

AGENDA

Council
Tuesday 20 October 2020 at 10.30am

Northland Regional Council Agenda

Meeting to be held in the Council Chamber
36 Water Street, Whangārei
on Tuesday 20 October 2020, commencing at 10.30am

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

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<i>Key Health and Safety points to note:</i>	
<ul style="list-style-type: none">• If the fire alarm goes off – exit down the stairwell to the assembly point which is the visitor carpark.• Earthquakes – duck, cover and hold• Visitors please make sure you have signed in at reception, and that you sign out when you leave. Please wear your name sticker.• The toilets are on the opposite side of the stairwell.• Do not use the elevator in the event of an emergency.• Remember to scan the Covid QR code.	
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ACC - Accident Compensation Corporation	MOT - Ministry of Transport
ALGIM - Association of Local Government Information Management	MPI - Ministry for Primary Industries
AMA - Aquaculture Management Area	MSD - Ministry of Social Development
AMP - Asset Management Plan/Activity Management Plan	NCMC - National Crisis Management Centre
AP - Annual Plan	NDHB - Northland District Health Board
BOI - Bay of Islands	NES - National Environmental Standards
BOPRC - Bay of Plenty Regional Council	NFT - Northland Forward Together
CAPEX - Capital Expenditure (budget to purchase assets)	NGO - Non-Governmental Organisation
CBEC - Community, Business and Environment Centre	NIF - Northland Intersectoral Forum
CCO - Council Controlled Organisation	NINC - Northland Inc. Limited
CCTO - Council Controlled Trading Organisation	NIWA - National Institute of Water and Atmosphere
CDEM - Civil Defence Emergency Management	NORTEG - Northland Technical Advisory Group
CEEF - Chief Executives Environment Forum	NPS - National Policy Statement
CEG - Co-ordinating Executive Group	NZCPS - New Zealand Coastal Policy Statement
CEO - Chief Executive Officer	NZRC - New Zealand Refining Company (Marsden Point)
CIMS - Co-ordinated Incident Management System (emergency management structure)	NZTA - New Zealand Transport Agency
CMA - Coastal Marine Area	NZTE - New Zealand Trade and Enterprise
CPCA - Community Pest Control Areas	NZWWA - New Zealand Water and Wastes Association
CRI - Crown Research Institute	OFI - Opportunity for Improvement\
DHB - District Health Board	OPEX - Operating Expenditures
DOC - Department of Conservation	OSH - Occupational Safety & Health
DP - District Plan	OTS - Office of Treaty Settlements
E350 - Extension 350 programme	PCBU - Person Conducting Business or Undertaking
ECA - Environmental Curriculum Award	PGF - Provincial Growth Fund
ECAN - Environment Canterbury	PPE - Personal Protective Equipment
EECA - Energy Efficiency Conservation Authority	RAP - Response Action Plan
EF - Environment Fund	RBI - Regional Broadband Initiative
EMA - Employers and Manufacturers Association	RCP - Regional Coastal Plan
EOC - Emergency Operations Centre	RFI - Request for Information
EPA - Environmental Protection Authority	RFP - Request for Proposal
ETS - Emissions Trading Scheme	RLTP - Regional Land Transport Plan
FDE - Farm Dairy Effluent	RMA - Resource Management Act 1991
FNDC - Far North District Council	RMG - Resource Managers Group (Regional Councils)
FNHL - Far North Holdings Limited	RMZ - Riparian Management Zone
FPP - First Past the Post	ROI - Return on Investment
GE - Genetic Engineering	RP - Regional Plan
GIS - Geographic Information System	RPMP - Regional Pest Management Plan
GMO - Genetically Modified Organism	RPMS - Regional Pest Management Strategy
HBRC - Hawke's Bay Regional Council	RPS - Regional Policy Statement
HEMP - Hapū Environmental Management Plan	RPTP - Regional Public Transport Plan
Horizons - Brand name of Manawatu-Wanganui Regional Council	RRSAP - Regional Road Safety Action Plan
HR - Human Resources	RSG - Regional Sector Group
HSNO - Hazardous Substances & New Organisms Act	RSHL - Regional Software Holdings Ltd
HSWA - Health and Safety at Work Act 2015	RTC - Regional Transport Committee
IEMP - Iwi Environmental Management Plan	RTO - Regional Tourism Organisation
ILGACE - Iwi and Local Government Chief Executives Forum	SIPO - Statement of Investment Policy and Objectives
IPPC - Invited Private Plan Change	SITREP - Situation Report
IRIS - Integrated Regional Information System	SOE - State of Environment (or) State Owned Enterprise
KDC - Kaipara District Council	SOI - Statement of Intent
KPI - Key Performance Indicator	SOLGM - Society of Local Government Managers
LAWA - Land, Air, Water Aotearoa	STV - Single Transferable Vote
LEA - Local Electoral Act 2001	TAG - Technical Advisory Group
LGA - Local Government Act 2002	Tier 1 - Site level plan or response for an oil spill
LGNZ - Local Government New Zealand	Tier 2 - Regional level plan or response to an oil spill
LGOIMA - Local Government Official Information & Meetings Act 1987	Tier 3 - National level plan or response to an oil spill
LIDAR - Light detection and ranging	TLA - Territorial Local Authority - City & District Councils
LTI - Long time injury	TON - Top of the North (regions)
LTP - Long Term Plan	TTMAC - Te Taitokerau Māori and Council Working Party
MBIE - Ministry of Business, Innovation & Employment	TTNEAP - Tai Tokerau Northland Economic Action Plan
MCDEM - Ministry of Civil Defence & Emergency Management	TMP - Treasury Management Plan
MFE - Ministry for the Environment	TOR - Terms of Reference
MFL - Māori Freehold Land	TPK - Te Puni Kōkiri (Ministry of Maori Development)
MHWS - Mean High Water Springs	TUANZ - Telecommunications Users Association of NZ
MMH - Marsden Maritime Holdings Limited	UNISA - Upper North Island Strategic Alliance
MNZ - Maritime New Zealand	WDC - Whangarei District Council
MOH - Ministry of Health	WHHIF - Whangarei Harbour Health Improvement Fund
	WRC - Waikato Regional Council
	WSMP - Workplace Safety Management Practices
	WWTP - Wastewater Treatment Plant

Tauāki ā roto

Tēnei au
Tēnei mātou
He kaikaunihera
He kawenga i ngā whakataunga,
i ngā tikanga
Ki uta, ki tai
Kia rewa ai ngā iwi katoa o Te
Taitokerau

Haumie hui e
TĀIKI E!

Here I am
Here we are
Your councillors
The bearers of sound
decision making power
Reaching inland and coastal
To uplift all peoples of
Northland

Bring forth unity
Tis Done!



TITLE: Confirmation of Minutes - 15 September 2020 and 24 September 2020

ID: A1370843

From: Chris Taylor, Governance Support Manager

**Authorised by
Group Manager:** Chris Taylor, Governance Support Manager, on date 14 October 2020

Recommendation

That the minutes of the council meeting held on 15 September 2020, and the extraordinary council meeting held on 24 September 2020 be confirmed as a true and correct record.

Attachments/Ngā tapirihanga

Attachment 1: Council Meeting Minutes 15 September 2020 [↓](#)

Council Meeting
15 September 2020

Northland Regional Council Minutes

Meeting held in the Council Chamber
36 Water Street, Whangārei
on Tuesday 15 September 2020, commencing at 10.30am

Present:

Chairperson, Penny Smart

Councillors:

John Bain (*from 10.37am*)

Justin Blaikie

Jack Craw

Colin Kitchen

Amy Macdonald

Marty Robinson

Rick Stolwerk

Joce Yeoman

In Attendance:

Full Meeting

Independent Financial Advisor (*via audio visual link*)

Independent Audit & Risk Advisor (*via audio visual link*)

Chief Executive Officer

GM - Corporate Excellence

GM - Strategy, Governance and Engagement

GM – Environmental Services

Governance Support Manager

Part Meeting

Northland Inc. Director

Northland Inc. Chief Executive

Northland Inc. GM Investment and Infrastructure

Northland Inc. Business Analyst

GM – Regulatory Services

GM – Customer Service/Community Resilience

Natural Resources Monitoring Manager

Compliance Monitoring Manager

Strategic Projects Manager

Resource Scientist – Water Resources

Financial Accountant

Economist

The Chair declared the meeting open at 10.35am and proceedings commenced with a karakia by Councillor Craw.

Apologies (Ngā whakapahā) (Item 1.0)

There were no apologies.

Council Meeting
15 September 2020

Declarations of Conflicts of Interest (Nga whakapuakanga) (Item 2.0)

It was advised that councillors should make declarations item-by-item as the meeting progressed.

Receipt of Tabled Confidential Report: Ngāwhā Innovation and Enterprise Park: Northland Inc. proposal (Item 2.0A)

ID: A1362915

Report from Chris Taylor

Moved (Kitchen/Stolwerk)

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

- Ngāwhā Innovation and Enterprise Park: Northland Inc. proposal

Carried

Health and Safety Report (Item 3.0)

ID: A1356991

Report from Kelcie Mills, Health and Safety Advisor

Moved (Stolwerk/Yeoman)

That the report 'Health and Safety Report' by Kelcie Mills, Health and Safety Advisor and dated 26 August 2020, be received.

Carried

Matters arising from Item 3.0

- *Consideration to be given to establishing a dedicated inwards goods area; away from key exits.*
- *Staff to consider whether there would be merit commissioning a recycling provider to dispose of hazardous substances on council's behalf.*

Confirmation of Minutes - 18 August 2020 (Item 4.1)

ID: A1357505

Report from Chris Taylor, Governance Support Manager

Moved (Stolwerk/Macdonald)

That the minutes of the council meeting held on 18 August 2020 be confirmed as a true and correct record.

Carried

Working Party Updates and Chairpersons' Briefings (Item 4.2)

ID: A1358892

Report from Sally Bowron, Strategy, Governance and Engagement Team Admin/PA

Moved (Yeoman/Robinson)

That the report 'Working Party Updates and Chairpersons' Briefings' be received.

Carried

ID: A1363209

2

Council Meeting
15 September 2020

Secretarial Note: The Chairs of the Planning and Regulatory Working Party and the Biosecurity and Biodiversity Working Party provided a verbal update on the current priorities and work programmes for these subordinate bodies.

Financial Report to 31 August 2020 (Item 5.1)

ID: A1360026

Report from Vincent McColl, Financial Accountant

Moved (Stolwerk/Blaikie)

That the report 'Financial Report to 31 August 2020' by Vincent McColl, Financial Accountant and dated 3 September 2020, be received.

Carried

Secretarial Note:

- *The Finance Manager and finance team were acknowledged for 'a remarkable job in trying circumstances' to progress audit.*
- *The Independent Advisors provided commentary on council's financial performance and the need to remain vigilant and financially prudent during such uncertain times.*

Governance Omnibus (Item 6.1)

ID: A1352308

Report from Chris Taylor, Governance Support Manager and Kym Ace, Corporate Systems Champion

Moved (Yeoman/Craw)

1. That the report 'Governance Omnibus' by Chris Taylor, Governance Support Manager and Kym Ace, Corporate Systems Champion and dated 1 September 2020, be received.

Carried

It was further moved (Craw/Bain)

2. That council approve the amendments to Standing Orders in relation to the process for receiving petitions, non-financial conflicts of interest and definitions (as detailed in **Attachment One** pertaining to Item 6.1 of the 15 September 2020 council meeting agenda); noting that any amendment requires a vote of not less than 75% of the members present.

Carried

It was further moved (Blaikie/Stolwerk)

3. That council approve the amendments to the Elected Members' Code of Conduct in relation to Conflicts of Interest and the Protected Disclosures Act 2000, (as detailed in **Attachment Two** pertaining to Item 6.1 of the 15 September 2020 council meeting agenda); noting that any amendment requires a vote of not less than 75% of the members present.

Carried

ID: A1363209

3

Council Meeting
15 September 2020

Northland Inc. Director Resignation (Item 6.2)

ID: A1354607

Report from Bruce Howse, Group Manager - Corporate Excellence

Moved (Bain/Blaikie)

1. That the report 'Northland Inc. Director Resignation' by Bruce Howse, Group Manager - Corporate Excellence and dated 20 August 2020, be received.
2. That council does not recruit for a replacement director for Northland Inc. and that the board remains with six directors.

Carried

Secretarial Note: Confirmation was provided that a letter had been sent acknowledging the service of the retiring director.

Establishment of the Regional Economic Development Service Delivery Working Party (Item 6.3)

ID: A1357591

Report from Darryl Jones, Economist

Moved (Stolwerk/Blaikie)

1. That the report 'Establishment of the Regional Economic Development Service Delivery Working Party' by Darryl Jones, Economist and dated 27 August 2020, be received.
2. That council agrees to continue proceeding with the proposal of a joint delivery model for regional economic development as set out in the Mayoral Forum proposal with the participation of Kaipara District Council and Far North District Council.
3. That council authorises the establishment of the Regional Economic Development Service Delivery Working Party.
4. That council adopts the Terms of Reference for the Regional Economic Development Service Delivery Working Party set out as Attachment One pertaining to Item 6.3 of the 15 September 2020 council meeting.
5. That council authorises the Regional Economic Development Service Delivery Working Party to serve as the ad hoc committee to recommend to council the appointment of three Northland Inc. directors for the term to commence 1 July 2021.
6. That council appoint Cr Bain as Chair of the Regional Economic Development Service Delivery Working Party and Councillor Kitchen as the second council representative.
7. That the Council Chairperson not be appointed as ex-officio to the Regional Economic Development Service Delivery Working Party.
8. That council invites Kaipara District Council and Far North District Council to each nominate two elected members to be representatives on the Regional Economic Development Service Delivery Working Party.
9. That council delegates authority to the Chief Executive Officer to update the Terms of Reference for the Regional Economic Development Service Delivery Working Party with the names of the elected members nominated by Kaipara District Council and Far North District Council, along with any other minor amendments that may be necessary.

Carried

ID: A1363209

4

Council Meeting
15 September 2020

Hokianga Navigator Role - Request for Funding Contribution (Item 6.4)

ID: A1357630

Report from Darryl Jones, Economist

Moved (Stolwerk/Blaikie)

1. That the report 'Hokianga Navigator Role - Request for Funding Contribution' by Darryl Jones, Economist and dated 28 August 2020, be received.
2. That council agrees to provide a one-off funding contribution of \$10,000 (plus GST if any) in 2020/21 to the Hokianga Reference Group as a contribution towards the cost of establishing the "Hokianga Navigator" position.
3. That council delegates authority to the Chief Executive Officer to allocate this funding from existing budgets and to determine an appropriate payment schedule in consultation with the Hokianga Reference Group.
4. That council agrees that payment of this funding contribution will only occur once all the necessary funding for the cost of the "Hokianga Navigator" position has been confirmed by the Hokianga Reference Group.
5. That council agrees as a condition of funding that a monthly report on the work done by the Hokianga Navigator role be provided to council and Northland Inc. from the Hokianga Reference Group.

Carried

Northland Regional Pest and Marine Pathway Operational Plan 2020–2021 (Item 6.5)

ID: A1358991

Report from Don McKenzie, Biosecurity Manager

Moved (Craw/Bain)

1. That the report 'Northland Regional Pest and Marine Pathway Operational Plan 2020–2021' by Don McKenzie, Biosecurity Manager and dated 1 September 2020, be received.
2. That council approve the Northland Regional Pest and Marine Pathway Operational Plan 2020–2021.
3. That council authorises the GM Environmental Services to make any necessary minor drafting, typographical, rounding, or presentation corrections to the Northland Regional Pest and Marine Pathway Operational Plan 2020–2021.

Carried

ID: A1363209

5

Council Meeting
15 September 2020

Request for Approval of Unbudgeted Expenditure for Otiria-Moerewa Flood Modelling and Pre-feasibility Study (Item 6.6)

ID: A1359241

Report from Joseph Camuso, Rivers & Natural Hazards Manager

Moved (Smart/Bain)

That, for the avoidance of doubt, the resolutions pertaining to Item 6.6: 'Request for Approval of Unbudgeted Expenditure for Otiria-Moerewa Flood Modelling and Pre-feasibility Study' and Item 6.7: 'Request for Approval of Unbudgeted Expenditure for Upgrading the NRC Water Allocation Tool' be amended to specify that the source of funding was the Covid-19 Reinstatement Reserve.

Carried

It was further moved (Blaikie/Stolwerk)

1. That the report 'Request for Approval of Unbudgeted Expenditure for Otiria-Moerewa Flood Modelling and Pre-feasibility Study' by Joseph Camuso, Rivers & Natural Hazards Manager and dated 2 September 2020, be received.
2. That council approve the \$80,000 advance to progress the Otiria- Moerewa Modelling and Pre-feasibility study; funded from the Covid-19 Reinstatement Reserve.

Carried

Key issues arising from Item 6.6:

- *Clarification was provided that the requests to fund the Otiria-Moerewa Flood Modelling and Pre-feasibility Study and the upgrade of the water allocation tool were additional and potentially diverting money from the original priority list of ten initiatives to be funded from the Covid-19 Reinstatement Reserve.*

Request for Approval of Unbudgeted Expenditure for Upgrading the NRC Water Allocation Tool (Item 6.7)

ID: A1360659

Report from Jason Donaghy, Natural Resources Monitoring Manager

Moved (Smart/Stolwerk)

1. That the report 'Request for Approval of Unbudgeted Expenditure for Upgrading the NRC Water Allocation Tool' by Jason Donaghy, Natural Resources Monitoring Manager and dated 7 September 2020, be received.
2. That council approve the \$40,000 advance to progress the upgrade of the Water Allocation Tool; funded from the Covid-19 Reinstatement Reserve.

Carried

ID: A1363209

6

Council Meeting
15 September 2020

Chair's Report to Council (Item 7.1)

ID: A1356974

Report from Penny Smart, Chair

Moved (Smart/Blaikie)

That the report 'Chair's Report to Council' by Penny Smart, Chair and dated 26 August 2020, be received.

Carried

Secretarial Note: Councillors to be advised the timeline relating to the Three Waters Review.

Chief Executive's Report to Council (Item 7.2)

ID: A1358459

Report from Malcolm Nicolson, Chief Executive Officer

Moved (Blaikie/Stolwerk)

That the report 'Chief Executive's Report to Council' by Malcolm Nicolson, Chief Executive Officer and dated 31 August 2020, be received.

Carried

Key matters arising from Item 7.2:

- *Councillors to be notified when the mapping of Northland historic shorelines and erosion risk by the Auckland University was complete.*
- *Appreciation was extended to the Māori Relationships Team which was embedding te reo Māori and tikanga throughout the organisation.*

Receipt of Committee Minutes (Item 8.0)

ID: A1358807

Report from Chris Taylor, Governance Support Manager

Moved (Stolwerk/Blaikie)

That the unconfirmed minutes of the Investment and Property Subcommittee held on 26 August 2020 be received.

Carried

Business with Public Excluded (Item 9.0)

Moved (Smart/Bain)

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matters to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

ID: A1363209

7

Council Meeting
15 September 2020

Item No.	Item Issue	Reasons/Grounds
9.1	Confirmation of Confidential Minutes - 18 August 2020	The public conduct of the proceedings would be likely to result in disclosure of information, as stated in the open section of the meeting.
9.2	Receipt of Confidential Committee Minutes	The public conduct of the proceedings would be likely to result in disclosure of information, as stated in the open section of the meeting.
9.3	Human Resources Report	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(a).
9.4	Marsden Maritime Holdings Ltd - Appointment of Directors	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h).
9.5	Commercial Agreement with NIWA	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h) and the withholding of which is necessary to enable council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).
9.6 (tabled)	Ngawha Innovation and Enterprise Park: Northland Inc. proposal	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h) and the withholding of which is necessary to enable council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).

3. That the Independent Financial Advisors be permitted to remain during business with the public excluded and Northland Inc. representatives be permitted to stay during Item 9.6 only.

Carried

Conclusion

The meeting concluded at 1.01pm.

TITLE: Receipt of Action Sheet

ID: A1369954

From: Chris Taylor, Governance Support Manager

**Authorised by
Group Manager:** Ben Lee, GM - Strategy, Governance and Engagement, on date 14 October 2020

Executive summary/Whakārapopotanga

The purpose of this report is to enable the meeting to receive the current action sheet.

Recommendation

That the action sheet be received.

Attachments/Ngā tapirihanga

Attachment 1: Council Action Sheet - October 2020 [↓](#)

Actions Completed in the Last Month -

Id	Meeting	Date Completed	Description	Request Details	Most Recent Comment
5893	Council 15/09/2020	1/10/20	Health and Safety Report	Consideration to be given to establishing a dedicated inward goods area; away from key exits.	COMPLETE. Any hazardous substances that are flammable (or otherwise hazardous enough to require special storage/delivery) would never be bought in and stored in that fire exit. They would only ever be taken to directly around the back to the biosecurity shed where they are immediately unpacked and stored in their flammables cage.

TITLE: Adoption of the 2019/20 Annual Report

ID: A1369859

From: Simon Crabb, Finance Manager

Authorised by Bruce Howse, Group Manager - Corporate Excellence, on date 12 October
Group Manager: 2020

Executive summary/Whakarāpopototanga

The Annual Report for the 2019/20 financial year is attached as **Attachment One**. The final formatting and layout of this documents is still being performed.

The independent member of council, Geoff Copstick, has performed a review of the 2019/20 Annual Report and has provided a written report summarising his observations, attached as **Attachment Two**.

Deloitte has issued clearance and prepared a report (refer **Attachment Three**) on the matters arising from their audit. The Deloitte engagement partner, Peter Gulliver, presented this report to the Audit and Risk Subcommittee on 6 October 2020. Following the Deloitte presentation, the Audit and Risk Subcommittee endorsed a recommendation that council adopt the 2019/20 Annual Report.

The final signed audit opinion will be released upon council's adoption of the 2019/20 Annual Report, and Deloitte receiving the signed letters of compliance and representation.

Recommendation(s)

1. That the report 'Adoption of the 2019/20 Annual Report' by Simon Crabb, Finance Manager and dated 1 October 2020, be received.
2. That the council's audited Annual Report and financial statements for the year ended 30 June 2020 be adopted pursuant to section 98(3) of the Local Government Act 2002.
3. That the Chief Executive Officer and the Chair be authorised to sign the 2019/20 Annual Report compliance statement and letter of representation, and the letters of representation in relation to the; 2019/20 debenture trust deed, 2019/20 stock register report, and the 2019/20 Summary Annual Report.
4. That the Chief Executive Officer be authorised to make any minor editorial and presentation changes to the 2019/20 Annual Report and Summary Annual Report if required.
5. That the Chief Executive Officer be authorised to approve the release of the 2019/20 Summary Annual Report pursuant to section 98(4) of the Local Government Act 2002.

Options

No.	Option	Advantages	Disadvantages
1	Adopt the 2019/20 Annual Report	Facilitate the adoption and public availability of the 2019/20 Annual Report and 2019/20 Summary Annual Report	None

		within the statutory timeframes set out in the LGA 2002.	
2	Do not adopt the 2019/20 Annual Report	The 2019/20 Annual Report can be amended if required.	A special council meeting would need to be held before 31 October 2020 to adopt a revised 2019/20 Annual Report and comply with the Local Government Act 2002.

The staff's recommended option is 1.

Considerations

1. Environmental impact

This decision will have no impact on the ability of council to protectively respond to the impacts of climate change now or in the future.

2. Community views

Being a purely administrative matter council can make decisions relating to this report without undertaking further consultation or engagement.

3. Māori impact statement

This report relates to an administrative matter and therefore does not have a direct impact on Māori.

4. Financial implications

If any significant changes are required to the 2020 Annual Report or the 2020 Summary Annual Report, Deloitte would need to be re-engaged to review the changes and potentially charge additional audit fees.

5. Implementation issues

Paragraph 98(3) of the Local Government Act 2002 stipulates that an Annual Report must be adopted by resolution within 4 months after the end of the financial year which it relates. In council's case this deadline is 31 October 2020. Should the 2020 Annual Report not be adopted at the 20 October 2020 council meeting, then an extraordinary council meeting would be required prior to 31 October 2020 to adopt the 2020 Annual Report and comply with Paragraph 98(3) of the Local Government Act 2002.

6. Significance and engagement

In relation to section 79 of the Local Government Act 2002, this decision is considered to be of low significance when assessed against council's Significance and Engagement Policy because it has previously been consulted on and provided for in council's Long Term Plan and/or is part of council's day to day activities. This does not mean that this matter is not of significance to tāngata whenua and/or individual communities, but that council can make decisions relating to this matter without undertaking further consultation or engagement.

7. Policy, risk management and legislative compliance

The recommendations in this report are consistent with sections 98 and 99 of the Local Government Act 2002 regarding the timeframes for adoption and public availability of the Annual Report and the requirement for an audit report to be included in both the full Annual Report and Summary Annual Report.

Background/Tuhinga

2019/20 Financial Result

Council posted a total comprehensive revenue and expense surplus for the 2019/20 financial year of \$5.38M. At the August 2020 council meeting, the draft net surplus after transfers from/(to) special reserves presented to council was \$40K.

The movement from the draft result to the total comprehensive revenue and expense reported in the 2019/20 Annual Report is explained in Table One.

Table One

2019/20 DRAFT net surplus after transfers to reserves reported to council in August 2020	40,311
Add back the transfers to Special Reserves as these do not form part of the statutory reporting format	2,787,233
Add back the transfer to reserves approved by council in August as they do not form part of the statutory reporting format:	
- COVID-19 Reinstatement Reserve	1,700,000
- Opex Reserve	467,695
Add back non-cash gains/(losses) on the revaluation of council's assets:	
- Investment properties and vested assets	1,149,349
- Owner occupied land and buildings	394,411
- Carbon credits	156,267
- NEST loan interest	43,775
- Infrastructure assets	(1,253,564)
- Forestry holdings	(107,000)
Total Comprehensive Revenue and Expense - as reported in the 2019/20 Annual Report	\$5,378,477

Attachments/Ngā tapirihanga

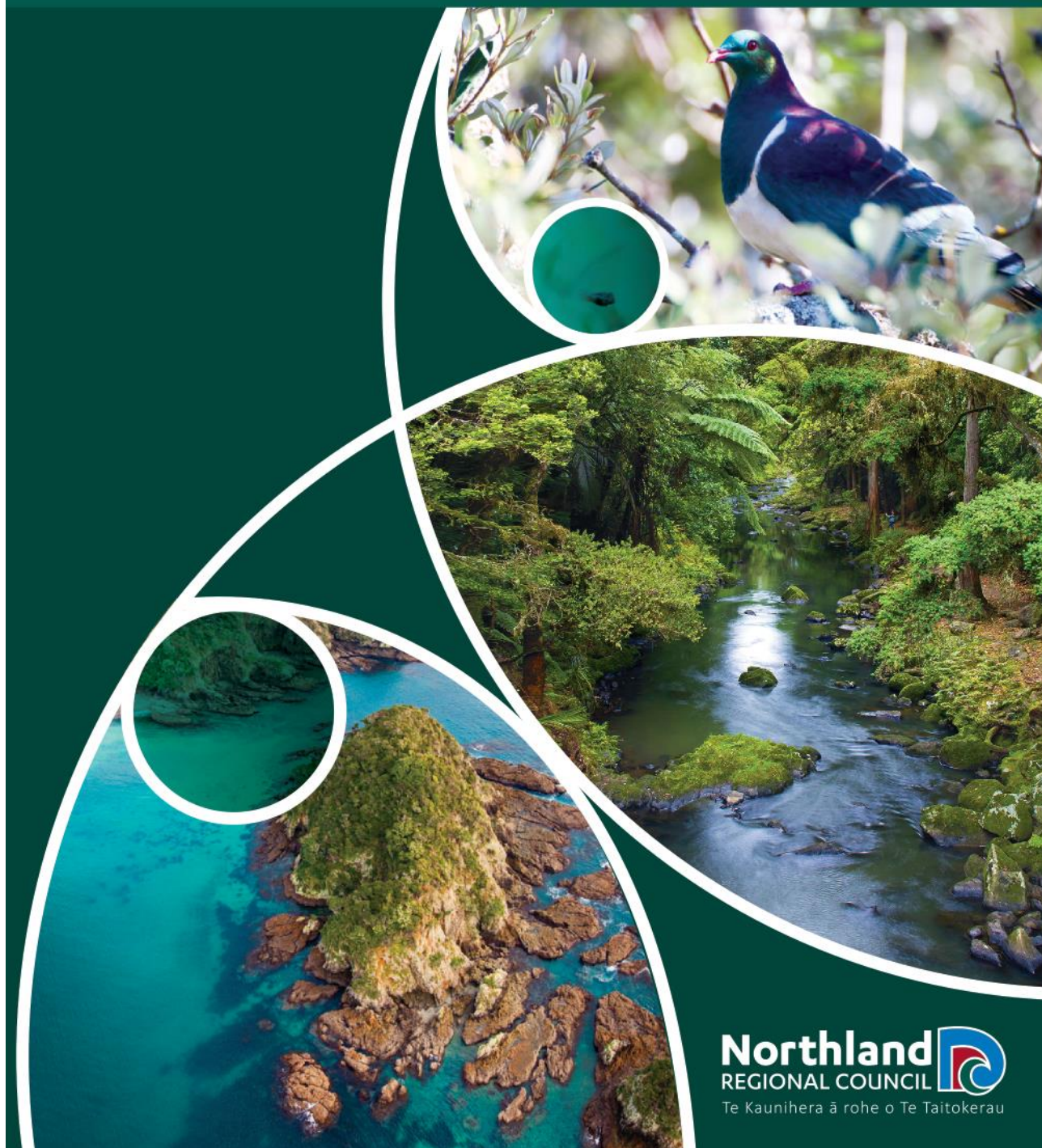
Attachment 1: 2019/20 Annual Report [↓](#)

Attachment 2: 2019/20 Annual Report - Geoff Copstick Commentary [↓](#)

Attachment 3: 2019/20 Annual Report - Deloitte Audit Report [↓](#)

Pūrongo ā tau 2020

Annual Report 2020



Northland
REGIONAL COUNCIL
Te Kaunihera ā rohe o Te Taitokerau

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Section one: Overview

Wāhanga tuatahi: Tirohanga whānui

Chair and CEO's foreword

Ngā karere mai i te Heamana, Tumuaki

We've all had to dig deep and draw on reserves we didn't know we had to withstand challenge and upheaval, both within and outside our organisation, in the last year (July 2019 to June 2020). Welcome to our Annual Report, which provides a snapshot of some of our activities during this time.

Drought, pandemic, economic uncertainty and political change have punctuated the year, testing our individual and collective strengths and catapulting us into new ways of working and thinking.

We've risen to these challenges and are proud that we have continued to achieve goals, reach milestones and remain true to our mission to create a healthy environment, a strong economy and resilient communities in our region.

The October local government elections brought four new councillors to our nine-member council. We acknowledge the leadership and achievements of our outgoing and incoming elected representatives, who've led with unwavering support during a profoundly uncertain time.

Our region has been tipped into one of the most severe droughts on record, requiring a massive all-of-staff response for a long period of time. Our Natural Resources Monitoring Unit provided essential baseline data to support critical civil defence work.

Northland's Civil Defence Emergency Management Group, along with community groups, welfare and government agencies, iwi/hapu and volunteers, worked long hours in a collaborative response to the drought and pandemic crises.

These partnerships helped us get through these challenging events and demonstrated what can be achieved when communities pull together in times of hardship.

The drought was easing when the COVID-19 pandemic hit, requiring a rapid response from the council. Within days, most of our staff were working from home, marking the beginning of a new way of working and thinking.

Through the combined efforts of staff and councillors, we continued to provide the business-as-usual services that keep our environment, people and communities healthy and safe.

Among the milestones achieved, the three-year Otuihau-Whāngarei Falls project to improve water quality in the upper Hātea river reached its final stages. About 20 kilometres of riparian fencing and 18,000 native plants went into the ground as part of this work.

We're in the second year of the eight-year \$15 million Awanui flood risk reduction programme and are very much on target with our work to reduce flood risk to Kaitiāia township and its surrounding communities. A new spillway to divert floodwaters away from the town is complete.

The council completed pre-feasibility work for the region's water storage and use project under budget and on-time. Reservoir sites have been identified in Kaipara and the mid-North. The intent is to capture more of Northland's rain and make it available when it's needed, providing greater resilience to climate change and economic opportunities for our communities. The commercial implementation phase of this project is now managed by a trust.

Protection of the region's precious and unique dune lakes is continuing with the most recently-completed work at Lakes Wahakari and Waiparera in the Far North and several lakes in the Kai Iwi and Poutō lakes area. The work to improve water quality and protect biodiversity includes fencing, pest fishing and the eradication of invasive water weeds.


Outstanding success is being noted in animal and weed pest control programmes run by thousands of volunteers throughout the region. This army of passionate and dedicated volunteers is vital to achieving the environmental outcomes you've told us are important. Without them, it would be much harder to achieve positive change in the communities we serve.

We were able to acknowledge some of these efforts in this year's Environmental Awards ceremony, livestreamed via Facebook because of the COVID-19 crisis.

We opened a temporary customer service centre in Dargaville staffed by a full time customer services officer and some of the council's Kaipara-based land and biosecurity staff, who will move to a new shared space with Kaipara District Council staff next year.

Ehara taku toa I te toa takitahi, engari kē he toa takitini

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



Penny Smart
Chair

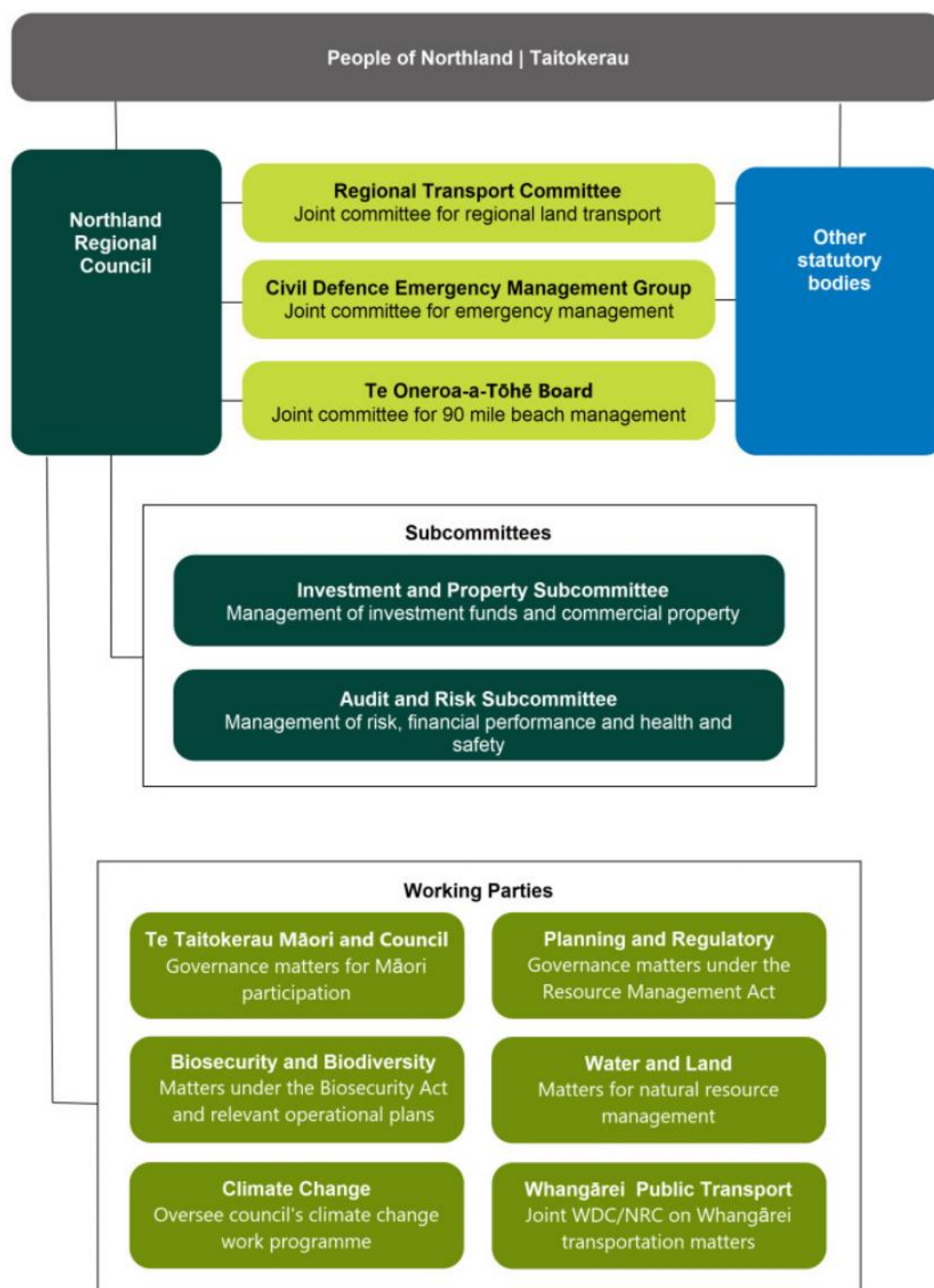


Malcolm Nicolson
Chief Executive Officer

Your regional councillors Ō koutou Kaikaunihera



Governance structure



Council committees and advisors

Regional council representation on statutory committees and boards

Regional Transport Committee

Councillors Bain (Chair), Stolwerk (alternative Councillor Blaikie)

This committee brings together Northland's four councils and the New Zealand Transport Agency, and oversees strategic transport planning and passenger transport functions for the Northland region.

Civil Defence Emergency Management Group Joint Committee (CDEM Group)

Councillor Stolwerk (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. The Board is deemed to be a joint committee of Northland Regional Council and Far North District Council (FNDC). The Board is a permanent committee. 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).

Council Subcommittees

Investment and Property Subcommittee

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

Audit and Risk Subcommittee

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

Council Working Parties

- Climate Change Working Party – comprises Councillors Macdonald (Chair), Craw, Robinson, Yeoman, Smart (ex officio), and four members of Te Taitokerau Māori and Council (TTMAC) Working Party
- WDC/NRC Whangārei Public Transport Working Party – comprises Councillors Bain (Chair), Craw, Stolwerk, and three Whangārei District councillors
- Planning and Regulatory Working Party – comprises Councillors Yeoman (Chair), Blaikie, Macdonald, Kitchen, Smart (ex officio), and four members of Te Taitokerau Māori and Council (TTMAC) Working Party
- Biosecurity and Biodiversity Working Party – comprises Councillors Craw (Chair), Blaikie, Robinson, Stolwerk, Smart (ex officio), and four members of Te Taitokerau Māori and Council (TTMAC) Working Party
- Te Taitokerau Māori and Council Working Party (TTMAC) – comprises up to 30 members in total consisting of full council, and 21 Māori representatives. The working party is co-chaired by Councillor Robinson and Rudy Taylor (Te Whakaminenga O Te Hikutu Hapu-Whanau)
- Water and Land Working Party – comprises Councillors Blaikie (Chair), Craw, Macdonald, Robinson, Yeoman, Smart (ex officio), and five members of Te Taitokerau Māori and Council (TTMAC) Working Party

Councillor memberships and portfolios

- Appeals on Regional Plan – Councillor Yeoman
- Awanui River Working Group – Councillor Kitchen (Chair)
- Doubtless Bay Catchment Working Group – Councillor Kitchen
- Inter-council working party on genetically modified organisms risk evaluation and management – no appointment until Regional Plan finalised
- Kāeo-Whangaroa River Working Group – Councillor Robinson (Chair)
- Kaihū River Working Group – Councillor Bain (Chair)
- Kaipara Moana Working Party – Councillors Smart and Yeoman
- Kerikeri River Working Group – Councillor Yeoman (Chair)
- Mangere Catchment Working Group – Councillor Yeoman

- Ngunguru Catchment Working Group – Councillor Macdonald
- Northland Conservation Board – shared across council
- Northland Sports Facilities Plan (Sport Northland) – Councillor Stolwerk
- Poutō Catchment Working Group – Councillor Smart
- Ruakākā River Working Group – Councillor Stolwerk (Chair)
- Shareholder representative for Northland Inc. Limited – Councillor Bain
- Shareholder representative for Northland Marsden Maritime Holdings Limited – Councillor Smart (Chair)
- Shareholder representative on Regional Software Holdings Limited – Councillor Smart (Chair)
- Taumārere River Working Group – Councillor Blaikie (Co-Chair)
- Upper North Island Strategic Alliance (UNISA) – Councillor Smart (Chair)
- Urban Whangārei Working Group – Councillor Craw (Chair)
- Waitangi Catchment Working Group – Councillor Robinson
- Whangārei Catchment Working Group – Councillor Craw
- Whangārei Heads Pest Management Working Group – Councillor Macdonald
- Zone One (LGNZ) – Councillor Smart (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:

- Atkins Holm Majurey Limited
- Brookfields Lawyers
- Buddle Findlay
- Chapman Tripp
- K3 Legal Limited
- Karenza de Silva
- Marsden Woods Inskip & Smith
- Natural Resources Law Limited
- Paul Sills
- SBM Legal
- Simpson Grierson
- Thomson Wilson Law
- Webb Ross McNab Kilpatrick
- Wynn Williams

Independent Advisors:

- Danny Tuato'o – Audit and risk
- Eriksens Global – Investments
- Geoff Copstick – Financial

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.

Council's strategic direction

This is the second Annual Report following the adoption of the Long Term Plan 2018-2028 in June 2018. As part of developing the Long Term Plan, council gave careful consideration to the service we provide to our community, what we are 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 values and areas of focus, which drive the activities and performance measures set out in the long term plan, and are reported on in this Annual Report.



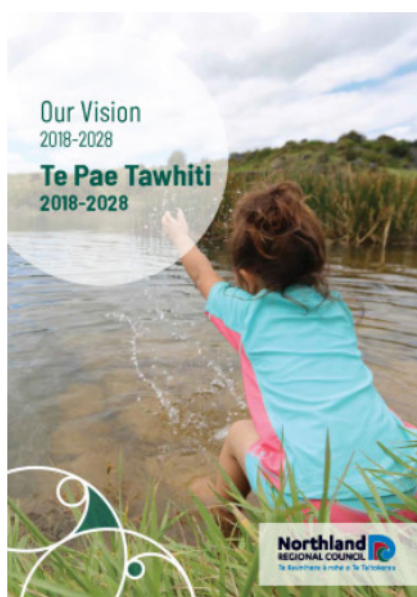
Our year in review

Our Long Term Plan 2018-2028 was our most ambitious and forward-thinking strategic plan to date. It laid the foundation for a raft of new initiatives to tackle the issues of water quality, native species protection and flood infrastructure.

We've spent the last two years putting words in to action, and making headway on this essential work to make Northland really thrive.

Following the adoption of our Long Term Plan 2018-2028, which provided clear direction and resourcing, we thought about what this work really meant for the future of Northland and what tangible results it would achieve in three, 10, and 30 years.

We set out this long-term vision in '[Our Vision 2018-2028 | Te Pae Tawhiti 2018-2028](#)', a document that provides a real feel for what your regional council is doing to achieve outcomes in our areas of focus.



Some of this 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:

Together we thrive

Our strength lies in collaboration with community groups, iwi and hapū and we have consolidated existing partnerships and forged new ones throughout the year. Thousands of volunteers work with us on wide-ranging initiatives such as pest animal control, weed busting, riparian and coastal planting, raising plants in shade houses and fencing to keep stock out

of waterways. They are a formidable force and we were able to acknowledge their passion and dedication through our annual Environmental Awards, now in their second year. We've welcomed a new generation of environmental action with the addition of 15 Early Childhood Education Centres to our Enviroschools programme and we now have 126 Enviroschools in our region. Our \$20,000 Environmental Leaders Fund assists schools with some of this work while a \$10,000 allocation from our biosecurity environment fund supports practical hands-on environmental projects that have a positive impact on our environment.

Improving freshwater quality

We know that improving freshwater quality is a high priority for our communities - that's why we're spending millions of dollars on looking after our streams, rivers, lakes and wetlands. Much of this work is collaborative, involving landowners, tangata whenua, community organisations and government agencies committed to a common goal. An example is Waimā Waitai Waiora - a unique partnership that brings together these groups with a shared vision to improve the mauri (spiritual life force) of the Kaipara Harbour. The regional council's part in this project includes: promoting good farming and forestry principles and restoration practices, supporting landowners with sustainable land management, subsidising fencing, planting on highly erodible land, stock water reticulation and wetland enhancement. This work combines to reduce the amount of sediment going into the Northern Wairoa River and flowing out into the harbour. Protecting our dune lakes in the Aupōuri (Far North) and Poutō/ Kai Iwi Lakes (Kaipara) areas is an ongoing project of considerable importance, again involving the regional council and communities determined to improve the water quality in their fragile taonga. Among other freshwater projects, the three-year Otuihau-Whāngarei Falls project to improve water quality in the upper Hātea River has reached its final stages.

Pest control in action

All over our region, people from all walks of life are giving of their time to tackle pest plants and animals in Northland, often in harsh country and inhospitable conditions. Their dedicated effort to restore and protect our environment so that our native plants and animals can flourish is truly astounding. Much of this work is the result of community partnerships and collaborations and we are proud to be part of these efforts to help our environment recover and thrive.

Kiwi numbers have risen from 80 to 900 in Whangarei Heads since 2002 and there are now 76 Community Pest Control Areas (CPCAs) covering 130,393 hectares in Northland. The 155 community groups comprising "Kiwi Coast" have killed 396,634 pests in the last seven years. We supplied 9,000 predator traps to help with this work and contributed \$196,070 from the Environment Fund for pest control in the last year. Close to 2,050 boat hulls were inspected during our annual marine biosecurity hull surveillance programme to prevent the spread of marine pests, and we're working with 117 landowners to protect kauri in the region.

