipment	(12,208)	(5,002)	7,206
(8,306)	Net cash provided (used) in investing activities	44	(5,102)	(5,146)
Cash flows from financing activities				
6,135	Other receipts - financing	10,373	12,049	1,676
-	Other payments - financing	(10,000)	(10,000)	-
6,135	Net cash provided (used) in financing activities	373	2,049	1,676
(514)	Net increase/(decrease) in cash and cash equivalents	(233)	(38)	196
587	Cash and cash equivalents at beginning of period	277	81	196
73	Cash and cash equivalents at end of period	44	44	-

Schedule of reserves

Annual Plan		Draft Annual	LTP Year 3
2019/20		Plan 2020/21	2020/21
\$(000)		\$(000)	\$(000)
Land Management Reserve			
136	Opening Balance as at 1 July	-	-
(136)	Increase /(Decrease) in Reserve throughout the year (operational transfer)	-	-
-	Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-
-	Closing Balance as at 30 June	-	-
Awanui River Reserve			
(711)	Opening Balance as at 1 July	(777)	(436)
161	Increase /(Decrease) in Reserve throughout the year (operational transfer)	127	152
(95)	Increase /(Decrease) in Reserve throughout the year (capital transfer)	(104)	-
(645)	Closing Balance as at 30 June	(754)	(284)
Kaihū River Reserve			
61	Opening Balance as at 1 July	21	49
(11)	Increase /(Decrease) in Reserve throughout the year (operational transfer)	(11)	(11)
-	Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-
50	Closing Balance as at 30 June	10	37
Whangaroa Kaeo Rivers Reserve			
125	Opening Balance as at 1 July	162	16
(14)	Increase /(Decrease) in Reserve throughout the year (operational transfer)	(108)	(17)
-	Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-
111	Closing Balance as at 30 June	54	(1)
Whangārei Urban River Reserve			
(9,077)	Opening Balance as at 1 July	(8,620)	(8,708)
456	Increase /(Decrease) in Reserve throughout the year (operational transfer)	466	428
-	Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-
(8,621)	Closing Balance as at 30 June	(8,154)	(8,281)
Kerikeri Waipapa Rivers Reserve			
425	Opening Balance as at 1 July	410	371
(29)	Increase /(Decrease) in Reserve throughout the year (operational transfer)	(42)	(42)
(15)	Increase /(Decrease) in Reserve throughout the year (capital transfer)	(235)	(230)
381	Closing Balance as at 30 June	133	99
Flood Infrastructure Reserve			
(1,320)	Opening Balance as at 1 July	(1,467)	(2,006)

445	Increase /(Decrease) in Reserve throughout the year (operational transfer)	375	380
(1,132)	Increase /(Decrease) in Reserve throughout the year (capital transfer)	(2,181)	(2,134)
(2,006)	Closing Balance as at 30 June	(3,273)	(3,760)
Whangārei Flood Infrastructure Reserve			
(180)	Opening Balance as at 1 July	-	(57)
37	Increase /(Decrease) in Reserve throughout the year (operational transfer)	33	33
(45)	Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-
(188)	Closing Balance as at 30 June	(24)	(154)
Awanui Flood Infrastructure Reserve			
(194)	Opening Balance as at 1 July	310	(149)
301	Increase /(Decrease) in Reserve throughout the year (operational transfer)	200	277
(256)	Increase /(Decrease) in Reserve throughout the year (capital transfer)	(824)	(807)
(149)	Closing Balance as at 30 June	(314)	(679)
Kaeo Flood Infrastructure Reserve			
21	Opening Balance as at 1 July	30	30
21	Increase /(Decrease) in Reserve throughout the year (operational transfer)	18	19
(12)	Increase /(Decrease) in Reserve throughout the year (capital transfer)	(110)	(108)
30	Closing Balance as at 30 June	(62)	(59)
Infrastructure Facilities Reserve			
(2,639)	Opening Balance as at 1 July	(2,357)	(2,996)
175	Increase /(Decrease) in Reserve throughout the year (operational transfer)	252	175
-	Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-
(2,464)	Closing Balance as at 30 June	(2,105)	(2,821)
Property Reinvestment Fund Reserve			
15,318	Opening Balance as at 1 July	9,069	23,323
(800)	Increase /(Decrease) in Reserve throughout the year (operational transfer)	(356)	280
(12,838)	Increase /(Decrease) in Reserve throughout the year (capital transfer)	(6,722)	-
1,680	Closing Balance as at 30 June	1,991	23,602
Infrastructure Investment Fund Reserve			
19,602	Opening Balance as at 1 July	22,371	9,080
(278)	Increase /(Decrease) in Reserve throughout the year (operational transfer)	-	113
-	Increase /(Decrease) in Reserve throughout the year (capital transfer)	(1,793)	-
19,324	Closing Balance as at 30 June	20,578	9,193
Equalisation Fund Reserve			
1,407	Opening Balance as at 1 July	1,048	1,001
(415)	Increase /(Decrease) in Reserve throughout the year (operational transfer)	(727)	(91)