A strong economy

Regional economic growth is an important part of our wellbeing. The COVID-19 pandemic has had, and is likely to continue to place, a significant constraint on the Northland economy. Job opportunities for young people in tourism related and construction industries will be severely limited without government initiatives. To that end we are working closely with our regional economic development agency, Northland Inc. Limited, the three district councils and central government agencies to deliver co-ordinated recovery initiatives in Northland. In the last year, we've supported, through our Investment and Growth Reserve, the development of a project to build pasture resilience to pest and disease in Northland, a pa-based amphitheatre visitor experience project at Mōkau, and the Northland water storage and use project. Through the same fund, we made an enabling investment funding allocation to the Manea Footprints of Kupe cultural and education centre at Opononi.

Resilient communities

The region's four councils work together on civil defence emergency management, along with emergency services, welfare groups, other agencies and trained volunteers, to build resilience in our communities. Storms, flooding and tsunamis are among the highest risks to Northland and are a focus for Northland's civil defence emergency management network. However, it was the arrival of COVID-19

pandemic overlapping with drought that this year required the longest continuous response in the history of the Northland Civil Defence Emergency Management (CDEM) Group. Both responses brought their own challenges and led to new ways of working together with other organisations, and more formal collaboration with Northland iwi has been a hugely positive outcome of this time.

Protecting our people

Flooding ranks as one of the highest risks for Northland so the development of flood protection infrastructure and various river works are a priority for the council. A comprehensive programme of flood protection work is in progress in the Awanui catchment where we are in the second year of an eight-year \$15 million flood risk reduction programme to provide a higher level of flood protection for Kaitiā township and its surrounding communities. The work includes a new spillway to direct water away from the Bell's Hill slip site, work on the lower Awanui River catchment, and stopbank stabilisation behind the Te Ahu centre. Updated river flood maps for Awanui and Kerikeri catchments are now complete. They are based on the latest survey data available and the new modelling is showing reduced flood risk in these areas. A new 113-metre long flood wall in Woods Road, Whangārei is increasing the level of flood protection in flood-prone Commerce Street. The \$360,000 project is a small part of a \$1 million programme of flood mitigation works spanning three years.

Disclosure statement

Both the Northland drought and the COVID-19 pandemic have brought significant challenges this financial year, meaning a number of our performance measures and targets have not been met. While council has undertaken measures to reduce the impact of COVID-19 on its financial operations such as reduced, postponed or cancelled work streams and cost-savings across all activities, none of this has resulted in a reduction in the levels of service provided or put at risk the obligations and duties of the council in the 2019/20 year.

Achievement of key performance indicators

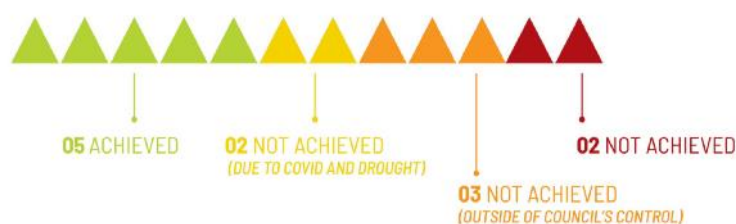
Governance and engagement » Total 12



Regulatory services » Total 15



Environmental services » Total 12



River Management » Total 01



Customer services and community resilience » Total 11



Māori participation in council processes

Strengthening Relationships with Māori | Nau te raurau, naaku te raurau, kā ora ai te Iwi

Northland Regional Council is committed to growing and strengthening its relationship with Māori across the region and providing opportunities for Māori to have input into its decision-making processes.

Council has a number of obligations to Māori and has committed to these and more. This commitment is reflected in our key focus areas articulated in our Long Term Plan 2018-2018: Enduring relationships with tangata whenua.

In recognising this, council made progress in a number of areas and continues to work with Māori as well as building our internal capacity to better understand and respond to issues of importance to Māori. Highlights for the 2019/2020 year are:

Pōwhiri mo ngā Kaunihera hou o Te Taitokerau

In partnership with Te Parawhau we welcomed the new councillors and their whānau at our offices in Whāngārei. This marked a progressive and positive beginning for the new council and everyone who attended the event.



The re-establishment of Te Taitokerau Māori and Council Working Party

In November 2019, the new council met and finalised its new governance structure. Our Te Taitokerau Māori and Council Working Party (TTMAC) was re-established, at the same time endorsing the significant achievements of TTMAC in two previous trienniums. TTMAC for the first time consists of all councillors and 21 iwi and hapū representatives. These representatives have been mandated by their respective iwi authorities and hapū entities, and now tangata whenua members also have equal membership represented on council working parties. This includes the 50% representation of tangata whenua on the following working parties:

- Climate Change Working Party
- Planning and Regulatory Working Party
- Biosecurity and Biodiversity Working Party
- Water and Land Working Party

Two formal meetings have been hosted in Whāngārei, however no regional hui were held as a result of the impacts of the COVID-19 pandemic, with the main priority to support communities to stay healthy during these unprecedented times.

TTMAC have identified top strategic priorities, being:

- the development of an overarching water strategy
- the development of a climate change strategy
- the development of an economic development strategy, including a focus on Māori economic development
- the development of a marine strategy as it pertains to Te Taitokerau
- building tangata whenua capacity and capability
- strengthening Māori representation in local body politics

These priorities will drive the significant strategic work programme being undertaken with council. This includes input and advice on:

- the inter-regional marine pest pathway plan
- the development of Mātauranga Māori monitoring guidelines
- the development of cultural impact assessment guidelines / template
- the five-year efficiency and effectiveness review of the Regional Policy Statement
- the Long-Term Plan 2021/31 and subsequent annual plans
- the climate change strategy
- the implementation of Mana Whakahono ā Rohe
- the economic development programme of Northland Inc. Limited

Supporting and participating in meetings of the Te Oneroa-a-Tōhē Board, a co-governance committee established through Treaty of Waitangi settlements of four out of five Te Hiku Iwi for Te Oneroa-a-Tōhē / 90 Mile Beach:

- preparation of a beach management plan and a public consultation process to help manage the

beach is underway as a requirement of the Te Hiku o Te Ika Iwi Treaty of Waitangi settlement legislation

Participating in the ongoing discussion pertaining to possible cultural redress through Treaty of Waitangi settlement negotiations for the Kaipara Harbour, including:

- ongoing commitment to the agreement with neighbouring councils to ensure they are informed of the Treaty settlement process, and
- continuing to work closely with Ngā Uri o Kaipara, providing information and advice to support Treaty of Waitangi settlement negotiations

The establishment of a co-governance committee has been confirmed, in partnership with Kaipara Uri, Auckland Council, and the Crown, to oversee a significant programme of work over the next six years to remediate the Kaipara Moana, with a focus on reducing sediment entering the harbour. This six year programme has attracted \$100 million of Crown co-funding and is the first co-governance arrangement, between council and iwi and hapū, within Taitokerau where the focus is on the ground environmental remediation.

Provision of funding to support the development or review of iwi/hapū environmental management plans.

Provision of funding scholarships Tū I te Ora to support students studying or training in areas that align with the council's focus and mission of "working together to create a healthy environment, strong economy and resilient communities". Also an aim to build Māori capacity within Te Taitokerau and provide opportunities for further education, with two earmarked for Māori who whakapapa (share a genealogical connection) to Te Taitokerau.

Te Whāriki Core Cultural Competency Framework

A core cultural competency framework established and implemented to build capabilities of council staff to engage with iwi and hapū has been developed to implement Te Whāriki – council's Māori responsiveness strategy

Te Whāriki Level 1 workshops have been established and delivered on Terenga Paraoa Marae and focus on three core components of competency for staff, being:

- te reo Māori – demonstrates basic level of te reo Māori
- tikanga Māori – shows awareness of tikanga Māori
- the Treaty of Waitangi/Te Tiriti o Waitangi – demonstrates basic awareness of the historical significance of the Treaty of Waitangi and its contemporary applications

In addition:

- the Treaty of Waitangi/Te Tiriti o Waitangi training for councillors' induction and ongoing workshops to increase understanding of kaupapa Māori protocols and practices



- increasing staff within Māori relationships team to build capacity of council to respond appropriately to the needs and aspirations of tāngata whenua
- responding 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
- attendance at tangihanga, pōwhiri and significant events by councillors and staff to show a commitment to ongoing relationships with iwi and hapū
- strengthening relationships and working with Te Kahu o Taonui, iwi groups, iwi health providers and Māori organisations to respond to the impacts of droughts and the COVID-19 pandemic with positive and lasting connections made to continue to work together to sustain the resilience within the Te Taitokerau region

Compliance statement

Northland Regional Council

Annual Report

For the year ended 30 June 2020.

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 2020.



Penny Smart
Chair



Malcolm Nicolson
Chief Executive Officer

Date: 20 October 2020



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF NORTHLAND REGIONAL COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

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 20 October 2020. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 64 to 128:
 - present fairly, in all material respects:
 - the Regional Council and Group's financial position as at 30 June 2020;
 - 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;
- the funding impact statement on page 131 to 132, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's annual plan;
- the statement of service provision of the Regional Council, which is referred to in the annual report as the Council activities, on pages 22 to 59:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2020, 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 22 to 59, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's annual plan; and
- the funding impact statement for each group of activities on pages 22 to 59, 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.

Emphasis of matter - Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosure about the impact of the Covid-19 global pandemic on page 75 of the financial statements. We draw particular attention to the Council receiving the wage subsidy from the Ministry of Social Development as one of the steps to reduce the impact of Covid-19 on its operations.

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 60 to 62, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council audited information and, where applicable, the Regional Council's long-term plan and annual plans.

Basis for 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 annual 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 15 and 134 to 145, 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 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit we have carried out engagements 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 performed a maturity assessment review of Cyber governance, an agreed procedures report in relation to the Waima Waitai Wairoa project and provided feedback pertaining to the Council's 2020-2021 Annual Plan. These engagements are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the Regional Council or its subsidiaries and controlled entities.

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

Section two: Council activities Wāhana tuarua: Nga mahi a te kaunihera

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 services. 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 2018 council approved the [Long Term Plan 2018-2028](#), 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:

- **Governance and engagement** - Governance, Māori relationships, communication and engagement, and economic development
- **Regulatory services** - Planning and policy, consents, and monitoring
- **Environmental services** - Natural hazard management, hydrology, biosecurity, biodiversity, land and water
- **River management** - River management
- **Customer services and community resilience** - Customer services, civil defence emergency management, oil pollution response, harbour safety and navigation, and transport
- **Corporate excellence** - Finance, human resources and information technology management activities (however these are not specifically reported on).

The Long Term Plan 2018-2028 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 second time in this Annual Report 2020.

Governance and engagement

Ratonga whakahaere whakauru

Hei aha te kai o te rangatira? He korero, he korero, he korero

What is the food of chiefs? It is knowledge, it is communication

This group includes the following activities:

- governance
- Māori relationships
- communications and engagement
- economic development

These activities contribute to the following council areas of focus (community outcomes):

- continuous improvement in water quality and security of supply
- enhancement of indigenous biodiversity and biosecurity
- a strong regional economy
- safe and resilient communities
- enduring relationships with tangata whenua
- efficient and effective service delivery
- improved returns on council investments
- efficient and effective land transport policies and public transport

Community well-being

The community of Northland is represented by councillors who make decisions collectively as the council. In order to make good decisions, council needs to have an understanding of the wants and needs of the people of Northland, and must consider all aspects of Northland – its social landscape, environment, economy, culture, and the aspirations of the diverse individual communities that make up the tapestry of Northland.

This activity group provides for the ongoing flow of information between council and the people of Northland. It promotes cultural competency so that council fulfills its statutory obligations to Māori, and provides for effective, transparent governance on behalf of the people of the Northland region. This activity group also actively promotes sustainable economic development in Northland.

The activities within the Governance and engagement group are considered to have a positive effect on community well-being.

Changes to level of service

The Long Term Plan 2018–2028 provided for a "maintained or increased" level of service within each of the activities in the Governance and engagement group. This proposed level of service has been maintained, however the performance measures and targets have not been well achieved with only five of 12 performance targets met. Of the seven targets not met, one of these was due to a combination of the impacts of COVID-19 plus other factors. Additional non-achievement was partially due to external factors outside of councils control, local body elections, and a shift in focus for improving levels of service provided.

What we did

Engaging with our communities

The Tū i te ora Scholarship programme was launched successfully with four scholarships, each valued at \$3,000, awarded to deserving students chosen from more than 70 applicants. The scholarships support students studying or training in areas aligned with the regional council's work and build Māori capability within Taitokerau.

The environmental awards, now in their second year, recognise kaitiakitanga in action and attracted entries from people doing amazing voluntary work to help our environment. Because of the impacts of the COVID-19 pandemic, the winners were announced at a virtual event and later presented their awards in person.

As a further result of the COVID-19 pandemic, council meetings were livestreamed to our Facebook page from May, increasing our accessibility and attracting positive community engagement and feedback.

The annual residents' survey was carried out using people randomly selected from electoral rolls and inviting the wider community to have its say. Results indicate improvements in overall satisfaction, quality of service communication, engagement and how well council is responding to issues. They also give an indication of areas where we can look to improve as an organisation.

Enviroschools

Of Northland's 126 Enviroschools, seven hold Green-Gold status, 20 Silver and 42 Bronze. We've welcomed a new generation of environmental action. As the first region to boast a dedicated early childhood education (ECE) facilitator, we have added 15 new ECE centers to the programme.

With community groups and local hapū, dune lake education days were held across the region. Our WaiFencing and Project Pest Control NCEA-based courses have both attracted record numbers of senior students.

Economic development

An additional funding allocation of \$12 million was secured from the Provincial Growth Fund (PGF) to continue investigating water storage and use options in three areas located in Kaipara and the Mid-North. This funding was on top of the \$18.5 million secured in 2018/19 for the project. The Pre-feasibility Phase investigation was completed in March and indicated that viable scheme options exist in both Kaipara and Mid-North areas. Responsibility for the project has been passed over to the Te Tai Tokerau Water Trust for commercialisation and implementation.

We worked with the district councils to lobby central government for increased infrastructure investment in the region, such as a new large dry dock facility,

improved transport linkages and better digital connectivity, which resulted in significant Government investment.

We also worked closely with the district councils to develop a proposal for the joint delivery of economic development activities in Northland, including the transformation of Northland Inc. Limited into a jointly owned council-controlled organisation, and increasing the quantum of funding available for council investment into economic development projects. This may be consulted on at a later date.

In response to the COVID-19 pandemic, Northland Inc. Limited provided a significant lift in its support to businesses. Data and analysis on the impact of the COVID-19 pandemic on the Northland economy was also produced to aid decision makers.

Māori relationships

Our work with Māori is outlined in this report on page 14 titled 'Māori participation in council processes'

Service delivery review

In order to ensure that all services are reviewed every six years, as required by the Local Government Act, council maintains a rolling schedule of reviews. Reviews were undertaken for investment property and maritime services activities.

1.1 Governance

Performance measures and targets

1.1.1 Maintain effective, open and transparent democratic processes.		
Performance measure	Target	2019/20 result
Percentage of official information ⁽¹⁾ requests that are responded to within 20 working days.	100% compliance	90% - not achieved 18 out of 193 LGOIMA requests were not responded to within 20 working days.
Percentage of time that council receives a favourable ("unqualified") audit opinion on its Long Term Plan, Annual Plan, and Annual Report.	100% compliance	100% - achieved
Percentage of time that elected members attend council meetings.	90% compliance	93% - achieved

1.1.1 Maintain effective, open and transparent democratic processes.

Percentage of the community surveyed that is satisfied with the way council involves the public in the decisions it makes.

Improve

25% - not achieved
(2018/19 result: 33%)

1. LGOIMA - Local Government Official Information and Meetings Act

1.2 Māori relationships

Performance measures and targets

1.2.1 Establish enduring and robust governance relationships between council and Māori of Taitokerau

Performance measure	Target	2019/20 result
Ten meetings ⁽¹⁾ of the Te Taitokerau Māori and Council Working Party are held each calendar year.	10 meetings held annually	Not achieved Local body elections and re-establishment of TTMAC saw no meetings between Oct 2019 - March 2020. All April/June marae-based meetings were cancelled due to the impacts of COVID-19.

1. Five formal meetings and five marae-based meetings

1.2.2 Provide opportunities for Māori to participate in council processes

Performance measure	Target	2019/20 result
Percentage of time council meets all relevant requirements of Treaty of Waitangi settlement legislation.	100% compliance	95.6% - not achieved This measure comprises three elements: the recording of statutory acknowledgements in regional plans; attendance and support of co-governance committees; and circulation of consent applications to Treaty settlement groups. Council has achieved two of these elements in full, with the third (the circulation of consent applications) achieved in part. This was due to 83 bore consents failing to be circulated.
Percentage of time targeted pre-consultation engagement is undertaken with Māori during council's statutory Resource Management Act planning processes.	100% compliance	100% - achieved

1.3 Communications and engagement

Performance measures and targets

1.3.1 Support and deliver environmental education initiatives		
Performance measure	Target	2019/20 result
Percentage of schools and kindergartens participating in the Enviroschools programme. ⁽¹⁾	Maintain or increase	66% - achieved (2018/19 result: 62%)

1. Schools include primary, intermediate and secondary schools.

1.3.2 Promote effective community engagement		
Performance measure	Target	2019/20 result
Number of subscribers to online and social media channels ⁽¹⁾	25% annual increase (number and percentage increase to be reported)	18,617 subscribers, 14% increase - not achieved This is due to a shift in focus from increasing FB likes/followers to improving reach and overall engagement with our audience.
Frequency of engagement with council's Collaborative Community Engagement Groups ⁽²⁾	Annual engagement with 100% of groups (actual number of groups and percentage compliance to be reported)	126 groups, 98% - not achieved Engagement was achieved with 123 out of 126 active groups. One instance was due to limited staff resourcing; one was engaged with via phone and email but not face-to-face; and the final one was the far north civil defence group of Moehinui marae.

1. Includes social media, eNewsletters and web alerts

2. Collaborative Community Engagement Groups are defined as any group that the council engages with at least annually, that contributes knowledge and resources to achieve outcomes in a defined area. For example - CoastCare groups, catchment management groups, river liaison committees or civil defence community response groups.

1.4 Economic development

Performance measures and targets

1.4.1 Invest in economic development projects and ventures within Northland to improve Northland's economic performance		
Performance measure	Target	2019/20 result
Northland Inc's compliance with Local Government Act requirements relating to its Statement of Intent (SOI) ⁽¹⁾	100% compliance	100% - achieved
Percentage of Northland Inc's SOI key performance indicators achieved by 30 June each year.	100% compliance	69% - not achieved

1.4.1 Invest in economic development projects and ventures within Northland to improve Northland's economic performance		
		11 of the 16 key performance indicators were achieved. Of the five not achieved, three were due to the impacts of COVID-19. The other two have not been reported on due to lack of data.

1. Requirements are to provide council with a draft Statement of Intent (SOI) by 1 March, consider council comments by 1 May, and deliver final SOI by 30 June each year.

Governance and engagement | Ratonga whakahaere whakauru

Funding Impact Statement

For the period ending 30 June	Long Term Plan 2018/19 \$000	Long Term Plan 2019/20 \$000	Actual 2019/20 \$000
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	-	-	53
Targeted rates	2,873	3,017	3,271
Subsidies and grants for operating purposes	-	-	2,379
Fees and charges	60	60	88
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,344	1,402	1,382
TOTAL OPERATING FUNDING	4,276	4,478	7,173
Applications of operating funding			
Payments to staff and suppliers	7,433	6,560	9,209
Finance costs	253	253	266
Internal charges and overheads applied	798	843	567
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	8,484	7,655	10,042
Surplus/(deficit) of operating funding	(4,207)	(3,177)	(2,869)
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	6	-	182
to replace existing assets	13	-	-
Increase/(decrease) in reserves	(3,479)	(2,446)	(2,161)
Increase/(decrease) of investments	(747)	(731)	(890)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(4,207)	(3,177)	(2,869)
Surplus/(deficit) of capital funding	4,207	3,177	2,869
FUNDING BALANCE	-	-	-

Major variances compared to Year 2 (2019/20) of the Long Term Plan 2018–2028

Operational Funding

Sources of operating funding is \$2.42M more than the long term plan predominantly due to:

- Water storage project grants not in the long term plan. This is offset by additional costs incurred.

Application of Operational Funding

Applications of operating funding is \$2.37M more than the long term plan predominantly due to:

- Expenditure on a water storage project not in the long term plan

Regulatory services Ratonga a ture

Whatungarongaro te tangata, toitū te whenua

As man disappears, the land remains

This group includes the following activities:

- planning and policy
- consents
- monitoring

These activities contribute to the following council areas of focus (community outcomes):

- continuous improvement in water quality and security of supply
- safe and resilient communities
- enduring relationships with tangata whenua
- efficient and effective service delivery
- enhancement of indigenous biodiversity and biosecurity

Community well-being

The natural and physical resources of Northland are central to our economy, culture and communities. The regulatory services group of activities aims to ensure that these resources are well governed and managed to meet the needs of Northlanders, having a positive effect on community well-being.

Changes to levels of service

The Long Term Plan 2018-2028 provided for a "maintained or increased" level of service within each of the activities in the Regulatory services group. This proposed level of service has been maintained, however the performance measures and targets have not been well achieved with only seven out of 15 performance targets met. Of the eight targets not met, five of these were due to the drought response and the impacts of COVID-19. The additional three were largely due to external factors outside of council's control. Overall, non-achievement was minor and did not impact the level of service provided.

What we did

Regional Plan for Northland

There were 23 appeals to the Environment Court against the council's decision on the Proposed Regional Plan for Northland. The council participated

in 18 days of court-assisted mediation on these appeals. The parties managed to reach consensus on a large number of appeal points and in June 2020, council published an appeals version of the plan www.nrc.govt.nz/newregionalplan

The Regional Plan includes implementation of council's obligations for managing freshwater quantity under the National Policy Statement for Freshwater Management, with the freshwater quality requirements intended to be implemented in a plan change commencing in 2021.

Consents

Decisions on 795 consents were issued during the year. Of these only one, which covered three consent activities, resulted in an appeal on a council decision. The appeal is still before the Environment Court.

Environmental monitoring

In addition to the monitoring carried out and recorded as performance measures in this report, four water level stations were installed to support the Northland Water Storage Project in Kaikohe. Further monitoring was also undertaken in response to the drought, including:

- two water quality buoys deployed to Lake Omapere & Whau Valley dam to assist Civil Defence Emergency Management
- the completion of 106 ecological and low flow assessments across Northland

Compliance monitoring and enforcement

In addition to the compliance monitoring carried out and recorded as performance measures in this report, council also carried out 252 inspections/assessments of forestry activities under the National Environmental Standard – Plantation Forestry.

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

- 152 infringement notices (187 in 2018/19)
- 247 abatement notices (271 in 2018/19)

- nil enforcement orders (1 in 2018/19)
- 5 prosecutions initiated (3 in 2018/19)

2.1 Planning and policy

Performance measures and targets

2.1.1 Develop and maintain regional planning documents for the management of Northland's natural and physical resources		
Performance measure	Target	2019/20 result
Develop a new Regional Plan.	<p>By 2018/19 Hold hearings and release council decisions on the proposed Regional Plan.</p> <p>By 2019/20 Engage Māori and stakeholders in plan preparation process.</p> <p>By 2020/21 Notify any plan changes required to implement the National Policy Statement for Freshwater Management (NPS Freshwater).</p> <p>By 2025/26 Efficiency and effectiveness review of the new Regional Plan.</p>	<p>Not achieved</p> <p>Planning for engagement on the plan change to implement NPS Freshwater has started, but not the engagement itself. This is largely due to the delay in the release of the updated NPS Freshwater, and staff effort focussed on resolving appeals on the Proposed Regional Plan.</p>
Make changes to the new Regional Plan and Regional Policy Statement (RPS) as necessary to implement national direction and to respond to resource management issues.	<p>By 2018/19 NPS Freshwater implementation programme is notified by 31 December 2018.</p> <p>Regional targets to improve water quality at specified swimming sites identified and publicly available.</p> <p>By 2019/20 Engage Māori and stakeholders in plan preparation process.</p> <p>By 2020/21 Notify plan change to identify and protect significant freshwater biodiversity sites in the Regional Plan⁽¹⁾</p> <p>By 2025/26 Further necessary changes to RPS and Regional Plan in response to national planning standards completed.</p>	<p>Not achieved</p> <p>See explanation above for measure "Develop a new Regional Plan".</p>

1. If not addressed through proposed plan process in 2018.

2.2 Consents

Performance measures and targets

2.2.1 Provide efficient and effective processing and administering of resource consents		
Performance measure	Target	2019/20 result
Percentage of all resource consent applications that are processed within the statutory timeframes.	98% compliance ⁽¹⁾	100% - achieved (2018/19 result: 99.1%)

1. This target takes into account that there may be fluctuations in the number and complexity of resource consent applications that council receives.

2.3 Monitoring

Our monitoring activity comprises compliance monitoring and state of the environment monitoring

Performance measures and targets

Compliance monitoring:

2.3.1 Provide efficient and effective compliance monitoring of resource consents		
Performance measure	Target	2019/20 result
Percentage of monitored resource consents that are not graded as significantly non-compliant ⁽¹⁾	90%	94.4% - achieved
Percentage of monitored permitted farm dairy effluent activities that are not graded as significantly non-compliant ⁽²⁾ .	90%	85% - not achieved 30 of 199 permitted activity dairy farms were inspected and found to be significantly non-compliant. This measure is dependent on landowner behaviour which, while influenced by council activities, is also influenced by factors outside of council's control.
Percentage of consents for industrial, municipal sewage and farm discharges, and major water takes requiring monitoring, that are monitored as per the council's consent monitoring programme.	100%	90.9% - not achieved 881 of 969 consents were monitored as per their monitoring programme. Of the 88 consents that were not fully monitored, 69 of them had some monitoring during the year. Only 19 consents had none of the required monitoring undertaken. This was largely due to lack of resources during the drought 2020 response and the impacts of COVID-19.

1. To be considered 'significantly non-compliant' the activity will have, or have the potential to have, a major or significant effect on the environment
2. To be considered 'significantly non-compliant' the activity will have, or have the potential to have, a major or significant effect on the environment

2.3.2 Efficient and effective response to and resolution of reported environmental incidents

Performance measure	Target	2019/20 result
Percentage of environmental incidents with more than minor effects reported to the Environmental Hotline resolved within 30 working days.	80 % resolved within 30 working days	89% - achieved

State of the environment monitoring

2.4.1 Gather and make available information on the suitability of water bodies for swimming and shellfish collection

Performance measure	Target	2019/20 result
Monitor at least 50 popular swimming sites weekly during the summer for faecal indicator bacteria and publish the results. ⁽¹⁾	50 or more sites monitored weekly during summer	60 sites - achieved
Monitor at least 15 popular shellfish collection sites weekly during the summer and publish the results. ⁽²⁾	15 or more sites monitored weekly during summer	15 sites - achieved

1. Sites are monitored weekly in the summer from late November/early December to late February/early March.
2. Sites are monitored weekly in the summer from late November/early December to late February/early March.

2.4.2 Monitor the life-supporting capacity of water (fresh and marine), uses and values

Performance measure	Target	2019/20 result
Percentage of sites monitored for macroinvertebrates showing improved or maintained trend in their Macroinvertebrate Community Indices (MCI).	At least 90 %	Data unavailable Results have not been received from the provider due to delays because of the impacts of COVID-19. Results are expected in September 2020.
Percentage of fish monitoring sites showing improved or maintained trend in their Index of Biotic Integrity (IBI).	At least 90%	Data unavailable No data to assess due to the drought response and the impacts of COVID-19, with no following data expected.
Percentage of lake sites monitored for ecological status showing improved or maintained trend in their Submerged Plant Indices (SPI).	At least 90%	Data unavailable Ecological Survey was booked in April with NIWA but was postponed until August/September 2020 due to impacts of COVID-19.

2.4.2 Monitor the life-supporting capacity of water (fresh and marine), uses and values

Percentage of lake sites monitored for level of nutrient enrichment showing improved or maintained trend in their Trophic Level Indices (TLI).	At least 90%	100% - achieved
Comprehensively monitor at least 40 coastal sites monthly for general water quality.	40 sites monitored annually	<p>Quarters 1 to 3: 40+ sites - achieved</p> <p>Quarter 4: not achieved</p> <p>The impacts of COVID-19 meant that one coastal site was not completed in March and no sampling was completed in April. All other months were completed as required.</p>

2.4.3 Monitor the standard of ambient air quality in Northland

Performance measure	Target	2019/20 result
Percentage of air sheds meeting the national air quality environmental standards.	100% compliance	100% - achieved

Regulatory services | Ratonga a ture Funding Impact Statement

For the period ending 30 June	Long Term Plan 2018/19 \$000	Long Term Plan 2019/20 \$000	Actual 2019/20 \$000
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	-	-	109
Targeted rates	6,024	6,386	6,713
Subsidies and grants for operating purposes	-	-	16
Fees and charges	1,868	1,909	2,386
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL OPERATING FUNDING	7,893	8,296	9,224
Applications of operating funding			
Payments to staff and suppliers	5,707	6,094	6,506
Finance costs	-	-	-
Internal charges and overheads applied	3,211	3,398	4,125
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	8,918	9,493	10,631
Surplus/(deficit) of operating funding	(1,025)	(1,197)	(1,407)
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	67	10	58
to replace existing assets	100	43	243
Increase/(decrease) in reserves	-	-	(35)
Increase/(decrease) of investments	(1,193)	(1,249)	(1,673)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(1,025)	(1,197)	(1,407)
Surplus/(deficit) of capital funding	1,025	1,197	1,407
FUNDING BALANCE	-	-	-

Major variances compared to Year 2 (2019/20) of the Long Term Plan 2018–2028

Operating Funding

Operating funding is \$928K more than the long term plan predominantly due to:

- Higher than planned consent application and monitoring fees
- Prosecution income not in the long term plan

Application of Operational Funding

Applications of operating funding is \$1.14M more than the long term plan predominantly due to:

- Higher overhead allocated to this area relating to a change in organisational structure moving staff between activities.
- Higher than planned legal and consultant costs relating to the regional plan and freshwater National Policy Statement (NPS) implementation
- Higher than planned legal fees relating to environmental incidents

Environmental services

Ratonga i te taiao

Tiakina te Taiao, tiakina te iwi e

Protect the environment, protect the people

This group includes the following activities:

- natural hazard management
- hydrology
- biosecurity
- biodiversity
- land and water

The activities contribute to the following council areas of focus (community outcomes):

- continuous improvement in water quality and security of supply
- enhancement of indigenous biodiversity and biosecurity
- enduring relationships with tangata whenua
- efficient and effective service delivery

Community well-being

Managing the natural resources of Northland is a complex task encompassing social, economic, environmental and cultural factors. The environmental services group of activities focuses on improving the natural environment through programmes of management, protection and enhancement and protecting Northland from natural hazards. This has a positive effect on community well-being.

Changes to levels of service

The Long Term Plan 2018-2028 provided for a "maintained or increased" level of service within each of the activities in the Environmental services group. This proposed level of service has been maintained, however the performance measures and targets have not been well achieved with only five out of 12 performance targets met. Of the seven targets not met, two of these were due to the drought response and the impacts of COVID-19, with a further one being a combination of these events plus other factors. The additional four were largely due to external factors outside of council's control. Overall, non-achievement was minor and did not impact the level of service provided.

What we did

Biosecurity

The biosecurity team has continued to grow partnerships, working with community volunteers to carry out vital pest control work. The biosecurity team received over 5,100 public enquiries during the year, sold more than 8994 predator traps, and carried out a raft of other work as highlighted below.

Incursions

Kauri dieback remains a major risk to the region, with the kauri dieback team working quickly to complete more than 117 management plans to prevent disease spread on and off private land, sampling 70 sites plus 10 requests from the public, taking 157 soil samples for analysis, attended 28 community events and fencing four at-risk forest blocks on private land. Our deer response team responded to two deer farm escapes and two illegal liberations that resulted in 14 deer kills.

Predator Free Whangārei

Predator Free Whangārei was launched this year and is a collaborative five-year project that builds on over 20 years of dedicated and successful community predator control in the Whangārei area. Over the next five years the project aims to eradicate possums from the Whangārei Heads peninsula. Additional aims include building upon existing predator control programmes across the Whangārei District, and focusing on urban and landscape scale predator control targeting rats, mustelids and possums.

Kiwi Coast

Since getting underway seven years ago, the Kiwi Coast has continuously expanded, as existing projects linked in and new groups started. The Kiwi Coast has grown to operate at a regional scale, linking projects over 291km from Mangawhai at the southern limit of the Northland region to the Aupouri Peninsula in the Far North. As at 30 June 2020, 159 entities have linked

into Kiwi Coast, 153 of which are community-led groups and active projects. Collectively, these groups and projects manage approximately 198,300 hectares.

Kiwi Coast's main priorities are to reduce threats to kiwi survival and engage Northlanders in caring for their kiwi. Kiwi Coast has continued to strategically support predator control in key areas to link projects and build 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. Collated trap catch data shows that 396,634 animal pests were caught in traps by groups and projects involved in the Kiwi Coast over the last seven years. An average of 1,800 pest animals are now trapped on the Kiwi Coast every week.

Urban pest control

Tiaki Whangārei has entered into its second year and continues to create momentum in urban conservation. Tiaki Whangārei has three key aims: to increase community connections, ecological knowledge and social well-being; encourage kaitiakitanga and guardianship of the environment; and protect and enhance native biodiversity. Traps for rat and possum control are being distributed throughout Whangārei as part of this project.

High Value Areas

Councils high value area programme has proven to be extremely successful, working across large landscapes to reduce the impacts of introduced pests. High value pest control areas were successfully implemented for Whangārei Heads, Mid North/Bay of Islands, Tutukaka, Kai Iwi Lakes and Piroa-Brynderwyns, funded from the region-wide pest management rate.

Land and water

Over \$1.32 million from council's Environment Fund (including Central Government Investment, MfE and MPI) was allocated to land management projects (activities include fencing, afforestation, soil conservation planting, and water reticulation), and 162 Farm Environment Plans (FEPs) were completed via the Long Term Plan 2018-2028 land management programme, covering more than 32,730 ha of land.

This year was the start of a four year, \$3.4 million Hill Country Erosion Fund project (co-funded by MPI) focusing on sustainable hill country management throughout the whole region, concentrating on retirement of hill country and afforestation flagship projects, plus important research on testing poplar timber and developing mitigation regarding eroding

harbour coastlines. This was the final year of the Hātea catchment project (co-funded by the MfE). Meaningful progress was made with stock exclusion fencing, stock water reticulation, and riparian planting carried out on properties above the Whangārei Falls.

The Waimā Waitai Waiora project completed its third year, with a number of successful initiatives targeting water quality in the Northern Wairoa catchment. The project (consisting of eight partners including agencies, iwi and hapū) included initiatives such as granting funding and advice for riparian fencing, water reticulation, wetland restoration, Te Kawa Wairoa (Maturanga Māori research project), biodiversity enhancement, education and wananga, and community and contractor planting achieving 100,000 native plants in the ground.

Biodiversity

Biodiversity work has included the completion of 14 Biodiversity Plans with landowners and iwi, and submerged weed annual surveillance in Kai Iwi lakes. The annual lakes ecological monitoring with NIWA was postponed due to the impacts of COVID-19.

Dune lakes

On-the-ground work on the Freshwater Improvement Fund (FIF) Year 3 dune lake programme incorporated netting of pest fish in four lakes. Only two of the five planned event days for dune lakes education were able to be held due to the impacts of COVID-19. These events were held at Waimimiha and Ngatu for more than 110 students from numerous schools. One hui was held in conjunction with dune lakes Kaiwhakahaere (FIF iwi representatives) and a second hui to work on the mātauranga Māori component of the project was cancelled due to the impacts of COVID-19. Kaiwhakahaere took the opportunity to visit the NIWA freshwater plant growing facilities with council staff, and also attended a lake symposium in Hamilton. A programme of continued training was provided for FIF staff and Kaiwhakahaere, including water safety, kayaking and electric fishing. Grass carp removal operations had to be postponed due to the impacts of COVID-19. Planning is well underway for earthworks and sediment mitigation scheduled in summer of Year Four at several dune lakes. A significant amount of herbicide for aquatic plant eradication operations in three Far North Lakes was imported from the USA and is in storage for deployment in spring 2020 (Year Four).

CoastCare

CoastCare staff work with groups and communities across Northland, as well as local and central government agencies and iwi, to achieve protection and restoration of dune systems. This happens

through support of CoastCare groups and provision of advice (including restoration plans), plants and other materials, earthworks, and weed control.

Over the last year 12,962 plants have been provided through the CoastCare programme for 15 sites around the region. Seventeen school and community events have been attended by CoastCare staff. Key CoastCare messages have also been promoted through newsletters, videos, social media campaigns, posters, brochures and signs with the support of the council's communications team.

CoastCare staff have again worked alongside the Far North District Council, the Department of Conservation, and local iwi to support the collaborative Far North Kaitiaki Ranger programmes, which have been expanded this year to include Te Oneroa-a-Tōhē (Ahipara to Hukatere), Kaimaumau, and Doubtless Bay, as well as continuing on at Karikari Peninsula.

Flood mapping and models

The Awanui and Kerikeri models were updated to include the latest LiDAR and to correct some minor anomalies found in the mapping. The new Awanui mapping is being used for the detailed design of the Awanui scheme upgrade, which will increase the level of service from 1:30 year annual exceedance probability (AEP) to 1:100 year AEP protection.

The LiDAR digital elevation model has been made available to the public and is also being used to generate a hydro-enforced digital elevation model and a region-wide flood model. The new LiDAR is also being used to update the Coastal Flood Hazard maps, plus multiple internal uses such as identifying slope stability, Kauri dieback and wilding pines, and mapping wetlands.

Kaipara Moana Remediation Programme

A strong business case for a significant cross-regional programme to help restore Kaipara Moana was developed in partnership with Kaipara Uri (Te Uri o Hau, Te Roroa, Ngā Maunga Whakahi o Kaipara, Ngāti Whātua Ōrākei and Te Rūnanga o Ngāti Whātua), Auckland Council and Kaipara and Whangārei District Councils. The proposed Kaipara Moana Remediation Programme is a \$300 million programme, over a 10-year period, aimed at restoring water quality in the Kaipara Moana through a range of initiatives planned to halve sediment loss from the land to the sea. The programme recently received Crown funding of \$100 million for the first six years with co-funding from Auckland Council and Northland Regional Council to be consulted on through respective Long Term Plan processes. A co-governance committee will be established to provide oversight of this exciting project that has the potential to make a significant difference to the health and mauri of the Kaipara Moana.

3.1 Natural Hazard Management

Performance measures and targets

3.1.1 Identify and make available information on areas potentially affected by natural hazards through mapping		
Performance measure	Target	2019/20 result
Number (and percentage) of river catchments flood-mapped to identify river flooding hazards.	By 2018/19 - 28 (21.7%)	28 catchments (21.7%) - not achieved
	By 2019/20 - 29 (22.5%)	The preliminary region-wide LiDAR was only delivered in March. Awanui and Kerikeri Catchments have been upgraded to reflect new LiDAR.
	By 2020/21 - 129 (100%)	The upgraded models better reflect the best available data.

3.2 Hydrology

Performance measures and targets

3.2.1 Provide information on water resources including rainfall, flood levels and ground water		
Performance measure	Target	2019/20 result
Percentage of time that flood level monitoring is accurate to enable flood warnings to be developed.	100% compliance	No flood warnings - achieved

3.3 Biosecurity

Performance measures and targets

3.3.1 Promote community involvement in pest management		
Performance measure	Target	2019/20 result
Increase in hectares of land under Community Pest Control Area Plans (CPCAs) per annum.	Increase by 5000 hectares annually	10,953 ha increase - achieved
Increase in kiwi populations within council supported programmes ⁽¹⁾	Increase by 2% annually	7.3 kiwi calls per hour - not achieved (2018/19 result: 7.2 calls per hour)

1. monitored in accordance with the standardised Department of Conservation kiwi call count monitoring scheme.

3.3.2 Implement measures to slow the introduction and spread of new and established marine pests		
Performance measure	Target	2019/20 result
Survey at least 2000 vessel hulls for marine pests each year as part of the Marine Pathway Management Plan.	2000 hulls annually	2,048 hulls inspected - achieved

3.4 Biodiversity

Performance measures and targets

3.4.1 Maintain and enhance indigenous biodiversity and eco-systems around our rivers, lakes, wetlands and coastal margins		
Performance measure	Target	2019/20 result

3.4.1 Maintain and enhance indigenous biodiversity and eco-systems around our rivers, lakes, wetlands and coastal margins		
Number of wetlands ⁽¹⁾ enhancement and protection projects funded via Efund annually.	By 2018/19 - 13 By 2019/20 - 14 By 2020/21 - 15 By 2027/28 - 20	13 wetlands - not achieved One project was withdrawn as landowner was unable to have contractor carry out work due to impacts of COVID-19.
Number of plants provided through CoastCare programme.	By 2018/19 - 11,000 By 2019/20 - 12,000 By 2020/21 - 13,000 By 2027/28 - 20,000	12,962 - achieved
Number of objectives met that are set out in annual work plan for Freshwater Improvement ⁽²⁾	100% of objectives met	60% - not achieved. Of six objectives, one has been achieved, three have been largely achieved with some actions and events delayed due to impacts of COVID-19. One is not due to start until 2020/21 and one has been repealed.

1. Includes Top Wetlands

2. Objectives are set out in Ministry for the Environment project work plans for the Northern Wairoa and Dune Lakes Freshwater Improvement Fund projects.

3.5 Land and water

Performance measures and targets

3.5.1 Promote improved water quality by providing advice and funding on sustainable land management, soil conservation, and biodiversity through farm management and catchment management initiatives		
Performance measure	Target	2019/20 result
Area hectares (ha) of land being actively managed under a sustainable farm environment plan.	Increase 25,000 ha per annum	32,730 ha - achieved
Area (ha) of highly erodible land being actively managed under a farm environment plan.	Maintain or increase (from baseline data)	6,519 ha - not achieved (2018/19 result: 7,000 ha)
Number of subsidised poplar poles provided for erosion-prone land by the Flyger Road nursery.	By 2018/19 - 6000 By 2019/20 - 7000 By 2020/21 - 8000 By 2027/28 - 20,000	4,616 poles - not achieved Lower numbers due to the impacts of the drought response and COVID-19. No subsidy package provided this year until SHaRP begins.

3.5.1 Promote improved water quality by providing advice and funding on sustainable land management, soil conservation, and biodiversity through farm management and catchment management initiatives

Kilometres of waterway margins protected to reduce sediment, nutrient run-off and general contamination of water, funded by the Environment Fund.	Increase (from baseline data)	181 kms – not achieved (2018/19 result: 297 kms) This is due to concentrating on hill country and wetland fencing, which is more expensive, therefore we were not able to complete as much.
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Environmental services | Ratonga i te taiao

Funding Impact Statement

For the period ending 30 June	Long Term Plan 2018/19 \$000	Long Term Plan 2019/20 \$000	Actual 2019/20 \$000
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	-	-	130
Targeted rates	7,395	8,196	8,010
Subsidies and grants for operating purposes	506	330	2,897
Fees and charges	441	446	567
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL OPERATING FUNDING	8,343	8,973	11,604
Applications of operating funding			
Payments to staff and suppliers	8,861	9,293	10,898
Finance costs	-	-	-
Internal charges and overheads applied	2,440	2,583	3,169
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	11,301	11,876	14,067
Surplus/(deficit) of operating funding	(2,958)	(2,903)	(2,463)
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	151	403	158
to replace existing assets	9	2	1
Increase/(decrease) in reserves	(234)	-	(106)
Increase/(decrease) of investments	(2,885)	(3,308)	(2,516)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(2,958)	(2,903)	(2,463)
Surplus/(deficit) of capital funding	2,958	2,903	2,463
FUNDING BALANCE	-	-	-

Major variances compared to Year 2 (2019/20) of the Long Term Plan 2018–2028

Operational funding

Operating funding is \$2.63M more than the long term plan predominantly due to:

- Ministry for Primary Industries grants for the sustainable hill country and regional priorities project not in the long term plan.
- Ministry for Primary Industries subsidies for a wilding pine removal project not in the long term plan
- Subsidies for the LIDAR programme not in the long term plan
- Ministry for the environment subsidies for freshwater improvement fund projects not in the long term plan

Application of operational funding

Applications of operating funding is \$2.1M more than the long term plan predominantly due to:

- Expenditure for the sustainable hill country and regional priorities project not in the long term plan
- Expenditure for the freshwater improvement fund projects not in the long term plan
- Expenditure for the LIDAR programme not in the long term plan
- Expenditure for the wilding pine removal project not in the long term plan

River management

Ratonga whakahaere a awa

Ko au te awa, ko te awa ko au

I am the river; the river is me

This group includes the River Management activity.

The activity contributes to the following council area of focus (community outcome):

- Safe and resilient communities;
- Efficient and effective service delivery.

Community well-being

The river management group of activities focuses on managing risk and protecting Northland communities from flood hazards. This involves the preparation, implementation and maintenance of risk reduction plans, flood control works and assets in conjunction with local river management working groups. The river management activity has a positive effect on community well-being by improving community resilience.

Changes to level of service

The Long Term Plan 2018-2028 provided for an "increased" level of service for the river management activity, which has been achieved as evidenced by achievement of the performance measure.

What we did

Awanui upgrade

The Juken New Zealand (JNL) spillway bypass was almost completed, and on budget, however due to the impacts of COVID-19 less than 5% of work remains.

Matangirau

After community consultation, detailed design and resource consenting, it was agreed to complete a test section so that the community could gauge the works effectiveness and impact on their land. This was completed in December 2019. The remainder of the works are scheduled for completion in the 2020-2021 works season. Further community consultation is scheduled later this year.

Panguru

This work was completed prior to the impacts of COVID-19, with only grassing and fencing remaining, however this has now also been completed.

Kawakawa-Taumarere

This work was scheduled to start in the third week of March, however had to be postponed due to the impacts of COVID-19. Work is now scheduled to begin mid-January 2021.

Whangārei

This work was completed in the 2019-2020 work season.

4.1 River management

Performance measures and targets

4.1.1 Build, monitor and maintain flood protection schemes to protect life and property

Performance measure	Target	2019/20 result
Number of flood events occurring as a result of failures of flood protection systems for the Awanui, Whangārei, and Kāeo schemes below specified design levels. ⁽¹⁾	Zero	Zero failures - achieved

1. *The number of flood events arising due to the failure of the flood protections systems is considered to be the most direct measure of whether these systems are repaired and renewed to the standards set out in the activity management plans.*

River management | Ratonga whakahaere a awa Funding Impact Statement

For the period ending 30 June	Long Term Plan 2018/19 \$000	Long Term Plan 2019/20 \$000	Actual 2019/20 \$000
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	-	-	72
Targeted rates	4,630	5,019	4,842
Subsidies and grants for operating purposes	-	-	8
Fees and charges	-	-	7
Internal charges and overheads recovered	34	17	32
Local authorities fuel tax, fines, infringement fees and other receipts	36	36	40
TOTAL OPERATING FUNDING	4,700	5,072	5,001
Applications of operating funding			
Payments to staff and suppliers	2,246	2,679	2,569
Finance costs	419	517	445
Internal charges and overheads applied	894	947	305
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	3,559	4,143	3,319
Surplus/(deficit) of operating funding	1,141	929	1,682
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Increase/(decrease) in debt	2,667	1,445	
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	2,667	1,445	
Applications of capital funding			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	2,277	1,471	2,250
to replace existing assets	694	405	4
Increase/(decrease) in reserves	1,542	1,369	(833)
Increase/(decrease) of investments	(705)	(871)	261
TOTAL APPLICATIONS OF CAPITAL FUNDING	3,808	2,374	1,682
Surplus/(deficit) of capital funding	(1,141)	(929)	(1,682)
FUNDING BALANCE	-	-	-

Major Variances compared to Year 2 (2019/20) of the Long Term Plan 2018-2028

Application of Operational Funding

Applications of operating funding is \$824K less than the long term plan predominantly due to:

- Lower overhead allocated to this area relating to a change in organisational structure moving staff between activities.

Sources of Capital Funding

Sources of capital funding is \$1.4M less than the long term plan predominantly due to:

- Not requiring borrowing on flood infrastructure work during the year. This was due to both delays from COVID-19 on work until later in the year and having surplus rates to utilise instead of needing to borrow.

Capital Expenditure

Capital Expenditure is \$378K more than the long term plan predominantly due to:

- Some overruns on flood infrastructure capex.

Customer services and community resilience

Ratonga manawaroa a haporī

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:

- customer services
- civil defence emergency management
- oil pollution response
- harbour safety and navigation
- transport

These activities contribute to the following council areas of focus (community outcomes):

- a strong regional economy
- safe and resilient communities
- efficient and effective service delivery
- efficient and effective land transport policies and public transport

Community well-being

Council is continually working to improve the safety and resilience of Northland and its communities. This includes working to keep people safe on the roads and on the water, preparing the region for emergency situations, and ensuring that council provides professional and timely interaction with the people of Northland. This group of activities works to ensure that excellent customer service is delivered across all activities.

The activities within the Customer Services and Community Resilience group are considered to have a positive effect on community well-being.

Changes to levels of service

The Long Term Plan 2018-2028 provided for a "maintained or increased" level of service within each of the activities in the Customer services and community resilience group. This proposed level of service has been achieved as evidenced by achievement of nine out of 11 performance targets. The two instances of non-achievement were minor, with one being a direct result of the impacts of COVID-19, and did not impact on the overall level of service provided.

What we did

Customer services

The total number of incoming calls through customer services was 27,263 with 98.1% of calls being answered within 30 seconds.

Maritime

Incidents

The total number of maritime incidents for the year was 261, with 28 accidents including collision, grounding and near misses. Thirty-eight incidents were received relating to navigation aids, mostly due to them being out of position or light failures. Moorings also featured highly with 35 incidents reported, most of them related to illegal occupation and/or placement.

Thirty-four oil spills were reported and responded to throughout the region.

Offences against the Navigation Safety Bylaw featured most heavily, with 90 incidents reported. Offences were largely due to speeding, obstruction to navigation, and jet ski registration/identification.

The remainder of incidents were miscellaneous, ranging from floating obstructions to navigation and abandoned or derelict vessels.

Shipping

The 2019/2020 cruise ship season was mostly successful until it was cut short by the impacts of the COVID-19 pandemic. Fifty-four cruise ships successfully called into the Bay of Islands, with 16 vessel visits lost as a result of the pandemic. Work has been ongoing to develop a simulator model for the Bay of Islands to supplement pilot training and ongoing professional development. The pilot training manual is also under periodic review. Navigational safety was enhanced for the Bay of Islands with the installation of a wave rider buoy to collate and

transmit real time data surrounding swell direction and height. The buoy also serves as a platform for other departments with a monitoring and sampling function.

Council vessels

Council's vessel 'Waikare' underwent major work, with a full main engine replacement. Both engines were replaced with refurbished units to ensure the vessel remains reliable and fit for purpose during critical operations.

Other projects

Work continued on maintenance dredging in the Hātea river. Hydrographic survey equipment has been successfully commissioned and is being applied to effectively obtain accurate high density hydrographic data throughout the region. The successful application of the equipment has gained significant interest from third party stakeholders.

Regional Transport

Planning

Work has continued on the 2021-2027 Regional Land Transport Plan and the Regional Public Transport Plan. Both documents must be submitted by 30 April 2021 in order for Northland to be in a position to apply for national funding assistance for transport infrastructure and services for the 2021-2027 financial period.

The Regional Walking and Cycling Strategy was completed during this period.

Contracted bus services

All bus services were severely affected by the impacts of the COVID-19 pandemic at the end of the financial year. Until existing and new passengers consider public transport to be a safe option, passenger numbers are likely to remain down during the 2020/2021 financial period.

Whangarei CityLink

Following the reduction in fares on the Whangārei CityLink bus service in October 2018, passenger numbers continued to reflect an upward trend in both passengers and revenue. This positive trend was abruptly halted due to the pandemic.

The new electronic ticketing system, the BEE Card, is now fully operational on this service.

Far North Link

The Far North Link bus service carried 4,909 passengers during the year. SuperGold Card travel concession was introduced in 2018/2019.

Mid North Link

The Mid North bus service carried 1,809 passengers. This service was reduced in line with reduced customer demand. SuperGold Card is also accepted on this service.

The Hokianga Link

This service, which combines with the Mid North Link, carried 609 passengers during the 2019/2020 financial year. SuperGold Card is now accepted on this service.

Bream Bay Link trial service

This new once per week service was introduced in August 2019 and operated between Kaiwaka via Mangawhai, Waipū, Ruakākā to Whangārei. It has proven to be more popular than originally anticipated. Total passengers carried were 507.

Total Mobility

Our current Total Mobility database has 1,632 active clients, an increase of 128. Advertising and promotion of the scheme has been increased in an effort to create greater awareness of the benefits. This is combined with encouraging agencies to be more proactive in introducing eligible clients to the scheme.

Trips declined by 2,997 this year due to the impacts of COVID-19. A new transport operator was contracted, which doubled wheelchair-capable vehicles from two to four.

Regional Road Safety

Regional Road Safety partners continue with advertising, promoting and initiatives in an effort to reduce the increased deaths and serious injuries on the region's roads. Approaches to NZTA for the installation of centre barriers on the region's state highways continues.

During the 2019/2020 year, there were 27 deaths and 168 serious injuries on Northland roads.

Civil defence emergency management

This year required the longest continuous response in the history of the Northland Civil Defence Emergency Management (CDEM) Group. The arrival of the COVID-19 pandemic, overlapping with the ongoing drought, amounted to more than 19 weeks in response, including a seven-week State of National Emergency. Both responses brought their own

challenges (particularly COVID-19 and the need to continue operating effectively through the lockdown phase), and led to new ways of working together with partner agencies, Government departments, iwi, community groups, and others.

A lasting and highly valued outcome of this time has been the collaboration with Northland iwi (represented by Te Kahu o Taonui [TKoT]). Two representatives of TKoT have been appointed to Northland CDEM's Coordinating Executive Group (CEG) and iwi are also represented on the Northland Welfare Coordination Group (WCG), as well as other groups associated with welfare and the ongoing recovery.

This year's drought in Northland has been one of the most severe on record (and was ultimately classified by the Government as a large-scale adverse event for most of the country: all of the North Island, the top of the South Island down to North Canterbury, and the Chatham Islands).

Working with Northland's four councils, emergency services and Northland District Health Board, an initial priority was to set up emergency water supplies in case they were required in the locations where town water supplies came under most pressure – Kaitiāia, Kaikohe and Rawene. Northland CDEM Group requested assistance from the New Zealand Defence Force, which provided trucks with water tanks installed and a team of drivers to deliver water to community facilities and marae, in case it was needed by the communities they serve. The commitment of Fonterra and Fire and Emergency New Zealand was essential to refilling the emergency water supplies if they had been required. Iwi enabled alternative water sources to be established, and worked with Northland CDEM (along with staff contributed from a range of organisations) to coordinate water deliveries. The Northland CDEM Group, supported by central government funding and iwi, established a network and a process to fill and clean tanks of those in need (totalling almost 300 tanks).

The rural sector – farmers, growers and supporting businesses – was heavily impacted and assistance was coordinated by the Northland Rural Support Trust, together with the Ministry for Primary Industries.

Looking to the future, representatives of the Northland DHB Public Health Unit, Te Puni Kokiri and the Northland CDEM Group have collectively recognised that there is a vulnerable community of whānau living in rural communities in Northland, which is struggling to access the quantity and quality of water they need for drinking, cooking, bathing, handwashing, and growing their kai. This is due to socio-economic constraints and poor infrastructure (failing tanks and poor supply systems). It is proposed that a project be established in consultation with the key partners and iwi, to carry out a scoping exercise

designed to identify and prioritise the at-risk communities that would most benefit from assistance in repairs, maintenance or water supply infrastructure upgrades.

Meanwhile, the COVID-19 response was a CDEM welfare response for Northland communities. All CDEM groups nationwide were tasked with the responsibility for providing emergency household goods and services to those unable to access supplies themselves. In Northland, an 0800 number set up in late March received more than 680 calls over seven weeks.

Other response activities included Intelligence-gathering and reporting from agencies and the community to the National Emergency Management Agency (NEMA) and Northland CDEM stakeholders.

Central government funding was made available to support both responses. More than \$1.8 million in funding from central Government was provided through the Northland CDEM Group to Northland iwi, foodbanks, community food organisations and other welfare providers. This funding supported the delivery of food and welfare assistance, following the announcement in late April of a nationwide \$30 million support package. (This was in addition to grants from charitable foundations and other funding provided in the initial stages of the COVID-19 response via the Ministry of Social Development and Te Puni Kokiri and other funding organisations).

Notwithstanding the challenges of the COVID-19 response, new technology platforms were introduced both nationally and within Northland, including Emi, an information management tool built using Microsoft Teams for use nationally during emergency/event activations. This replaces the previous EMIS system.

Northland continues to move forward on a shared services basis and the agreements with all three of the region's district councils are in the process of their annual renewals.

Other notable events of the year included the establishment of the new National Emergency Management Agency (NEMA) – a key component of the reforms of New Zealand's emergency management system. NEMA became operational on 1 December 2019 and replaced the Ministry of Civil Defence & Emergency Management.

Northland CDEM Group has begun a review of its Group plan, which will outline how CDEM will be delivered in Northland over the coming five years. CDEM Group plans are a requirement for all CDEM Groups under the CDEM Act 2002. This will be the fourth Northland CDEM Group plan, with previous plans having been adopted in 2004, 2010 and 2016.

5.1 Customer services

Performance measures and targets

5.1.1 Providing meaningful customer service		
Performance measure	Target	2019/20 result
Percentage of customers surveyed who are satisfied with the quality of service received following an interaction with council.	Maintain or increase (specific targets will be set once baseline established)	58% - achieved (2018/19 result: 52%)

5.2 Civil defence emergency management

Performance measures and targets

5.2.1 Provide accurate and timely flood warnings to enable communities to take precautionary measures to protect life and property		
Performance measure	Target	2019/20 result
Percentage of time that accurate flood warnings are issued in accordance with the council's flood warnings procedures.	100% compliance	No rainfall events warranting warning - achieved

5.2.2 Maintain an effective civil defence emergency management system		
Performance measure	Target	2019/20 result
Percentage of time that emergencies ⁽¹⁾ are debriefed within one month, and noted improvements are incorporated into the appropriate emergency operating procedures and response plans.	100% annually	Achieved

1. Emergencies that require the activation of an emergency operations centre.

5.3 Oil pollution response

Performance measures and targets

5.3.1 Maintain an efficient and responsive oil pollution response		
Performance measure	Target	2019/20 result
Maintain a regional oil spill response plan, including a minimum of 30 up-to-date trained responders ⁽¹⁾	Maintain a minimum of 30 responders at all times	30 responders - achieved

1. The number of trained responders required is set by Maritime Pollution Response Services, Maritime New Zealand in accordance with a national plan.

5.4 Harbour safety and navigation

Performance measures and targets

5.4.1 Provide regional navigational safety control of shipping and small craft, provide aids to navigation to ensure the region's navigable waters are safe for people to use, and manage the region's moorings.

Performance measure	Target	2019/20 result
Percentage of time that the operational safety management system for the pilotage areas of Whangārei and Bay of Islands complies with the Port and Harbour Safety Code. ⁽¹⁾	100% compliance	100% - achieved
Percentage of time that pilotage in the Bay of Islands is provided in accordance with the safety management system. ⁽²⁾	100% compliance	100% - achieved
Percentage of reported aids to navigation faults that are responded to within five working days.	100% compliance	100% - achieved
Percentage of moorings either serviced within the past three years or booked to be serviced.	95% of moorings	98.5% - achieved

1. Operational safety management system compliance with the Port and Harbour Safety Code is measured by conducting an annual self-assessment and periodic peer review.
2. Operational safety management system compliance with the Port and Harbour Safety Code is measured by conducting an annual self-assessment.

5.5 Transport

Performance measures and targets

5.5.1 Provide an efficient and effective public bus service

Performance measure	Target	2019/20 result
Number of passengers for the Whangārei urban bus service. ⁽¹⁾	Maintain 310,000 per annum	308,789 - not achieved Due to the impacts of COVID-19, passenger numbers on the CityLink services severely declined.
Percentage of passengers satisfied with overall Whangārei bus service. ⁽²⁾	95% compliance	91.8% - not achieved Lower satisfaction is due to current frequency, the need for a better terminal, and road works causing delays.

1. Other bus services apart from Whangārei not included as they are either minor, temporary or trial services only.
2. Passenger satisfaction rating of six or above on a 10 point scale.

5.5.2 Plan for the future transport needs of the region

Performance measure	Target	2019/20 result
Develop and maintain statutory transport planning documents including the Regional Land Transport Plan (RLTP) and Regional Public Transport Plan (RPTP).	By 2018/19 - Adopt RLTP and RPTP	Achieved

Customer services and community resilience | Ratonga manawaroa a hapori

Funding Impact Statement

For the period ending 30 June	Long Term Plan 2018/19 \$000	Long Term Plan 2019/20 \$000	Actual 2019/20 \$000
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	-	-	70
Targeted rates	4,490	4,715	4,872
Subsidies and grants for operating purposes	2,539	2,539	4,999
Fees and charges	1,820	1,859	1,713
Internal charges and overheads recovered	8	8	23
Local authorities fuel tax, fines, infringement fees and other receipts	221	367	-
TOTAL OPERATING FUNDING	9,079	9,488	11,677
Applications of operating funding			
Payments to staff and suppliers	8,319	8,566	10,871
Finance costs	221	367	4
Internal charges and overheads applied	1,603	1,691	1,736
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	10,142	10,624	12,611
Surplus/(deficit) of operating funding	(1,064)	(1,136)	(934)
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	27
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	27
Applications of capital funding			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	434	-	45
to replace existing assets	185	25	94
Increase/(decrease) in reserves	(18)	(16)	56
Increase/(decrease) of investments	(1,665)	(1,144)	(1,102)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(1,064)	(1,136)	(907)
Surplus/(deficit) of capital funding	1,064	1,136	934
FUNDING BALANCE	-	-	-

Major variances compared to Year 2 (2019/20) of the Long Term Plan 2018–2028

Operational Funding

Operating funding is \$2.19M more than the long term plan predominantly due to:

- Subsidies from the Ministry of Civil Defence relating to drought and COVID-19 responses not in the long term plan
- A shared civil defence function co funded by the district council's not in the long term plan

Application of Operational Funding

Applications of operating funding is \$1.99M more than the long term plan predominantly due to:

- Costs relating to the COVID-19 and drought responses not in the long term plan
- Costs for the shared civil defence function not in the long term plan

Corporate excellence Ratonga rangapū

Mā e huru huru, ka rere te manu

Adorn the bird with feathers so it can fly

This group includes the corporate services activity.

This activity contributes to all council areas of focus (community outcomes):

- continuous improvement in water quality and security of supply
- enhancement of indigenous biodiversity and biosecurity
- a strong regional economy
- safe and resilient communities
- enduring relationships with tangata whenua
- efficient and effective service delivery
- improved returns on council investments
- efficient and effective land transport policies and public transport

Community well-being

The corporate excellence group encompasses many of the corporate and support functions required to ensure that council business is run in an efficient, accountable, and legislatively compliant manner. This includes management of council's financial operations and investments, human resources and health and safety, information management, information technology, property, and other administration.

This service underpins all the work that council undertakes in the areas of governance and engagement, regulatory services, environmental services, and customer service and community resilience. Without it council could not deliver any of the levels of service discussed above.

The corporate excellence activity is considered to have a positive effect on community well-being.

Changes to level of service

The Long Term Plan 2018-2028 provided for an "increasing" level of service for the corporate excellence activity in line with the need to support increases to all other council activities, and an increase in service resulting from the Regional sporting facilities rate. This proposed level of service has been achieved, with the distribution of more

than \$550,000 of funding from the Regional sporting facilities rate, however the performance measures and targets have not been well achieved with only 27 out of 51 performance measures met. Of the 24 targets not met, nine of these were due to the drought response and the impacts of COVID-19, with a further one being a combination of these events plus other factors. The additional 14 targets not met were due to a number of reasons, many because of external factors outside of council's control. Overall, non-achievement did not impact the level of service provided.

Corporate excellence | Ratonga rangapū

Funding Impact Statement

For the period ending 30 June	Long Term Plan 2018/19 \$000	Long Term Plan 2019/20 \$000	Actual 2019/20 \$000
Sources of operating funding			
General rates, uniform annual general charges, and rates penalties	-	-	21
Targeted rates	1,757	2,122	1,332
Subsidies and grants for operating purposes	-	-	1,683
Fees and charges	120	123	81
Internal charges and overheads recovered	9,059	9,583	10,060
Local authorities fuel tax, fines, infringement fees and other receipts	8,996	10,629	10,265
TOTAL OPERATING FUNDING	19,932	22,457	23,442
Applications of operating funding			
Payments to staff and suppliers	9,145	10,507	9,264
Finance costs	86	89	321
Internal charges and overheads applied	114	121	107
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	9,345	10,717	9,692
Surplus/(deficit) of operating funding	10,588	11,740	13,750
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	14,194	7,311
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	14,194	7,311
Applications of capital funding			
Capital expenditure:			
to meet additional demand	-	-	-
to improve levels of service	730	524	5,156
to replace existing assets	524	14,916	4,580
Increase/(decrease) in reserves	2,106	2,610	12,086
Increase/(decrease) of investments	7,227	7,883	(761)
TOTAL APPLICATIONS OF CAPITAL FUNDING	10,588	25,934	21,061
Surplus/(deficit) of capital funding	(10,588)	(11,740)	(13,750)
FUNDING BALANCE	-	-	-

Major variances compared to Year 2 (2020/21) of the Long Term Plan 2018-2028

Operational Funding

Operating funding is \$986K more than the long term plan predominantly due to:

- Wage subsidies not in the long term plan
- Higher than planned overhead recoveries
- An unplanned vested asset resulting from the Marsden Point Rail Link asset disposal.
- Higher than planned commercial rent income

Offset by:

- Lower than planned council services rates allocated to this activity
- A forestry harvest planned for LTP year two occurred instead in LTP year one
- Lower than planned externally managed fund gains due to lower fund balances than planned.

Sources of Capital Funding

Sources of capital funding is \$6.9M less than the long term plan predominantly due to:

- The sale of commercial properties held for resale did not occur as originally in the long term plan

Capital Expenditure

Capital Expenditure is \$5.7M less than the long term plan predominantly due to:

- Expenditure on the Kensington redevelopment being lower than in the long term plan
- Expenditure on the Kaipara Service Centre being lower than in the long term plan

Financial prudence

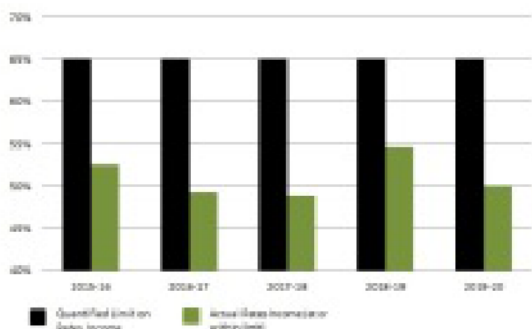
Rates affordability benchmarks

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.

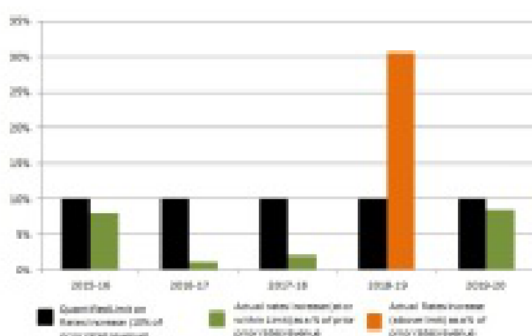
Rates income affordability

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 2018-2028. The quantified limit is no more than 65% of total revenue.



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 2018-2028. The quantified limit is 10%.



In 2018-19 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

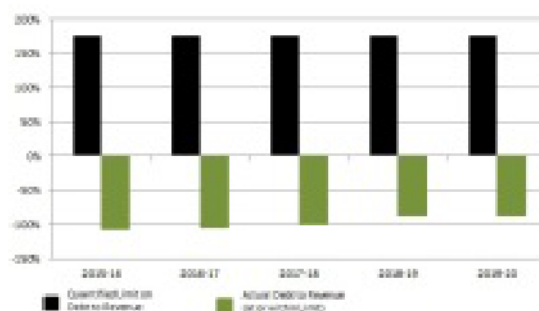
The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

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 2018-2028.

Northland Regional Council has \$19.6 million of external debt.

Net debt to total revenue

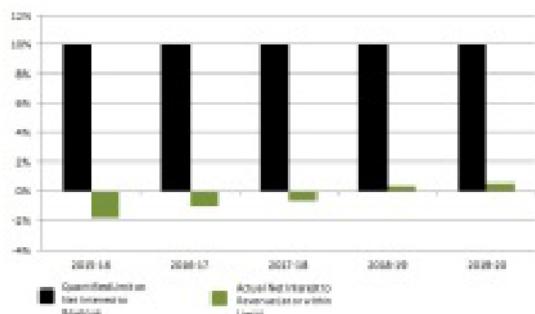
The quantified limit for net debt as a proportion of total revenue is 175%.



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

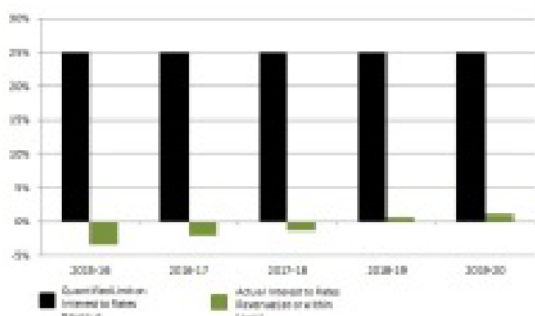
Net interest to total revenue

The quantified limit for net interest as a proportion of total revenue is 10%.



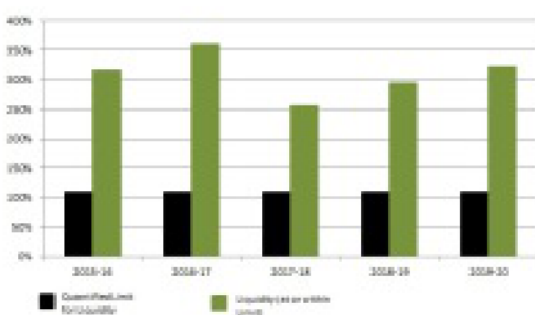
Net interest to annual rates revenue

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



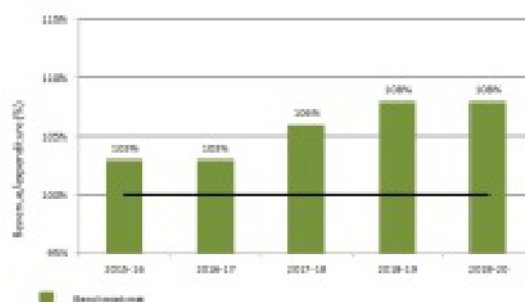
Liquidity

Council measures liquidity as total externally managed funds over total external borrowings. The quantified limit for liquidity is set as a minimum of 110%.



Balanced budget benchmark

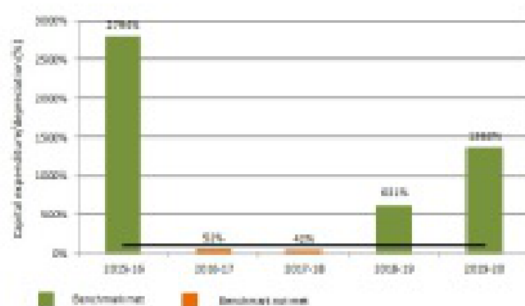
This graph shows council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and 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.



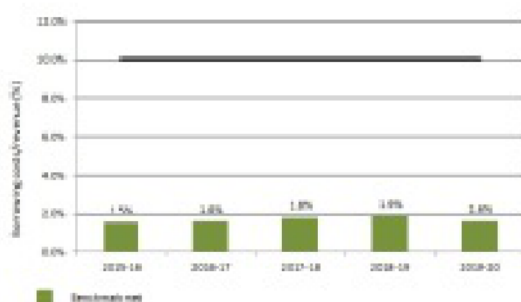
2016-17 and 2017-18 reflects lower capital expenditure due to the reclassification of Kerikeri flood protection works from capital expenditure originally incurred in 2015-16 to operation expenditure in 2016-17 and 2017-18 as the project did not continue.

2018-19 and 2019-20 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.

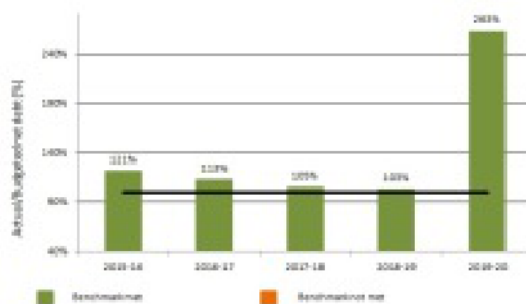


Debt control benchmark

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.

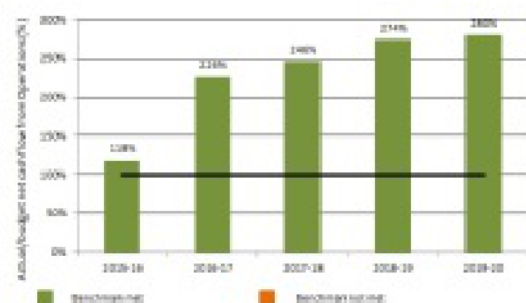


2019-20 reflects capital works funded by either debt or reductions in council's externally managed funds not occurring as planned.

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.



Section three: Financial statements Wāhanga tuatoru: Tauākī pūtea

Statement of comprehensive revenue and expense

For the year ended 30 June 2020	Note	Council 30-Jun-20 \$000	Annual Plan 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Revenue						
Rates		29,497	29,860	27,203	29,497	27,203
Fees and charges		4,842	4,388	4,487	5,964	6,024
Subsidies and grants		12,008	4,793	4,900	12,113	5,005
Revenue from activities		-	-	-	1,816	1,458
Interest revenue		624	1,001	731	631	753
Other revenue	2(ii)	8,306	6,704	7,529	9,838	8,216
Other gains	2(iii)	3,737	2,339	4,970	2,801	5,574
TOTAL REVENUE	1	59,014	49,085	49,820	62,660	54,233
Expenses						
Personnel costs	3	17,892	17,623	15,935	20,725	18,580
Depreciation and amortisation expense	14	1,740	1,810	1,629	2,231	2,084
Finance costs		930	1,340	903	1,430	1,241
Other expenses	4	33,685	28,681	26,414	39,070	30,080
TOTAL EXPENSES	1	54,247	49,454	44,881	63,456	51,985
Share of associate and joint venture company surplus/(deficit)	13(i)(ii)	-	-	-	8,748	9,007
SURPLUS/(DEFICIT) BEFORE TAX		4,767	(369)	4,939	7,952	11,255
Income tax expense	5	-	-	-	(22)	(19)
SURPLUS/(DEFICIT) AFTER TAX		4,767	(369)	4,939	7,930	11,236
SURPLUS/(DEFICIT) ATTRIBUTABLE TO:						
Northland Regional Council		4,767	(369)	4,939	4,799	6,604
Non-controlling interest				-	3,131	4,632
Other comprehensive revenue and expense						
<i>Items that will be reclassified to surplus/(deficit):</i>						
Net hedging movement (joint venture company)				-	(186)	(308)
<i>Items that will not be reclassified to surplus/(deficit):</i>						
Gains/(loss) on property revaluations (other than investment properties)	14	522	-	10	(601)	540
Gains/(loss) on carbon credit revaluations	15	156	-	36	156	36

For the year ended 30 June 2020	Note	Council 30-Jun-20 \$000	Annual Plan 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Gains/(loss) on Infrastructure Asset revaluations	20	(66)	-	-	(66)	
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE		612	-	46	(697)	268
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		5,379	(369)	4,985	7,233	11,504
TOTAL COMPREHENSIVE REVENUE AND EXPENSE ATTRIBUTABLE TO:						
Northland Regional Council					4,709	6,769
Non-controlling interest in Marsden Maritime Holdings Limited					2,524	4,735
					7,233	11,504

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 Annual Plan 2019/20 (in thousands)

Revenue

Revenue is \$9.9M more than annual plan, mainly due to:

- Unbudgeted water storage project grants of \$2,235
- Unbudgeted Ministry of Civil Defence subsidies of \$2,046 relating to COVID-19 and drought responses
- Unbudgeted COVID-19 wage subsidies of \$1,521
- Gains of \$916 and vested assets of \$1,715 resulting from the annual revaluation of investment properties.
- Unbudgeted subsidies for the Sustainable Hill Country and Regional Priorities project of \$531
- Unbudgeted subsidies for a wilding conifer removal project of \$499
- Unbudgeted LIDAR survey program subsidies of \$352

Expenditure

Expenditure is \$4,793 more than annual plan, mainly due to:

- LIDAR costs of \$707 not in the annual plan
- Costs for the Sustainable Hill Country and Regional Priorities project of \$405 not in the annual plan

- Wilding conifer project costs of \$499
- COVID-19 welfare support payments of \$1,647 not in the annual plan
- Drought support expenditure of \$427 not in the annual plan
- Loss on disposal of \$770 associated with the Marsden Point Rail Link (MPRL)
- Revaluation losses on infrastructure assets of \$1,187
- Expenditure on a water storage project of \$2,339 not in the annual plan

Partially Offset by:

- Lower than planned lab testing costs of \$326
- Lower than planned biosecurity works of \$653 due to the impacts of the COVID-19 lockdown
- Lower than planned sports rate grants of \$791
- Lower than planned economic development grants of \$225
- Lower than planned operational spend on the Kensington Redevelopment \$679 due to delays from the COVID-19 lockdown
- Lower than planned expenditure on Freshwater Improvement Fund projects of \$653
- Lower than planned bus facility costs of \$494 relating to a delayed bus terminus upgrade
- Lower than planned bus contracts of \$230 relating to Whangarei rural bus trials

Statement of changes in equity

For the year ended 30 June 2020	Note	Accumulated funds \$000	Reserves \$000	Total Council \$000	Annual Plan \$000
Council					
Balance as at 30 June 2018		123,540	26,549	150,089	150,413
Reclassification of carbon credit asset revaluation reserve		(235)	235	-	-
Adjustment to infrastructure asset value		-	(2,907)	(2,907)	-
Restated Balance at 1 July 2018		123,305	24,877	147,182	150,413
Total comprehensive revenue and expense for the year		4,985	-	4,985	848
Net transfers in special reserves	20	(8,301)	8,301	-	-
Net transfers in other reserves		(46)	46	-	-
Balance at 30 June 2019		119,943	32,224	152,167	151,261
Total comprehensive revenue and expense for the year		5,379		5,379	(369)
Net transfers in special reserves	20	(9,008)	9,008		-
Net transfers in other reserves	20	(612)	612		-
Balance at 30 June 2020		115,702	41,844	157,546	150,892

For the year ended 30 June 2020	Note	Accumulated funds \$000	Reserves \$000	Subtotal Group \$000	Non-controlling interest \$000	Total Group \$000
Group						
Balance as at 30 June 2018		154,703	59,708	214,411	63,286	277,697
Reclassification of carbon credit asset revaluation reserve		(235)	235	-	-	-
Adjustment to infrastructure asset value		-	(2,907)	(2,907)	-	(2,907)
Restated Balance at 1 July 2018		154,468	57,036	211,504	63,286	274,790
Total comprehensive revenue and expense for the year		6,769	-	6,769	4,735	11,503
Net transfers in special reserves	20	(8,301)	8,301	-	-	-
Net transfers in other reserves		(165)	165	-	-	-
Dividends paid		-	-	-	(3,017)	(3,017)
Balance at 30 June 2019		152,771	65,502	218,273	65,004	283,277
Total comprehensive revenue and expense for the year		4,709	-	4,709	2,524	7,233
Net transfers in special reserves	20	(9,008)	9,008	-	-	-
Net transfers in other reserves		90	(90)	-	-	-
Dividends paid		-	-	-	(3,066)	(3,066)
Balance at 30 June 2020		148,562	74,420	222,982	64,462	287,444

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 2020	Note	Council 30-Jun-20 \$000	Annual Plan 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
EQUITY						
Accumulated funds	20	115,702	137,567	119,943	148,562	152,771
Reserves	20	41,844	13,324	32,224	74,420	65,502
Total equity attributable to Northland Regional Council		157,546	150,892	152,167	222,982	218,273
Non-controlling interest	20				64,462	65,004
TOTAL EQUITY		157,546	150,892	152,167	287,444	283,277
ASSETS						
Current assets						
Cash and cash equivalents	6	3,907	73	606	4,828	1,758
Receivables	7	7,090	5,285	4,056	7,462	4,792
Inventory	8	483	3,175	3,181	556	3,276
Investment property assets held for sale	9	715	-	2,361	715	2,361
Other financial assets	10	20,298	3,930	8,810	20,298	8,805
TOTAL CURRENT ASSETS		32,493	12,463	19,014	33,859	20,992
Non-current assets						
Receivables	11		5,900	5,948	-	5,948
Investment property	12	60,361	70,449	53,261	138,357	129,130
Other financial assets	10	47,514	42,922	54,675	47,963	55,137
Investment in subsidiaries (excluding council control organisations) and joint venture company	13(i)	7,828	7,828	7,828	46,269	46,719
Investment in Council Controlled Organisations	13(ii)	863	863	863	810	871
Property, plant and equipment	14	35,914	41,376	33,314	66,375	62,624
Capital projects in progress	14	4	-	308	606	538
Intangible assets	15	790	525	642	790	642
Forestry assets	16	3,157	2,862	3,264	3,157	3,264
TOTAL NON-CURRENT ASSETS		156,431	172,724	160,103	304,327	304,873
TOTAL ASSETS		188,924	185,187	179,117	338,186	325,865

As at 30 June 2020	Note	Council 30-Jun-20 \$000	Annual Plan 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
LIABILITIES						
Current liabilities						
Payables and deferred revenue	17	8,884	4,602	5,000	10,729	7,626
Employee entitlements	18	2,312	1,792	1,866	2,413	1,926
Borrowings and other financial liabilities	19	10,000	-	-	10,000	-
TOTAL CURRENT LIABILITIES		21,196	6,394	6,866	23,142	9,552
Non-current liabilities						
Payables and deferred revenue	17	608	806	510	1,476	1,312
Employee entitlements	18	16	19	16	16	16
Borrowings and other financial liabilities	19	9,558	27,077	19,558	26,108	31,708
TOTAL NON-CURRENT LIABILITIES		10,182	27,901	20,084	27,600	33,036
TOTAL LIABILITIES		31,378	34,296	26,950	50,742	42,588
NET ASSETS		157,546	150,892	152,167	287,444	283,277

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 Annual Plan 2019/20 (in thousands)

Asset variances

Current

Cash and cash equivalents are \$3,834 greater than the annual plan predominantly due to:

- Higher term deposits at year end than planned

Receivables are \$1,805 higher than the annual plan predominantly due to:

- Having some large grant and subsidy receivables at year end mostly for the water storage project.

Inventory is \$2,692 lower than the annual plan predominantly due to:

- The disposal of the Marsden Point Rail Link inventory asset not in the annual plan

Investment property assets held for sale are \$715 more than the annual plan due to:

- Properties not sold during the 2019/20 financial year as planned

Other financial assets are \$16,368 more than the annual plan due to:

- The funding requirement for council's two development projects being held in the short term investment fund

Non-current

Non-Current Receivables are \$5,900 less than the annual plan predominantly due to:

- The disposal of the Marsden Point Rail Link asset meant that NRC received the balance owing on it's non-current receivable.

Investment Property is \$10,088 less than the annual plan due to:

- The Kensington and Kaipara Service centre development projects being delayed due to the COVID-19 lockdown and other issues.

Other financial assets are \$4,318 more than the long plan due to:

- The proceeds from the sale of the Marsden Point Rail Link Joint Venture were held in the long term fund at year end

Property, plant, and equipment are \$5,462 less than the annual plan due to:

- Lower capital expenditure than planned
- Losses in revaluation on infrastructure assets and council occupied buildings

Intangible assets are \$265 more than the annual plan predominantly due to:

- Gains on the revaluation of emissions trading assets.
- Regional ticketing system capital expenditure not in the annual plan

Forestry assets are \$295 more than the annual plan due to:

- The forestry harvest completed late in the 2018/19 financial year being smaller than anticipated in the 2019/20 contributed to a lower annual plan forestry asset balance.

Liability variances

Current

Payables and deferred revenue is \$4,141 more than the annual plan due to:

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

Employee entitlements are \$520 more than the annual plan due to:

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

Borrowings and other financial liabilities are \$10,000 more than the annual plan due to:

- A debenture becoming due within the following twelve months

Non-current

Borrowings and other financial liabilities are \$17,519 less than the annual plan due to:

- A debenture becoming due within the following twelve months being classified as current
- Not requiring as much borrowing for river works as planned due to earlier delays in capital programs allowing rates to build up to cover part of the capital expenditure.

Statement of cash flows

For the year ended 30 June 2020	Council 30-Jun-20 \$000	Annual Plan 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Cash flows from operating activities					
Receipts from rates revenue	29,473	28,907	26,273	29,473	26,273
Receipts from customers	3,766	14,503	8,627	11,703	16,402
Interest received	451	3,602	3,139	461	3,160
Dividends received	3,543	-	3,488	8,745	9,190
Subsidies and grants received	14,890	2,144	4,900	14,995	5,005
Payments to suppliers and employees/members	(46,419)	(48,206)	(40,304)	(52,098)	(46,913)
Interest paid	(831)	(1,201)	(802)	(1,330)	(1,088)
Income tax paid	-	-	-	(22)	(19)
Net goods and services tax received/(paid)	(235)	3,603	(335)	(243)	(342)
Net cash from operating activities	4,638	3,355	4,986	11,684	11,668
Cash flows from investing activities					
Receipts from sale of property, plant and equipment	135	14,194	170	135	170
Receipts from sale of investment property and assets	13,234	-	1,351	13,234	1,351
Receipt from the sale of investments held for sale	54,927	(6,300)	39,660	54,927	39,662
Loan repayments received	5	-	558	(0)	549
Purchase of property, plant and equipment and intangible assets	(5,206)	(17,798)	(3,182)	(7,976)	(5,155)
Purchase of investment property	(7,793)	-	(3,821)	(13,630)	(11,265)
Purchase of financial investments	(56,639)	-	(41,114)	(56,639)	(41,116)
Net cash from investing activities	(1,337)	(9,904)	(6,378)	(9,949)	(15,804)
Cash flows from financing activities					
Proceeds received from ASB facility	-			4,400	6,100
Dividends paid	-	-	-	(3,065)	(3,017)
Proceeds from borrowings	-	6,545	1,000	-	1,000
Net cash from financing activities	-	6,545	1,000	1,335	4,083
Net increase (decrease) in cash, cash equivalents and bank overdrafts	3,301	(5)	(392)	3,070	(53)
Cash, cash equivalents and bank overdrafts at the beginning of the year	606	86	998	1,758	1,811
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR	3,907	81	606	4,828	1,758

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

For the year ended 30 June 2020	Council 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Surplus/(deficit) after tax	4,767	4,939	7,930	11,236
Add/(less) non cash items				
Depreciation & amortisation expense	1,740	1,629	2,231	2,084
Vested asset revenue	(1,715)	-	(1,715)	-
Divested asset expense	182	-	182	-
Deferred taxation	-	-	-	-
Share of associate companies' retained surplus	-	-	(3)	183
Fair value adjustments	523	(1,340)	3,377	(1,911)
Non cash gains on externally managed funds and loans	(2,575)	(3,207)	(2,575)	(3,207)
Other non-cash items	(147)	765	(148)	765
Total non cash items	(1,992)	(2,153)	1,349	(2,086)
Add/(less) items classified as investing or financing activities				
(Gains)/loss on sale of property plant and equipment	(63)	(42)	(43)	(38)
(Gains)/loss on sale of investment properties and assets held for sale	820	112	820	112
Total items classified as investing or financing activities	757	70	777	74
Add/(Less) movements in working capital				
Decrease (increase) in trade and other receivables	(3,071)	1,679	(2,729)	2,144
Decrease (increase) in prepayments	36	(78)	58	(122)
Decrease (increase) in inventory	2,698	(79)	2,721	(133)
(Decrease) increase in trade and other payables	3,717	387	2,776	1,375
(Decrease) increase in revenue received in advance	265	16	490	16
(Decrease) Increase in employee entitlements accrual	446	117	486	93
Investing capital items included in working capital movements	(2,985)	88	(2,174)	(929)
	1,106	2,130	1,628	2,444
Net cashflows from operating activities	4,638	4,986	11,684	11,668

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 council's group comprises the council and its subsidiaries, namely:

- Marsden Maritime Holdings Limited (NZ) Ltd (53.61% owned);
- Northland Inc. Limited (100% owned).

Northland Regional Council and its subsidiaries 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 2020. The financial statements were authorised for issue by council on 20 October 2020.

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

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021 with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost;
- A new impairment model for financial assets based on expected losses, which may result in earlier recognition of impairment losses;
- Revised hedge accounting requirements to better reflect the management of risks.

The council plans to apply this standard in preparing its 30 June 2022 financial statements. Although the council has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IPSAS 29.

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 2021. The council has not yet determined how the application of PBE FRS 48 will affect its service performance reporting.

Amendment to PBE IPSAS 2 Statement of Cash Flows

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021 with early application permitted. Council does not intend to early adopt the amendment and has not yet assessed in detail the impact of the amendment.

Other changes in accounting policies

There have been no other changes in accounting policies.

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 budget figures are those approved by the council in its 2019-2020 Annual Plan (AP). 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 estimated 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 12 and 14 respectively.

Council's infrastructure assets are revalued by an independent valuer at regular intervals, with the most recent infrastructure valuation effective as at 30 June 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. Further detail is provided in Note 14.

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 16.

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 2020.

Council has one leasehold property it is in the process of selling directly to the lessees or on the open market. This property has therefore been classified as current assets investment property (assets held for sale) as it is assumed this 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.

Restatement of Infrastructure Asset Value

The Council and group has adjusted its comparative year financial statements for the year ended 30 June 2019.

During 2019/20, the Council discovered that a number of land parcels associated with the Whangarei Detention Dam were incorrectly accounted for in the valuation of the dam supplied to NRC by its independent valuer in 2017 when these assets were last valued.

Council holds an easement to use the land parcels that were mistakenly included but does not hold outright ownership. In 2017 these parcels were incorrectly valued based on full ownership, while a small amount (\$58K) of valid land was excluded from the valuation, generating a net overstatement in the fair value of the Dam of \$2.9M.

The financial statements for 2019 which are presented as comparative information in the 30 June 2020 financial statements have been restated to correct this error. The correction reduces the opening balance of the Council and group Infrastructure assets and infrastructure asset revaluation reserve by \$2.9M.

Reclassification Adjustment of Gains on revaluation of Carbon Credits

During the year, the Council and group have reclassified the gains on revaluation of carbon credits as other comprehensive revenue and expense and accumulated to a carbon credit asset revaluation reserve in accordance with Councils accounting policy. The 2019 gain on the revaluation of carbon credits of \$36K, have been reclassified from Other gains in surplus and deficit to other comprehensive revenue and expense. The historical accumulated

gains prior to 2019 of \$235K have been reclassified from Accumulated Funds to a Carbon Credit Asset Revaluation Reserve.