Finances **Mahere a Pūtea**

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- Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-
992 Closing Balance as at 30 June	321	910
Hātea River Reserve		
124 Opening Balance as at 1 July	171	64
(51) Increase /(Decrease) in Reserve throughout the year (operational transfer)	(56)	(52)
- Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-
73 Closing Balance as at 30 June	115	12
Investment and Growth Reserve		
238 Opening Balance as at 1 July	366	534
(495) Increase /(Decrease) in Reserve throughout the year (operational transfer)	(341)	(170)
839 Increase /(Decrease) in Reserve throughout the year (capital transfer)		21
582 Closing Balance as at 30 June	25	386
Whangārei Transport Reserve		
(95) Opening Balance as at 1 July	(99)	(55)
(24) Increase /(Decrease) in Reserve throughout the year (operational transfer)	-	(2)
- Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-
(119) Closing Balance as at 30 June	(99)	(57)
Far North Transport Reserve		
40 Opening Balance as at 1 July	152	163
- Increase /(Decrease) in Reserve throughout the year (operational transfer)	(4)	-
- Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-
40 Closing Balance as at 30 June	148	163
Capital Subsidy Reserve - Public Transport		
67 Opening Balance as at 1 July	77	-
- Increase /(Decrease) in Reserve throughout the year (operational transfer)	-	-
- Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-
67 Closing Balance as at 30 June	77	-
Operating Costs Reserve		
- Opening Balance as at 1 July	1,131	-
- Increase /(Decrease) in Reserve throughout the year (operational transfer)	-	-
- Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-
- Closing Balance as at 30 June	1,131	-
Emergency Services Reserve		
183 Opening Balance as at 1 July	103	78
43 Increase /(Decrease) in Reserve throughout the year (operational transfer)	44	(87)
- Increase /(Decrease) in Reserve throughout the year (capital transfer)	-	-

226	Closing Balance as at 30 June	147	(9)
9,361	Total Special Reserves Closing Balance as at 30 June	9,945	18,297

Equity represents the total value of the council and its assets and is measured by the difference between total assets and liabilities. Public equity is disaggregated and classed into a number of reserves to enable clearer identification of the specified uses of accumulated surpluses.

The components of equity are:

- Retained earnings
- Council created reserves
- And asset revaluation reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves can be used to account for revenue and expenditure collected or incurred in relation to specific work programmes. Where council sets and collects a targeted rate for a specific purpose, the funds can only be applied to that purpose, keeping track of surpluses and deficits of those work programmes in a reserves ensures council is accountable and transparent.

Where reserves carry a deficit balance, they are deemed to have undertaken internal borrowing from councils consolidated funds. Conversely, where the reserves carry a surplus, they are deemed to have loaned money to councils' consolidated funds.

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 and Whangārei urban 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.