Impact of the COVID-19 global pandemic

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

In response to the global pandemic, New Zealand entered a Government directed alert level system dictating the level of business activity and social interaction that can take place. When NZ went into Alert Level's 3 and 4, councils Pandemic Plan was enacted to enable the vast majority of council staff to work from home, helping to keep them safe and ensuring business continuity.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the council for future periods.

The pandemic has resulted in impacts to key estimates and judgments used in these financial statements including:

- Provision for uncollectability of rates receivable and general debtors as at 30 June 2020 as detailed in note 7
- Investment property valuations being impacted as at 30 June 2020 as detailed in note 12
- Owner occupied freehold land and building valuations being impacted as at 30 June 2020 as detailed in note 14
- Infrastructure Asset valuations assumptions being impacted as at 30 June 2020 as detailed in note 14
- Forestry asset valuation assumptions being impacted as at 30 June 2020 as detailed in note 16

To date, Council has undertaken the following steps to reduce the impact of COVID-19 on its operations:

- received a \$1.5m wage subsidy from the Ministry of Social Development for 220 staff, on the basis that revenue for the month of March 2020 was 68% less than revenue for March 2019.

- reduced, postponed or cancelled work streams and costs without risking the obligations and duties of the Council in 2019/20, and originally culling close to \$2.4M of work streams and costs from its 2020/21 Annual Plan.
- maintained a larger allocation of cash assets as a driver to de-risk and safeguard the value of Councils Investment portfolio
- set aside \$1.7M of cash in a COVID-19 Reinstatement reserve dedicated to fund the reinstatement of prioritised work streams that were originally culled from the Councils 2020/21 work programme.
- set aside \$1.6M of cash to be called upon and provide stability should the investment returns from Councils externally managed investment portfolio not eventuate as anticipated in 2020/21.
- planned to use an additional \$2.3M of cash reserves to fund operations in the 2020/21.

Notes to the financial statements

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-20 \$000	Annual Plan 30-Jun-20 \$000	Council 30-Jun-19 \$000
Revenue			
Governance and Engagement	7,173	4,543	4,275
Environmental Services	11,604	9,926	10,051
River Management	5,001	5,072	4,691
Regulatory Services	9,224	8,746	8,250
Customer Services – Community Resilience	11,704	10,798	8,794
Corporate Excellence	23,443	22,342	22,022
Total activity revenue and rates as per activity funding impact statements	68,149	61,427	58,083
Internal charges and overheads recovered	(10,115)	(12,342)	(9,814)
Other gains not attributable to an activity	980	-	1,587
Total revenue as per statement of comprehensive revenue and expense	59,014	49,085	49,856
Expenses			
Governance and Engagement	10,042	8,072	7,199
Environmental Services	14,067	13,711	12,899
River Management	3,319	3,362	3,647
Regulatory Services	10,631	11,528	9,246
Customer Services – Community Resilience	12,611	11,803	9,728
Corporate Excellence	9,692	11,510	9,246
Total activity expenses as per activity funding impact statements	60,362	59,986	51,965
Internal charges and overheads recovered	(10,115)	(12,342)	(9,814)
Other expenses not attributable to an activity	2,260	-	1,101
Depreciation and amortisation	1,740	1,810	1,629
Total expenses as per statement of comprehensive revenue and expense	54,247	49,454	44,881

BREAKDOWN OF DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY	Note	Council 30-Jun-20 \$000	Annual Plan 30-Jun-20 \$000	Council 30-Jun-19 \$000
Governance and Engagement				
Regulatory Services		404	401	368
Environmental Services		-	-	-
River Management		192	136	191
Customer Services - Community Resilience		211	137	147
Corporate Excellence		933	1,136	923
TOTAL DEPRECIATION AND AMORTISATION EXPENSE	14	1,740	1,810	1,629

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.

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

Rates revenue is shown net of rates remissions and postponements, early payment discounts and an impairment of \$626,882 (2019: \$561,198) to rates assessed on Māori freehold land in the Far North District (see note 7). 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. The Whangarei District Council offers a 2% early payment discount if rates are paid in full at the first instalment of 20 August.

2(ii) Breakdown of other revenue

	Council 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Rental revenue from investment properties	3,048	2,992	8,123	7,167
Forestry harvest revenue	-	1,049	-	1,049
Vested Asset	1,715	-	1,715	-
Dividend revenue – Marsden Maritime Holdings Limited	3,543	3,488	-	-
Total other revenue	8,306	7,529	9,838	8,216

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-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Not later than one year	2,521	2,787	5,242	4,730
Later than one year and not later than five years	7,361	9,245	14,778	14,369
Later than five years	5,360	10,615	10,620	18,413
Total non-cancellable operating leases	15,242	22,647	30,640	37,512

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 5 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 cycle's or upon renewal. The lessee does not have a right to purchase the property at the expiry of the lease. Council owns 2 rural holdings having lease or tenancy terms between 12 months and 3 years, and has two urban residential properties. Council also owns 33 freehold commercial properties, of which five are vacant, two are being redeveloped, and the remaining 26 have lease terms of between one month and 20 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 31 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-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Gain on revaluation of investment property	12	916	1,293	-	1,897
Gain on revaluation of investment property assets held for sale	9	-	142	-	142
Gain on revaluation of forestry assets	16	-	29	-	29
Gain on disposal of property, plant and equipment		63	42	43	42
Total non-financial instruments gains		979	1,506	43	2,110
Externally Managed Investment Funds		2,758	3,419	2,758	3,419
Gain on fair value adjustment of financial investments	10		45	-	45
Total financial instruments gains		2,758	3,464	2,758	3,464
Total other gains		3,737	4,970	2,801	5,574

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-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Salaries and wages		16,974	15,389	19,721	18,012
Employer contributions to defined contribution plans		472	430	517	475
Increase/(decrease) in employee benefit liabilities	18	446	116	487	93
Total personnel costs		17,892	15,935	20,725	18,580

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 2020 to the Chief Executive was \$319,010 (2019: \$306,614).

Elected representatives

Elected representatives received the following remuneration:

	Note	Salary 30-Jun-20 \$000	Non-salary 30-Jun-20 \$000	Total Council Remuneration 30-Jun-20 \$000	Total Council Remuneration 30-Jun-19 \$000
Penny Smart, Chair		108	5	113	80
Justin Blaikie, Deputy Chair		74	8	82	83
John Bain		70	3	73	71
Jack Crow		48	1	49	-
Colin Kitchen		48	9	57	-
Amy Macdonald		48	8	56	-
Marty Robinson		48	5	53	-
Rick Stolworthy		70	9	79	79
Joce Yeoman		70	4	74	96
Bill Shepherd		36	-	36	116
David Sinclair		24	1	25	80
Paul Dimery		21	5	26	86
Mike Finlayson		21	8	29	87
Total elected representatives' remuneration	4	686	66	752	778

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 chair and chief executive.

Council employee remuneration by band

The annual remuneration by band for council employees as at 30 June 2020 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-20	Council 30-Jun-19
< \$60,000	69	76
\$60,000 - \$79,999	106	94
\$80,000 - \$99,999	31	30
\$100,000 - \$119,999	18	14
\$120,000 - \$179,999	10	9
\$300,000 - \$319,999	1	1
Total employees	235	224

Total remuneration includes any non financial benefits provided to employees.

At 30 June 2020, the Council employed 194 (2019: 189) full time employees with the balance of staff representing 24.75 (2019: 17.41) full time equivalent employees. A full time employee is determined on the basis of a 37.5 hour working week.

Severance payments

For the year ending 30 June 2020, the Council made 2 (2019: 1) severance payments to employees totalling \$18,000 (2019: \$26,986). The value of each of the severance payments was \$10,000 and \$8,000.

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-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Fees to external auditors:					
Fees to Deloitte for audit of financial statements		120	118	151	150
Fees to Deloitte for other services*		18	20	18	20
Fees to OAG for audit of financial statements		11	12	11	14
Fees to EY for the audit of the Marsden Maritime Holdings Group		-	-	87	72
Fees for other services provided by the auditor of Marsden Maritime Holdings Limited**			-	6	5
Directors/Councillors' fees and trustee remuneration	3	752	778	1,150	1,160
Donations		1,460	1,077	1,461	1,080
Operating lease payments		79	30	238	185
Impairment of receivables	7	476	602	477	672
Impairment of loan		-	820	-	820
Operating grants to Northland Inc. Limited		1,336	1,307	-	-
Other payments to Northland Inc. Limited		467	677	-	-
Divested Assets		182	-	182	-
Loss on disposal of investment property assets held for sale		50	-	50	-
Loss on disposal of MPRL Joint Venture		770	112	770	112
Loss on disposal of property, plant and equipment		-	-	-	3
Loss on revaluation of investment property assets held for sale	9	18	-	18	-
Loss on revaluation of forestry assets	16	107	-	107	-
Loss on revaluation of infrastructure assets		1,187	-	1,187	-
Loss on revaluation of buildings and amenities	14	127	169	-	34
Loss on fair value adjustment of financial investments		-	-	13	167
Loss on revaluation of investment property assets				2,052	
Other operating expenses		26,525	20,692	31,092	25,586
Total other expenses		33,685	26,414	39,070	30,080

* The fees paid to Deloitte for other services for the year ending 30 June 2020 were for a maturity assessment review of Cyber governance, a review of the Waima Waitai Wairoa project and other documentation pertaining to councils 2020-21 Annual Plan, and for the audit compliance report prepared in respect of councils debenture trust deed.

** The fees for other services provided by the auditor of Marsden Maritime Holdings Limited were for tax advice.

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-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Not later than one year	105	49	162	140
Later than one year and not later than five years	143	105	171	191
Later than five years	-	-	-	-
Total non-cancellable operating leases	248	154	333	331

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-20 \$000	Consolidated 30-Jun-19 \$000
Components of tax expense		
Current tax expense/(credit)	22	19
Tax expense	22	19
Relationship between tax expense and accounting surplus		
Surplus/(deficit) before tax	7,952	11,255
Taxation at 28%	2,227	3,151
Plus (less) tax effect of:		
Non-deductible expenditure	1,829	997
Recognition of temporary differences	17	-
Imputation dividend receipts	(3,826)	(3,930)
Non-taxable income	(398)	(512)
Tax paid on joint venture company earnings	(14)	55
Carried forward losses derecognised/(recognised)	187	247
Tax expense/(benefit)	22	19

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

A deferred tax asset has not been recognised in relation to tax losses in NRC of \$11,620,843 (2019 \$10,143,588) as council considers it unlikely that the benefit of these losses will be utilised against future taxable income.

As at 30 June 2020 Marsden Maritime Holdings Limited group has taxation losses amounting to \$7,055,992 of which the tax effect is \$1,975,569 (2019 losses \$6,600,901 tax effect \$1,848,252) subject to Inland Revenue Department confirmation. Due to the timeframe in which assessable income is anticipated to be available to offset such losses, MMH has determined that it is appropriate to only recognise losses in the financial statements to a level that directly offsets the deferred tax liability.

Note 6: Cash and Cash Equivalents

	Council 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Cash on hand and at trading banks *	1,140	606	2,061	1,758
Term deposits, held as part of the Short Term Fund - with maturities of less than 3 months acquisition	2,000		2,000	
Other Term deposits - with maturities of less than 3 months at acquisition	767		767	
Total cash and cash equivalents	3,907	606	4,828	1,758

* The Council holds unspent funds included in cash at bank of \$225,831 that are subject to restrictions. \$6,230 relates to marine farm and commercial bonds. \$219,601 relates to deposits held in respect to tenancy agreements.

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-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Rates receivables	3,445	3,287	3,445	3,287
Other receivables	5,248	2,257	5,553	2,765
GST receivable	643	582	686	707
Receivables from subsidiaries and associates	71	14	-	-
Prepayments	271	308	437	495
Gross debtors and other receivables	9678	6,448	10,121	7,254
Less provision for uncollectibility of receivables	(2,588)	(2,392)	(2,659)	(2,462)
Total current receivables	7,090	4,056	7,462	4,792
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	5,788	3,296	6,039	3,936
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	1,302	760	1,423	856
	7,090	4,056	7,462	4,792

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.

Due to the historical experience of non-payment of council rates, council can make a reasonable estimate of the amount that will not be paid. The estimated amount of non-collectible Maori freehold land has been deducted from the gross revenue and rates receivable.

The estimated amount of uncollectible Maori Freehold Land rates for 2020 was based on the 2019-20 non collection rate adjusted for the arrears collected in 2019-20 and amounted to \$626,882 (2019: \$561,198). Rates revenue and the rates receivable have been reduced by \$626,882 (2019: \$561,198). Similarly the impairment of receivables expense in Note 4 and the balance of the provision for the impairment on rates receivables in this note have also been reduced by \$626,882 (2019: \$561,198).

Outstanding rates (other than rates assessed on Maori Freehold Land as detailed above) 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 overall result is there is no impact on the total comprehensive revenue and expense.

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

	2020			2019		
	Gross \$000	Provision for uncollectibility \$000	Net \$000	Gross \$000	Provision for uncollectibility \$000	Net \$000
Council						
Not past due	5,277	(6)	5,271	3,269	(4)	3,265
Past due 1-60 days	555	(22)	533	58	(14)	44
Past due 61-120 days	82	(39)	43	46	(14)	32
Past due > 120 days	3,764	(2,521)	1,243	3,075	(2,360)	715
Total	9,678	(2,588)	7,090	6,448	(2,392)	4,056

	2020			2019		
	Gross \$000	Provision for uncollectibility \$000	Net \$000	Gross \$000	Provision for uncollectibility \$000	Net \$000
Group						
Not past due	5,552	(6)	5,546	3,941	(4)	3,937
Past due 1-60 days	586	(22)	564	74	(14)	60
Past due 61-120 days	147	(39)	108	79	(15)	64
Past due > 120 days	3,836	(2,592)	1,244	3,160	(2,429)	731
Total	10,121	(2,659)	7,462	7,254	(2,462)	4,792

Impact of the COVID-19 global pandemic

Provision for Uncollectability

The provision for uncollectability of general receivables has been based on a review of specific overdue receivables and a collective assessment.

- The evaluation of specific overdue receivables paid particular attention to debtors who have contacted council expressing an issue of unaffordability due to the impact of COVID-19, and debtors who historically have paid on a timely basis yet are outstanding at 30 June 2020 and have not contacted council. The increase in the specific provision for collectability due to the impact of COVID-19 for 2019/20 is \$21K.
- The collective assessment is based on an analysis of past collection history and debt write offs.

The provision for uncollectability of rates receivables has been assessed based on an analysis of council's historical non-collection rate from each district. In addition, any reduction in the collection of rates due to the negative financial impact of COVID-19 on the community was taken into consideration in 2019/20. The increase in the 2019/20 provision for uncollectability due to the impact of COVID-19 was \$49K.

	Council 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Movements in the provision for uncollectability of receivables are as follows:				
Balance at 1 July	2,392	2,736	2,462	2,736
Additional provisions made during the year	476	602	477	672
Receivables written off during the period	(280)	(946)	(280)	(946)
Balance at 30 June	2,588	2,392	2,659	2,462

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.

The Marsden to Oakleigh rail corridor designation is accounted for at the council's share of the rail corridor component of the acquired land designation costs.

Breakdown of inventory and further information:

	Note	Council 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Stores and materials		483	116	556	211
Marsden to Oakleigh Rail Corridor Designation		-	3,065	-	3,065
		483	3,181	556	3,276

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

Joint Venture – between Council and NZ Railway Corporation

During the year, the Council sold its ownership in a number of investment properties (note 12) along the proposed Marsden point rail corridor to NZ Railways Corporation (NZRC). NZRC also paid the Council for its outstanding share of historical financing costs and operational property management costs (note 11). The Council transferred its share of the inventory asset representing the cost to attain the rail corridor designation (Note 8) to NZRC.

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-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Balance at 1 July		2,361	11,248	2,361	11,248
Transfers from/(to) investment properties	12	(747)	(9,029)	(747)	(9,029)
Disposals		(881)	-	(881)	-
Fair value gains/(loss) on valuation	4/2(iii)	(18)	142	(18)	142
Total assets held for sale		715	2,361	715	2,361

During the year 1 property held for resale was reclassified as an Investment property and 2 properties were sold, leaving 1 investment property asset held for sale at 30 June 2020. Council 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 2020.

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-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
CURRENT PORTION				
Term deposits, and other securities *	1,480	2600	1,480	2,600
Loans to subsidiary	-	5	-	-
Short term investment fund	18,818	6,205	18,818	6,205
Total current portion	20,298	8,810	20,298	8,805
NON-CURRENT PORTION				
Loans to subsidiary	-	-	-	-
Other loans	3,050	3,006	3,050	3,006
Term deposits, corporate and local government bonds, and other securities	153	153	602	615
Long Term Fund	44,311	-	44,311	-
Community Investment Fund	-	14,347	-	14,347
Property Reinvestment Fund	-	16,958	-	16,958
Infrastructure Investment Fund	-	20,211	-	20,211
Total non-current portion	47,514	54,675	47,963	55,137
TOTAL OTHER FINANCIAL ASSETS	67,812	63,485	68,261	63,942

* includes \$85k of term deposits held as retentions and subject to restrictions

Fair value

The carrying amount of term deposits approximates their fair value.

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. The carrying amount of the NEST loan is \$3,050,245 (2019: \$3,006,470) reflecting a non-cash fair value adjustment of \$150,969 (2019: \$194,744) to account for the fact the interest rate is below an assessed market interest rate of 6.5%. The fair value adjustment of \$150,969 will be unwound through profit and loss over the term of the loan.

Fonterra Cooperative Group Limited Shares

As at 30 June 2020, 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 \$3.74 per share (2019: total holding of 119,935 shares at an average of \$3.85 per share) recognising a total fair value decrease for the year of \$13,193 (2019: fair value increase \$190,696).

Externally managed investment funds

Eriksen and Associates Limited are appointed as council's investment advisors for 2 externally managed investment funds (Nov 2019: 4 funds were rationalised into 2 funds) 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 councils 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.

At year end, Council had uncalled committed capital relating to its investment in private equity fund managers of \$4,407,394.

Impact of the COVID-19 global pandemic

Since 31 December 2019, the outbreak of COVID-19 and related global responses has caused material disruptions to businesses around the world, leading to an economic slowdown. Global equity markets have experienced significant volatility and weakness. While governments and central banks have reacted with monetary interventions designed to stabilise economic conditions, the duration and extent of the impact of the COVID-19 outbreak on councils' financial assets remains uncertain.

During the year, council's investment portfolio maintained a higher allocation to cash as a driver to de-risk, and further safeguard, the council's investment portfolio. For the 12 months to 30 June 2020 the actual returns, net of fees, generated by councils 2 externally managed investment funds, in comparison to their respective target return objective were:

Long Term Investment Fund: Actual 5.1% pa; Target 6.0% pa

Short Term Investment Fund: Actual 4.5% pa; Target 4.2% pa

Externally managed investment fund performance (12 month return to 30 June 2020, net of fees)	Council and Consolidated 30-Jun-20	Council and Consolidated 30-Jun-19
Long Term fund (established November 2019)	5.10%	
Short Term fund (established November 2019)	4.50%	
Community investment fund (disestablished October 2019)	10.7%	6.30%
Property reinvestment fund (disestablished October 2019)	11.10%	7.00%
Infrastructure investment fund (disestablished October 2019)	9.50%	6.70%
Short term investment fund -formerly working capital fund (disestablished October 2019)	5.40%	5.50%

Weighted average effective interest rates	Council and Consolidated 30-Jun-20	Council and Consolidated 30-Jun-19
Term deposits	0.92%	4.32%
Other securities	4.29%	4.29%

Note 11: Non-current receivables

Breakdown of non-current receivables and further information:

	Note	Council and Consolidated 30-Jun-20 \$000	Council and Consolidated 30-Jun-19 \$000
Non-current Receivables		-	5,948

There is no impairment provision for non current receivables.

Note 12: 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:

	Nb	Council 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Balance at 1 July		53,261	41,100	129,130	107,997
Additions		7,891	3,697	12,997	11,944
Vested Assets	2(i)	1,715	-	1,715	(1,463)
Disposals and Divested assets		(4,044)	(1,463)	(4,044)	(1,463)
Transfers from/(to) assets held for sale	9	747	9,029	747	9,029
Transfers from/(to) property plant and equipment - freehold land	14	(75)	85	(75)	205
Transfers from/(to) property plant and equipment - buildings	14	(50)	70	(50)	70
Transfers from/(to) infrastructure assets	14	-	(550)	-	(550)
Movement in lease incentives		-	-	(11)	1
Fair value gains/(losses) on valuation	2(i)	916	1,293	(2,052)	1,897
Balance at 30 June		60,361	53,261	138,357	129,130

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 2020.

Council's investment properties are valued at fair value comprising of ground leases of \$20,198,000 (2019: \$24,165,000), freehold investment properties (land and buildings) of \$40,163,000 (2019: \$25,555,000). \$3,438,000 of properties along the proposed MPRL corridor were included in the 2019 comparative, and these properties were disposed of during the year.

The fair value of council's investment property has been determined in accordance with PBE IPSAS 16 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 residual development 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 4.86% to 10.33% (2019: 5.57% to 10.16%)

Future market rents

+5.10% for five- yearly ground lease rent reviews (2019: 5.60%)

+5.35% for seven- yearly ground lease rent reviews (2019: 5.85%)

+6.65% for 21-yearly ground lease rent reviews (2019: 7.15%)

Annual inflation on land values: 1.5% (2019: 1.75%)

Discount rate: 8.0% (2019: 8.25%)

Impact of the COVID-19 global pandemic - Council

As at 30 June 2020, the real estate markets to which the Council investment properties belong were impacted by severe market disruption and lack of transactional data as a result of the COVID-19 lockdown from mid to late March 2020. This created a greater degree of uncertainty on the value of investment property as at 30 June 2020, however it is important to note that uncertainty doesn't necessarily imply value changes but rather there may be a wider than average value range to the individual ascribed valuations for each property.

The valuation uncertainty could affect key inputs, assumptions and processes used in the revaluation of the Council and the Groups investment properties such as:

- Estimating and analysing the ground rental rates and net income that a property can generate, and
- Estimating and analysing the discount rate to convert the net income into a properties investment value
- Estimating and analysing the relevant rates of return/capitalisation rates that affect a property's value
- Projections of rental growth in the short to medium term

Investment properties valuation – Marsden Maritime Holdings Limited

Fair value has been determined based on valuations performed as at 30 June 2020 by Seagar & Partners, industry specialists in valuing these types of assets.

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. The assumptions for the valuation of Marsden Cove Marina changed for the year ended 30 June 2020 to reflect current practice. This years valuation was based on future cashflows from berth rental and reversion of existing licenses rather than a sell down of available berths via license agreement over a period of time.

Land available for lease range*: \$75-\$110 per square metre (2019: \$80-\$115 per square metre)

Discount rate range: 8.5% - 9.75% (2019: 9.0% - 10.25%)

Capitalisation rate: 7.50% (2019: 7.50%)

Exit yield range: 7.25% - 7.5% (2019: 7.25% - 7.75%)

Berth licence sell down period: NA (2019: 8 years)

Annual Rental cash flow: \$299,000- \$354,000 (2019: \$288,000- \$344,000)

* excludes undeveloped land and land designated for a transport corridor which has a value of \$30 to \$100 per square metre (2019: \$35 to \$110 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.

Impact of the COVID-19 global pandemic. Marsden Maritime Holding Limited

Due to the uncertainty related to COVID-19 that has led to a reduction in the number of real estate transactions and has impacted the availability of market data as at 30 June 2020, the independent valuation of the Group's portfolio as at 30 June 2020 have been reported on the basis of 'valuation uncertainty', meaning less certainty and a higher degree of caution should be applied to the valuations. The opinion of value has been determined at the valuation date based on a certain set of assumptions used by the valuer, however these could change in a short period of time due to subsequent changes in the property market.

Capital Commitments

	Council 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Investment Property	3,130	-	3,819	1,567
Total capital commitments	3,130	-	3,819	1,567

Note 13(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-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Investment in joint venture company	-	-	46,269	46,719
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	46,269	46,719

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 2020 is \$6.50 per share (2019: \$5.30 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-20 \$000	Consolidated 30-Jun-19 \$000
Current assets	5,366	4,766
Non-current assets	141,676	131,515
Current liabilities	6,696	5,461
Non-current liabilities	45,144	34,692
Net assets	95,202	96,128
Group share of net assets (50%)	47,601	48,064
Other consolidation adjustments	(1,332)	(1,345)
Total Investment in joint venture company	46,269	46,719
Opening carrying value	46,719	47,050
Share of after tax surplus	8,808	9,008
Dividends paid	(8,745)	(9,190)
Share of land revaluation movement	(327)	160
Share of hedge reserve movement	(186)	(309)
Closing carrying value	46,269	46,719
Revenue	39,840	42,622
Net surplus	17,590	17,990
Current period write back in respect of previous inter-entity asset sales	13	13
Total share of joint venture company net surplus (50%)	8,808	9,008

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 14 and 21.

Note 13(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 carried at cost in the council's parent entity financial statement.

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

	Council 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Investment in Regional Software Holdings Limited (associate)	863	863	810	871
Total investments in council controlled organisations	863	863	810	871

Northland Inc. Limited

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 a subsidiary of council with a primary objective to develop the economy of Northland and review funding opportunities for the Investment and Growth Reserve. Council's investment in Northland Inc. Limited is carried at cost of \$200 in the council's parent entity financial statements.

Regional Software Holdings Limited

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 was established on 1 January 2013 with a primary objective to provide a framework for collaboration between the shareholders and support the procurement or development of shared software resource products and services in a manner that provides a more cost effective alternative than individual councils can achieve on their own. Council has a 16.75% shareholding.

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

	Council 30-Jun-20 \$000	Council 30-Jun-19 \$000
Assets	5,259	5,551
Liabilities	422	353
Revenue	1,662	1,480
Surplus/(deficit) for the year	(362)	(6)
Share capital	5,149	5,149
Council's interest	16.75%	16.75%
Council's investment in Regional Software Holdings Limited in council parent financial statements	863	863

Regional Software Holdings Limited is an associate of council 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. For the year ended 30 June 2020 Regional Software Holdings Limited had a deficit of \$361,545 (2019: \$6,351 deficit), and council recognised its 16.75% shareholding being a deficit of \$60,559 (2019: \$1,064 deficit) on consolidation.

The total share of associates and Joint Venture company surplus in comprehensive revenue and expense is \$8,747,640 (2019: \$9,007,040) being councils share of the Regional Software Holdings Limited deficit \$60,559 (2019: \$1,064) Note 13(ii), and Marsden Maritime Holdings Limited share of surplus in their joint venture company, Northport Limited, \$8,808,199 (2019: \$9,008,104) Note 13(i).

Note 14: 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 exc), 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 2019							
Opening net book value	2,165	707	5,155	19,012	4,684	31,723	206
Additions	-	-	339	1,030	1,629	2,998	190
Disposals* and divested assets	-	-	-	(30)	(98)	(128)	-
Transfer between asset classes	(85)	-	(70)	550	-	395	(88)
Revaluation movement	10	-	(169)	-	-	(159)	-
Transfer to operations	-	-	-	-	-	-	-
Depreciation expense	-	-	(105)	(163)	(1,247)	(1,515)	-
Closing net book value	2,090	707	5,150	20,399	4,968	33,314	308
At 30 June 2019							
Assets at cost/valuation	2,090	707	5,150	20,762	13,312	42,021	308
Accumulated depreciation	-	-	-	(363)	(8,344)	(8,707)	-
Net book value	2,090	707	5,150	20,399	4,968	33,314	308
Year ended 30 June 2020							
Opening net book value	2,090	707	5,150	20,399	4,968	33,314	308
Additions	873	-	380	2,265	1,426	4,944	4
Disposals* and divested assets	-	-	-	-	(72)	(72)	-
Transfer between asset classes	50	-	75	-	-	125	(308)
Revaluation movement	522	-	(127)	(1,254)	-	(859)	-
Depreciation expense	-	-	(108)	(165)	(1,265)	(1,538)	-
Closing net book value	3,535	707	5,370	21,245	5,057	35,914	4
At 30 June 2020							
Assets at cost/valuation	3,535	707	5,370	21,245	14,074	44,931	4
Accumulated depreciation	-	-	-	-	(9,017)	(9,017)	-
Net book value	3,535	707	5,370	21,245	5,057	35,914	4

Depreciation and amortisation expense		Council 30-Jun-20	Council 30-Jun-19
Property, plant and equipment		1,538	1,515
Intangibles	Note 15	202	114
Total		1,740	1,629

** 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 2019								
Opening net book value	2,165	707	19,320	11,191	19,012	6,496	58,891	291
Additions	-	-	515	1,613	1,030	1,995	5,153	396
Disposals* and divested assets	-	-	-	-	(30)	(102)	(132)	-
Transfer between asset classes	(85)	-	18	(68)	550	(79)	336	(149)
Revaluation movement	10	-	370	(34)	-	-	346	-
Transfer to operations	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	(334)	(163)	(1,473)	(1,970)	-
Closing net book value	2,090	707	20,223	12,368	20,399	6,837	62,624	538
At 30 June 2019								
Assets at cost/valuation	2,090	707	20,223	12,695	20,762	16,041	72,518	538
Accumulated depreciation	-	-	-	(327)	(363)	(9,204)	(9,894)	-
Net book value	2,090	707	20,399	12,368	20,399	6,837	62,624	538
Year ended 30 June 2020								
Opening net book value	2,090	707	20,223	12,368	20,399	6,837	62,624	538
Additions	873	-	291	2,117	2,265	1,705	7,251	400
Disposals* and divested assets	-	-	-	-	-	(91)	(91)	-
Transfer between asset classes	50	-	23	75	-	-	148	(332)
Revaluation movement	522	-	(814)	18	(1,254)	-	(1,528)	-
Depreciation expense	-	-	-	(387)	(165)	(1,477)	(2,029)	-
Closing net book value	3,535	707	19,723	14,191	21,245	6,974	66,375	606
At 30 June 2020								
Assets at cost/valuation	3,535	707	19,723	14,798	21,245	17,054	77,062	606
Accumulated depreciation	-	-	-	(607)	-	(10,080)	(10,687)	-
Net book value	3,535	707	19,723	14,191	21,245	6,974	66,375	606

Depreciation and amortisation expense		Consolidated 30-Jun-20	Consolidated 30-Jun-19
Property, plant and equipment		2,029	1,970
Intangibles	Note 15	202	114
Total		2,231	2,084

** 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 2020.

During the year, one freehold property was transferred from council's investment property portfolio.

Council's land and buildings are valued at fair value of \$8,905,000 (2019: \$7,240,000) 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 2020 valuations include market rentals and capitalisation rates.

- Market rents range from: \$131 to \$191 per square metre.
- Capitalisation rates are market based rates of returns, ranging from 6.63% to 11.36%.

If council's freehold land and buildings were measured at depreciated replacement cost, the carrying amount would be \$7,790,000 (2019: \$7,420,000). Council has no restrictions on the realisability of its freehold land and buildings.

Valuation of Freehold Land and Buildings – Marsden Maritime Holdings Limited

The most recent valuation of Marsden Maritime Holding Limited's freehold land was performed by independent registered valuers, Seagar & Partners, and is effective as at 30 June 2020.

Marsden Maritime Holdings Limited freehold land is valued at fair value of \$19,722,933 (2019: \$20,222,933) 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 2020 valuations include estimated prices per hectare of freehold land in the Marsden Point area.

- Price per hectare: \$100,000 to \$205,000

If Marsden Maritime Holdings Limited's freehold land and buildings were measured at depreciated replacement cost the carrying amount would be \$7,425,553 (2019: \$7,111,246).

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 2020.

Marsden Maritime Holdings Limited buildings are valued at fair value of \$2,100,000 (2019: \$2,010,000). 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 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. stopbanks, 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 this valuation, the assets have been classed as being fully optimised and no discount has been applied to account for any spare capacity.

Impact of the COVID-19 global pandemic on infrastructure Assets

Councils infrastructure assets are specialist in nature and revalued on a cost approach with an allowance for depreciation. Construction costs have surpassed inflation since the last full revaluation in 2017. The vast majority of the land associated with council's infrastructure assets is on reserve zoned land, which largely follows the trend of valuation appreciation similar to the residential property sector, albeit at a lower level. Given the residential property sector has recorded an increase in values since 2017, it is assumed that reserve land has also seen value appreciation which is unlikely to be eroded due to the global pandemic.

The infrastructure valuation key inputs, assumptions and processes used in the revaluation of the council infrastructure assets are not materially impacted by COVID-19 pandemic.

Impact of the COVID-19 global pandemic on Owner Occupied Freehold Land and Buildings:

As at 30 June 2020, the markets relating to the Council and the Group's owner occupied freehold land and buildings were impacted by severe market disruption and lack of transactional data as a result of the COVID-19 lockdown from mid to late March 2020. This created a greater degree of uncertainty on the value of owner occupied freehold land and buildings as at 30 June 2020 however it is important to note that uncertainty doesn't necessarily imply value changes but rather there may be a wider than average value range to the individual ascribed valuations for each property.

The valuation uncertainty could affect key inputs, assumptions and processes used in the revaluation of the Council and the Groups owner occupied properties being:

- Estimating and analysing the ground rental rates and net income that a property can generate, and
- Estimating and analysing the discount rate to convert the net income into a properties investment value
- Estimating and analysing the relevant rates of return/capitalisation rates that affect a property's value
- Projections of rental growth in the short to medium term

Core infrastructure disclosure

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

	Whangarei		Awanui		Kaeo-Whangaroa		Punguru		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Closing book value	7,712	6,871	12,142	12,659	885	869	506	-	21,245	20,399

Acquisitions made by way of:										
Constructed by Council	440	-	853	1,030	60	-	506	-	1,859	1,030
Transferred to Council	-	-	407	550	-	-	-	-	407	550
Total Acquisitions	440	-	1,260	1,580	60	-	506	-	2,266	1,580
Most recent cost estimate for revalued assets	7,397	6,597	15,419	16,426	949	913	506	-	24,271	23,936

Capital Commitments

	Council 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Property plant and equipment	61	380	76	380
Total capital commitments	61	380	76	380

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

Note 15: 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-20 \$000	Council and Consolidated 30-Jun-19 \$000
Computer software			
Cost - opening balance		3,758	3,638
Accumulated amortisation		(3,520)	(3,406)
Computer software opening carrying amount		238	232
Additions		194	120
Net disposals*		-	-
Amortisation charge		(202)	(114)
Total computer software closing balance		230	238
Cost		3,952	3,758
Accumulated amortisation		(3,722)	(3,520)
Total computer software closing balance		230	238
Intellectual Property			
Opening balance			
Additions		182	-
Net disposals* and divested assets		(182)	-
Total intellectual property closing balance		-	-
Emission Trading Scheme - New Zealand Units (NZU's)			
Opening balance		404	368
Gain/(loss) on revaluation of Emission Trading Scheme - NZU's	20	156	36
Total Emission Trading Scheme - NZU's - Closing Balance		560	404
Total Intangible Assets		790	642

* Disposals are reported net after accumulated depreciation. There are no restrictions over the title of intangible assets and no intangible assets are pledged as security for liabilities.

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 (2019: 17,460) at \$32.10 per unit (2019: \$23.15 per unit) with a total market value of \$560,466 (2019: \$404,199).

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.

Note 16: 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-20 \$000	Council and Consolidated 30-Jun-19 \$000
Balance at 1 July		3,264	3,235
Decrease due to harvest	2(ii)	-	(646)
Gain/(Loss) arising from changes in fair values less estimated point-of-sale costs	4,2(ii)	(107)	675
Balance at 30 June		3,157	3,264

Northland Regional Council owns 295 hectares (2019: 295 hectares) of radiata pine forest which are at varying stages of maturity, ranging from 3 to 25 years.

Valuation assumptions

Independent registered forestry industry consultants, Jenksmax Consulting Ltd, have valued forestry assets at fair value less estimated selling costs as at 30 June 2020.

In 2020 (and 2019) Jenksmax Consulting Limited derived the fair value of the forest using an expectation value method. Under the expectation value approach, the net present value of the forest is calculated by discounting the projected future net cash flow of the tree crop to the valuation date (30 June 2020). The calculated net present value is linked to sales evidence through the application of a discount rate of 8.0% (2019: 8.0%) derived with consideration to discount rate surveys, reporting rates from NZ forest growers and recent transactions. In applying this approach PBE IPSAS27 requires exclusion of financing, funding and costs related to subsequent crops. Costs and prices are held constant in 2020 NZ dollars, i.e. the net impact of inflation is assumed to be zero.

Forestry assets Impact of the COVID-19 global pandemic:

The short-term outlook for NZ export logs is uncertain as the world comes out of Covid-19 to varying degrees and timeframes. Both demand and prices are likely to come under pressure due to lower internal demand in China and the general worldwide economic downturn as it rebuilds after Covid-19.

The current 1 year average base log price is significantly lower (12-13%) than last year, but reflects the volatile past year and the initial Covid-19 impacts and is considered unrepresentative of longer term expected export log prices.

Going forward, most sources seem to believe that the log export market may fall further, but then stabilise and rebuild as the world returns to normality. The underlying Asia-Pacific longer-term market fundamentals remain the same, and there will be solid future demand for NZ logs. Log prices will likely average out longer-term somewhere around previous levels, perhaps not as high as early 2019, but in line with historic averages.

As the next planned harvest at Councils Mt Tiger forestry holding is not until after 2024, this year's valuation uses a 3-year average base log price of \$138/ Jasm3 AWG. Last year's valuation, prior to the volatile past 12 months, used a 1 year average base log price at around \$144/Jasm3 AWG.

It is too early to say how Covid-19 will impact on discount rates used in the forestry valuation. On the one hand (suggesting possible higher discount rates), there is now increased uncertainty in the export log market and how this will fair post Covid-19. On the other hand (suggesting lower discount rates), given the post Covid-19 impacts on financial markets and low current interest rates for most investments, forestry is often considered favourable as a solid and diversified investment. What is likely is some combination of the above, which may balance out.

Therefore, a market discount rate of 8.0% was used in this year's valuation. This is maintained from last year, noting that whilst there is uncertainty post Covid-19, at this point in time it is too early to have any robust prediction on where discount rates will settle in future.

Note 17: Payables and deferred revenue

Breakdown of payables and deferred revenue and further information:

	Council 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
CURRENT PORTION				
Payables and deferred revenue under exchange transactions				
Payables and accruals	5,160	3,160	6,238	4,825
Revenue received in advance	808	543	808	543
Amounts due to subsidiaries and associates	280	45	-	-
	6,248	3,748	7,046	5,368
Payables and deferred revenue under non-exchange transactions				
Grants payable	192	206	192	206
Other grants and deferred revenue received subject to conditions not yet met	2,427	854	3,490	1,868
Other taxes	17	192	1	184
	2,636	1,252	3,683	2,258
Current total payables and deferred revenue	8,884	5,000	10,729	7,626
NON-CURRENT PORTION				
Payables and deferred revenue under non-exchange transactions				
Other grants received and deferred revenue subject to conditions not yet met	608	510	1,476	1,312
Non-current total payables and deferred revenue	608	510	1,476	1,312

Trade and other payables are non-interest bearing and are normally settled on terms varying between 7 days and 20th of the month following the invoice date. Therefore, the carrying value of trade and other payables approximates their fair value.

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 practise 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-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Annual leave	1,538	1,288	1,592	1,323
Accrued salaries and wages	450	295	497	320
Other leave	340	299	340	299
	2,328	1,882	2,429	1,942
Represented by:				
Current benefit liabilities	2,312	1,866	2,413	1,926
Non-current benefit liabilities	16	16	16	16
	2,328	1,882	2,429	1,942

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-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Current				
Debentures	10,000		10,000	
Total current borrowings	10,000	-	10,000	-
Non-current				
Debentures	-	10,000	-	10,000
Local Government Funding Agency - Bond Issuance	9,558	9,558	9,558	9,558
Secured Loans	-	-	16,550	12,150
Total non-current borrowings	9,558	19,558	26,108	31,708

Council

As at 30 June 2020 Council has 1 debenture (2019: 1) of \$10,000,000 (2019: \$10,000,000) issued under a debenture trust deed, being a fixed rate note at a fixed annual interest rate of 3.79%, maturing on 13 August 2020. Also at 30 June 2020, Council has four bond issuances (2019: 4) 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 and 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. Council secures its fixed coupon bonds and its fixed rate note by granting a security interest in its rates revenue. Rates revenue is set and assessed under the Local Government Rating Act 2002.

The total fair value of council's debentures and bond issuances at 30 June 2020 is \$23,393,595 (2019: \$22,334,521).

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 2020 Marsden Maritime Holdings Limited has a secured loan facility of \$20,000,000 (2019: \$20,000,000) with \$16,550,000 (2019: \$12,150,000) being drawn down. The facility maturity dates range from 31 August 2021 to 31 March 2022.

The remainder of the loan facility is able to be drawn down on request subject to the company being in compliance with undertakings in respect of the facility.

Interest rates are determined by reference to prevailing money market rates at the time of draw-down plus a margin. Interest rates (excluding establishment and line fees) paid during the year ranged from 1.27% to 2.86% (2019: 2.58% to 3.18%.)

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-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Accumulated funds				
As at 1 July	119,943	123,305	152,771	154,468
Surplus/(deficit) for year	4,767	4,939	4,799	6,604
Net transfers from/(to) special reserves	(9,008)	(8,301)	(9,008)	(8,301)
As at 30 June	115,702	119,943	148,562	152,771

Reserves	Council 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Asset revaluation reserve				
As at 1 July	1,337	1,291	35,105	34,775
Revaluation gains/(losses) - buildings and amenities	-	-	10	-
Revaluation gains/(losses) - land	522	10	(90)	294
Revaluation gains/(losses) - infrastructure assets	(66)	-	(66)	-
Revaluation gains/(losses) - carbon credits	156	36	156	36
As at 30 June	1,949	1,337	35,115	35,105
Asset revaluation reserve attributable to:				
Land	1,522	1,000	34,678	34,768
Buildings and amenities	-	-	10	-
Infrastructure assets	-	66	-	66
Carbon credits	427	271	427	271
Total Asset revaluation reserve	1,949	1,337	35,115	35,105
Special reserves				
As at 1 July	30,887	22,586	30,887	22,586
Transfers from/(to) accumulated funds	9,008	8,301	9,008	8,301
As at 30 June	39,895	30,887	39,895	30,887
Cashflow hedge reserve				
As at 1 July	-	-	(490)	(325)
Fair value gains/(losses) recognised	-	-	(100)	(165)
As at 30 June	-	-	(590)	(490)
Total Reserves	41,844	32,224	74,420	65,502
Non-controlling interest	-	-	64,462	65,004
Total Equity	157,546	152,167	287,444	283,277
Non-controlling interest				

Reserves	Council 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Balance at 1 July			65,004	63,286
Share of total comprehensive revenue and expense attributable to the non controlling interest in Marsden Maritime Holdings Limited			2,524	4,735
Dividends paid			(3,065)	(3,017)
Balance at 30 June			64,462	65,004

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 2020 \$000	Balance at 1 July 2019 \$000
Land management reserve	Civil defence and emergency management, natural hazard management, river management, land and water, hydrology, biodiversity and biosecurity	516	267
Awanui river reserve	River management	(660)	(842)
Kaihū river reserve	River management	40	32
Kaeo-Whangaroa rivers reserve	River management	233	176
Whangārei urban rivers reserve	River management	(8,618)	(9,078)
Kerikeri-Waipapa rivers reserve	River management	430	455
Infrastructure facilities reserve	Economic development	(166)	(2,532)
Property reinvestment fund reserve	Economic development	21,434	16,749
Equalisation fund reserve	All	1,463	1,463
Hātea river maintenance reserve	Harbour safety and navigation	165	222
Investment and growth reserve	Economic development	601	1,249
Infrastructure investment fund reserve	River management/Economic development	21,083	20,915
Whangārei transport reserve	Transport	(40)	(74)
Emergency services reserve	Civil defence and emergency management	82	58
Approved carry forwards reserve	All	256	72
Lidar project reserve	Natural hazard management	11	367
Flood infrastructure reserve	River management	(1,770)	(537)

Note 20 continued	Activities to which the reserve relates	Balance at 30 June 2020 \$000	Balance at 1 July 2019 \$000
Kaeo River flood infrastructure reserve	River management	23	21
Awanui River flood infrastructure reserve	River management	(188)	(134)
Whangārei River flood infrastructure reserve	River management	(13)	55
Far North transport reserve	Transport	221	152
Regional Sporting Facilities reserve	Economic development	1407	621
Opex reserve	All	1620	1,131
Capital Subsidy reserve	All	65	77
COVID-19 Reinstatement Reserve	All	1,700	
Total Special Reserves		39,895	30,887

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 self insurance of forestry infrastructure and 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.

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.

Transport reserves

The Whangārei transport reserve and the Far North transport reserve hold any 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 repaid 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 holds any targeted Emergency Services rates collected and unspent in any given year to contribute to 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 holds any targeted regional sporting facilities rates collected and unspent in any given year to contribute to any future funding shortfalls of regional sporting facilities funding.

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 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).

COVID-19 Reinstatement reserve

This reserve was established to set aside funding that can be used to fund the reintroduction of prioritised work programmes, salaries and projects that were originally deferred or abandoned from councils 2020/21 Annual Plan as a result of a deficit arising from the impact of COVID-19. Funding of new projects from this reserve is permitted subject to a council resolution.

Note 21: Contingencies

21(i): Contingent liabilities

	Council 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Bonds	-	-	75	75
	-	-	75	75

Council

At year end, council was involved in an Environment Court proceeding regarding a contaminated site. Council is not a respondent in these proceedings, however the court adjourned the issues of the respondents' liability and apportionment of liability and it is uncertain if council will be able to recover any costs from the respondents that it may contribute towards the clean-up of the site.

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 (2019: \$75,000) Bond given by them to the New Zealand Stock Exchange.