Infrastructure Facilities Reserve

The Infrastructure facilities reserve was created to set aside any targeted Infrastructure rates collected and not fully used in any given year for the purpose of funding the holding costs associated with the Marsden Point Rail link project, the capital costs of securing the rail corridor designation, and other activities relating to the development and/or completion of future regional infrastructure projects. The deficit balance of this reserve will be repaid from future targeted regional infrastructure rates collected from ratepayers in all three Northland districts.

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. The funds are general funds and are set aside to be reinvested in income producing assets. The fund invests monies in separate managed funds which have been earmarked to hold the funds pending the identification of approved property investments.

Equalisation Fund Reserve

This reserve was created to set aside 50% of council's forestry net income arising in any year. This reserve is intended to provide future funding of councils general operating activities by allowing council to use these funds for any council activity to smooth future rating increases. It is further intended that this reserve be used to fund the cost of forestry operations in non-harvesting years.

Hātea River Maintenance Reserve

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

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 set aside the investment income redirected to be made available for activities and projects that contribute towards economic well-being. The council will allocate monies from the reserve to projects in accordance with set criteria.

Far North Transport Reserve

This reserve was created to hold any targeted Far North transport rates collected and unspent in any given year to cover any future funding shortfalls of Far North transport services.

Infrastructure Investment Fund Reserve

This reserve was established to stabilise the impact of irregular large infrastructure projects on council's income and capital requirements. It will help spread the costs of such projects. The fund is also intended to provide more flexibility around when such large capital intensive projects can commence. The fund invests monies which has been earmarked for the approved infrastructure and economic development investments in externally managed funds.

Whangārei Transport Reserve

This reserve was established to hold any targeted Whangārei transport rates collected and unspent in any given year to cover any future funding shortfalls of Whangārei transport service. The deficit balance of this reserve will be repaid from future targeted Whangārei transport rates collected from ratepayers in the Whangārei district.

Emergency Services Reserve

This reserve was established to hold any targeted Emergency Services rates collected and unspent in any given year to contribute to any future funding shortfalls of Emergency Services funding.

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.

Capital Subsidy Reserve

This reserve currently holds capital subsidies received from the NZ transport agency that will be used to offset the future costs associated with the Regional Integrated Ticketing Information System (RITIS).

Operating Reserve

This reserve was created to ensure the stability of council's operations in the event that investment income reduces unexpectedly.

In order to maximise returns, council maintains long-term investments in a managed fund portfolio, with the returns funding council work programmes. To safe-guard against the short-term volatility of these investment markets, an operating reserve was created to ensure funding is available in times of lower than anticipated returns.

All reserves displaying a deficit balance at 1 July 2019 have an associated targeted rate that will generate income over a certain time period in order to return the reserve to a credit balance.

Financial Prudence

There is an expectation that Northland Regional Council (NRC) will act with financial prudence. To measure the level of prudence a number of measures have been developed for the sector.

Northland Regional Council measures financial prudence using the following measures:

		Target	Draft Annual Plan 2020/21
Affordability			
<i>Benchmark</i>			
Rates Benchmark*	i) Total Rates as % of Total Revenue	< 65%	60%
	ii) Total Average Rates Increase as %	< 10%	8.6%
Debt Benchmark	Net Debt as % of Total Revenue	< 175%	-54%
<i>Indicator</i>			
Rates Indicator**			\$391.80
Sustainability			
<i>Benchmark</i>			
a) Balanced budget benchmark***		> 1	1.01
b) Essential services benchmark****		> 1	19.59
c) Net Interest as % of Revenue		< 10%	-3.6%
d) Liquidity		> 110%	240%
Predictability			
<i>Benchmark</i>			
Operations control benchmark***** (result to be published in the annual report)			N/A

* Rates income complies with the limits set in the council's financial strategy

** Rates revenue per rating unit/SUIP

*** Revenue, excluding income from development contributions and financial contributions, revaluations and vested assets, exceeds operating expenditure

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Northland
REGIONAL COUNCIL 
Te Kaunihera ā rohe o Te Taitokerau