Northland Inc. Limited and Regional Software Holdings Limited do not have any contingent liabilities at year end.

21(ii): Contingent assets

At 30 June 2020 the council and the group has no contingent assets (2019: Nil).

Note 22: Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the council and group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities with the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between entities and are on normal terms and conditions for such group transactions.

There are no related party transactions with any associate, subsidiary or key management personnel requiring disclosure.

Key Management Personnel Compensation

Key management personnel includes all the elected and independent (non-elected) representatives of council, the chief executive and senior management leadership team. Due to the difficulty in determining the full time equivalent for councillors and the independent member of council, the full time equivalent figures are taken as the number of councillors and independent members.

	Council 30-Jun-20	Council 30-Jun-19
Councillors		
Remuneration \$000	752	778
Full time equivalent members	9	9
Independent (non elected) members of Council		
Remuneration \$000	25	27
Full time equivalent members	2	1
Senior management team including the Chief Executive		
Remuneration \$000	1,156	1,135
Full time equivalent members	5.4	6
Total key management personnel remuneration \$000	1,933	1,940
Total full time equivalent personnel	16.4	16

Note 23: Events after balance sheet date

Subsequent to balance date, Marsden Maritime Holdings Limited declared a fully imputed dividend of 9.25 cents per share to be paid on 25 September 2020.

The Council agreed a construction contract in August 2020, to construct a building in Dargaville to accommodate Northland regional and Kaipara district council staff, and other commercial tenants. The total budget for this project is \$9.2m.

In August 2020 the Council reduced its debt by \$6.6M, by way of repaying a maturing \$10M debenture (with a fixed interest rate of 3.79%) and taking a new loan of \$4.4M from the Local Government Funding Agency (with a fixed interest rate of 1.98%) that is set to mature in April 2033.

There were no other significant events after balance date.

Note 24: Financial instruments

Note 24A: Financial instrument categories

	Note	Council 30-Jun-20 \$000	Council 30-Jun-19 \$000	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
FINANCIAL ASSETS					
Loans and receivables:					
Cash on hand and at trading banks	6	1,140	606	2,061	1,758
Term deposits	6,10	4,247	2,600	4,247	2,600
Local government funding agency borrower notes	10	153	153	153	153
Debtors and other receivables	7	7,090	4,056	7,462	4,792
Loans to subsidiary	10	-	5	-	-
Other loans	10	3,050	3,006	3,050	3,006
Other receivables (long term)	11	-	5,948	-	5,948
Total loans and receivables		15,680	16,374	16,973	18,257
Financial assets at fair value through surplus or deficit					
Other financial assets:					
Income funds	10	31,140	27,807	31,140	27,807
Equity Funds	10	31,989	29,914	31,989	29,914
Listed shares	10	-	-	449	462
Total financial assets at fair value through surplus or deficit		63,129	57,721	63,578	58,183
FINANCIAL LIABILITIES					
Financial liabilities measured at amortised cost					
Creditors and other payables	17	9,492	5,510	12,204	8,938
Borrowings:					
Debentures	19	10,000	10,000	10,000	10,000
Local government funding agency - bond issuance	19	9,558	9,558	9,558	9,558
Bank loan	19	-	-	16,550	12,150
Total financial liabilities measured at cost		29,050	25,068	48,312	40,646

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 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 Eriksen and Associates Limited. These two funds are administered in accordance with the relevant Statement of Investment Policies and Objectives (SIPO). The two SIPOs and any changes to them are approved by council. Monthly performance reporting on the two funds is prepared by Eriksen's and Associates Limited, and any breach of compliance with any 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 2020 council's externally managed investment funds were diversified over 13 fund managers. The use of a wide range of fund managers with different mandates and different asset allocations 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 has some exposure to currency risk is provided below:

	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Community Investment Fund: Investments in		
MLC Private Equity Fund (II)	-	659
Schroders Real Return Fund +5%	-	2,277
Infrastructure Investment Fund: Investments in		
Blackrock Fixed Income Global Opportunities Fund	-	1,138
Schroders Real Return Fund +5%	-	1,276
Long Term Fund: Investments in		
Blackrock Fixed Income Global Opportunities Fund	1,183	-

	Consolidated 30-Jun-20 \$000	Consolidated 30-Jun-19 \$000
Continuity Capital	2,229	-
MLC Private Equity Fund (II)	989	-
Schroders Real Return Fund +5%	3,071	-
Total exposure to currency risk	7,472	5,350

Advice is sought from an independent investment advisor to determine when it is appropriate to take a hedge out to protect council against risk of adverse movements.

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 \$19.6 million borrowings in the form of fixed rate notes of \$10 million and Local Government Funding Agency bonds of \$9.6 million.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments 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's exposure to cash flow interest rate risk is limited to its \$20,000,000 loan facility of which \$16,550,000 was drawn down at year end with BNZ. Interest rates on this loan facility are determined by reference to the prevailing market rates at the time of draw down plus a margin. During the year interest rates ranged from 1.27% to 2.86%.

Marsden Maritime Holdings Limited 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, local authority and corporate bonds and externally managed funds.

The council's investments in term deposits, local government and corporate bonds 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 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. Other than rates owing on Maori Freehold Land (see Note 7 for the impairment applied to these debtors) 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 limits the level of investments that must mature within the next 12 months to a minimum of 15% of its investment portfolio.

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 2020 Marsden Maritime Holdings Limited had access to BNZ funding totalling \$20.5 million of which \$16.55 million was drawn down at year end (2019: \$12.15 million)

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.

	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 2020						
Creditors and other payables	9,492	9,492	8,884	608	-	-
Debentures	10,000	10,046	10,046	-	-	-
Local Government Funding Agency - Bond Issuance	9,558	15,169	450	899	1,349	12,471
Total	29,050	34,707	19,380	1,507	1,349	12,471
Group 2020						
Creditors and other payables	12,204	12,204	10,729	1,476	-	-
Secured bank facility	16,550	17,090	380	16,710	-	-
Debentures	10,000	10,046	10,046	-	-	-
Local Government Funding Agency - Bond Issuance	9,558	15,169	450	899	1,349	12,471
Total	48,312	54,509	21,605	19,085	1,349	12,471
Council 2019						
Creditors and other payables	5,510	5,510	5,000	510	-	-
Debentures	10,000	10,425	379	10,046	-	-
Local Government Funding Agency - Bond Issuance	9,558	15,169	450	899	1,349	12,921

	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	25,068	31,554	5,829	11,455	1,349	12,921
Group 2019						
Creditors and other payables	8,938	8,938	7,626	1,312	-	-
Secured bank facility	12,150	12,880	470	12,410	-	-
Debentures	10,000	10,425	379	10,046	-	-
Local Government Funding Agency - Bond Issuance	9,558	15,619	450	899	1,349	12,921
Total	40,646	47,862	8,925	24,667	1,349	12,921

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	2020				2019			
	+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	687	-	(687)	-	611	-	(611)	-

	2020				2019			
	+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	530	-	(530)	-	501	-	(501)	-

Borrowings

Council has \$19.6 million of external borrowings in the form of a fixed rate note of \$10 million and Local Government Funding Agency bonds of \$9.6 million. 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 (LTP) 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.

Section four: Legislative disclosures Wāhanga tuawha: Ngā Whakāturanga a Ture

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-19	30-Jun-18
The number of rating units within council's region at 30 June:	97,998	97,124
The total capital value of rating units within council's region at 30 June:	\$54,439,612,940	\$45,355,396,350
The total land value of rating units within council's region at 30 June:	\$27,943,969,900	\$23,110,228,420

Insurance of assets

At 30 June 2020 council had assets covered by full replacement insurance of \$86,967,089 (2019: \$82,125,250) and indemnity insurance of \$70,000 (2019: \$70,000). At 30 June 2020 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-19 \$000	Funds borrowed 2019/20 \$000	Funds repaid 2019/20 \$000	Change to external borrowing 2019/20 \$000	Closing balance 30-Jun-20 \$000	Interest charged 2019/20 \$000
Transport	74	-	(34)		40	4
TOTAL	74	-	(34)		40	4

Council funding impact statement

Period ending 30 June 2020

	Long Term Plan 2018/19 \$000	Annual Report 2018/19 \$000	Annual Plan 2019/20 \$000	Actual 2019/20 \$000
Sources of operating funding				
General rates, uniform annual general charges, and rates penalties	-	418	-	456
Targeted rates	27,169	26,785	29,860	29,041
Subsidies and grants for operating purposes	3,046	4,890	4,793	11,981
Fees and charges	4,310	4,487	4,388	4,842
Interest and dividends from investments	8,021	7,638	7,048	6,924
Local authorities fuel tax, fines, infringement fees and other receipts	2,575	4,041	2,996	4,763
TOTAL OPERATING FUNDING	45,121	48,259	49,085	58,007
Applications of operating funding				
Payments to staff and suppliers	41,711	41,248	46,304	49,317
Finance costs	936	903	1,340	931
Other operating funding applications	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	42,647	42,151	47,644	50,248
Surplus/(deficit) of operating funding	2,474	6,108	1,441	7,759
Sources of capital funding				
Subsidies and grants for capital purposes	-	10	-	27
Increase/(decrease) in debt	2,667	1,016	6,545	-
Gross proceeds from sale of assets	-	1,521	-	7,312
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	2,667	2,547	6,545	7,339
Applications of capital funding				
Capital expenditure:				
to meet additional demand	-	-	-	-
to improve levels of service	3,666	5,801	15,470	7,849
to replace existing assets	1,525	1,065	1,274	4,922
Increase/(decrease) in reserves	(83)	8,301	(616)	9,008
Increase/(decrease) of investments	33	(6,512)	(8142)	(6,681)
TOTAL APPLICATIONS OF CAPITAL FUNDING	5,141	8,655	7,986	15,098
Surplus/(deficit) of capital funding	(2,474)	(6,108)	(1,441)	(7,759)
FUNDING BALANCE	-	-	-	-

Section four: Legislative disclosures **Wāhanga tuawha: Ngā Whakāturanga a Ture**

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Reconciliation to the statement of comprehensive revenue and expense

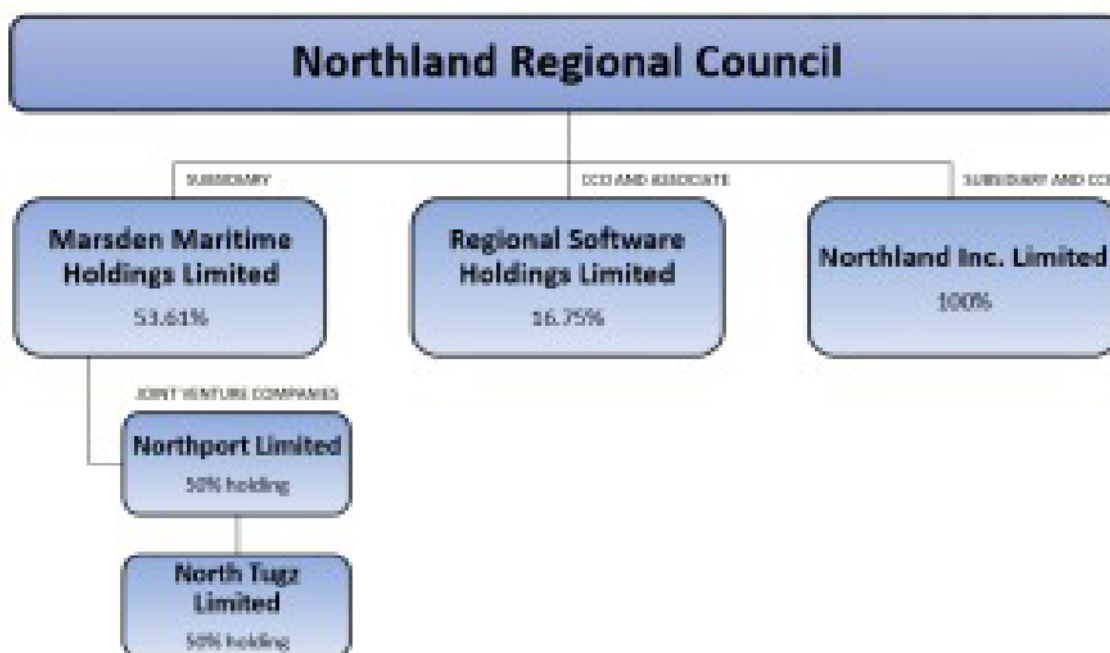
Period ending 30 June 2020

	Long Term Plan 2018/19 \$000	Annual Report 2018/19 \$000	Annual Plan 2019/20 \$000	Actual 2019/20 \$000
Capital expenditure included above, not in comprehensive revenue and expense	5,190	6,866	16,744	12,771
Investment movements included above not in comprehensive revenue and expense	33	(6,512)	(8,142)	(6,681)
Other gains included in comprehensive income not above	-	10	-	-
Gross proceeds included above, but not in comprehensive revenue and expense	-	(1,521)	-	(7,311)
Gains on asset disposals included in comprehensive revenue and expense	-	(70)	-	(757)
Revaluation adjustments not included above, but in comprehensive revenue and expense	-	1,376	-	90
Impairment on an economic development loan included in comprehensive revenue and expense	-	(820)	-	-
Transfers to/from special reserves included above, but not in comprehensive revenue and expense	(83)	8,301	(616)	9,008
Increase/(decrease) in debt included above but not in comprehensive income	(2,667)	(1,016)	(6,545)	-
Depreciation and amortisation expense not included above, but in comprehensive revenue and expense	(1,626)	(1,629)	(1,810)	(1,740)
Total comprehensive revenue and expense per the statement of comprehensive revenue and expense	848	4,985	(369)	5,379

Section five: CCO's and Subsidiaries

Wāhanga tuarima: CCOs me nga Kamupene

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 223 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.

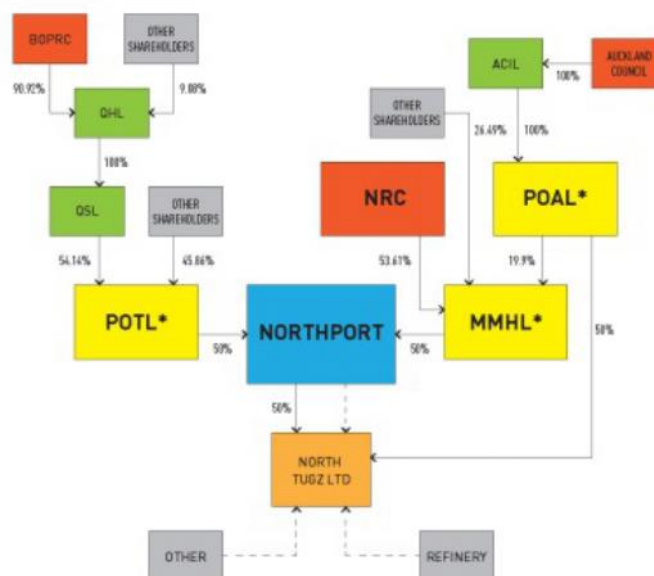
Current information about the company's Board of Directors, governance structure and its organisation framework is available at www.marsdenmaritime.co.nz/about-us/

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

* 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.

Northland Inc. Limited is primarily funded by an operational contribution from Northland Regional Council and is project funded through other public and private agencies, with central government being the next largest contributor. The organisation has a governance board of professional directors, each appointed by the council. Operational activity is led by a chief executive officer.

Policies and objectives

Council's Long Term Plan 2018-2028 establishes the framework for Northland Inc. Limited. The mission of Northland Inc. Limited is to strengthen, diversify and grow the Northland economy. This is delivered through four work programmes: investment and PGF; engagement, collaboration and visibility; Māori economic development; and destination management and marketing.

The following objectives for the economic development organisation were established in its 2019-22 Statement of Intent.

- Advocate and promote the establishment and development of infrastructure that underpins regional economic growth.
- Attract, facilitate and support investment opportunities in regionally strategic sectors.
- Promote Northland as a progressive and positive place to visit, do business and live.
- Provide and facilitate business support services that enable Northland businesses to grow.
- Increase innovation and entrepreneurship in Northland.
- Partner with Māori to develop and implement economic development projects for the benefit of Northland.

Key performance measures and targets

The following section provides a summary of the activities carried out in each of the five work programme during 2019/20, including reporting against the 16 key performance indicator

Investment and PGF

- Support and facilitate the implementation of the Tai Tokerau Northland Economic Action Plan.
- Support tourism product development and infrastructure as enablers of Northland's tourism sector.

Investment and Growth Reserve

Northland Inc. Limited's activities include a focus on finding economic development projects that qualify for funding through council's Investment and Growth Reserve (IGR). The objective of the reserve is provide a fund that enables council to make strategic investments that lift the long-term growth of the Northland economy. In August 2018 council adopted new criteria and procedures for allocating funding from the reserve. The main points are as follows:

- The reserve provides operational expenditure for Northland Inc. Limited in line with what is budgeted in council's Long Term Plan.
- 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 or regionally strategic sectors. Council has determined these sectors to be agriculture and horticulture, marine, tourism and digital.
- 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 are made by council and 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.

The intent of this work programme is to leverage economic growth in the region through the strategic co-ordination, management and allocation of available public and private sector funding, including council's Investment and Growth Reserve, promoting the region for investment and supporting the implementation of the Tai Tokerau Northland Economic Action Plan.

The 2019/20 key performance targets and results for this work programme are:

Measure	2019/20 performance target	Result
Percentage of IGR business case decisions (by the Board) made within 90 days of receiving application	100%	Achieved, 100%
Number of inward delegations hosted	4	Not Achieved, 0
Investment recommendations are accompanied by a robust business case	100%	Achieved, 100%
Number and value of high impact projects that are implemented	3	Achieved, 3

There were no enabling investment project recommendations received from the board of Northland Inc. Limited during 2019/20. Three projects received project development funding totalling \$144,334. The spread of COVID-19 during 2020 and the resulting travel restrictions put in place limited the ability of Northland Inc. to host inward investment delegations.

Engagement, collaboration and visibility

The purpose of this work programme is to assist in growing the performance, productivity and profitability of Northland businesses. Business capability funding (New Zealand Trade & Enterprise) and research and development funding (Callaghan Innovation) is delivered in Northland through the Regional Business Partnership (RBP) at Northland Inc. Ltd. The Northland Chamber of Commerce partners with Northland Inc. Ltd to deliver the NZTE contract for small businesses.

The 2019/20 key performance targets and results for this work programme are:

Measure	2019/20 performance target	Result
Number of unique businesses assisted (by TA and industry)	230	Achieved, 624
Value of NZTE and Callaghan Innovation grant funding facilitated	\$1.0m	Achieved, \$2.3m
Client satisfaction (as measured by Net Promoter Score)	90%	Achieved, 97%
Orchard occupancy rate	85%	Achieved, 120%

The significant over achievement of the performance targets relating to business engagement and grant funding facilitated was due to the COVID-19 response service put in place to assist businesses. This included a dedicated 0800 phone line, additional staff resources (including secondments from the district councils) and new central government funding.

Māori economic development

The broad scope of activities within this work programme are to engage with Māori to advance their aspirations for economic development, support Māori business and partner with Māori in investment, and economic development projects.

The 2019/20 key performance target and result for this work programme is:

Measure	2019/20 performance target	Result
Number of unique Māori businesses assisted	50	Achieved, 118
Number and value of high impact projects that are implemented	1	Achieved, 1
Value of NZTE and Callaghan Innovation grant funding facilitated for Māori businesses	\$25,000	Achieved \$426,157
Client satisfaction (Net Promoter Score for Māori businesses)	Data no longer available	Not Achieved

The small number of clients and the lack of responses mean that there was not enough data to calculate a client satisfaction score for this activity.

As commented above, the significant over achievement of the performance business engagement and grant funding facilitated was due to the COVID-19 response to assist businesses.

Destination management and marketing

The intent of this work programme is to promote the region by hosting and performing the functions of a Regional Tourism Organisation in partnership with Tourism New Zealand and TIANZ, promoting investment and market development in Northland's strategic growth sectors, increasing the value added from visitors and promoting and marketing conferences and events in Northland.

The 2019/20 key performance targets and results for this work programme are:

Measure	2019/20 performance target	Result
Visitor spend from target markets	\$1.175m	Not Achieved, \$1.014m
Value of industry investment in regional promotion activity	\$350,000	Not Achieved, \$175,808
Equivalent Advertising Value achieved from destination marketing	\$16.5m	Achieved, \$19.2m
RTO Net Promoter Score	Could not be determined	Not Achieved

The value of visitor spending in the region and industry investment targets were not met due to the impact of COVID-19 lockdown restrictions, which for example resulted in the postponement of TRENZ and the cancellation of all famils. A final end of June year net promoter score is not available as Northland Inc. no longer receive this data. For the nine-month period through to March 2020, Northland Inc recorded a RTO Net Promoter Score of 44.

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. Hawkes Bay Regional Council is also a customer of Regional Software Holdings Ltd.

RSHL is responsible for the long-term maintenance and enhancements of the IRIS (Integrated Regional Information System) product and developed for and by the shareholding councils. The software solution is designed for the regional council specific functions undertaken by those councils and has been a remarkable success.

2019/20 was a year of accelerated growth and development for Regional Software Holdings Ltd.

For the IRIS product, the focus was on consolidation. Four releases of new functionality were delivered over the year with a total of six major enhancements and 16 minor enhancements. The focus during 2019/20 was on rolling out a new and improved mapping interface, along with technical changes that have resulted in significant performance improvements for users.

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.

Regional Software Holdings Ltd has identified development of the roadmap for the next generation of IRIS (IRIS Next Generation) as a key strategic priority. Significant steps towards this goal were taken in 2019/20.

This initiative is called IRIS Next Generation. The scope of the work includes selection of a software vendor and partner to deliver the software solution. In conjunction with this, RSHL intends to lead the development of consistent good practice processes for the regional council sector. 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 IRIS software.

The intention is that IRIS NextGen will be cloud based with better online and mobile features. IRIS NextGen will be more efficient for staff and customers.

In 2019/20 RSHL worked with 10 councils to short-list potential partners to help us deliver IRIS Next Generation. RSHL has commenced a formal Request for Proposal process to identify a future partner and

solution. 12 councils are participating in this process. We intend for IRIS NextGen to be a sector-wide initiative.

RSHL's strategic priorities for IRIS Next Generation are:

- To complete the RFP to find a new solution and partner.
- Obtain the necessary buy-in from sector leaders for the development of consistent good practice process.
- To attract new councils to the IRIS Programme and engage them in the development of good practice.
- Develop consistent good practice process for the sector, including a governance framework

Regional Software Holdings Ltd's philosophy is to develop only that software which is necessary to deliver a complete solution for regional councils. With IRIS NextGen it is expected that commercial software will be a greater proportion of the solution than is the case with IRIS. RSHL is also aware of the need to create a transition plan for existing IRIS councils from IRIS to IRIS NextGen.

It will also be necessary to develop long-term financial projections for Regional Software Holdings Ltd and consider the appropriate future structure for the company.

We have previously noted that Regional Software Holdings Ltd is working with the regional council sector to roll out the Regional Council Collaboration (ReCoCo) initiative.

There is a focus in the sector on collaboration, development of shared services and more use of Council Controlled Organisations. RSHL and its shareholding councils are aligned with this direction.

ReCoCo facilitates unitary and regional councils entering into collaborative initiatives where there are overlapping or shared objectives, covering areas of common interest or joint responsibility. Regional Software Holdings Ltd is the delivery vehicle used to facilitate and administer ReCoCo.

The ReCoCo programme became fully operational from 1st July 2018.

RSHL receives funding from across the regional council sector to deliver collaborative projects that are put forward by the Regional Council Special Interest Groups (SIGs).

ReCoCo is now well established with more than 10 projects in flight, and an established funding model in place. In the 2020 financial year, more than \$160,000 has been invested into collaborative projects for the sector. Notably, the sector implementation plan adopted by the CE Forum includes several projects which are tagged specifically for ReCoCo.

In addition to this RSHL has an agreement with the RCEOs Group to assist with the management of sector work programmes, including:

- Funding management,
- Procurement and payment, and
- Outcome tracking.

The sector recognises the benefits of collaboration between councils, as a result the number and size of collaborative projects is growing each year. As the volume of shared initiatives increases, councils face administrative challenges with paying invoices and recouping costs from other councils. It is also increasingly important that the sector can demonstrate the outcomes achieved from collaboration.

Extending the ReCoCo model to support sector-wide work programmes helps to address these issues and opportunities.

To support accelerated growth and development RSHL has continued with the establishment of independent business infrastructure.

In 2019 the Board welcomed Mark Donnelly as the 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 2019 RSHL transitioned its financial services from Horizons Regional Council to West Coast Regional Council. However as the activities of the company continue to expand, it is no longer sustainable for a council to provide financial services in a part time capacity. Accordingly, in June 2020 ONLA were engaged to deliver financial services for RSHL. ONLA are based in Palmerston North and have previous experience supporting Council Controlled Organisations.

RSHL has completed a branding project to create a brand and supporting collateral for RSHL. The results of this can be seen in this report. As we seek to increase our engagement and involvement in the sector it was essential that we have a recognisable and engaging brand.

Over the past 12 months, RSHL has transitioned away from Waikato Regional Council for records management. RSHL business records are now

maintained in Microsoft-365. This has made it easier to collaborate and reduced our dependence on Waikato Regional Council. The necessary Information Technology and Information Management policies are in place.

Financially, the company continues to be in a sound position, as planned. Regional Software Holdings Ltd.'s revenue comes from license charges and fees from the shareholding councils. This funding is used for the maintenance and development of the IRIS product. Therefore, the company does not trade to make a profit. Rather, it charges to cover its planned level of expenditure.

The growth in the user base of IRIS allows the company to reduce the license charges and fees. This is a real tangible financial benefit to the regional councils involved in IRIS.

The success of IRIS and Regional Software Holdings Ltd is due to the collaborative approach of the six regional councils and the wider sector. The success and richness of the IRIS product is a reflection of the contribution, expertise, and commitment of a team of well over 100 people from all the shareholding councils, in a variety of roles.

The outlook for Regional Software Holdings Ltd and the IRIS product is bright and there are significant opportunities to support the activities and achievements of New Zealand regional councils and unitary authorities.

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 maximise the benefits of the IRIS solution and the high level of integration achieved with other core application such as Document Management, Geographic and Financial Information Systems. For Northland, the collaborative

approach to the project continues to bring together the best ideas, practises and experiences into a solution that is fit for purpose, performs well and is well received by users.

Statement of Intent and performance targets

RSHL has prepared a Statement of Intent ending 30 June 2019. The following table summarises the performance targets and results for the 2019/20 financial year.

Performance target	Level of achievement		Comment
	2019/20	2018/19	
Non-financial			
Undertake an annual survey of users and shareholder/customer Councils in relation to product performance, Datacom support and RSHL support. Baseline to be developed following the completion of the first survey	Complete	In Progress	The first annual survey was undertaken in July 2019. The next survey will be in August 2020.
Develop, approve, communicate and refine the annual roadmap for RSHL major enhancement projects. Draft annual roadmap presented to the Board by 31 December of each year for the following year. Adoption by the Board by 30 June of each year.	Complete	Achieved	The product roadmap for IRIS was presented, discussed and agreed at the board meeting in December 2019 and the roadmap for the year was approved as part of the business plan.
Major enhancement projects identified on the annual road map are completed on time and within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year.	Complete	Achieved	There were four releases of new functionality were delivered with a total of six major enhancements in 2019/20.
Budgets and processes 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 (AG).	Complete	Achieved	
User Groups and business representatives are engaged in the development of the Major Enhancement Annual Roadmap	Complete	Achieved	Representatives from all IRIS councils have been actively involved in developing the enhanced roadmap.
Financial			
RSHL will operate within 5% (plus or minus) of its overall annual budget.	Achieved	Not Achieved	Spend on capital development has been reduced in favour of operational spend to identify the eventual replacement for IRIS. ReCoCo activity continues to be unpredictable, although this does not impact on RSHL balance sheet. All variations to budget have been approved by the board.
Annual charges will be kept to a maximum of 2% increase year on year	Complete	Achieved	
Monitor the Regional Council sector market and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL	Complete	Achieved	ReCoCo has helped to extend the customer base of RSHL with all 16 councils in the sector engaged in one or

Performance target	Level of achievement		Comment
Non-financial	2019/20	2018/19	
			more projects. In addition, 11 councils are working with RSHL to identify the eventual replacement for IRIS.
Consider, evaluate and if appropriate, implement new service areas or areas outside of the current scope of IRIS	Complete	Achieved	This is being achieved through the ReCoCo initiative.
Be a service delivery agent 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 Works between RSHL and the Regional Council Corporate Services.	Complete	Achieved	RSHL currently has 10 ReCoCo initiatives under management and several initiatives in development with the SIGs. RSHL has been engaged to manage the delivery of all sector shared work programmes under the Sector Shared Finance System initiative.

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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Northland
REGIONAL COUNCIL 
Te Kaunihera ā rohe o Te Taitokerau

Northland Regional Council – Audit & Risk Subcommittee

2019/20 Annual Report & Audit

Geoff Copstick – Independent Financial Advisor

Over the past few months, as in the past few last years, I have attended both audit planning and reporting progress meetings with Simon Crabb and the team from Deloitte to be able to communicate directly to councillors on any pertinent issues that arose through the process of preparing, and the audit of NRC's 2020 Annual Report. Central government's alert level response to Covid-19 and the pandemic itself were predicted to significantly challenge both team's ability to complete the work and meet the deadlines set by law. Now that the report is finalised I can report that both Simon Crabb and NRC's finance team and the Deloitte's team have more than met those challenges. By sheer hard work, good use of technology and above all consistent professional collaboration the report is complete and audited without qualification, well ahead of schedule. Council should be very, very proud of Simon and be assured that our, now 4-year relationship with our auditors is robust, respectful and delivering efficiency. Peter Gulliver our audit partner again rates NRC's performance as among the best of the local government entities he is involved with as an OAG-appointed auditor.

Given the turbulence created by Covid-19 comparisons of the numbers in the financial statements to the prior year give some useful illustrations of how resilient Malcolm and the ELT have made NRC and some insights into the stresses building up right now in the local, national and global economies; stresses I advise council to monitor very carefully though existing resources or perhaps to consider establishing (or connecting with) an economic data analysis team for that purpose.

1. Again NRC has posted a materially better result than was planned. NRC has posted a \$4.8Million surplus (against \$0.3Million loss per the LTP). I have extended the analysis of operating cashflows into the 2020 year and draw councillors attention to the ever-shifting bias of cashflows (both inflows and expenditure) between NRC controlled and non-controlled sources – this year I have further split out the cash inflows because of the \$7M increase this year in income from grants and subsidies (largely unplanned and by my analysis non-controllable) which accrues on the basis of work done (and expenditure incurred – in 2020 ~ \$6M disclosed in note 4 on page 83 of the report as 'other operating expenses'). The table shows that MMH income is steady and that NRC-controlled inflows have declined (following the bumper year for rates income in 2019 – the rates affordability metric and last year's report tells that story! This year the over-plan income and expense flowed from grants and subsidies and the work NRC is obliged to undertake to get them.

NRC - Cashflow trends 2016 - 2020									
NZ\$000s			2016	2017	2018	2019	2020	Average change	Average change (LY)
NRC controlled cash inflows			28,217	27,529	29,808	38,039	33,690	5.5%	11.2%
Cash from grants and subsidies			1,964	3,257	2,644	4,900	14,890	84.1%	44.1%
MMH Dividends			2,712	3,100	3,432	3,488	3,543	7.1%	8.9%
Total			32,893	33,886	35,884	46,427	52,123		
Operating costs			- 30,733	- 33,755	- 35,047	- 41,441	- 47,485	18.2%	6.8%
Operating cash inflow			2,160	131	837	4,986	4,638		

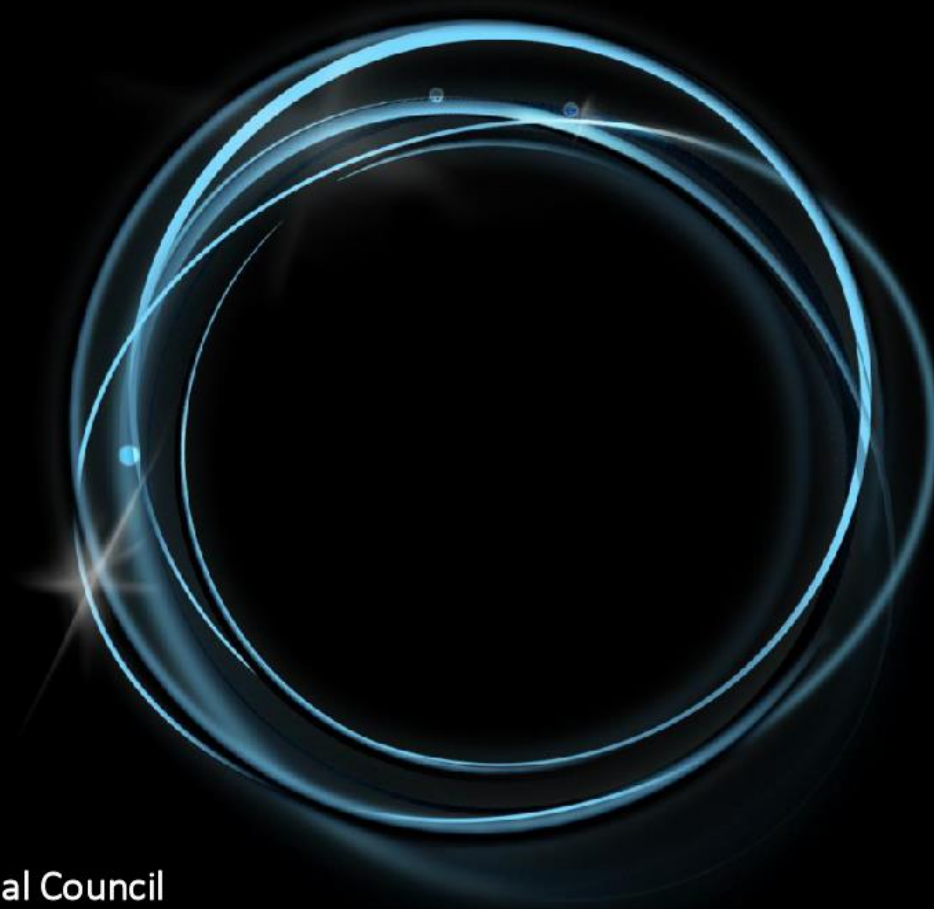
The need for investment gains and a stable or increasing dividend from MMH to pay for our increasing cost base may still hold but this year the picture is hugely overshadowed by the success NRC has enjoyed getting 3rd party grants albeit these are matched by costs incurred to do the work involved (and thus P&L neutral by and large) but in the post Covid economy such grants and subsidies may be harder to get, require more of NRC as a recipient or not be available at all. Council should seek assurance NRC is not hard wiring cost structures into place that will be hard to scale back if grant and subsidy income dries up in the years to come. I also advise council that if this ad-hoc activity is going grow, then additional financial reporting from Vincent and Simon to present in more detail the kinds of expenses associated with grants and subsidies and ensure the new ERP system facilitates transparent and full reporting of each income and cost stream over time (like a portfolio report).

Another resource allocation issue exposed by this year's numbers is that these cash inflows, the activities undertaken and their associated costs are unplanned – NRC does not control when these grants become available nor the quantum available to NRC. If these activities displace planned workstreams where resources are constrained councillors will have to judge the tensions between what is planned and approved against what is made possible by these grants.

2. Last year the subcommittee asked that to the extent possible under the OAGs audit arrangements Peter Gulliver present evidence to us that Deloitte's are consistently working to ensure NRC is getting value for money – this should be no surprise to Peter - it was a condition of our endorsement of his firm getting the gig!!
3. Evidence of the wider economic stresses building following Covid-19 have already been alluded to regarding the availability of central government grants (note that government debt is now much higher than the previous recent highs in 2012/2013 - ~26%). Elsewhere in our accounts we see the value of our assets under pressure and certainly very volatile. Volatility is uncertainty by definition and the issue for NRC is our strategy to rely on the earning capacity of our diverse and substantial balance sheet to supplement rates income. I have previously said that Malcolm and the ELT had done a frankly remarkable job of building core competency at NRC while remaining flexible enough to cope with earnings volatility – but our commercial property portfolio, our managed funds and even some current assets (eg rates receivable) are in my opinion very vulnerable to general economic stress and another quandary worth debating is that general economic stress generates real needs among the communities we serve and potentially inflates expenses to meet those needs. This year MMH wrote down commercial property it owns as tenants closed or wound down operations, the valuers reporting on our own development projects cast some doubt on the recoverable value of those ongoing investments and as we have heard the bonds and shares comprising our managed funds are volatile (see 1-year VIX index below). The assets we derive income from weaken in the very situations that amplify community needs and I recommend council devote some time to develop policy to guide NRC on high level balance sheet management and to seek creative ways of breaking the deadlock between these two contrary conditions.



Deloitte.



Northland Regional Council

Report to the Audit and Risk Subcommittee
for the year ended 30 June 2020
23 September 2020

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- C. Areas of audit focus
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- Appendix 2: Independence and fees
- Appendix 3: Other communications
- Appendix 4: Simplifying the Annual



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A. Partner introduction

We are pleased to present this report to the Audit & Risk Committee on the consolidated group financial statements and groups of activity statement of Northland Regional Council ('NRC' or 'Council') and its subsidiaries ('Group') for the year ended 30 June 2020..

We have substantially completed our audit subject to the satisfactory resolution of the remaining outstanding items. As of the date of this report, the most significant outstanding items are :

- Procedures relating to the final disclosures in the financial statements and annual report;
- Completion of internal quality review procedures;
- Appropriate procedures relating to subsequent events up to the date of our audit opinion;
- Receipt of the signed management representation letter; and
- Adoption of the financial statements and annual report by Council


Included in this report are the matters arising from our audit which we consider appropriate for the attention of the Audit & Risk Subcommittee. These matters have been discussed with management and their comments have been included where appropriate.

This year's audit scope was consistent with the prior year.

As previously communicated, and as mandated by the OAG, our audit report will include an emphasis of matter (EOM) paragraph in relation to how Covid-19 has impacted the Group's financial results. Management has included several disclosures within the financial statements to explain the key impacts, which mainly relate to the various investment property and owner occupied property valuations. The EOM paragraph within our audit report will make reference to these disclosures.

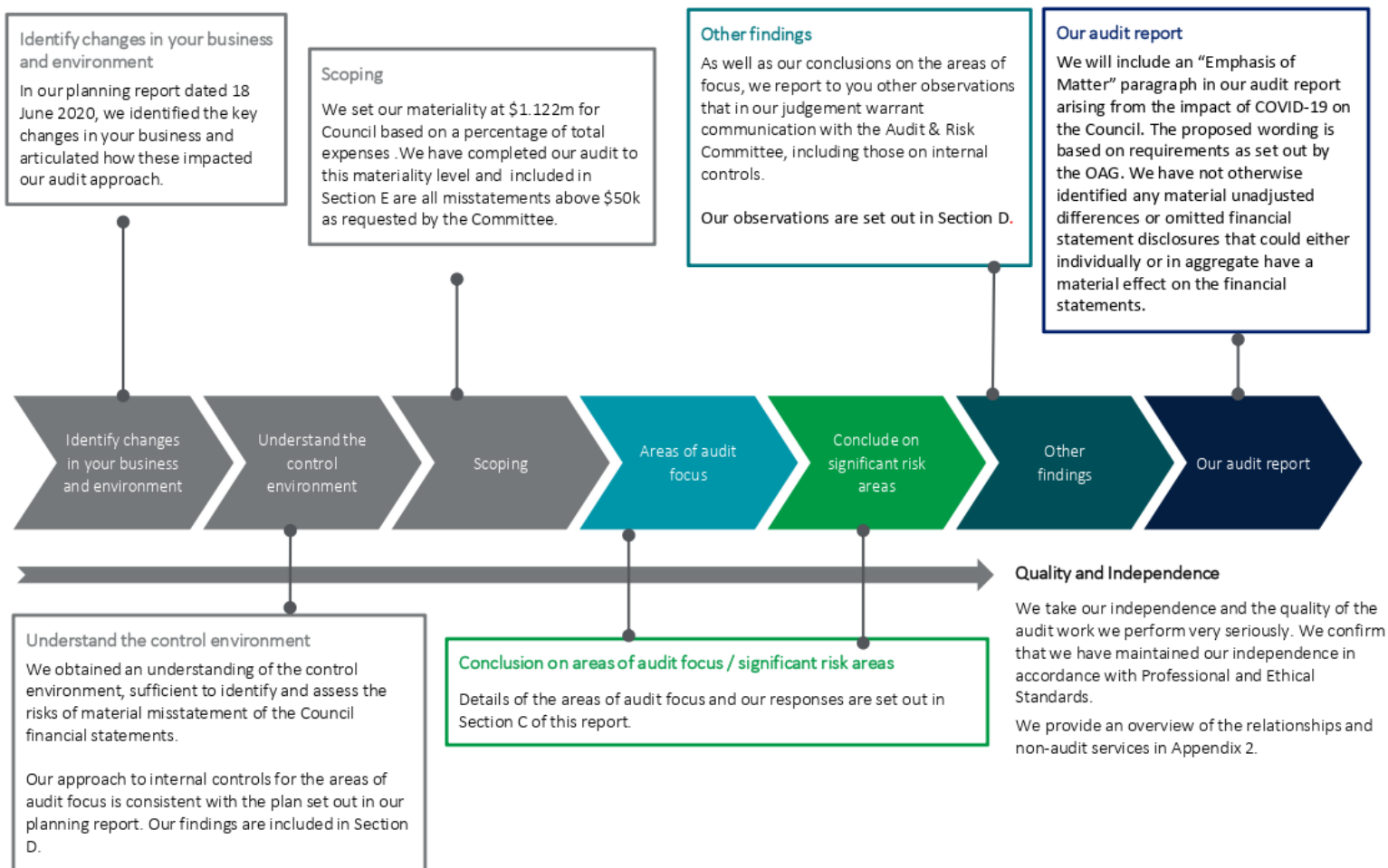
We look forward to the Committee meeting on 30th September 2020 where we will have the opportunity to discuss this report. In the interim, should you require clarification on any matter in this report please do not hesitate to contact us.

We would like to take this opportunity to extend our appreciation to management and staff for their assistance and cooperation during the course of our audit.


Peter Gulliver, Partner
for Deloitte Limited
Appointed Auditor on behalf of the Office of the Auditor General
Auckland | 23 September 2020



B. Our audit explained – a tailored approach



C. Areas of audit focus – dashboard

The following areas of audit focus are consistent with the areas identified in our planning report.

Area of audit focus	Significant risk	Presumed fraud risk	Planned controls testing approach	Level of management judgement required
Asset valuations and assessment of carrying values of assets	No	No	D+I	●
Governance and valuation of investment assets	No	No	D+I	●
Legislative compliance: rates revenue	No	No	D+I OE	●
Validity of fees and charges revenue	Yes	Yes	D+I	●
Management override of controls	Yes	Yes	D+I	N/A
Impact of Covid-19	No	No	N/A	N/A
Other matters including OAG audit brief requirements	No	No	D+I	●

Approach to controls

D+I: Testing of the design and implementation of key controls
OE: Testing of the operating effectiveness of key controls

Level of management judgement required



C. Areas of audit focus

Area of audit focus	Our approach	Audit findings
<p>Asset valuations and assessment of carrying values of assets</p> <p>NRC recognises the following classes of asset at fair value:</p> <ul style="list-style-type: none"> • Infrastructure assets; • Land and buildings; • Investment properties; • Emissions trading units; • Forestry assets <p>Determining the fair value of assets requires management and independent valuers to make a number of judgments around the appropriate valuation methodology and assumptions. Valuation outcomes are often sensitive to variations in the key assumptions.</p> <p>This gives rise to a risk around the valuation of these assets at year-end and the treatment of movements in fair value during the year.</p>	<p>In order to address this risk, we</p> <ul style="list-style-type: none"> • Obtained the independent valuations of the relevant asset classes; • Obtained representations directly from the independent valuers confirming their valuation methodology; • Reviewed the key underlying assumptions used by the independent valuers to determine whether these assumptions were reasonable and in line with the relevant financial reporting and valuation standards; • Assessed the appropriateness of the assumptions in light of the impact of Covid-19; • Held various discussions with the valuers as appropriate; • Determined whether the revaluation transactions are correctly accounted for and disclosed in the financial statements. If there is significant valuation uncertainty noted as a result of Covid-19, ensure that this has been adequately disclosed in the financial statements; and • Considered any caveats included in the valuation. <p>We have specifically considered the valuation approach for the Kensington development and the Kaipara Service Centre which are both under development at year end.</p> <p>We also performed testing over the sale of the assets relating to the Marsden Point Rail Link (MPRL) to ensure the appropriate accounting treatment and disclosure is reflected in the financial statements.</p>	<ul style="list-style-type: none"> • During FY20, Council discovered that a number of land parcels associated with the Whangarei Detention Dam were incorrectly accounted for in the valuation of the dam supplied to the Council by its independent valuer in 2017 (when these assets were last valued). This has resulted in an overstatement in the value of infrastructure assets by \$2.9m which has been corrected as a prior year adjustment. The 2019 balance sheet has been restated by reducing the value of the infrastructure assets and equity accordingly. Appropriate disclosures have been included in the financial statements. • As part of the current year infrastructure asset valuation process management have obtained certificate of title searches to ensure that all land included as part of the valuation is correctly owned by Council. • As a result of Covid, the valuers have applied assumptions regarding the reasonably possible impacts of Covid based on available information on 30 June 2020. This created a greater degree of uncertainty on the valuation of these assets as at 30 June 2020. However it is important to note that this does not mean the valuation cannot be relied upon for the purposes of financial reporting, rather that there may be a wider degree of variation in relation to key assumptions and inputs into the valuation. This uncertainty has been appropriately disclosed in the financial statements and noted in our audit report as part of a Covid related emphasis of matter paragraph. <p>On the following page we have commented specifically on the valuation of the Kensington and Kaipara Hub property being developed.</p>



C. Areas of audit focus

Audit findings

Asset valuations and assessment of carrying values (continued)

Investment property valuations

Former Countdown Supermarket – Kensington

We note that the Kensington property, which is subject to a development project, has been independently valued by Telfer Young for financial reporting purposes at \$6,150,000 as at 30 June 2020. After accounting for the project costs of \$4,383,000 incurred during the year this asset has been written down by \$2,133,000 since 30 June 2019. This essentially means the valuers are not ascribing value for the full amount of development costs incurred. We noted the same position as part of our 2019 report to Council.

In their report the valuers comment that they have assessed the property using a residual development approach, which assumes a completed development. Accordingly the valuers have capitalised assessed market rents to arrive at an “as if complete” value, from which are deducted leasing costs (including incentives), construction costs, holding costs, a contingency and an allowance for profit and risk. The valuer has been advised that 6 agreements to lease are now unconditional representing nearly 50% of the proposed floor area. A further 34% of the retail units have either heads of agreement or conditional agreements to lease with the remaining 16% being in early negotiations or enquiry stage. The rents agreed to date are well above other rents within Kensington, the Regent and other suburban shopping centres which is positive but also presents potential sustainability risks. There are still a number of units within the development not leased and while rents are underway and generally above market rentals, most of these agreements will likely have substantial incentives.

This valuation approach derives an “as completed” market value of \$11,950,000 (including the sale of the childcare land) which is less than the budgeted total development cost of \$15,476,800 (including land cost, construction, and holding costs) implying a negative project value.

32 Hokianga Road, Dargaville

This property will be a new office for Northland Regional Council and Kaipara District Council. During the year, \$744,706 of costs have been incurred to develop this property. Telfer Young has independently valued the property at \$185,000 as at 30 June 2020 resulting in a write down of \$754,706 in FY20 which means that all development costs incurred in FY20 has been written off.

As development costs are expected to exceed \$9,000,000 plus GST, the valuers have indicated that the return is well below what would be required by an investor in this location. Given the projected overall deficit, the property has been valued as a clear development site at the date of assessment reflecting the cost of demolition and site clearance.

Valuation of development properties is an exercise in professional judgement based on various assumptions and other considerations. We also note that valuation of partially completed developments introduces additional judgements around expected rent arrangements. In order to fully understand the approach the valuers have taken and the likely final outcomes for these two development projects we recommend Council seeks to engage with the valuers directly.



C. Areas of audit focus

Area of audit focus	Our approach	Audit findings
<p>Governance and valuation of investment assets</p> <p>NRC has a significant portfolio of investment assets. The strategy around the use of this investment portfolio and the returns received are an important component of Council's funding of its activities.</p> <p>This gives rise to risks around the robustness of governance processes around these investments, the valuation of the investments at year-end, and whether the appropriate accounting treatment has been applied in respect of those valuations, as well as fair value movements.</p>	<p>We addressed these risks through :</p> <ul style="list-style-type: none"> • Evaluating the governance processes and controls around investment assets. This will involve determining whether investment mandates and parameters are monitored as part of governance arrangements, including the risk/return strategy employed and the adequacy of reporting in this area; • Ascertaining the quality of controls in place at the investment manager and custodian by obtaining internal control audit reports; • Reviewing the accounting treatment applied to investment assets against relevant financial reporting standards; • Reviewing the calculation of investment asset fair values at year-end; and • Reconcile and validate the cash movements in and out of the investment funds 	<p>During our audit of the financial assets held in various investment funds we compare the allocation of assets to the benchmarks in the Statement of Investment Policy and Objectives (SIPO). The SIPO for each fund governs the make-up of the fund, benchmark asset allocations, and minimum / maximum holdings for particular asset fund types.</p> <p>We note that Council's fund manager reports this information on a quarterly basis. As at 30 June 2020 two short term funds had breached the allocation per SIPO:</p> <ul style="list-style-type: none"> - Quay Street Income currently sitting at 32.7% (range of 0-30% per SIPO) - Self Managed cash fund currently sitting at 13.8% (range of 0-5% per SIPO). <p>We note this allocation was in response to the current market conditions. The Investment Committee has approved this allocation whilst assets are being rebalanced.</p>



C. Areas of audit focus

Area of audit focus	Our approach	Audit findings
<p>Legislative compliance: rates revenue</p> <p>Over recent years there have been a number of issues within the Local Government sector arising from rates not being set in accordance with the Local Government (Rating) Act 2002 (LGRA). Compliance with the detail of the LGRA is vital: if the rate is not within the range of options and restrictions provided for in that Act, it may not be valid.</p> <p>Management and Council need to continue to ensure that the requirements of the LGRA are adhered to and that there is consistency between the rates resolution, the Funding Impact Statement for that year, and the Revenue and Financing Policy in the respective LTP or Annual Plan (AP).</p>	<p>In order to address this risk, we:</p> <ul style="list-style-type: none"> • Tested the controls around the rates setting process at Council; • Completed a 'work programme' compiled by the OAG, (similar to that completed in the prior year), to assist us in determining if rates had been set correctly by the Council; • Reviewed the meeting minutes recording the adoption of the rates resolution, determining whether the rates are in accordance with the revenue and financing policy as well as reviewing any other information available with regard to rates. <p>We note that we are not legal experts and we recommend Council continue to have their legal advisor review the documentation supporting the setting of rates to confirm legislative compliance.</p>	<p>We identified no material misstatement during our testing on rates.</p> <p>We note that Council uses Simpson Grierson to review its rating documentation prior to its adoption. This is a good process that should be continued.</p>



C. Areas of audit focus

Area of audit focus	Our approach	Audit findings
<p>Validity of fees and charges revenue</p> <p>There is a risk that fees and charges revenue may be misstated if they are calculated incorrectly or revenue is recognised incorrectly.</p> <p>We have identified this as our presumed risk of fraudulent revenue recognition as required by auditing standards.</p>	<p>We tested a sample of fees and charges revenue for accuracy. We also reviewed the recognition policy and practice against relevant financial reporting standards to ensure the revenue is recognised at the right time.</p>	<p>We identified no material misstatement in respect of fees and charges revenue.</p>



C. Areas of audit focus

Area of audit focus	Our approach	Audit findings
Management override of controls We are required to design and perform audit procedures to respond to the risk of management's override of controls.	As part of our testing of the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the Group financial statements, we performed the following testing: <ul style="list-style-type: none"> • Understand and evaluate the financial reporting process and the controls over journal entries and other adjustments made in the preparation of the Group financial statements. • Test the appropriateness of a sample of journal entries and adjustments and make enquiries about inappropriate or unusual activities relating to the processing of journal entries and other adjustments. • Review accounting estimates for bias that could result in material misstatement due to fraud, including assessing whether the judgements and decisions made, even if individually reasonable, indicate a possible bias on the part of management. • Perform a retrospective review of management's judgements and assumptions relating to significant estimates reflected in last year's Group financial statements. • Obtain an understanding of the business rationale of significant transactions that we become aware of that are outside the normal course of business or that otherwise appear to be unusual given our understanding of the entity and its environment. 	We have not identified any inappropriate journal entries or indications of management bias. We have communicated to management that best practice would be for all manual journal entries to be reviewed independently of the journal preparer prior to posting.



C. Areas of audit focus

Area of audit focus	Our approach	Audit findings																								
<p>COVID-19 Impact</p> <p>Covid-19 continues to rapidly evolve, and has already had a significant impact on the operations of many organisations.</p> <p>Entities must carefully consider their unique circumstances and risk exposures when analysing how recent events may affect their financial reporting. Specifically, financial reporting and related financial statement disclosures need to convey all material effects of Covid.</p> <p>For Northland Regional Council the FY20 impacts will likely manifest themselves in relation to investment property revaluation uncertainties (refer earlier area of focus), and the level of provisioning required for rates receivables and receivables due for other income items.</p>	<p>We have maintained regular contact with management over the last 6 months in particular to ensure we understand the Council's position with respect to Covid-19, including for the FY20 year subject to audit, but also FY21 where the Annual Plan required additional consideration with respect to areas where income would be reduced and costs removed or deferred.</p> <p>With respect to FY20 our work have included additional emphasis on:</p> <ul style="list-style-type: none">• Provision for doubtful debts on other receivables such as fees and charges;• The provisioning approach for rates receivables given the likely additional financial stress amongst the rate payer base;• Fair value measurements, particularly investment properties;• The recognition and disclosure of grant income received to provide support to certain sectors of the community;• Recognition and disclosure of wage subsidies claimed; and• Disclosures made in the financial statements <p>It is important that the Annual Report provides appropriate insight into the risks and uncertainties facing the organisation due to Covid and the judgements that have been made in preparing financial information.</p>	<p>Covid-19 has resulted in impacts to key estimates and judgements used in the following areas:</p> <ul style="list-style-type: none">• Investment property, owner occupied freehold land and buildings, infrastructure and forestry assets. Refer to slide 6 for further discussions.• Provision for non collection of rates receivables and general debtors as at 30 June 2020. <p>Council has assessed the non collection risk of rates receivables based on an analysis of Council's historical non-collection rate from each district. Council also incorporated an additional Covid provision of \$49k which is based on the movement in the unpaid current Whangarei District Council rates of 20%. The rates receivable balance for other territorial authorities have remained relatively in line with prior year representative of the fact that rate payments have not been materially impacted by Covid at this stage.</p> <p>To assess if Council's provision for each territorial authorities is sufficient, we have performed a stress test of the impact of the estimated collection rate on the provision.</p> <table><tr><th></th><th>WDC \$'000</th><th>FNDC \$'000</th><th>KDC \$'000</th></tr><tr><td>Provision for uncollected rate arrears (excluding penalties)</td><td>254</td><td>1,690</td><td>271</td></tr><tr><td>Average collection rate for rate arrears based on last 3 years</td><td>55%</td><td>11%</td><td>39%</td></tr><tr><td>Worst collection rate for rate arrears in the last 3 years</td><td>52%</td><td>9%</td><td>33%</td></tr><tr><td>Additional provision based on worst collection rate</td><td>17</td><td>43</td><td>27</td></tr><tr><td>Additional provision based on worst collection rate and additional 10% stress test</td><td>73</td><td>209</td><td>71</td></tr></table> <p>We also noted that Council has taken advantage of \$1.5m from the central government's wage subsidy effectively reducing the labour cost for Northland ratepayers. This has been disclosed in the financial statements.</p>		WDC \$'000	FNDC \$'000	KDC \$'000	Provision for uncollected rate arrears (excluding penalties)	254	1,690	271	Average collection rate for rate arrears based on last 3 years	55%	11%	39%	Worst collection rate for rate arrears in the last 3 years	52%	9%	33%	Additional provision based on worst collection rate	17	43	27	Additional provision based on worst collection rate and additional 10% stress test	73	209	71
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C. Areas of audit focus

Other matters including OAG audit brief requirements

Area of audit focus	Our approach	Audit findings
Performance, waste and probity Ensuring that Parliament's expectations are met with respect to use of rate payer funds is a key feature of any audit in the public sector.	Our audit approach included a specific programme of work, as in previous years, covering the following aspects: <ul style="list-style-type: none"> • Confirming Council has the appropriate policy framework for areas such as delegated authorities, fraud, conflicts of interest etc. • Ensuring we understand any changes made to such policies. • Testing certain areas of sensitive expenditure to ensure spending is appropriate and authorised in accordance with policy and best practice. • Reviewing areas such as credit card expenditure, fuel card expenditure, and mobile phone expenditure. 	We did not identify any issues in respect of performance, waste, and probity.
Managing conflicts of interest and related party transactions Councils are required to ensure that there are appropriate procedures in place to identify and manage conflicts of interest that related party disclosures in the financial statements are complete.	Our audit procedures on related party disclosures included searching public records for potential related party relationships (such as the Companies Office website). We also ensured any entries in the interests register were individually assessed, and those which met the definition of a related party transaction during the year were disclosed in the Annual Report. This included remuneration disclosures relating to the Councillors and key management personnel.	We are satisfied that related party transactions including remuneration disclosures relating to Councillors have been appropriately disclosed in the annual report.
Financial prudence Councils are required to include appropriate benchmarking reporting in the Annual Report as required by the Local Government (Financial Reporting and Prudence) Regulations 2014.	Our audit procedures included reviewing the disclosures and recalculating key ratios to determine whether Council was in compliance with these regulations.	We identified no issues in respect of these disclosures.



C. Areas of audit focus

Other matters including OAG audit brief requirements and proposed response

Area of audit focus	Our approach	Audit findings
<p>Legislative compliance and more specifically legality of rates</p> <p>The Council is subject to significant regulatory and legislative compliance requirements. The Council needs to have adequate systems in place to monitor compliance with legislation along with any changes occurring in the applicable legislation.</p>	<p>Our audit procedures included looking at Council's processes for ensuring legislative compliance, including specifically testing compliance with legislation that materially impacts on the financial statements. This included the Local Government Act 2002 and the Local Government (Rating) Act 2002. In particular extensive work was completed on the rates setting process, as outlined in the Areas of Focus section above.</p>	<p>We identified no issues in respect of legislative compliance for the current financial year.</p>
<p>Provincial growth fund</p> <p>The Provincial growth fund represents a \$3billion investment of public money in projects and initiatives which aim to lift productivity potential in New Zealand's regions.</p> <p>Councils are required to account for the fund in accordance with PBE accounting standards and be transparent with their communities about the funding.</p> <p>The Council has had one Provincial Growth fund contract relating to the Water Storage and Use Project.</p>	<p>We reviewed all contracts in place (multiple contracts relating to the one project).</p> <p>We focused on the risk that revenue may not be recorded in the appropriate accounting period due to incorrect recognition or deferral of revenue. This could arise from incorrectly identifying conditions or restrictions associated with revenue transactions or incorrectly applying the contractual terms associated with the timing of when revenue is recognised.</p>	<p>There are a number of conditions with this funding and revenue can only be recognised when each separately identified condition is met.</p> <p>Further the project has now been passed to another community organisation and so the financial impacts have been concluded in Council's financial statements for the year ended 30 June 2020.</p>



C. Areas of audit focus

Other matters including OAG audit brief requirements and proposed response

Area of audit focus	Our approach	Audit findings
Fraud The primary responsibility for the prevention and detection of fraud rests with management and the Council, including designing, implementing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditor, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.	Throughout the financial year we remained alert for issues that indicate fraud. Specifically our work involved: <ul style="list-style-type: none"> Formal inquiries of the Council, management and others within the entity regarding the risks of fraud within the Council including the processes in place to mitigate those risks; Documenting systems and internal controls used by the Council to prevent and detect fraud. In this area we will raise any weaknesses with management and the Council as applicable; Remaining alert for the existence of any confidentiality clauses in employment contracts that may prevent disclosure of information and thus reduce the level of transparency of spending of public monies; and Reviewing the current fraud policy to ensure it follows OAG guidance and ensure management and employees are aware of the fraud policy and its content. 	We do not have any matters to report with respect to actual or suspected fraud, or Council's policy framework in this area.



D. Internal control findings

Assessment of internal control

Our audit approach requires us to obtain an understanding of an entity's internal controls, sufficiently to identify and assess the risks of material misstatement of the Group's financial statements whether due to fraud or error.

We remind you that our audit is not designed to express an opinion on the effectiveness of the controls operating within the Council. We will report to management any recommendations on controls that we identified during the course of our audit work. The matters being communicated are limited to those deficiencies that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported. Our recommendations for improvement should be assessed by you for their full commercial implications before they are implemented.

Observations and recommendations in the current period

We have not identified any significant deficiencies in internal controls which would impact upon our ability to provide our opinion. Any minor control observations have been communicated to management throughout the course of the audit.



E. Summary of unadjusted differences

In performing our audit, we have not identified unadjusted differences that could individually or in aggregate have a material effect on the consolidated financial statements for the year ended 30 June 2020.



F. Summary of audit adjustments - disclosures

In performing our audit, no material uncorrected disclosure deficiencies were detected in the Group financial statements.



Appendix 1: Purpose of report and responsibility statement

Purpose of report

This report has been prepared for the Audit & Risk Committee and is part of our ongoing discussions as auditor in accordance with our engagement letter and master terms of business dated 17th June 2020 and as required by New Zealand auditing standards.

This report is intended for the Council's Audit & Risk Committee (and other Council members) and should not be distributed further. We do not accept any responsibility for reliance that a third party might place on this report should they obtain a copy without our consent.

This report includes only those matters that have come to our attention as a result of performing our audit procedures and which we believe are appropriate to communicate to the Committee. The ultimate responsibility for the preparation of the Group financial statements rests with the Council.

Responsibilities

We are responsible for conducting an audit of the Group for the year ended 30 June 2020 in accordance with New Zealand auditing standards issued by the NZ Auditing and Assurance Standards Board. Our audit is performed pursuant to the requirements of the Public Audit Act 2001, the Local Government Act 2002, and taking into consideration instructions received from the Office of the Auditor General, with the objective of forming and expressing an opinion on the Group's financial statements, performance information, and other requirements of Schedule 10 that have been prepared by management with the oversight of the Council. The audit of the Group financial statements and group of activities statement does not relieve management or the Council of their responsibilities.

Our audit is not designed to provide assurance as to the overall effectiveness of the Council's controls but we will provide you with any recommendations on controls that we may identify during the course of our audit work.



Appendix 2: Independence and fees

Effective 1 April 2020, the updated Code of Ethics (AAG PES 1) introduce a change to the Auditor-Generals' independence requirements by placing limitation on "other work" that can be carried out by auditors, over and above the work we carry out on behalf of the Auditor-General. We have obtained approval to provide the below services for the year ending 30 June 2020.

The professional fees earned by Deloitte Limited in the period from 1 July 2019 to 30 June 2020 are as follows:

	CY (\$'000)	PY (\$'000)	Notes
Fees payable for the audit of the Council's annual report and summary financial statement	120	118	
OAG overhead	11	12	
Other assurance engagements relating to the Debenture Trust Deed and audit of the Register of Security Stock	6	6	
Total audit related and other assurance fees	137	136	
Cyber governance maturity assessment	5	10	
Agreed upon procedures for Waima Waitai Wairoa project	5	-	
Review of Annual Plan for 2020-2021	2	-	(1)
Online Fraud and Corruption Awareness Training	-	8	(1)
Total services	149	154	

(1) These are one-off services provided during FY19 and FY20.

Deloitte has been engaged to undertake certain advisory work for Waka Kotahi. This engagement is in relation to certain additional costs that are being passed on by bus operators to Regional Councils and therefore to Waka Kotahi as a result of new provisions in the Employment Relations Amendment Act. Any interaction between the Deloitte engagement team and Northland Regional Council in relation to this project will be via Waka Kotahi and will not involve members of the audit team. We have obtained OAG approval to provide this service to Waka Kotahi.



Appendix 3: Other communications

The following matters are communicated in accordance with the requirements of New Zealand auditing standards:

Non-compliance with laws and regulations	In performing our audit of the Group for the year ended 30 June 2020, we have not become aware of any instances of non-compliance with applicable laws and regulations that may have an impact on the determination of material amounts and disclosures within the financial statements.
Accounting policies / financial reporting	<p>There were no changes in accounting policies during the year ended 30 June 2020.</p> <p>We have not become aware of any other significant qualitative aspects of the Group's accounting practices, including judgements about accounting policies, accounting estimates and financial statement disclosures that need to be communicated to the Audit & Risk Committee.</p>
Related parties	No significant related party matters other than those reflected in the Group financial statements came to our attention that, in our professional judgement, need to be communicated to the Audit & Risk Committee
Written representation	A copy of the representation letter to be signed on behalf of the Council has been circulated separately.
Other information	We have read the other information (the financial and non-financial information other than the financial statements) contained within the annual report to consider whether there are material inconsistencies with the financial statements.

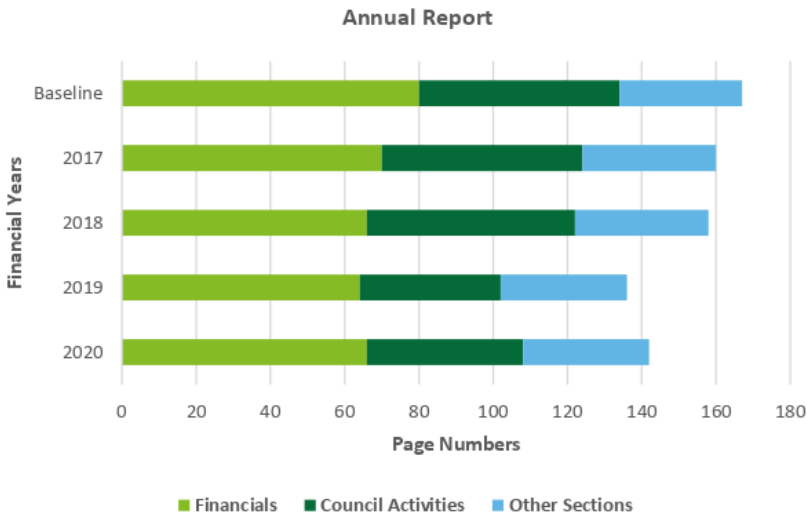


Appendix 4: Simplifying the annual report

Since we were appointed as your auditors, we have been on a journey with management on simplifying the annual report.

The chart below shows the change in page numbers per section year on year. We have segregated the annual report into three main areas – the Financials (relating to Section 3 Financial Statements), Council Activities (relating to Section 2 which includes the statement of service performance, the funding impact statements for each activity and financial prudence); and Other Sections (relating to Section 1 Overview, Section 4 Legislative disclosures and section 5 CCO’s and Subsidiaries).

Note we have included the 2016 annual report to act as the baseline comparative data.



	Number of pages reduced since FY16	% change
Financials	14	18%
Council Activities	12	22%
TOTAL	26	19%

Commentary of changes

In FY19, our focus was on reducing the Council Activities section due to Year 1 implementation of the 2018-2028 LTP.

In FY20, there is a slight increase in page numbers across the sections due to Covid-19 and the drought response which resulted in additional disclosures to illustrate the impact these events have on Council operations for the year.

We expect there to be a further opportunity to streamline and improve the non financial performance measure disclosures as part of the upcoming 2021-31 LTP.





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TITLE: Financial Report to 30 September 2020

ID: A1371755

From: Vincent McColl, Financial Accountant

Executive Summary / Whakarāpopototanga

This report is to inform council of the year to date (YTD) financial result to September 2020. Council has achieved a YTD surplus after transfers to and from reserves of \$4.10M, which is \$280K favourable to budget.

Recommendation / Ngā mahi tūtohutia

That the report 'Financial Report to 30 September 2020' by Vincent McColl, Financial Accountant and dated 6 October 2020, be received.

Report

SUMMARY OPERATING RESULTS			
	000's ACTUAL YTD	000's BUDGET YTD	000's VARIANCE YTD
Revenue (including other gains)	\$ 18,130	\$ 14,336	\$ 3,794
Expenditure	\$ 11,727	\$ 11,325	\$ (401)
NET (COST)/SURPLUS BEFORE TRANSFERS FROM/(TO) RESERVES	\$ 6,403	\$ 3,011	\$ 3,392
Transfer From (To) Special Reserves	\$ (2,302)	\$ 810	\$ (3,112)
NET (COST)/SURPLUS AFTER TRANSFERS FROM/(TO) RESERVES	\$ 4,101	\$ 3,821	\$ 280

Revenue

Year to date revenue is \$18.13M, which is \$3.79M or 27% above budget.

YTD REVENUE VARIANCE INDICATORS BY REVENUE TYPE			
	FAV / (UNFAV)		Commentary
	\$	%	
Rates	\$20,359	0.3%	
User Fees and Sundry	(\$57,121)	(2.6%)	<ul style="list-style-type: none"> • Lower than budgeted bus fare box income of \$79K Offset by: <ul style="list-style-type: none"> • Higher than budgeted nursery sales of \$38K
Grants and Subsidies	\$1,000,931	60.3%	<ul style="list-style-type: none"> • Unbudgeted wilding conifer removal subsidies of \$678K offset by contractor costs of \$678K • Unbudgeted water storage project funding of \$63k offset with unbudgeted grant expenditure of \$63K • Unbudgeted MBIE worker redeployment subsidies of \$75K offset with unbudgeted contractor costs of \$95K • Unbudgeted farm animal welfare grants of \$195k offset with unbudgeted grant expenditure of \$195K
Investment Interest Income	\$34,438	71.8%	<ul style="list-style-type: none"> • Higher than budgeted internal interest on the sporting facilities rate due to a higher reserve balance.
Investment Property Income	\$10,880	1.7%	
Dividend Income	\$553,573	37.0%	<ul style="list-style-type: none"> • Final dividend of 9.25 cents per share received compared to the budgeted 6.75 cents per share • Surplus dividend has been retained in general funding offsetting the planned funding from the equalisation reserve
Long Term Fund Gains	\$1,640,971	379.5%	<ul style="list-style-type: none"> • Actual August YTD returns of 4.7% are higher than the budgeted 0.80% (4.79% annualised). September gains have been accrued based on advice from Eriksens Global • The required general funding has been withdrawn from the long term fund and will be held in term deposits until required for cashflow.
Short Term Fund Gains	\$589,935	3021.3%	<ul style="list-style-type: none"> • Actual August YTD returns of 3.1% are higher than the budgeted 0.33% (1.98% annualised). September gains have been accrued based on advice from Eriksens Global. \$130K of the favourable variance to budget relates to council's working capital.
Total	\$3,793,967	26.5%	

Expenditure

Year to date expenditure is \$11.73M, which is \$401K or 3.5% above budget.

YTD EXPENDITURE VARIANCE INDICATORS BY COUNCIL ACTIVITY						
	FAV / (UNFAV)		Commentary	Offset by:		Not offset
	\$	%		Subsidies	Reserves	FAV / (UNFAV)
Regulatory Services	(\$196,913)	(11.0%)	<ul style="list-style-type: none"> Unbudgeted Animal welfare grants subsidising farmers for animal feed brought in during the drought season. Other small accumulated variances within this group 	(\$195K)		(\$2K)
Environmental Services	(\$443,912)	(15.8%)	<ul style="list-style-type: none"> Unbudgeted wilding conifers removal contractors Partially offset by: Lower than budgeted salaries due to delays in recruitment Lower than budgeted FIF project expenditure due to the timing of planned works Other small accumulated variances within this group 	(\$678K)	\$33K	\$89K
Governance and Engagement	\$92,018	4.9%	<ul style="list-style-type: none"> Lower than budgeted salaries due to delays in recruitment Other small accumulated variances within this group 		\$57K	\$10K
Customer Service and Community Resilience	\$59,846	2.7%	<ul style="list-style-type: none"> Lower than budgeted salaries due to delays in recruitment Lower than budgeted Mid North Bus transport contracts partially offset by lower NZTA subsidies Lower than budgeted harbour safety consultants offset with lower than budgeted transfers from the Covid-19 reinstatement reserve Other small accumulated variances within this group 	\$23K	\$20K	(\$12K)
Corporate Excellence	\$105,595	5.9%	<ul style="list-style-type: none"> Lower than budgeted salaries due to delays in recruitment Lower than budgeted ReCoCo costs offset by lower than budgeted Covid-19 transfers from the reinstatement reserve Other small accumulated variances within this group 		\$19K	\$44K
CEO Office	(\$18,131)	(2.1%)				(\$18K)
Total	(\$401,496)	(3.5%)		(\$683K)	\$158K	\$124K

Note that across council there is a \$302K favourable salaries variance predominantly due to the time to complete recruitment of positions identified in the LTP and AP or restored via the Covid-19 Reinstatement Reserve. Some of these have associated external funding.

Transfers to reserves

For the year to date there has been a net transfer **to** reserves of \$2.30M compared to a budgeted net transfer **from** reserves of \$810K. This is predominantly due to:

- \$2.09 M more than budgeted transfers to externally managed fund reserves representing higher reinvestment of gains than budgeted.
- \$609K lower than budgeted transfers from equalisation reserve for general funding. This funding was not taken due to the additional dividend income.
- \$152K lower than budgeted transfers from the Covid-19 reinstatement reserve.
- \$76K higher than budgeted transfers to the transport reserves.

Covid-19 Reinstatement Reserve initiatives

Eighteen initiatives have a funding commitment from the Covid-19 Reinstatement Reserve totalling \$1.22M. This leaves \$476K unallocated at the end of September 2020. The committed initiatives are as follows:

Tangata Whenua capability	\$30,000
Modelling of aquifers	\$100,000
Enviroschools staff and seminars	\$86,565
Pest plant prevention work stream	\$110,000
Biodiversity FIF dune lake position	\$75,131
Biosecurity marine position	\$60,092
Economic policy advisor	\$85,701
Kaiarahi Mahere Māori technical advisor	\$82,784
BOI harbour modelling	\$58,000
ReCoCo obligations	\$100,617
Northland Inc. business case assessment	\$100,000
Campaigns & engagement coordinator role	\$40,000
Building reconfiguration (capital works)	\$106,000
Biodiversity contractors	\$30,000
Planning & Policy BAU - for LTP contract work	\$10,000
Building reconfiguration	\$29,000
Otiria-Moerewa Flood Modelling and Pre-feasibility Study	\$80,000
NRC Water Allocation Tool	\$40,000
Total	\$1,223,890

Attachments/Ngā tapirihanga

Nil

Authorised by Group Manager

Name: Bruce Howse, Group Manager - Corporate Excellence,
Title: Group Manager - Corporate Excellence
Date: 13 October 2020

TITLE: Regional Rates Collection - Update to 30 September 2020

ID: A1372734

From: Simon Crabb, Finance Manager

Authorised by Bruce Howse, Group Manager - Corporate Excellence, on date 14 October
Group Manager: 2020

Executive summary/Whakarāpopototanga

The three district councils administer the collection of the regional council rates on our behalf. The purpose of this report is to provide an update on the collection of this year's current rates and the rate arrears owing to the regional council by each district council.

The three district councils collected a total of 33% of our annual rate strike in Q1 of the 2020/21 financial year (Q1 2019/20: 32%).

The three district councils also collected a total of \$476K of our rates arrears in Q1 of the 2020/21 financial year equating to 8.2% of the opening rate arrears balance (Q1 2019/20: \$399K, 7.9%).

Recommendation

That the report 'Regional Rates Collection - Update to 30 September 2020' by Simon Crabb, Finance Manager and dated 8 October 2020, be received.

Background/Tuhinga

Far North District Council (FNDC)

The Far North District Council (FNDC) collected 25.3% of our annual rate strike in Q1 of this financial year (Q1 2019/20: 25.3%).

The FNDC also collected 4.4% (\$194K) of their related opening rate arrears balance during Q1 (Q1 2019/20: 4.7%; \$182K), resulting in a closing rate arrears balance (excluding current year rates) still to be collected of \$3.87M. Māori freehold land (MFL) accounts for \$2.73M of this balance.

Attachment 1 is the revenue and collections report provided by FNDC outlining the actions they have in place to collect outstanding rate arrears.

Kaipara District Council (KDC)

The Kaipara District Council (KDC) collected 27.5% of our annual rate strike in Q1 of this financial year (Q1 2019/20: 28.2%).

The KDC also collected 12.2% (\$99K) of their related opening rate arrears balance during Q1 (Q1 2019/20: 16.8%; \$137K), resulting in a closing rate arrears balance (excluding current year rates) still to be collected of \$792K.

Whangarei District Council (WDC)

The Whangarei District Council (WDC) collected 40.1% of our annual rate strike in Q1 of this financial year (Q1 2019/20: 38%).

The WDC also collected 30.1% (\$183K) of their related opening rate arrears balance during Q1 (Q1 2019/20: 24.8%; \$81K), resulting in a closing rate arrears balance (excluding current year rates) still to be collected of \$421K

When rates are received from the district councils they are deposited into council's Short Term Investment Fund. When council receives a lower level of rating revenue, it can result in a reduced level of returns derived from the Short-Term Investment Fund.

Attachments/Ngā tapirihanga

Attachment 1: Far North District Council - 2020-21 Q1 Revenue and Collections Report [↓](#)

CMEETING: FINANCE COMMITTEE – NORTHLAND REGIONAL COUNCIL

Name of item: REVENUE AND COLLECTIONS QUARTERLY REPORT as at 16 September 2020.

Author: Margriet Veenstra, Manager - Transaction Services

Date of report: 24/09/2020

Executive Summary

The purpose of the report is to provide quarterly reporting to Northland Regional Council on action taken to collect current rates and rate arrears, and to provide information on how collection is tracking against targets.

1) Background:

This document has been prepared to highlight the actions taken by Far North District Council for the collection of the Northland Regional Council's rates and to reduce the monies outstanding. This report is prepared as at the end of the first quarter of the financial year 2020/21.

2) Discussion and options

The information has been identified for General Title and Maori Freehold Land rates and water accounts. The total arrears balance for General Title rates has been reduced by 34% and Maori Freehold Land rates was reduced by 2% since 31 July 2019.

General Title arrears update:

Key actions that have been completed since the start of the rating year:

- Between the 24th and 27th of August, debt management contacted approximately 100 rate payers who missed the 1st Instalment only and were due to incur penalties.
- Between the 7th and 16th of September, they reviewed 256 accounts of properties with mortgages who have a payment arrangement in place and contact those who's payments were no longer in line with rates easy pay.
- From the 17th of September, they started contacting all rate payers who qualified for crisis rating relief and offer a suitable payment plan from the 1st of October once the rating relief resolution expires.

We are also preparing for active recovery of arrears from the 1st of October 2020.

- Proceed with accounts on hold for legal action for arrears with an external law firm.
- Policy for approval by council of next actions post default judgment from the courts.
- Council legal team to commence legal proceedings for 10 accounts.

Additionally, to the above, we will also the commence mortgage demand process for General Title properties. Section 62 of the Local Government (Rating) Act 2002 enables councils to recover unpaid previous year's rates from the mortgagee if the property owner is in default.

- From the 1st of November, councils can notify a bank, as mortgagee, that a property owner has not paid his or her previous years' rates, and demand that the bank pay them instead.

- The bank must be given three months' notice that the property owner is in default and after that period, councils can demand payment from the bank
- Final demand for payment must be issued and paid in the rating year the mortgage demand notice is sent.
- It is standard practice for the terms and conditions of property loans to include a reference to a bank's right to recover money from customers once the bank has paid the arrears. Typically, it will recover the money from the customer by debiting the amount to his or her account.

Debt management process for this rating year is as follows:

- Between the 1st of October and the 20th of October, debt management will proactively call owners of properties with only last years rates in arrears or a balance less than \$1,000 to offer payment arrangements to avoid mortgage demand.
- Three months' notice letter is sent to the banks and the owners of 300 properties with the highest arrears' balances on the 20th October 2020.
- Owners are invited to contact debt management to make payment arrangements to avoid final demand in three months.
- Payment arrangements must be in line with rates easy pay to clear the arrears and current rates.
- For those properties where no payment is received or payment arrangements have dishonoured, final demand for payment will be issued to the bank after the three months' notice period has passed on the 20th of January 2021.
- Debt management will proactively contact owners of all remaining properties between the 20th of October and the 1st of February 2021 to offer payment arrangements to avoid mortgage demand.
- Three months' notice letter is sent to the banks and the owners of all remaining accounts with an arrears balance and without a payment arrangement by the 20th of February 2021 with final demand to be issued on the 20th of May 2021, if arrears have not been cleared or no payment arrangement has been made.

For the total number of General Title rates and water accounts marked as 'Debt recovery action to commence':

- These are properties where there is no mortgage, no payments have been received and the owner has not contacted council to discuss payment options.
- 27% of these accounts have arrears of more than 2 rating years.
 - 70% of these accounts have received final demand letters from council
 - FNDC legal team will commence registering the debt against these properties and commence filing for debt recovery through the courts.
 - Debt management will send final demand letters to the remaining 30%.
- 73% is for accounts with up to two years rates arrears.
 - Debt management to commence calling.
 - If no contact is made, demand letters will be sent.

Debt management have occasional communications with the Te Hono team regarding payment of rates arrears for Maori Freehold Land.

Collection Data

An analysis of the arrears, by collection status, is included in the following table. Arrears are the debt outstanding as at the end of the first quarter of the 2020/21 financial year.

Arrears Collection Type Analysis Q1 2020-21						
Collection Type	Arrears \$			% of collection type to Total debt to be		
	General Title	Maori Freehold Land	Total	General Title	Maori Freehold Land	Total
Direct Debits	66,573	28,235	94,807	6%	1%	3%
Other Payment Arrangements	21,831	3,775	25,606	2%	0%	1%
Abandoned Land	44,147	3,014	47,161	4%	0%	2%
Legal Action Commenced (external)	101,811	0	101,811	9%	0%	4%
Legal Action Commenced (FNDC)	11,985	0	11,985	1%	0%	1%
Deceased	48,574	17,216	65,790	4%	1%	2%
Liquidation	2,118	0	2,118	0%	0%	0%
Mortgage	411,859	0	411,859	36%	0%	18%
Total under above arrangements	708,898	52,239	761,138	62%	2%	32%
Debt recovery action to commence	436,968	2,675,065	3,112,033	38%	98%	68%
Total Debt to be collected	1,145,866	2,727,305	3,873,171	100%	100%	100%

Council's remission policies

Council's remission policies are designed to recognise the unique nature of the Far North with its significant areas of unoccupied Maori freehold land. Overall the policies address issues of financial hardship and the protection of areas of land with particular conservation or community values. The following table shows the instance of remissions for each policy and the financial impact of these remissions.

Policy Name	Number Remissions Granted Year 30 June 2020		Remissions to 30 June 2019	
	2021		2020	
	Qty	\$value	Qty	\$value
Maori Freehold Land Remissions	580	\$ 137,974.19	712	\$ 180,346.37
Charitable or Community Organisations	60	\$ 20,006.54	54	\$ 14,747.14
Remission of Postponements	0	\$ -	20	\$ 11,246.32
Contiguous Properties	467	\$ 111,060.76	402	\$ 85,453.73
Properties partly in District	1	\$ 156.03	1	\$ 139.76
Conservation Property	228	\$ 66,447.45	225	\$ 59,204.74
School Sewerage Remission	0	\$ -		
Excess Water Remissions	0	\$ -		
Total	1,336	335,645	1,414	\$ 351,138.00

TITLE: Health and Safety Report

ID: A1369631

From: Kelcie Mills, Health and Safety Advisor

Authorised by Group Manager: Bruce Howse, Group Manager - Corporate Excellence, on date 12 October 2020

Executive summary/Whakarāpopototanga

This report provides an overview of activity in health and safety for the month of September 2020, which in summary we report:

- A change in the top five risks with 'contractors' moving on to the list and 'known hazardous substances' moving off the list.
- The risk mitigation plan for driving is now in place and implementation has begun.
- There was a decrease in the reporting of hazards and injury/incident related events for the month.
- The stress group is reviewing potential actions from the stress survey results.
- The Worksafe Safe+ internal auditing tool will be initiated in October.

Recommendation

That the report 'Health and Safety Report' by Kelcie Mills, Health and Safety Advisor and dated 1 October 2020, be received.

Background/Tuhinga

1. Health and safety performance

Table 1 Health and safety performance lead and lag indicators

	Jul-20	Aug-20	Sep-20	FY Total
% Audit of systems reviewed	0%	3%	1%	4%
Audit corrective actions identified	0	0	0	0
Number of vehicles events	4	2	0	6
Number of contractor events	2	0	0	2
Contractors successfully pre-engaged	2	8	3	13
H&S trainings completed	10	1	3	14
New workers H&S inducted	0	3	2	5
Health monitoring vaccine programmes completed				64*
Health monitoring programmes completed				0*
	Current	Completed		
Incident Investigations outstanding	5	22		27

*based on calendar year

Table 1 summarises the key lead and lag indicators for the past quarter.

2. Risk management

The top 5 health and safety risks in the organisation are currently:

1. Driving motor vehicles
2. Stress
3. Not implementing controls
4. Unknown hazardous substances
5. Contractors

Risk updates

- A mitigation plan for driving has been developed. It includes online and practical driver training, better use of E-road to monitor driving behaviours and developing a driver fatigue guide for staff. See attachment for the deep dive into driving.
- Mitigation plans for the other four risks are yet to be developed. A deep dive will be shown each month as related to the top risks.
- The 'known hazardous substances' risk has been lowered and has now dropped off the top 5. This is because we have been undertaking monthly checks on HSNO inventories for the past 9 months with no issues/incidents having occurred. This has now meant that contractors move up the list.
- An upcoming risk is the potential for a 'yes' in the legalisation of cannabis referendum. In preparation for this, we have planned an information session for managers on what the impacts of this will mean for health and safety at work.

3. Incidents and hazards

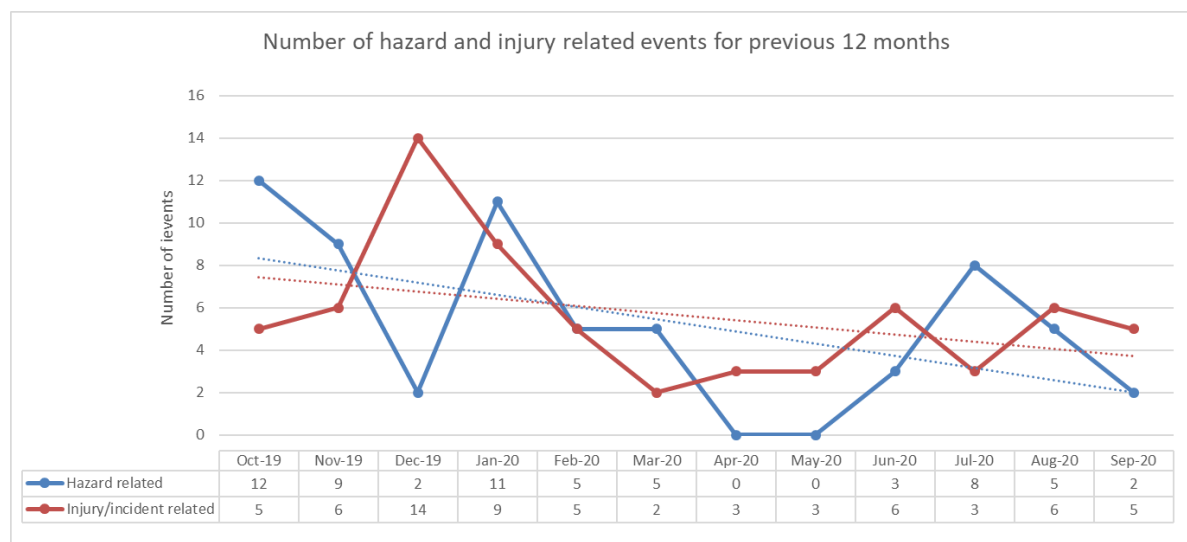


Figure 1 Number of hazard and injury related events for previous 12 months

Figure 1 shows the number of injury/incident and hazard related events reported over the previous 12 months. Reporting of both incidents and hazards is trending down.

Events reported

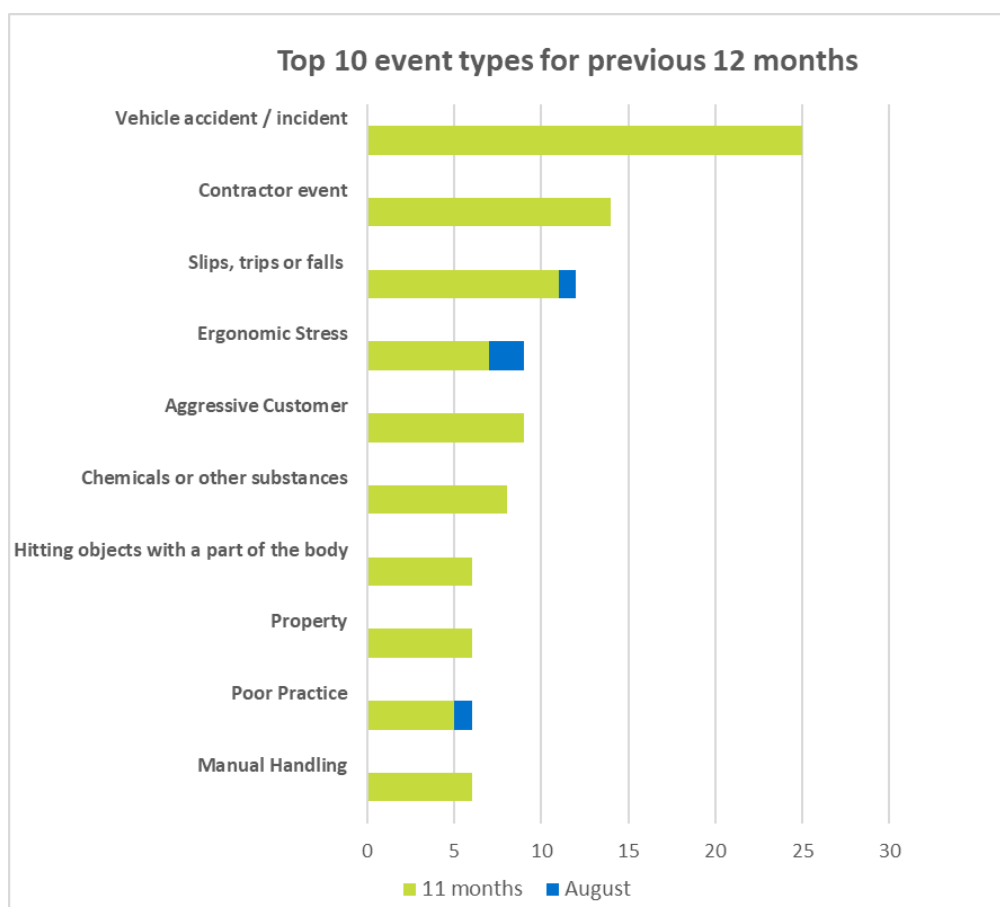


Figure 2: Top 10 issues for previous 12 months

- There were no vehicles related incidents this month for the first time since Level 4 lockdown in May.

Events of interest:

- A high stress incident was reported on behalf of a worker as their workload had greatly increased as a result of another worker being on extended medical leave. The workload has been reviewed with tasks re-distributed as well as regular check-ins with the worker. We will continue to monitor

4. Health and safety strategy work programme

Leadership

- The stress survey results have been interpreted and the OMT stress group is finalising the report, its recommendations and action plans.
- The decision was made for staff to not use anything listed on the Travel Accident Investigation Commissions Watchlist. This currently includes a specific model of helicopter and is recognised in the risk register.

Communication and engagement

- The health and safety spotlight on Express was initiated in September. It was designed for sharing key news and it covers three key 'need to know' topics each month.

Wellbeing

- The wellbeing committee is looking into Mental Health 101 sessions for customer facing staff, wellness presentations for the rest of the staff, and another activity challenge to follow on from September.

Injury, illness and hazards

- Training/ competency requirements for roles are being reviewed with managers to ensure that workers have the right training and skill to do their jobs safely.

Learning and development

- Training/ competency requirements for roles are being reviewed with managers to ensure that workers have the right training and skill to do their jobs safely.
- The Worksafe audit tool 'Safe+' is now set up to begin in mid-October. This will evaluate our health and safety performance based on worker perception.

5. Legislation updates

The CoPTTM (Code of Practice for Temporary Traffic Management) has changed its training requirements to write and review traffic management plans. This means our current STMSs will need to either upskill or we will need to outsource this task. We are currently investigating options.

Attachments/Ngā tapirihanga

Attachment 1: Health and Safety risks deep dive - Driving [📎](#)

Attachment 1 – H&S risk deep dives

ID: 53 Driving motor vehicles	Pre-controls (Inherent) Risk Likelihood	Pre-controls Risk Consequence	Pre-controls Risk Ranking	Post-control (Residual) Risk Ranking	Risk Owner
There is a risk of distraction and fatigue leading to potential accidents, and/or injury to humans or animals. Not complying with Health and Safety at Work Act 2015	Often	Severe	Extreme	Major	H&S Advisor
<p>Appetite: For those in areas where they need to drive for their role there is certainly an appetite to mitigate the risks.</p> <p>Type of Risk: Injury or loss of life – staff and/or public, financial, reputation.</p> <p>Background: Our staff and contractors are on the roads for their work, sometimes for up to several hours per day, with this being on top of the work that needs to be completed for the day. This could result in them being fatigued or easily distracted. In addition, they need to deal with other road users and hazards on the road.</p>					
Key Treatments or mitigation activities	Responsible Person	Timeframe – Start date	Signoff	Frequency of review	Status
The staff must drive NRC vehicles, not their own vehicles.	Individuals	Feb 2020	GM Corporate Excellence	Yearly	Ongoing
E-road depot system – monitoring of licences, driving habits, vehicle maintenance. Reporting of any issues.	Vehicle Fleet Co-ordinator	Aug 2020	HR Manager	Weekly	Ongoing
Guardian Angel – InReach lone worker monitoring, buddy system and mobile phones – having a minimum of two forms of communication for lone and remote working. Policy and process for use.	Individual to carry the devices. H&S Advisor and Vehicle Fleet Co-ord to ensure they are available and processes in place.	Jan 2020	GM Corporate Excellence	Yearly	Ongoing

Driver training – different risk profiles have different levels of training	H&S Advisor	Started identifying people	HR Manager	Yearly	Just started
Fatigue management plan	H&S Advisor	Oct 2020	HR Manager	Yearly	Just started
Implementing appropriate consequences for staff not adhering to requirements	H&S Advisor	Yet to be developed	HR Manager	Yearly	Not yet started
Infringements - tickets	H&S Advisor	Yet to be developed	HR Manager	Yearly	Not yet started

TITLE: Independent Financial Advisor Recruitment

ID: A1366308

From: Bruce Howse, Group Manager - Corporate Excellence

Executive summary/Whakarāpopototanga

The term of the current Independent Financial Advisor ends on 31 December 2020.

Given this, it is recommended that council undertake a competitive recruitment process for an Independent Financial Advisor. The proposed process and timeframes are:

- Role advertised 21 October;
- Applications close 11 November;
- Shortlisting complete 18 November;
- Interviews in week of 30 November – 4 December; and
- Report to council meeting 15 December with recommendation of appointment.

It is recommended that the interview panel to be comprised of Councillors Stolwerk (Chair of Investment & Property Subcommittee), Kitchen (Chair of Audit & Risk Subcommittee) and Chair Smart. The reason for recommending these councillors is due to their Chair roles on the respective subcommittees and Chair Smart being an Ex-Officio member on both subcommittees.

Recommendation(s)

1. That the report 'Independent Financial Advisor Recruitment' by Bruce Howse, Group Manager - Corporate Excellence and dated 22 September 2020, be received.
2. That council commences a recruitment process for an Independent Financial Advisor.
3. That Councillors Stolwerk, Kitchen and Chair Smart be appointed to shortlist and interview applications for the Independent Financial Advisor role.

Considerations

1. Options

No.	Option	Advantages	Disadvantages
1	Undertake a competitive recruitment process for an Independent Financial Advisor	Test the market and recruit the best possible candidate for the role.	Nothing material.
2	Do not undertake a competitive recruitment process for an Independent Financial Advisor and undertake a direct appointment	Avoid having to go through the recruitment process, immaterial time and cost savings.	Are not able to test the market and may not find the best possible candidate for the role.

The staff's recommended option is Option 1.

2. Significance and engagement

In relation to section 79 of the Local Government Act 2002, this decision is considered to be of low significance when assessed against council's Significance and Engagement Policy because it is part of council's day to day activities. This does not mean that this matter is not of significance to tangata whenua and/or individual communities, but that council is able to make decisions relating to this matter without undertaking further consultation or engagement.

3. Policy, risk management and legislative compliance

Not applicable.

Further considerations

4. Community views

Being a purely administrative matter, Community Views, Māori Impact Statement, Financial Implications and Implementation Issues are not applicable.

Attachments/Ngā tapirihanga

Nil

Authorised by Group Manager

Name: Bruce Howse
Title: Group Manager - Corporate Excellence
Date: 13 October 2020

TITLE: **Māori Representation: Māori Constituencies**

ID: A1367147

From: Linda Harrison, Organisational Project Manager; Auriole Ruka, Kaiwhakahaere Hononga Māori and Jonathan Gibbard, Group Manager - Environmental Services

Authorised by Group Manager: Jonathan Gibbard, Group Manager - Environmental Services, on date 08 October 2020

Executive summary/Whakarāpopototanga

The Local Electoral Act (LEA) 2001 provides for the establishment of Māori constituencies and is part of a suite of legislative provisions put in place by the Crown, with the aim to increase Māori representation and participation in local authority decision making.

Following the 2019 elections, the incoming council indicated that they wanted to re-visit the issue of Māori representation / Māori constituencies. Following this decision in March 2020, council held six workshops to better understand the full range of views in relation to the establishment of Māori seats both within a local government and Northland context. The matters covered at these workshops are summarised below:

- Explanation of legislative requirements and timeframes;
- Opinions and insights from a range of guest speakers with direct experience and/or a particular interest in Māori representation;
- Opinions and aspirations of key Māori leaders in Te Taitokerau;
- Aspirations and recommendations of the tāngata whenua caucus of Te Taitokerau Māori and Council Working Party (TTMAC); and
- Consideration and analysis of the full range of options available for greater Māori participation and representation within the Northland context.

This report provides more detailed background information on this matter, including:

- An analysis of Māori representation / participation options, including their advantages and disadvantages - refer **Attachment 1**.
- Advice provided by the tāngata whenua caucus of Te Taitokerau Maori and Council Working Party - refer **Attachment 2**.
- A list of the workshop topics and attendees - refer **Attachment 3**.
- A summary of statutory deadlines and considerations – refer **Attachment 4**.

This report concludes, based on feedback received during the workshop process and analysis attached to this report, that it is appropriate and necessary to recognise Northland's significant Māori population and the aspirations of tāngata whenua by establishing dedicated Māori seats at the council table where the important decisions are made for Northland, Te Taitokerau.

Māori representation in council governance is viewed as an important expression of council's commitment to tāngata whenua, ensuring council is reflective of the communities it serves and a reflection of the desire to improve the future growth and development of Te Taitokerau (as

encapsulated in council's vision statement "Ko tatou o Te Taitokerau – Ka whai hua tātou" | Northland, together we thrive).

This change will strengthen the existing Māori / council partnership and support and enable council to better reflect Māori values, issues, priorities and aspirations as they relate to council roles and functions. The majority of feedback received by council supported the establishment of Māori seats as a positive step forward that will ultimately improve the economic, social, cultural and environmental well-being of all Northland – for all Northlanders.

Should council wish to proceed with the establishment of Māori constituencies, a formal decision to this effect must be made by 23 November 2020. The establishment of Māori constituencies would also require a review of representation arrangements, which refers to the number of councillors and respective constituency names and boundaries. It should be noted that it is only the decision to establish Māori constituencies that is required by 23 November 2020. The subsequent representation review proposing the actual new constituencies, names and boundaries, does not have to be done until 31 August 2021. It will then be followed by a period of public consultation before a final decision is made by the Local Government Commission by 11 April 2022. These decisions would then apply to both the October 2022 and 2025 elections.

Recommendation(s)

1. That the report 'Māori Representation: Māori Constituencies' by Linda Harrison, Organisational Project Manager; Auriole Ruka, Kaiwhakahaere Hononga Māori and Jonathan Gibbard, Group Manager - Environmental Services and dated 24 September 2020, be received.
2. That pursuant to section 19Z of the Local Electoral Act 2001, council resolves to establish Māori constituencies for the 2022 and 2025 local body elections.
3. That staff be directed to undertake the required statutory process to establish Māori constituencies including notification of the public's right to demand a poll and development of an Initial Representation Arrangements Proposal by 31 August 2021. This will be followed by public consultation, development of a Final Representation Arrangements Proposal and subsequent appeals / objections process.

Options

Option 1:

Council may choose to retain the status quo and have no Māori constituencies for the 2022 elections.

Advantages	Disadvantages
No change to current constituencies.	Continued frustration and disenfranchisement of some parts of the Māori community at the continued lack of Māori representation around the council table.
No additional budget required to establish Māori constituencies.	No certainty that there will be Māori representation on regional council through local body elections. The council currently has no Māori councillors.
	A continued lack of Māori representation increases the likelihood that council decision

Advantages	Disadvantages
	making does not reflect the views and outcomes sought by Māori.

Statutory considerations

Should council choose the status quo option and a valid demand for a poll was received, then council would be required to conduct a poll, the outcome of which is binding for at least the next two elections. A valid demand for a poll on Māori representation can be made at any time, but to be effective for the 2022 triennial elections, it must be received by 28 February 2021 and the poll held by 21 May 2021. The estimated cost of conducting a poll of \$240,000 must be borne by the council.

Option 2:

Council may resolve to establish one or more Māori constituencies for the 2022 elections.

Advantages	Disadvantages
Improved depth of council decision making capability that is more representative of Northland's unique iwi and hapū landscape. This enables a diversity of thinking that assists in identifying opportunities and mitigating risk.	Will require flow on changes to current constituency boundaries and probably the number of elected members.
Strengthened relationships pre-treaty settlement – confirming regional council commitment to Māori – will likely result in a stronger future relationship with Māori which is good for all of Northland.	Additional (unbudgeted) expenditure required to conduct a representation review ahead of the required six-year period.
Certainty that Māori, and Māori views as tāngata whenua of Te Taitokerau, will be represented in regional council decision making.	Has the potential to bring about an adverse reaction in some sections of the Northland community that oppose the establishment of Māori seats.
Showing leadership in Northland and across Local Government New Zealand with respect to Māori representation.	
Sends a strong signal on this council's commitment to fair representation and equality in Northland.	

Statutory considerations

For this to take effect for the 2022 triennial elections, the resolution must be made by 23 November 2020. If a resolution is made to establish Māori constituencies then public notice is required by 30 November 2020, advising of the resolution and the right for five percent of electors to demand a poll on resolution. If a valid demand for a poll is received by 28 February 2021, council would need to conduct a poll by 21 May 2021.

The actual determination of the number of Māori constituencies would form part of the Representation Arrangements Review to be undertaken next year and no later than 31 August 2021.

This review includes a process of public notification of council's proposed representation arrangement and provides for public submissions and hearings.

Option 3:

Council may at any time resolve to hold a poll on Māori representation and let the wider community make the decision.

Advantages	Disadvantages
Will provide an opportunity for the wider community to provide its views to council ahead of any decision.	A poll will cost approx. \$240,000, and to date the majority ¹ of polls undertaken by other councils, no matter what the Māori population, have not supported the establishment of Māori constituencies.
	Is likely to have a divisive affect on the community.
	Some may consider this option as showing weak leadership by the council given the likely outcome is known.

Statutory constraints

To be effective for the 2022 triennial elections, the council must make the resolution to hold a poll by 28 February 2021 and undertake it by 21 May 2021. Polls held after this date are effective for the 2025 triennial elections.

Staff recommendation:

The staff's recommended option is Option 2 - resolve to establish one or more Māori constituencies for the 2022 elections.

It is considered appropriate and necessary to recognise Northland's significant Māori population with dedicated Māori seats at the council table where the decisions are made. Māori representation in council governance is viewed as an important expression of council's commitment to tāngata whenua, ensuring council is reflective of the communities it serves and a reflection of the desire to improve the future growth and development of Te Taitokerau (as encapsulated in council's vision statement "Ko tatou o Te Taitokerau – Ka whai hua tātou" | Northland, together we thrive).

This change will strengthen the existing Māori / council partnership and support and enable council to better reflect Māori values, issues, priorities and aspirations as they relate to council roles and functions. This will ultimately improve the economic, social, cultural and environmental well-being of all Northland – for all Northlanders.

A summary of the range of options available for greater Māori participation and representation within the Northland context is included as **Attachment 1**. This evaluates both the options already used by council as well as some options currently not used that may further enhance Māori / council partnership. The views of tāngata whenua gleaned from the workshop conversations are also noted. The key advantages identified within this analysis for establishing Māori seats are highlighted below:

- a. Having guaranteed Māori seats would ensure an informed Māori world view is brought to council decision making that non-Māori cannot provide. This would help ensure the council

¹ Wairoa District Council poll in 2019 supported the establishment of Māori seats after the same poll was unsuccessful in 2016. This is the only successful council poll on Māori representation undertaken to date.

more fully appreciate the Māori perspective, values and issues of importance when making decisions that affect a significant proportion of the Northland population.

- b. Would strengthen Māori / council relationships pre-treaty settlement, confirming council's commitment to Māori and the Treaty of Waitangi / Te Tiriti o Waitangi. This will likely result in a significantly stronger future partnership with Māori and more effective use of future resources which is good for all of Northland.
- c. Establishing Māori seats would send a strong signal that NRC is listening to Taitokerau iwi and hapū, and is open and willing to progress the partnership. It sends a strong signal on this council's commitment to fair representation and equality in Northland.
- d. Shows leadership in Northland and across Local Government New Zealand with respect to Māori representation. 2020 is already seeing a sea change in councils proposing to introduce Māori seats ahead of the next elections in 2022 – a national trend that is likely to continue.
- e. Puts council in a strong position and aligns council with the central government direction of travel that clearly has stronger Māori representation in future central government thinking on regional governance models and partnerships.

It is important to note that governance representation is different to participation. Participation provides an opportunity for Māori to provide advice into a decision-making process, while governance representation provides Māori a direct avenue for Māori representatives to make governance decisions.

Considerations

1. Community views

National context

New Zealand is one of the world's most stable democracies. We have had a form of proportional representation since 1996 and governments are generally formed via coalitions. Past and present governments have shown commitment to strengthening the Māori/Crown relationship.

Te Ao Tūmatanui – Strengthening the Māori/Crown relationship

The current Government has provided numerous examples of its commitment to improving services and outcomes for Māori and strengthening the Crown's relationship with Māori. One such example is the proposal for significant public service reforms. It is proposed that this would include a prominent stand-alone clause within the Public Services Act 2020 that is clear about the expectations of the Public Services in relation to the Crown's Treaty partner and contains guidance to support the public sector in building its capability. The changes will support:

- engagement, participation of and partnership with Māori;
- delivering services that are responsive, accessible and work for Māori and whanau;
- improving workforce composition and capability;
- collective responsibility for a culturally competent public service that delivers with and for Māori;
- Māori being supported in leadership and decision-making roles;

- recognising the responsibility of the Public Service; and
- including Crown Agents – to enable/support the Crown to fulfil its responsibilities under Te Tiriti o Waitangi/The Treaty of Waitangi.

In addition, explicit provisions in the Public Services Act 2020 will strengthen and clarify the Public Service Commissioner and chief executives' collective responsibilities for developing cultural competence and capability, for supporting Māori leadership within the Public Service Commission (previously the State Services Commission).

Public servants will also be expected to work collaboratively and engage meaningfully with Māori in the design of policies, programmes and services. Chief executives will be accountable to the Commissioner for upholding their responsibilities to support the Māori/Crown relationship.²

Northland context

The following observations are made on the likely impact of the national landscape at a regional level:

- Central Government are clearly indicating, through their policy and legislative settings and fund allocation, their support for Māori to have a role at a governance level;
- Te Taitokerau will remain financially dependent on central government;
- Should the public service reforms be enacted, future central government funding will likely be subject to the provisions outlined above;
- Māori leaders and governance structures will hold significant relationships with central government and have the potential to influence central government for the benefit of all Te Taitokerau;
- New Zealand's largest iwi, Ngāpuhi, remain in a pre-treaty settlement position and are likely to become more influential regionally and nationally post settlement;
- Where iwi and hapū who have received compensation for major treaty breaches, they have gone on to become a driving force in many areas that overlap with local government statutory roles and functions; and
- Northland Regional Council has a unique opportunity to create strong enduring relationships with Māori in a pre-treaty environment now.

While council has not specifically sought the full range of community views on this matter, workshop discussions with Te Taitokerau Māori and Council Working Party, Iwi Chief Executives and Iwi Chairs (Te Kahu o Taonui), and leaders from councils who have already established Māori seats all support the establishment of Māori constituencies as the preferred way forward. This view remains unchanged from past conversations with tāngata whenua in previous representation reviews when council declined the opportunity to establish Māori constituencies.

Should the council resolve to establish Māori seats, the wider public will get the opportunity to share their views as part of the public consultation process taken into consideration by the Local Government Commission when the final decision is made in 2022.

2. Māori impact statement

In September 2010 the Human Rights Commission published a report on Māori Representation in Local Government – The Continuing Challenge (www.hrc.co.nz). In summary, the recommendations of the Human Rights Commission report include:

² <https://ssc.govt.nz/our-work/reforms/>

- Iwi should discuss whether or not they want Māori seats on their local or regional council;
- Discussions should take place between councils and iwi on Māori seats and Māori representation prior to the next representation review;
- Councils should support the Māori choice; and
- There should be further national discussion on improvement provision for Māori representation.

In considering this matter, council sought the views and feedback from Te Kahu o Taonui (Iwi Chairs and CEOs (TKoT)) and Te Taitokerau Māori and Council Working Party members (TTMAC). In addition to verbal feedback, TTMAC Māori members prepared a report outlining their analysis and recommendations (please refer to **Attachment 2**).

Māori leaders from both forums (TTMAC and TKoT), were unequivocal and unanimous in their call for council to establish dedicated Māori seats. The prevailing view is that the council's current relationship with Māori is more about participation rather than representation and that representation is what is needed to take council's relationship with Māori to the next level. Furthermore, they consider that Māori constituencies are not a race-based selection, but rather a Treaty of Waitangi / Te Tiriti o Waitangi and legislative outcome that is both appropriate and necessary to deliver equity and unlock the potential of Northland as a whole.

3. Financial implications

There are no significant financial implications of establishment of Māori constituencies unless council, or 5% of electors, request a poll to be conducted. If a poll is to be conducted it is estimated to cost approximately \$240,000 of unbudgeted expenditure.

Should Māori constituencies be established:

1. Minor unbudgeted expenditure will be required to progress the representation review, however its anticipated that this can be accommodated within existing budgets.
2. There will be a small increase in the cost of running elections due to the added administrative complexity. The additional cost is currently estimated at approximately \$20,000.

It is also worth noting that should Māori constituencies be established, and council increases the number of members, that the remuneration package does not increase, but simply needs to be divided amongst an increased number of councillors.

4. Implementation issues

Should council decide not to establish Māori constituencies and retain the status quo there are no perceived statutory implementation issues for council to consider. Council will, however, need to consider carefully the potential negative impact such a decision is likely to have on its current relationship with Māori. Should council decide not to implement Māori seats then it is recommended that council should consider further the alternative options to increase Māori representation (as summarised in **Attachment 1**).

Alternatively, should council resolve to establish Māori constituencies then there are a number of issues that will need to be worked through between now and 31 August 2021.

In particular, council will need to determine the optimum number of total councillors and then apply the legislative formula to determine the number of Māori and general councillors (Schedule 1A of the LEA 2002). If this calculation is applied to the current total number of

councillors (being nine), then two of these seats would become Māori seats and there would be seven general seats. Should council wish to increase the number of councillors to eleven, then there would be three Māori seats and eight general seats. All constituency boundaries would need to be re-drawn in either of these scenarios.

Council will also need to determine the boundaries of Māori constituency(s). Local authorities are required to consider the general requirements of sections 19U and 19V of the LEA relating to fair and effective representation arrangements, and must ensure that:

- the number and boundaries of constituencies will provide effective representation of communities of interest within the region;
- the constituency boundaries coincide with mesh block boundaries;
- constituency boundaries coincide with the boundaries of one or more territorial authority district in so far as is practicable; and
- the electors of every constituency receive fair representation (plus or minus the 10 percent rule).

In addition to the above requirements, in determining the number of constituencies and boundaries of Māori constituencies the provisions of section 6 to Schedule 1a of the LEA apply and council must also have regard to:

- the boundaries of any existing Māori electoral districts; and
- communities of interest and tribal affiliations.

If the council resolves to establish more than one Māori constituency, careful consideration will therefore need to be given to the boundaries of those constituencies to ensure the legislative requirements are met in terms of the plus or minus 10 percent rule, and also to minimise splitting tribal areas.

5. Significance and engagement

While the decision to provide for Māori constituencies is considered significant, the decision sought by this report is one step in a longer legislative process under the Local Electoral Act which provides specific provision for community engagement and input into the decision at a later stage in the process. In addition, the process to date has included engagement with bodies established to represent Māori interests. For these reasons, council is able to make this decision without undertaking further community engagement at this time.

6. Policy, risk management and legislative compliance

Recognition of the significance of the Treaty of Waitangi, its place and that of Māori in council processes, is a key part of the local government legislative framework.

Sections 19Z to 19ZH of the LEA 2001 provides for the establishment of Māori constituencies. This option is part of a suite of legislative provisions put in place by the Crown, with the aim to increase Māori representation and participation in local authority decision making.

Instead of prescribing Māori representation (Māori seats), the Crown has provided the legislative mechanism (through the LEA) to provide for Māori representation but left the actual decision to respective local authorities and their communities to decide whether to have specific Māori seats on council.

Furthermore, under the Resource Management Act 1991 (RMA) council is required to recognise and include tāngata whenua issues, interests and values, providing a basis for the engagement and participation of Māori with three main sections central to achieving this purpose:

Section 6 relates to matters of national importance that are to be recognised and provided for. This includes a requirement for local government to recognise and provide for the “relationship of Māori and their culture and traditions with their ancestral lands, waters, sites, wāhi tapu and other taonga” (s.6(e)).

Section 7 includes additional matters to which “particular regard must be given”. This requires local government to have particular regard to “kaitiakitanga”.

Section 8 where “all persons exercising functions and powers under the RMA, in relation to managing the use, development, and protection of natural and physical resources shall take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi).”

The Local Government Act 2002 (LGA) also charges council with the responsibility to promote opportunities for Māori to contribute to its decision-making processes ensuring they “foster the development of Māori capacity to contribute to decision making processes, and take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna and other taonga.” (s.77(1)(c)).

The decisions sought in this report meet the Local Electoral Act 2001 requirements, and in particular section 19Z. The decisions are also compliant with council’s decision making requirements as specified under the Local Government Act 2002.

Background/Tuhinga

The Local Electoral Act (LEA) 2001 requires council to undertake a representation review every six years. Council last undertook a representation review in 2018, so is technically not required to do another one until 2024 – applicable to the 2025 election. However, a council may undertake a representation review at any time.

Following its decision in March 2020 to reconsider Māori constituencies, council held six workshops to better understand the full range of views in relation to the establishment of Māori seats within both a local government and Northland context. The matters covered at these workshops are summarised below:

- Explanation of legislative requirements and timeframes;
- Opinions and insights from a range of guest speakers with direct experience and/or a particular interest in Māori representation;
- Opinions and aspirations of key Māori leaders in Te Taitokerau; and
- Consideration and analysis of the full range of options available for greater Māori participation and representation within the Northland context.

A list of the workshop topics and attendees are included as **Attachment 3**.

Should council wish to introduce Māori seats in the 2022 election, there are a range of statutory deadlines and considerations included as **Attachment 4**.

Attachments/Ngā tapirihanga

Attachment 1: Summary of Māori representation / participation options [↗](#)

Attachment 2: Māori representation – Recommendation from TTMAC tāngata whenua [↗](#)

Attachment 3: List of the workshop topics and attendees [↗](#)

Attachment 4: Statutory deadlines and considerations [↗](#)

Summary evaluation of options for greater Māori participation / representation

Nau te rourou, nāku te rourou, ka ora ai te iwi – With your basket of knowledge and my food basket of knowledge the people will thrive.

Acknowledging the importance of the relationships and shared knowledge between council and tāngata whenua for a thriving Te Taitokerau Northland region.

Background

It is well understood that there is no single “right way” or “silver bullet” for council and Māori to create a mutually accepted and supported partnership. In reality there are “many ways” to work and engage effectively and efficiently with each other. To progress from where we are today, we need to consider a suite of approaches that reflect not only the complexity of council statutory responsibilities but also recognise the complexity of the iwi / hapū landscape in Taitokerau. This analysis seeks to evaluate both the options already used by council (highlighted green) as well as some options currently not used (highlighted red) that may further enhance the Māori /council partnership. The views of tāngata whenua gleaned from our conversations during this process are also noted.

Evaluation of Māori participation / representation models

The various options for participation / representation can be broadly grouped under the following three categories. An explanation, summary and evaluation of these options is detailed below.

Models council currently does NOT use are in RED

Models council currently DOES use are in GREEN

- 1. Council involvement of Māori at the decision-making table**
 - 1.1 Māori standing committee with delegated authority to make decisions;
 - 1.2 Membership on council committees and subcommittees with delegated authority to make decisions;
 - 1.3 Māori constituencies / Māori seats;
 - 1.4 Transfer of functions to an iwi or hapū group; and
 - 1.5 Co-management of geographic locations and functions
- 2. Council consultation with Māori in an advisory capacity**
 - 2.1 Mana Whakahono a Rohe
 - 2.2 Māori Advisory Committees;
 - 2.3 Relationship agreements / MOUs;
 - 2.4 Consultation policies and practices;
 - 2.5 Iwi/hapū environmental management plans; and
- 3. Council resources, training and relationship monitoring**
 - 3.1 Funding to support Māori participation;
 - 3.2 Māori relationship staff
 - 3.3 Internal staff and councillor training; and
 - 3.4 Monitoring of relationships.

1. Council involvement of Māori at the decision-making table

1.1 Māori Standing Committee with delegated authority to make decisions

Is a formal council committee. Māori standing committees (MSC) are generally given powers to advise or make recommendations to council on matters of concern to Māori. Whilst MSC are not usually given decision-making powers to regulate or spend money, councils do have the ability to delegate such authorities if they wish. Processes for the nomination and election of tāngata whenua members vary across councils.

CURRENT SITUATION: Council does not currently have a Māori Standing Committee.

Advantages	Disadvantages
<ol style="list-style-type: none">1. Enables iwi/hapū to appoint their representative with mandate to represent tāngata whenua.2. Potential for Māori to be delegated authority to make decision rather than only being an advisory committee and council retaining the decision-making power/discretion.	<ol style="list-style-type: none">1. Other than delegating authority to audit councils' activities and decisions to ensure council is meeting its legislative responsibilities to Māori, it's unclear what functions/powers would be delegated to a Māori committee that would be meaningful. For example, would council delegate function/power to undertake the Water Quality Plan Change or oversee council's biodiversity and biosecurity activities?2. Does not provide for a Co-chair situation and requires strict adherence to standing orders which TTMAC Māori members have not supported in the past e.g. meeting quorum.3. Provides no certainty that future councils will maintain this mechanism as is reviewed post-election every 3 years.4. While iwi/hapū are able to mandate their representative, there are insufficient seats available for all hapū to be represented.5. Still no Māori representation in the strategic and substantive decisions of council which remain at the council decision making table.

Tāngata whenua feedback:

Māori support would be dependent of the power and functions delegated to the standing committee and whether those were meaningful to Māori. This option still does not guarantee Māori at the key decision-making table in council and seen as an inferior option to formal Māori seats on council. Māori struggle with the restrictions of standing orders and local government processes. Formal committees can experience barriers and constraints as council protocols and bureaucracies often are not inclusive of mātauranga or expertise of tāngata whenua.

Northland context / considerations:

- Would require council to disestablish TTMAC in its current form and re-establish it as a standing committee with delegated authority.
- While this may be a good next step for councils that don't currently have any form of council / Māori governance structure, given NRC has TTMAC, this option seems like a little bit of a "red herring" in that the establishment of a standing committee will unlikely deliver much more for Māori or council over and above what is being delivered through TTMAC already.

- NRC previously established TTMAC as a standing committee however there was no delegated authority to make decisions. TTMAC members at the end of the first term recommended the standing committee became a working party (its current form) as it provided more flexibility (e.g. co-chair and quorum requirements) as it wasn't subject to standing orders.

1.2 Māori representation on council committees and subcommittees with delegated authority to make decisions.

Councils can choose to have Māori representation on committees and subcommittees with delegated authority to make decisions. Most committees and subcommittees have a specific task or focus area and are made up of a smaller number of councillors with knowledge or interest in that area. While there is a list of activities that council cannot delegate (e.g. striking a rate), the vast majority of council decisions can be delegated to a committee or subcommittee to run the process and make the decision.

CURRENT SITUATION: No Māori representation on committees or sub-committees with delegated authority to make decisions.

Advantages	Disadvantages
<ol style="list-style-type: none"> 1. Enables iwi/hapū to appoint their representative with mandate to represent tāngata whenua. 2. Māori would have representation on decision making committees and subcommittees of council – rather than only in an advisory capacity. 	<ol style="list-style-type: none"> 1. Need to establish an accepted appointment / mandating process that's supported by iwi/hapū. 2. Would require council to change its current governance structure by disestablishing all working parties and establish standing committee's with full delegated authority to make council decisions. 3. There is a risk of fractures and disunity developing if binding council decisions start being made at a committee level – without the full buy-in of all councillors at the time the decision is made. 4. Greater council resources are required to administer and support this style of governance structure.

Tāngata whenua feedback:

- Seen as a step in the right direction on the continuum of representation however also seen as an inferior option as there is no guarantee that such a governance structure will have longevity and that key decisions will still remain at the full council table where Māori would still be excluded.

Northland context / considerations:

- This structure would allow smaller groups of councillors and Māori to make decisions on behalf of council. This would be a move away from the current collective decision-making approach adopted by council and supported by ELT.
- This would however be a step forward in that Māori would be represented on decision making committees rather than advisory groups.
- If this approach was implemented, council should consider maintaining TTMAC as the forum to achieve mandate for members from iwi and hapū. TTMAC would appoint onto committees and subcommittees. Effectively this would mean making all working parties standing committees (perhaps with the exception of TTMAC).
- If this approach was implemented, council would need to consider whether it would provide 50/50 representation of Māori to councillors on committee's as we currently do with working parties? – If not, this may be questioned by Māori (considering the current working party membership) as not providing credible equity.
- While not established by council, (but rather by Treaty settlement legislation), Te Oneroa a Tohē Board is council's only current co-governance committee with decision making authority.

- Future Treaty settlements or government funding arrangements are likely to require the establishment of co-governance committees as a cornerstone to funding or settlement packages e.g. Kaipara Moana Remediation Committee.
- This structure was the example provided in Gisborne where a formal standing committee of council, with Māori representation, was established and had the delegated authority to appoint hearing commissioners onto RMA hearing panels. While this was seen as a positive in Gisborne, Māori in Taitokerau are seeking much more than decision making to appoint hearing commissioners.

1.3 Māori constituencies / Māori seats

Utilising the provisions of the Local Electoral Act, council's can choose to guarantee Māori representation around the council decision-making table by establishing Māori constituencies. Between 2 – 3 Māori seats could be established depending on the total number of elected members and the Māori electoral population¹. Māori councillors would be elected by those on the Māori roll and while representing a Māori perspective and values, they would also need to take an oath to act in the best interest of the region (just like all councillors).

CURRENT SITUATION: NRC currently does not have Māori constituencies / Māori seats.

Advantages	Disadvantages
<ol style="list-style-type: none"> 1. Having guaranteed Māori seats would ensure a Māori world view is brought to council decision making that non-Māori cannot provide. This would help ensure the council more fully appreciate the Māori perspective, values and issues of importance when making decisions that affect a significant proportion of the Northland population. 2. Would strengthen Māori / council relationships pre-treaty settlement, confirming council commitment to Māori and the Treaty of Waitangi / Te Tiriti o Waitangi. This will likely result in a significantly stronger future partnership with Māori and more effective use of future resources which is good for all of Northland. 3. Establishing Māori seats would send a strong signal that NRC is listening to Taitokerau iwi and hapū and open and willing to progress the partnership. Sends a strong signal on this council's commitment to fair representation and equality in Northland. 4. Shows leadership in Northland and across Local Government New Zealand with respect to Māori representation. 2020 is already seeing a sea change in councils proposing to introduce Māori seats ahead of the next elections in 2022 – a national trend that is likely to continue. 5. Puts council in a strong position and aligns council with the central government direction of travel that clearly has stronger Māori representation in future central government thinking on regional governance models and partnerships. 	<ol style="list-style-type: none"> 1. Requires Māori members to be confirmed by voting through the local body election process which does not guarantee iwi/hapū mandated members will be elected on council. 2. Will bring about an adverse reaction from those who oppose dedicated Māori constituencies.

¹ Maori electoral population = number on Maori electoral role + % of Maori descent not registered + those under 18 years.

Tāngata whenua feedback:

- This represents the Treaty partnership and a clear direction from all iwi leaders, hapū and Māori that this is their preferred option. One Taitokerau Māori leader stated that other options being considered by council are like a “tiger with no teeth”.
- It ensures a seat for Māori at the decision making table and the autonomy for Māori leaders to represent the voice of Māori within local government. It also brings equity to the systemic disadvantages experienced by tāngata whenua since the signing of Te Tiriti o Waitangi, which is ignored by the current general electoral system. Establishing dedicated Māori seats addresses the ‘rights’ of tāngata whenua as treaty partners and is not about a ‘race’ based system which fundamentally undermines the place of tāngata whenua in Aotearoa, NZ.

Northland context / considerations:

- While the majority of iwi and hapū who have engaged seem to view TTMAC as a positive step in the right direction for the council / iwi/hapū partnership, TTMAC and Iwi Chairs/CEOs have strongly and consistently sought Māori seats at the decision-making table as an important part of the council / Māori partnership model.
- While having elected Māori representatives may not align with a kaupapa Māori process and may not result in Māori councillors being mandated by Taitokerau iwi and hapū, Māori seats are still supported by Taitokerau iwi and hapū leadership as a hugely significant step in the right direction for local government. The issue of mandating could be mitigated by retaining TTMAC which provides an avenue for iwi and hapū to mandate representatives to provide advice and recommendations from an iwi / hapū perspective.
- Establishing Māori seats and retaining TTMAC and a relationship with Iwi Chairs/CEOs would provide a very strong basis for NRC to further develop its partnership with iwi and hapū and ensure council is responsive and reflective of its Māori community.
- Will require flow on changes to current constituency boundaries and reduce the number of councillors elected to general constituencies.
- Should a poll be called for by 5% of electors (approximately 6000 people) then council would need to conduct and fund a binding poll.

1.4 Transfer of functions

The Resource Management Act 1991 provides specific provisions (Section 33) that enable councils to transfer functions, powers, or duties to another public authority, including iwi authorities. While there have been transfers between local authorities, there are few examples across the country where any such transfer has occurred between a local authority and an iwi authority. This is largely due to the complexity and cost of delivering councils RMA functions and the competing priorities for iwi resources and their capacity to fulfil these legislative obligations.

CURRENT SITUATION: NRC currently has not transferred any RMA functions to iwi or hapū.

Advantages	Disadvantages
1. Iwi authorities who have the desire and capacity have the ability to have functions, powers or duties under the RMA delegated to them to implement.	1. This option is limited to specific council RMA functions, powers, or duties so does not provide for Māori decision making on broader local government functions. 2. This option requires iwi to have significant capacity and capability to perform the delegated functions. This is often a considerable hurdle which has meant few examples where this RMA provision has been used. 3. Where council functions are delegated to an external party, council is still responsible for its statutory obligations under the Act (further legal advice should be sought around this point should this option be pursued.) 4. This option is not available to hapū, who are often closest to the RMA type issues, as the RMA on provides this transfer of function opportunity to “iwi authorities”.

Tāngata whenua feedback:

- This is already available to tāngata whenua but there is still a question of ‘ownership’ and mana motuhake (acknowledgement of mana whenua solidarity) within a Treaty context that has to be defined between tāngata whenua and central government. Doesn’t address the complexity of mana whenua, hapū and iwi context within a kaupapa Māori world view.

Northland context / considerations:

- Given the majority of iwi and hapū in Taitokerau are pre-settlement, most are engaged in other priorities / activities and do not have the capacity nor capability to fulfil councils’ statutory roles and functions.
- While transfer of functions have been discussed at a high level occasionally, NRC has never received a formal request from an iwi or hapū group for council to transfer an RMA function.

1.5 Co-management of geographic areas, functions or projects

Co-management arrangements can take many forms and could cover a broad spectrum of council functions and activities. This would likely involve council partnering with Māori, particularly iwi or hapū, to jointly make management decisions around specific sites, resources or projects. Examples of this could include: establishing a co-management steering group to oversee the Predator Free 2050 project or to appoint hearing commissioners where those functions have been delegated to staff.

CURRENT SITUATION: NRC currently has no co-management arrangements in place.

Advantages	Disadvantages
<ol style="list-style-type: none"> 1. Provides for iwi / hapū representatives to participate in management decisions around a project, area or function. 2. Provides an opportunity for council to further develop its working / management level relationship and understanding with mana whenua. 	<ol style="list-style-type: none"> 1. Iwi and hapū would not be involved in the governance level decision making but rather the management / implementation level of council decision making. This could potentially result in having to implement decisions they don’t agree with. 2. If this was implemented broadly across council, it would likely slow down operational delivery and require significant additional resourcing (especially if undertaken at scale) to support and build capacity and capability for both council staff and Māori representatives. 3. Mandating iwi and hapū representatives when projects span multiple rohe could also be challenging at an operational level.

Tāngata whenua feedback:

This approach is at the discretion of council governance, and subservient in the absence of Māori seats, and therefore undermines the mana of tāngata whenua.

Northland context / considerations:

- While there are no significant co-management arrangements within council, there are smaller project based or Treaty settlement based examples of this. For example: Te Oneroa a Tohē Board will appoint 50% of the hearing commissioners onto any hearing committee for RMA resource consent hearings for Te Oneroa a Tohē/Ninety Mile Beach.
- If co-management arrangements were to be trialled further, it should be tested within well defined parameters before being rolled out broadly across council.

2. Council consultation with Māori in an advisory capacity

2.1 Mana Whakahono a Rohe

Under the Resource Management Act 1991, Section 58L – 58U, Mana Whakahono a Rohe (Iwi Participation Agreements) provide an opportunity for iwi (and hapū if a council decides to) to enter into an agreement that clarifies and confirms iwi/hapū participation in councils statutory RMA planning, consenting and monitoring functions. Depending on how far a council decides to go in a Mana Whakahono a Rohe, this could provide opportunities for Māori to be involved in council decision making processes e.g. appointment of hearing commissioners.

CURRENT SITUATION: Council has actively engaged to develop Mana Whakahono a Rohe (MWR), and has a council approved hapū based MWR, however currently there is no signed agreement between council and any iwi authority or hapū.

Advantages	Disadvantages
<ol style="list-style-type: none">1. Provides a legislative opportunity for council and iwi and hapū to agree how council will support iwi and hapū will participate in council statutory RMA functions.2. Is anticipated to strengthen the council iwi/hapū relationship by both parties clearly understanding agreed process ahead of those functions being undertaken.3. Is anticipated to support greater levels of iwi/hapū levels on engagement.4. May provide opportunities for iwi/hapū to be included in councils decision making processes however is dependent on how far individual councils wish to take the agreements.	<ol style="list-style-type: none">1. Will most likely largely focus on confirming iwi and hapū participation opportunities and will unlikely advance Māori aspirations to sit at the council decision making table.2. MWR agreements are limited to council RMA functions and do not provide an opportunity for council and Māori to reach agreement on councils broader roles and functions (many of which Māori are particularly interested in e.g. biosecurity).3. Given this mechanism is so new, and no council has actually enacted a MWR, it is uncertain how effective these agreements will be.4. Given the large number of iwi and even larger number of hapū, developing and implementing MWR will be extremely resource hungry and time consuming should large numbers of iwi and hapū request an agreement.5. Significant potential for inconsistency between MWR across a region and most likely resulting in considerable complexity for council when implementing.

Tāngata whenua feedback:

Unsure whether it's worth putting in the time and effort given the competing pressure on iwi and hapū limited resources and the lack of certainty of outcome and benefit.

Northland context / considerations:

- Iwi authorities in Taitokerau have shown some interest in MWR however this has not advance past discussions with no formal request being received.
- Hapū have shown greater interest and council, through TTMAC, has advance a single hapū based MWR which has been approved by council. Staff are currently engaging with hapū representatives who have previously indicated their interest to advance a MWR with council.

2.2 Māori advisory committees/ groups / working parties

Māori advisory committees can either be formal committees of council (under the LGA) or governance working parties (such as TTMAC and councils other working parties). Neither structure have formal delegated decision-making functions but rather advisory / recommending functions. They are usually set up to provide advice to council on matters of concern and / or interest to Māori. Processes for nominating and appointing members vary widely depending on the regional context and priorities of those involved.

CURRENT SITUATION: NRC has an established Māori advisory group for the past 2 terms (TTMAC) and has TTMAC Māori members on its other working parties.

Advantages	Disadvantages
<ol style="list-style-type: none"> 1. Provides an avenue to establish a governance to governance relationship between council and iwi / hapū. 2. Provides a forum for council to receive advice and recommendations from mandated iwi/hapū representatives on council activities and issues of importance to Māori. 	<ol style="list-style-type: none"> 1. While Māori may participate in an advisory committee structure, this does not meet Māori aspirations which have consistently called for representation at the council decision making table. 2. Being only an advisory committee, Māori advice, recommendations and perspective are not always fully appreciated by non-Māori decision makers. 3. This can lead to frustration and disenfranchisement of Māori representatives when they do not see a Māori perspective represented in council actions. 4. Advisory committees can be perceived by Māori as having no teeth, being a talk fest, perceived tokenism, not really taking the partnership seriously, and can lead to frustration of appointed Māori representatives. 5. A specific Māori advisory committee can lead to a duplication of functions and advice when Māori are also represented on other established council governance committees or working parties.

Tāngata whenua feedback:

Positive progress can be made when tāngata whenua can drive and lead a more strategic approach to the discussions and good relationships are established. However, the impetus of TTMAC still relies heavily on the goodwill of council to endorse and support the issues and advice given by tāngata whenua members. This can be seen as tokenistic and can set up those iwi and hapū representatives that engage in an advisory capacity to be perceived negatively by other iwi and hapū and not mandated to speak on their behalf. This model is often dependent on the capability of council governance and staff to ensure the advisory role is authentic, real and meaningful.

Northland context / considerations:

- While the majority of iwi and hapū who have engaged seem to view TTMAC as a positive step in the right direction for the council / iwi/hapū partnership, TTMAC and Iwi Chairs/CEOs have strongly and consistently sought Māori seats at the decision-making table as an important part of the council / Māori partnership model.
- Māori have engaged with council through Māori constituency reviews on several occasions now and council maintaining the status quo will likely be received negatively by iwi and hapū leaders, and Māori more broadly, as council not listening and showing limited interest in change to progress a genuine partnership.
- Should council decide to establish Māori seats, council should consider retaining TTMAC as well, as this forum provides an opportunity for iwi / hapū to mandate members to represent their interests.

2.3 Relationship agreements / MOU

These are documents that formalise relationships between council and iwi, runanga, hapū, marae or trust board etc. They often clarify the roles and obligations of the parties including setting out guiding principles, details on operational processes, conflict resolution, resourcing and evaluation.

CURRENT SITUATION: NRC has a few relationships / MOU's in place with a variety of Māori entities.

Advantages	Disadvantages
<ol style="list-style-type: none"> 1. Is usually specific to an individual iwi or hapū and council so can focus on a particular area of joint interest. 2. Focuses on building a relationship / partnership between listed entities rather than a more generic regional level partnership. 	<ol style="list-style-type: none"> 1. Council does not have sufficient resources to develop and implement an MOU with every iwi or hapū in Taitokerau. 2. Agreements are often time specific and vary which can lead to inconsistent approaches over time. 3. Given limited council capacity, this approach would likely be perceived as unfair by those iwi / hapū who council does not resource to establish and implement an MOU.

Tāngata whenua feedback:

This option is available to tāngata whenua and has had a mixture of outcomes dependent on tāngata whenua capacity and capability to engage. However, it can be seen as 'cherry picking' those groups that are easier to work with and dependent on the capability of staff and senior management to engage and achieve meaningful outcomes.

Northland context / considerations:

- Council has formal governance level MOU's with Te Uri o Hau and Te Kahu o Taonui (Te Whanaunga ki Taurangi). A small number of operational MOU's also exist or are in development.
- Council does not currently have capacity at either a staff nor political level to develop and implement MOU's with all iwi and hapū across Taitokerau. Considerable amount of additional resource would be required to deliver this approach across Taitokerau.

2.4 Consultation policies and practices

There are statutory obligations for councils to consult with Māori and tāngata whenua on a range of issues. The LGA requires councils to ensure consultation and participation policies and practices are in place, although mechanisms or processes are not prescribed. The RMA also requires councils to consult with iwi authorities when developing or changing resource management related plans. There are also non-formal consultation and communication initiatives councils use such as information sharing hui, open door policies, regular newsletters and iwi liaison staff.

CURRENT SITUATION: NRC is proactive in this area with a wide range of engagement and consultation policies and initiatives.

Advantages	Disadvantages
<ol style="list-style-type: none"> 1. Provides opportunities for tāngata whenua to provide input and advice on specific topics into council decision making processes. 	<ol style="list-style-type: none"> 1. While tāngata whenua may participate in consultation opportunities, this does not meet Māori aspirations which have consistently called for representation at the council decision making table. 2. Being only an advisory opportunity, Māori advice, recommendations and perspective are not always fully appreciated by non-Māori decision makers.

2. The requirement is often prescribed in legislation, part of council business as usual approach and therefore reasonably well resourced.	<p>3. This can lead to frustration and disenfranchisement of Māori in this type of processes when they do not see a Māori perspective represented in council actions.</p> <p>4. Repeated consolation and lodging submissions can be perceived by Māori as having no teeth, being a talk fest, perceived tokenism, not really taking the partnership seriously, and can lead to frustration by iwi and hapū engaging with council in these processes.</p> <p>5. While a good “first step” in relationship building, consultation is not reflective of the significance of the relationship between Māori and council and not reflective of a partnership approach sought by Māori.</p>
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Tāngata whenua feedback:

Doesn't recognise or reflect the partnership sought by iwi and hapū with local government. Can be frustrating as tāngata whenua are over consulted and often there is no change evident for tāngata whenua as a result of their involvement. This model does not value the expertise and leadership of tāngata whenua and is a historic model that can be counterproductive to the ability of Māori to lead and manage their own environment/resources and whenua.

Northland context / considerations:

- Council has a reasonably high level of consultation and engagement with Māori across its operations and through councils legislative processes.
- TTMAC provides a strong influence in how policies are developed to ensure tāngata whenua are represented and policies are cognisant of Māori world view.
- These mechanisms have been in place for some time now and have contributed towards building relationships and a better understanding by council of Māori perspectives and world view. Iwi and hapū are however increasingly not seeing the benefit in engaging with council through these processes and are increasingly calling for more direct involvement in council decision making processes – such as Māori seats on council.

2.5 Iwi and hapū environmental management plans

The Resource Management Act 1991 requires that councils must “take into account” iwi environmental management plans when developing RMA policies and plans and processing resource consents.

CURRENT SITUATION: NRC actively recognise and encourage iwi and hapū environmental management plans and provide funding to assist in their development.

Advantages	Disadvantages
<p>1. Provides a legislative opportunity for iwi authorities to provide input into councils RMA planning and consenting decision making processes.</p> <p>2. Because this is a legislative mechanism, most councils provide financial support for iwi authorities to develop these plans and provide training to their staff to take them into account when fulfilling council functions.</p>	<p>1. Iwi authority aspirations, values and expectations for their taonga are often not reflected in council decisions due to the low legislative weighting given to iwi environmental management plans. The legislative weighting of “take into account” is the lowest possible weighting given and means that other legislative requirements often trump the expectations expressed in iwi environmental management plans. This can lead to negative relationships between council and iwi.</p>

3. Māori aspirations, goals and outcomes encapsulated in Iwi management plans brings visibility to mātauranga Māori and expression of cultural values.	2. The RMA only recognises environmental management plans developed by an iwi authority. This can create tension between iwi and hapū and between council and hapū. 3. Iwi and hapū are often not sufficiently resourced or experienced to develop environmental management plans that will effect change within an RMA context. While councils often provide some funding support, this is usually insufficient to meet demand.
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Tāngata whenua feedback:

There is not enough resource and funding available to recognise the work required to prepare iwi and hapū environmental management plans that are meaningful to tāngata whenua able to influence council decision-making processes. This model stretches iwi and hapū capability to work effectively - often resulting in massive effort with very limited results for tāngata whenua.

Northland context / considerations:

- Council provides \$20,000 annually to support the development of iwi and hapū environmental management plans. This fund is always well over subscribed.
- Council has adopted an approach that supports hapū to develop environmental management plans provided they are endorsed by an iwi authority.
- Of the 11 iwi authorities and 200 plus hapū, to date, 22 Iwi/hapū environmental management plans have been lodged with council.

3. Council resources, training and relationship monitoring

3.1 Funding to support Māori participation

Allocating funding to support iwi, hapū and whanau participation in council decision making processes. Examples can include funding iwi environmental management plans, annual scholarships and internships, hearing commissioner training, tāngata whenua advisory groups, joint operational projects, mātauranga Māori monitoring programmes, kaitiaki ranger programmes etc.

CURRENT SITUATION: Council provides limited financial support for iwi and hapū to participate in key council projects and functions.

Advantages	Disadvantages
<ol style="list-style-type: none">1. Helps ensure Māori have capacity to participate meaningfully in council decision making processes.2. Can support building positive relationships between council and iwi/hapū through the management of resources.	<ol style="list-style-type: none">1. While supporting tāngata whenua to participate is important, and should continue, this does not progress Māori aspirations for representation at the council decision making table.2. Would require significant financial resourcing to support iwi and hapū involvement in all areas of council functions to the same level i.e. financial support is usually provided in a limited capacity around key council functions.

Tāngata whenua view:

Council usually engages and provides funding when it suits them to secure external funding and progress projects without properly understanding and appreciating what they are asking for from iwi and hapū. This model can be tokenistic and result in our tohunga, kuia and kaumatua being devalued. It can also set iwi and hapū against each other - inadvertently undermining each other which is not productive.

Northland context / considerations:

- Council provides limited financial support to support iwi and hapū involvement in council projects and is usually focused around particular projects and deliverable rather than any ongoing capacity building programme.
- Council has invested modestly to increase council staff capacity and capability to engage meaningfully with Māori.
- Iwi and hapū have consistently through Long Term Plan and Annual Plan processes sought additional financial support to build their capacity to engage meaningfully through council processes.

3.2 Māori relationship staff

Dedicated Māori relationship / liaison staff can help councils strengthen the relationships and / or various working arrangements with Māori. Duties range from focusing purely on working and liaising through to focusing on strategic development, capacity building and policy.

CURRENT SITUATION: Council has established a dedicated Māori relationships team to support building enduring relationships between council with tāngata whenua and provide technical and cultural advice focussed on building staff and councillor capability to engage meaningfully with Māori.

Advantages	Disadvantages
<ol style="list-style-type: none"> 1. Supports building staff capability across council to engage and interact with Māori in a respectful and meaningful way. 2. Enables council to develop and implement policies and approaches to give effect to its statutory obligations to Māori. 3. Māori relationship staff also provide support to iwi and hapū to engage with council. 	<ol style="list-style-type: none"> 1. While having in-house Māori relationship expertise is important, and should continue, this does not progress Māori aspirations for representation at the council decision making table. 2. Māori 'issues' are often referred to the "Māori unit" rather than all staff seeing it as an all of organisation responsibility to be able to engage meaningfully with Māori. 3. Māori units can be perceived as tokenistic and a box ticking exercise for council.

Tāngata whenua feedback:

- Can be tokenistic and seen as "ticking the Māori box" of having cultural advisors and staff that don't and can't represent Māori and don't have sufficient influence within council to make meaningful change. All the Māori issues are given to Māori staff to sort out.

Northland context / considerations:

- Council has grown its Māori Relationships Team capacity in recent years, with a growing focus / priority on recruiting Māori across the organisation as a critical core competency within teams to deliver council mahi.
- The increased capacity both within the Māori Relationships Team and resulting lift in capability across council has been positive and puts council in a better position to be responsiveness to Māori.

3.3 Internal staff and councillor training

Most councils fund or provide a range of staff and councillor training on topics such as statutory obligations, the Treaty of Waitangi, Te Reo, culture and marae based protocols.

CURRENT SITUATION: Council offers comprehensive induction programme with each incoming council and ongoing personal development programme throughout the triennium. Staff are trained in Te Whāriki - the Māori responsiveness framework and the Treaty of Waitangi / Te Tiriti o Waitangi and Te Reo training are part of regular training programme available to staff.

Advantages	Disadvantages
<ol style="list-style-type: none"> 1. Supports council to be a culturally competent organisation (operational and governance), able to meaningfully and respectfully engage with tāngata whenua and adapt to the ever changing environment/context of Māori in Taitokerau. 2. Council is able to meet its statutory obligations to Māori. 	<ol style="list-style-type: none"> 1. Does not replace/circumvent the need to have a Māori world view and those that represent this/personal experience/qualified experts in Māori methodologies as Māori at the decision making table. 2. Is dependent on strong leadership support from governance and senior staff to deliver a culturally responsive organisation.

Tāngata whenua feedback:

Staff and councillor training should be supported by external independent tāngata whenua views to ensure the training is reflective of iwi and hapū and outcomes sought through the Treaty/Te Tiriti partnerships. The success of internal training is dependent on the intent and leadership of governance and senior managers and council's visibility and commitment. What is the message seen by staff and the wider community if the high-level commitment is not there?

Northland context / considerations:

- While there's always room for improvement, Te Whāriki - councils Māori responsiveness framework and core cultural competency programme are being delivered successfully in council and values of manaakitanga, kōtahitanga and whanaungatanga are being embedded in organisational culture and strategies. These philosophies are now more commonly being practiced by staff and council on a daily basis.
- This training and focus on raising staff and councillors cultural competency is positive and will continue to support building a stronger relationship and shared understanding between council and tāngata whenua.

3.4 Monitoring of relationships

Some councils have developed monitoring tools to assess the effectiveness of their policies, practices and activities for involving and including Māori input. The monitoring tools used by councils include, (but are not limited to), conducting surveys, having specific feedback mechanisms in relationship agreements, annual feedback hui, and independent Māori effectiveness audits of council processes.

CURRENT SITUATION: Council currently has a few avenues to seek feedback directly from iwi and hapū representatives (e.g. through TTMAC members) however does not undertake any formal independent review of its effectiveness to implement its obligations to Māori.

Advantages	Disadvantages
1. Provides direct feedback from iwi and hapū to council on their view on the council relationship and provides an opportunity for council to look for opportunities to improve.	1. It's difficult through one off surveys and snapshot independent reviews to sufficiently consider and assess the huge complexity of the iwi/hapū/council context, background to a situation, functions being delivered, scale of activities etc 2. Risk that feedback provided and results are not proactively acted upon by council.

Tāngata whenua feedback:

Independent monitoring of council / Māori relationships can give strength to the tāngata whenua voice in an independent and non-biased way that holds council accountable for "walking the talk".

Northland context / considerations:

- Fully independent review/evaluations have not been done in this area and would be useful for councils given the uniqueness of the region.
- Surveys etc have limited engagement by Māori, however marae hui and face to face show positive relationships including issues and challenges raised in these forums for council to address. Mechanisms for these types of engagements needs monitoring and evaluations as they hold high regard for Māori.

Summary and recommendations

Summary

Council has chosen to proactively consider Māori representation ahead of the 2022 local government elections and has sought the views of a wide spectrum of perspectives to inform this decision. Those views were represented by local government leaders who currently have established Māori seats, Māori who currently fill those Māori seats, prominent advocate opposing Māori seats, prominent Māori leaders from Taitokerau, Māori representatives on TTMAC, Iwi Authority Chairs and CEOs.

Those councils who already have established Māori seats and the advice received from Māori leaders all strongly supported the establishment of Māori seats as a positive and critical next step if council wishes to continue building its partnership with Māori. Māori leaders were unequivocal and unanimous in their call for council to establish dedicated Māori seats.

Council has a range of statutory requirements to consult with iwi and hapū and provide opportunities for Māori to participate in councils decision making process. These requirements have led to the establishment of a number of mechanisms to support Māori participation and has helped council build its understanding of local Māori perspectives and aspirations. The capacity and capability developed over time (in **green** above) provides the natural bridge to further consider opportunities to improve Māori representation through direct involvement in policy setting and decision-making (opportunities identified in **red** above).

Our challenge

To maximise the effectiveness of Māori participation in council processes, and successfully grow the council Māori partnership, it's important that the opportunities for such involvement is also in key areas of concern and interest for Māori - this may not always be reflective of council priorities.

Recommendation

Recognising our significant Māori population and strengthening this partnership will support council to better reflect Māori values, issues, priorities and aspirations as they relate to council's role and functions and ultimately improve the economic, social, cultural and environmental well-being of Northland. While there are several options available to council to provide for increased Māori participation and representation, the above analysis of those options clearly demonstrates that the option that will deliver the most significant step forward for the council / Māori partnership is to establish dedicated Māori seats on council.

One Taitokerau Māori leader stated that other options (other than Māori seats) being considered by council are like a "tiger with no teeth". This sentiment was also received from other Taitokerau Māori leaders.

The table below provides a summary of the level of advantages and disadvantages of each representation option council is not currently implementing and a brief comment on tāngata whenua's views on the respective options. Based on the above analysis, staff recommended option is to establish Māori seats (highlighted below).

Table 1: Council involvement of Māori at decision-making table – models not currently used

	Model	Advantages	Disadvantages	Tāngata whenua view
1.1	Māori standing committee with delegated authority to make decisions.	✓ ✓	X X X X X	Limited benefits
1.2	Membership on committees with delegated authority to make decisions.	✓ ✓	X X X X	Step in the right direction
1.3	Māori seats.	✓ ✓ ✓ ✓ ✓	X X	Recommended approach / strongly supported
1.4	Transfer of functions to iwi or hapū group.	✓	X X X X	Limited applicability
1.5	Co-management of geographic locations, functions or projects.	✓ ✓	X X X	Limited benefits

The key advantages to establishing Māori seats are repeated below:

1. Having guaranteed Māori seats would ensure a Māori world view is brought to council decision making that non-Māori cannot provide. This would help ensure the council more fully appreciate the Māori perspective, values and issues of importance when making decisions that affect a significant proportion of the Northland population.
2. Would strengthen Māori / council relationships pre-treaty settlement, confirming council commitment to Māori and the Treaty of Waitangi / Te Tiriti o Waitangi. This will likely result in a significantly stronger future partnership with Māori and more effective use of future resources which is good for all of Northland.
3. Establishing Māori seats would send a strong signal that NRC is listening to Taitokerau iwi and hapū and open and willing to progress the partnership. Sends a strong signal on this council's commitment to fair representation and equality in Northland.
4. Shows leadership in Northland and across Local Government New Zealand with respect to Māori representation. 2020 is already seeing a sea change in councils proposing to introduce Māori seats ahead of the next elections in 2022 – a national trend that is likely to continue.
5. Puts council in a strong position and aligns council with the central government direction of travel that clearly has stronger Māori representation in future central government thinking on regional governance models and partnerships.

Māori representation in council governance is an important expression of council's commitment to tāngata whenua, ensuring council is reflective of the communities it serves and a reflection of the desire to improve the future growth and development of Te Taitokerau.

Our Northland – together we thrive *Ko tatou o Te Taitokerau – Ka whai hua tatou.*

TITLE: MĀORI REPRESENTATION REVIEW - Update

To: Cr Penny Smart, Chair Northland Regional Council

From: TTMAC Working Party, 26 August 2020

Date: 26 August 2020

The purpose of this paper is to provide an addendum to the paper provided in October 2017 which outlined the TTMAC Working Party position in regards to a review of electoral options for local body elections pertaining to Māori representation in Te Taitokerau. This action was recommended by TTMAC Māori Caucus at a meeting held on 20 August 2020.

Background:

He Whakaputanga o Te Rangatiranga o Niu Tirenī and Te Tiriti o Waitangi are the founding documents of Aotearoa. Documents were signed by rangatira who represented Hapū/whānau.

The Waitangi Tribunal Te Paparahi o Te Raki 2016 Stage 1 Report found that Ngāpuhi never ceded sovereignty. Article 2 and Article 3 of Te Tiriti o Waitangi provides for equal party status with the Crown.

On this basis the members of TTMAC Working Party seek to engage with the Northland Regional Council regarding the establishment of Māori seats on council. NRC resolved not to proceed with the establishment of Māori seats in October 2017 and the review under the LEA 2001 was undertaken in 2018. However, NRC is not required to wait another six years to review whether to establish Māori seats and the current Council resolved in February of this year to investigate impacts and options for increased Māori participation or representation to inform a decision on this topic prior to 23 November in order to meet legislative timeframes for 2022 local body elections should NRC decide to proceed. TTMAC Māori caucus have continuously supported options for more fair and equitable representation in line with Te Tiriti and consider that it is now an opportune moment to advance this discussion for a range of reasons, eg:

- a) In 2017 three councils had established Māori wards and constituencies, i.e. Wairoa District Council (2016) Waikato Regional Council (2012) and Bay of Plenty Regional Council (2004).

Particularly notable is that these councils acknowledge publicly that Māori constituencies and councillors are an important part of serving the best interests of the entire region:

- *Māori constituency councillors are an important part of the Regional Council team committed to serving the best interests of Bay of Plenty residents, and together we make holistic decisions about land, air and water management in the region. They ensure that Te Ao Māori (Māori perspectives) and tikanga (cultural protocols) are considered at a governance level, and that Māori are involved early in council decisions. Their involvement in setting policy and strategic direction directly influences the way we serve our communities on the ground. (<https://www.boprc.govt.nz>)*
- *Collaboration enabled by councils and led by communities can generate consensus to own and address local issues. The Waikato Regional Council is one of only two councils in New Zealand who have Māori seats, and this greatly assists collaboration. The*

establishment of Māori seats is a key mechanism to facilitate Māori participation in Council business. (Independent Assessment Report, October 2017)

- b) Post-2017 other councils have voted to introduce Māori wards and constituencies for the local 2022 government including New Plymouth for a second time (Community initiated referendum voted the seat down in 2014), Tauranga City Council who has not had any Māori councillors for 28 years and Wellington City Council are considering a proposal for Iwi members to have full voting rights on all committees signalling a need for better Māori representation across the country.
- c) That due to the high Māori population in Northland (over one third), Māori representation on Council may facilitate/enhance better collaboration between tāngata whenua and Council to help address Covid-19 from a regional perspective i.e. in regional economic development etc.

COVID-19/Drought/Floods

The significant contribution made by iwi and hapū to respond and support communities was a concerted effort by tāngata whenua of Te Taitokerau to partner with councils, particularly within the civil defence structure to ensure there was a regional response to providing food and supplies to communities. These efforts were not just for Māori communities and a key example of how Māori representation at the table going forward as these events and circumstances bring to the fore a need to have a better understanding of our populations; where and how they live and a drive for increased investment into the resilience of our region by central government.

Regional Economic Development

Māori are an important part of the Northland economy Māori economic development is important not only for Māori, but for Northland's overall economic performance. For the Northland economy to achieve its long-run potential growth, we must make the best use of all available resources.

Tāngata whenua make up a large proportion of and own a significant asset base across key sectors in the Taitokerau economy and make a considerable contribution to the future growth of the region. In Northland 30% of the total population is Māori (46% in Far North) with the Northland Māori asset base for 2012 estimated at \$2.4 billion, accounting for about 15% of the total Māori assets in New Zealand. This comprised assets of trusts, incorporations and other Māori entities of \$249 million, businesses of self-employed Māori of \$841 million and businesses of Māori employers of \$1.34 billion.¹

In 2020, the influence of Te Taitokerau iwi and hapū has significantly grown as governance structures have direct relationships with central government and this is evidenced by the amount of PGF investment that continues to be poured into the region for a variety of projects. The success of these projects depends heavily on partnerships with iwi and hapū at a level of decision-making that recognises the economic strength and resilience that exists with Te Taitokerau Māori and an ability to leverage off these collective assets.

¹ Te Taitokerau Māori Regional Economic Strategy.

Te Taitokerau Māori and Council Working Party Committee was established in 2013. Its Terms of Reference were refreshed in 2020 and include a shared Mission Statement, Values and Objectives such as:²

- To monitor and advise on council's compliance to its obligations to Māori under the Local Government Act 2002 and the Resource Management Act 1991 (assurance and compliance function)
- To provide advice to council on topics referred to it by council
- To provide advice to council on topics of strategic importance and relevance to tāngata whenua
- To develop pathways (and processes) that will achieve lasting and meaningful relationships between Māori and council.
- To promote the issues of significance for all Māori in Te Taitokerau.
- To ensure the views of tāngata whenua are taken into account in the exercise of council functions.

Because of this role and the stated objectives, TTMAC's Māori Caucus met on 20 August 2020 to discuss Māori Constituencies and NRC's process in relation to them.

One initial query we wish to raise with NRC in regard to their process is:

- *Why were TTMAC not involved in the selection of, nor invited to any of the speaker workshops?*

Discussion:

In 2019 hapū and iwi representatives of Whangārei and wider Te Taitokerau engaged in two initiatives, the preparation of a report titled Tāne-Whakapiripiri (Chetham et al, 2019) which was based on a literature review of tāngata whenua capacity to engage in resource management and a series of wananga, and the Te Taitokerau Māori in Local Government Symposium event held in June 2019 (see attached report). The Symposium was the culmination of several years of lobbying and advocacy by members of Te Huinga and TTMAC and besides encouraging Māori to vote and stand in local body elections its purpose was also to explore models of representation for Māori in local government, to share experiences and successes from other regions – with a view to achieving systemic change. The Symposium was attended by over 100 people and livestreamed by over 100 people on line. The social media and web page set up for the event remains live and continues to have a large following. A key takeaway from that event is that Te Taitokerau Māori strongly support Māori constituencies and wards and want to see tāngata whenua represented throughout all levels of local government. That sentiment echoed findings of the Tāne-Whakapiripiri report from which the excerpt below is taken:

The success of the relationships between hapū and councils is influenced by the council's ability to recognise the value of the relationships. This recognition needs to occur across all levels i.e. organisational and individual, to enable an ongoing relationship regardless of personnel changes of councils. Hapū representation throughout all levels of Council was seen as the best foundation for this relationship. Councils' integration of hapū environmental, strategic, communication and educational plans are means that will support the relationship(s). Internally, councils need to recognise the environmental, boundary, authority, knowledge and dynamics of hapū engagement. This recognition can be measured by ensuring hapū engagement that enables kaitiakitanga, mana motuhake, practices of hapū mātauranga and succession planning, the accommodation of elder and rangatahi/tai tamariki participation, and representation.

² Te Tira o te Taitokerau Māori me te Kaunihera ā rohe o Te Taitokerau | Ngā Kupu Pānga, 2019-2022 Triennium, June 2020

It is now widely accepted that the Local Electoral Act 2001 has failed to lift Māori representation in local government, and is inherently racist, containing provisions that only allow the establishment of Māori wards to be put to a referendum (there is no equivalent requirement applicable to the establishment of general wards or constituencies). This situation is coming under increasing scrutiny, with the Human Rights Commission and Local Government NZ adding their voices to Māori and others who are calling for change.³

These two projects/events further cement our strong belief that:

- *There is widespread support by tāngata whenua in Te Taitokerau for the establishment of Māori seats*
- *We recognise that NRC are making progress and that the establishment of TTMAC, and other funding and internal processes support participation by tāngata whenua*
- *However, this is not real and substantive decision-making power and is not considered fair and effective representation, nor does it align with our rights under Te Tiriti o Waitangi*
- *Māori representation is sought across all levels of Council, e.g. we want to continue to maintain and enhance the existing membership on TTMAC, other committees and other council mechanisms as well as Joint Management Agreements and other arrangements and models however we must be given the opportunity to be represented at the governance table.*
- *The existing legislative options available to Māori for representation and involvement in*
- *decision-making at a local level do not provide enough clarity for local government*
- *regarding their Treaty of Waitangi duties and obligations and has resulted in negative consequences that result in vocal opposition to Māori representation and a situation where it is virtually impossible for Māori to realise the legislative opportunities that exist. In parallel with the ongoing attempts by Māori to have Māori wards and constituencies established these will result in Māori creating new and innovative opportunities that benefit the entire Te Taitokerau.*

Resolution (from Caucus meeting held 20 August 2020)

That the TTMAC Māori Caucus seeks that the Northland Regional Council resolves to establish Māori constituencies for the 2022 local body election to support and grow existing participation and relationships with Te Taitokerau Māori and to enable compliance with Te Tiriti o Waitangi.

³ <https://thespinoff.co.nz/atea/23-04-2019/the-māori-ward-project-is-failing-and-its-hurting-new-zealand-democracy/>



Council Workshop

Title: Māori representation

From: Jonathan Gibbard and Auriole Ruka

Workshop date: 23 September, 2020

Background

The primary purpose of this workshop is to acknowledge the work undertaken to date to help inform council decision making and understand the full range of views in relation to Māori seats. The matters covered at these workshops are summarised below:

- Explanation of legislative requirements and timeframes;
 - Opinions and insights from a range of guest speakers with direct experience and/or a particular interest in Māori representation; and
 - Opinions and aspirations of key stakeholders in Te Taitokerau.
- **Wednesday 22 July**

Chairman Doug Leeder (BOPRC) and previous Chairman John Cronin (established Māori constituencies)

Meng Foon (ex-Mayor Gisborne District Council and current Race Relations Commissioner)

Andrew Judd (Previous New Plymouth District Council Mayor when Māori seats were canvassed)

Wednesday 5 August

Don Brash (ex-politician and spokesperson for lobby group Hobson's Pledge)

Murray Reade (Chief Executive for Northland Inc).

Tuesday 11 August

Dame Naida Glavish (local government politician and Māori community leader)

Thursday, 10 September

Te Taitokerau Māori and Council Working Party

Tuesday, 15 September

Iwi Chief Executives and Iwi Chairs (Te Kahu o Taonui)

Analysis of options

An analysis of the various representation models that council currently uses, as well as the models not currently used is attached. This analysis outlines the advantages and disadvantages of the various models, provides some commentary on the Northland context of each option, and the views of tāngata whenua from Te Taitokerau.

Based on this analysis, staff have provided a recommendation for council to consider in their decision-making process.

Maori representation - Statutory process and timing

By 23 November 2020	A local authority MAY resolve to introduce Māori representation for the next triennial election.	Section 19Z of LEA
By 30 November 2020	IF a resolution has been made by a local authority to introduce Māori representation, a local authority MUST give public notice of the right of 5% of the electors to demand a poll on Māori representation.	Section 19ZA of LEA
By 28 February 2021	IF a resolution has been made by a local authority to introduce Māori representation, a certain period MUST be given following the public notice on Māori representation allowing electors to gather sufficient signatures to demand that a poll be held on Māori representation for the next two triennial elections. This is the last date for the council to receive a valid demand for a poll on Māori representation for the 2022 election.	Section 19ZC of LEA
By 28 February 2021	A local authority MAY resolve to undertake a poll of electors on a proposal that Māori representation be introduced for the next two triennial elections.	Section 19ZD of LEA
By 21 May 2021	If a successful demand has been received by 28 February 2021 to hold a poll or a local authority has made a resolution by 28 February 2021 on Māori representation, then a poll MUST be held within 82 days of notification. This is the last date to conduct a poll on Māori representation for the 2022 elections.	Section 19ZF of LEA
By 31 August 2021	Representation Arrangements Review completed by the local authority.	Section 19H of LEA
By 8 September 2021	A local authority MUST give public notice of the resolution containing the representation arrangements review proposals, including the proposed number, names and boundaries of constituencies. One month submission period.	Section 19M of LEA
By 8 October 2021	Close of submissions.	Section 19M of LEA
By 19 November 2021	Submissions heard by the local authority.	Section 19N of LEA

By 19 November 2021	A local authority MUST give further public notice of its proposals. One month appeals/objection period.	Section 19N of LEA
By 19 December 2021	Close of appeals/objections to "final" representation arrangements.	Section 19O of LEA
By 11 April 2022	Determination by Local Government Commission.	Section 19R of LEA
October 2022	Local Body Elections	

TITLE: 2021 Meetings Calendar

ID: A1367521

From: Chris Taylor, Governance Support Manager

Authorised by Ben Lee, GM - Strategy, Governance and Engagement, on date 13 October
Group Manager: 2020

Executive summary/Whakarāpopototanga

The report:

- Has been prepared following council undertaking its governance structure review; the outcome of which was to retain the current structure with a few refinements; and on this basis
- Presents for council's consideration the proposed meeting calendar for 2021.

Recommendations:

1. That the report '2021 Meetings Calendar' by Chris Taylor, Governance Support Manager and dated 25 September 2020, be received.
2. That the programme of meetings for 2021, as detailed in **Attachment One** pertaining to Item 6.4 of the 20 October 2020 council meeting agenda, be adopted.

Option A:

No.	Option	Advantages	Disadvantages
1	Adopt the proposed 2021 meeting schedule	<ul style="list-style-type: none">• Councillors have a schedule to work to and are able to plan their commitments in advance.• Having a schedule in place manages the expectations of the public, council officers and other interested parties.	<ul style="list-style-type: none">• None apparent. The calendar is a fluid document and can always be amended if required.
2	Do not adopt the proposed 2021 meeting schedule	<ul style="list-style-type: none">• None apparent.	<ul style="list-style-type: none">• Neither council, council officers or the public have a schedule to work/refer to.

The staff's recommended option is Option 1 that council adopt the meeting schedule.

Considerations

Being a purely administrative matter, Environmental Impact, Community Views, Māori Impact Statement, Financial Implications and Implementation Issues are not applicable.

1. Significance and engagement

The scheduling of meetings is part of normal day to day operations of council, hence when assessed against council policy is deemed to be of low significance.

2. Policy, risk management and legislative compliance

The Local Government Act 2002, Schedule 7, Clause 19, refers to the calling of meetings, and requires that a 'local authority must hold the meetings that are necessary for the good government of its region or district'.

Background/Tuhinga

Council reviewed its current governance structure in a workshop on 23 September 2020. There was general agreement that overall the governance structure was fit for purpose, however there were three opportunities for improvement:

- Livestreaming of meetings to be restricted to council only; given this function was un-resourced and could not be adequately supported;
- That the Planning and Regulatory Working Party change to quarterly meetings and, due to the synergies of membership and work programmes, its agendas be prepared in conjunction the Water and Land Working Party; and both working parties to meet on the same day.
- That the Terms of Reference (TOR) for working parties be refined to be more strategically focussed (Note: The Executive Leadership Team are currently reviewing the TOR and will be presented in due course for council ratification).

The Local Government Act 2002, Schedule 7, Clause 19, contains general provisions for the calling of meetings. In particular there is provision [Clause 19(6)] for the local authority to adopt a schedule of meetings that:

- may cover any future period that the local authority considers appropriate; and
- may be amended.

Previously council has found that setting an annual schedule of meetings has been an efficient way to plan for meetings listed for that period.

Note that the meetings schedule is a fluid document, with the flexibility to change, add and delete meetings as required to ensure maximum efficiency. Councillors will be informed in advance of changes to the calendar, with as much notice as possible.

It is also important to note that several new subordinate bodies are coming 'on line' including the Kaipara Moana Remediation Joint Committee, the Joint Climate Change Committee and the Regional Economic Development Service Deliver Working Party. As the meeting rotation for these are confirmed they will be incorporated into the meeting calendar.

The 2021 meeting calendar has been prepared on the basis that Tuesdays and Wednesdays continue to be 'council days' with meetings scheduled according to the following:

MEETING TYPE:	FREQUENCY:
Council	<ul style="list-style-type: none"> To meet the third Tuesday of the month.
Investment and Property Subcommittee, and the Audit and Risk Subcommittee	<ul style="list-style-type: none"> To meet quarterly. These have been scheduled on the same day due to synergies of membership.
Civil Defence Emergency Management Group (CDEM) and Regional Transport Committee (RTC) Climate Change Working Party and Biosecurity and Biodiversity Working Party.	<ul style="list-style-type: none"> To meet quarterly and to be held, where possible, on the second Wednesday of the month to avoid TLA commitments. The Climate Change Working Party and Biosecurity and Biodiversity Working Party to meet on the same day as CDEM due to membership and for efficient use of councillor time.
Te Taitokerau Māori and Council Working Party (TTMAC)	<ul style="list-style-type: none"> Continue to be held on the second Thursday of the month to provide consistency for Māori representatives. Monthly commitments alternate between formal meetings and on marae hui.
Planning and Regulatory Working Party and Water and Land Working Party	<ul style="list-style-type: none"> To meet quarterly and on the same day due to synergies of membership and focus areas.

Attachments/Ngā tapirihanga

Attachment 1: Proposed 2021 Meetings Calendar [↓](#)



TITLE: Request for approval of unbudgeted expenditure to be funded from the Covid-19 Reinstatement Reserve

ID: A1369199

From: Matt De Boer, Natural Hazards Advisor and Phil Heatley, Strategic Projects and Facilities Manager

Authorised by Group Manager: Jonathan Gibbard, Group Manager - Environmental Services, on date 13 October 2020

Executive summary/Whakarāpopototanga

The Rivers and Natural Hazards Team is requesting to advance \$85,000 from the Covid-19 Reinstatement Reserve to hire a full-time Climate Change Advisor position for the remainder of the 2020/21 financial year.

- Climate change is a priority work area for council, but currently no dedicated staff have been allocated. The work programme is predominantly managed by the Natural Hazards Advisor position in the Rivers and Natural Hazards team.
- The position is a priority LTP new initiative and this request brings forward the potential position by approximately six months.
- The role will enable council to progress a work programme for climate change adaptation and mitigation and alleviate pressure on the Natural Hazards Advisor position.
- This role has been identified by ELT as a priority and is in addition to the list of projects council has identified for the Covid-19 Reinstatement Reserve.

The Property Team is requesting \$65,000 from the Covid-19 Reinstatement Reserve to construct a security fence at the Union East Street storage facility during the 2020/21 financial year.

- \$94,000 was budgeted for programmed painting of council's Water Street offices and now sits in the Covid-19 Reinstatement Reserve. Recent washing and treatment of the building has since revealed that painting will not be required for several years.
- Staff instead wish to use \$65,000 of these funds for the provision of a security fence at Union East Street. The current fence is inadequate and the potential for theft of trailers and other stored equipment is high, being a low profile and uninhabited area of Whangārei outside business hours.

At the time of writing this report the reserve balance was \$469,110.

Recommendation(s)

1. That the report 'Request for approval of unbudgeted expenditure to be funded from the Covid-19 Reinstatement Reserve' by Matt De Boer, Natural Hazards Advisor and Phil Heatley, Strategic Projects and Facilities Manager and dated 29 September 2020, be received.
2. That \$85,000 of unbudgeted expenditure from the Covid-19 Reinstatement Reserve be allocated to support the hiring of a full-time Climate Change Advisor position.

3. That \$65,000 of unbudgeted expenditure from the Covid–19 Reinstatement Reserve be allocated to construct a security fence at council’s Union East Street storage facility.

Options Natural Hazards and Climate Change Advisor

No.	Option	Advantages	Disadvantages
1	Fund a full-time Climate Change position (\$85,000)	Enables the progression of climate change projects and relieves pressure on current staff.	Less funding available for other projects.
2	Do not fund the position.	More funding available for other projects.	Delays in the delivery of key climate change projects until additional staff resource is secured through the LTP.

The staff’s recommended option is Option 1 - ‘Fund a full-time Climate Change position’.

Options Union East Street security fencing

No.	Option	Advantages	Disadvantages
1	Reallocate funding for Union East Street security fencing (\$65,000)	Funding is available due to painting not required at Water Street. Immediate protection of council property. Security fencing can be installed immediately before the business vicinity is vacated over summer leaving equipment unobserved and exposed.	Less funding available for other project options.
2	Consider funding for Union East Street security fencing in the 2021–31 LTP	Protection of council assets.	Protection is delayed. Project will compete with other priorities.
3	Do not fund Union East Street security fencing	Funding available for other projects.	Council property remains at risk.

The staff’s recommended option is Option 1 - ‘Reallocate funding for Union East Street security fencing’.

Considerations

1. Environmental impact

The Climate Change Advisor position will increase the ability of council and the region to proactively respond to the impacts of climate change by progressing a climate change-focussed work programme across council departments, Northland councils and government agencies.

There are no impacts in regard to the Union East Street security fencing.

2. Community views

The 2019 residents survey report results show that 84% of residents think that climate change is a significant issue facing Northland, and 55% think it is extremely important. However, nearly a third of participants (29%) think NRC are responding 'not well at all'. This new position will enable council to take a more proactive approach and is likely to be supported by the community.

There is unlikely to be significant community views in regard to the Union East Street security fencing.

3. Māori impact statement

Climate change is a priority issue for Māori, and we have received ongoing support for the existing climate change adaptation programme from TTMAC, MTAG and other hapū representatives from around the region. Allocating additional resources to climate change at NRC will enable council to respond to the needs of hapū and iwi to plan for climate change.

There is unlikely to be significant Māori views in regard to the Union East Street security fencing.

4. Financial implications

Funding for both requests will be allocated from the Covid-19 Reinstatement Reserve.

Climate change is currently resourced from within existing Natural Hazards staff time and operational budget. An additional \$105,000 of operational funding was allocated to Natural Hazards in the 2019/20 Annual Plan for climate change projects. As anticipated, this has been spent or is already allocated to hazards mapping and climate change risk assessment projects.

\$94,000 was budgeted for programmed painting of council's Water Street offices and this now sits within the Covid Reinstatement Fund. However, painting will not be required at this time. The Strategic Projects and Facilities Manager has applied for \$94,000 in the 2021–31 LTP for painting in the 2024/25 financial year. Therefore, \$65,000 of that set aside for Water Street building painting could be redirected to fund the construction of security fencing for Union East Street.

5. Implementation issues

There are no anticipated implementation issues of significance.

6. Significance and engagement

In relation to section 79 of the Local Government Act 2002, this decision is considered to be of low significance when assessed against council's significance and engagement policy and is part of council's day to day activities. This does not mean that this matter is not of

significance to tangata whenua and/or individual communities, but that council is able to make these decisions without undertaking further consultation or engagement.

7. Policy, risk management and legislative compliance

The proposed role will assist NRC to comply with recent and upcoming legislative changes including the Zero Carbon Act, the development of the National Adaptation Plan, RMA updates re GHG emissions (2020), and proposed RMA reform re climate change adaptation and managed retreat.

The role will also assist NRC to better understand and address climate change risks identified in councils corporate risk register

There is no significant policy, risk management or legislative compliance issues in regard to the Union East Street security fencing apart from the proposal reducing the risk to council of stolen council equipment and assets.

Background/Tuhinga - Natural Hazards and Climate Change Advisor

Climate change is a priority

Climate change is a key priority for our councillors, evidenced by the establishment of a working party for climate change and support for the development of a climate change strategy. Climate change is a priority for tangata whenua, given the significant exposure and vulnerability of Māori cultural assets and communities to climate impacts such as flooding, sea level rise and drought. Climate change is also a key priority for our communities, highlighted by both public perceptions (such as NRC's 2019 customer survey) and the exposure of private and community assets to climate risks.

Current situation - NRC

Council staff have been progressing work on climate change within the capacity of their current positions. However, to date there has been no dedicated role or operating budget allocated to the climate change work programme, resulting in stretched resources, compromised work programmes and additional stress on staff. While it is recognised that climate change needs to be embedded across the organisation, there is a need for additional specialist resources to coordinate and drive the work programme.

Around 50% of the Natural Hazards Advisor position is now spent on climate change adaptation work, leaving a shortfall in the natural hazards work program, with a large workload potentially creating a high stress situation. Given the wide range of impacts of climate change there is need for a comprehensive and aligned approach to programme development across multiple work programmes including biodiversity, biosecurity, hazards/CDEM and land/water.

Current situation - Region-wide

Regional alignment between councils in a response to climate change is essential and NRC is playing a leading role in coordinating and developing strategic relationships between the four Northland councils. The joint staff working group Climate Adaptation Te Taitokerau, currently chaired by NRC's Natural Hazards Advisor, has made good progress but requires ongoing commitment and support. NRC staff are coordinating the development of the regional climate change adaptation strategy, including the drafting and analysis for regional climate risk assessments. As Northland councils begin the process of adaptive pathways planning, additional resourcing will be required. Support of the proposed joint standing committee on Climate Change Adaptation will also be the responsibility of NRC staff.

Current situation - National

Significant changes are occurring at legislative, legal and policy levels. However, NRC staff have limited capacity to maintain a current overview and adequately represent Northland in consultative processes. Examples of national climate change issues and opportunities include:

- Office for the Auditor General: using recommendations from the Taskforce on Climate-related Financial Disclosure, OAG has made requests for details on climate risks and liabilities to be reported by councils at appropriate levels (e.g. in the LTP).
- Climate Commission (Zero Carbon Act and National Adaptation Plan): requirement for input and opportunities for influence, reporting requirements for councils in the near future.
- Adaptation planning to mitigate risks for communities – currently national guidance only but may potentially become mandatory.
- RMA reform: consideration of greenhouse gas emissions in regional planning instruments and consents (comes into force December 2021).
- RMA reform and the proposed Climate Change Adaptation and Managed Retreat Act.
- Emissions trading scheme: agriculture to be included from 2025, potential impacts on land management programmes.
- Ongoing climate change case law and research on legal liability for councils.
- Opportunities for improved regional sector coordination.
- Opportunities for involvement in national research programmes and considering results of relevant research.
- Investigating opportunities for external funding.

Process

Natural hazards proposed an LTP new initiative ('Climate Change – Adaptive Pathways Planning') that includes a full-time position in year one of the LTP. The proposal was recommended as high priority by ELT. The proposed role in this paper brings this position forward into the current financial year, enabling the immediate progression of the climate change work programme.

Without additional support, existing roles covering the climate change work programme will find it hard to maintain the momentum that has been developed, and expectations may need to be lowered over the next six months.

Background/Tuhinga - Union East Street security fencing

Union East Street – current post and wire fencing



The Union East Street storage facility has been highly successful, kept tidy by departments and is not at capacity.

However, the current fencing comprises only of widely spaced timber posts and wire netting and entry for any trespasser is straightforward. Furthermore, the fencing has deteriorated with loose mesh and crooked posts. Staff have raised concerns about the potential for theft of trailers and equipment stored outside, particularly given that outside business hours it is a low profile and uninhabited area of Whangārei.

The intention is to provide an effective security fence to protect property. An automatic gate is to be included in order to address specific health and safety issues; firstly, the crash incident risk with larger vehicles, boats and trailers protruding out onto the road while the gate is being manually unlocked, and secondly the risk for staff having to leave their vehicle when retrieving or returning equipment alone after hours or in the dark. These risks have been matters raised by council's Health and Safety Specialist in the past.

The alarm is currently monitored, although it is only activated if the buildings are accessed, and CCTV is being considered as part of the security package.

Attachments/Ngā tapirihanga

Nil

TITLE: Kaimahi for Nature

ID: A1370531

From: Jonathan Gibbard, Group Manager - Environmental Services

Authorised by Jonathan Gibbard, Group Manager - Environmental Services, on date 08
Group Manager: October 2020

Executive summary/Whakarāpopototanga

The Kaimahi for Nature funding recently announced by Government provides a \$200 million fund that aims to reach workers before they become unemployed – giving businesses battling COVID-19 an opportunity to temporarily redeploy their staff into environmental projects in their region.

Kaimahi for Nature will be delivered through regional alliances made up of at a minimum the Department of Conservation, the Crown's Treaty partners and regional councils. For Taitokerau, the Treaty partners will be represented by a delegate of representatives from Te Kahu O Taonui (TKoT - Iwi Chairs Forum).

It is understood the Kaimahi for Nature fund will be distributed by the Crown across regional alliances based on the percentage of businesses in a region taking up the wage subsidy scheme and on the deprivation index for each region.

The alliance Memorandum of Understanding (MOU) and Deed of Funding will set out the specifics around the Kaimahi for Nature funding.

The purpose of this paper is to provide background information to the Kaimahi for Nature programme and seek council's approval to become a partner in the regional alliance and sign the attached proposed MOU.

Recommendation(s)

1. That the report 'Kaimahi for Nature' by Jonathan Gibbard, Group Manager - Environmental Services and dated 2 October 2020, be received.
2. That the Chief Executive Officer is authorised to negotiate and approve further amendments to the draft Memorandum of Understanding provided the amendments do not materially change council's obligations and the Regional Alliance partnership approach.
3. That council support Northland Regional Council becoming a partner to the Kaimahi for Nature Regional Alliance and authorise the Chairperson and/or Chief Executive Officer to sign the Memorandum of Understanding on behalf of council.

Options

No.	Option	Advantages	Disadvantages
1	Support the Kaimahi for Nature Programme by joining the regional	Provides an opportunity to strengthen the partnership between DOC and TKoT and support job creation through	Will require already stretched staff support to

	alliance and signing the proposed MOU	environmental remediation projects. There are a number of council projects that are unlikely to receive funding through the LTP process and the Kaimahi for Nature funding stream provides another opportunity to progress these initiatives.	participate in the regional alliance.
2	Do not support the Kaimahi for Nature Programme, don't join the regional alliance, and don't sign the proposed MOU	Will not put any additional strain on already stretched staff resources.	Council misses an opportunity to further strengthen the partnership with DOC and TKoT. Council misses an opportunity, as an alliance member, to seek funding for projects that are unfunded through the LTP.
3	Support the Kaimahi for Nature Programme, however seek amendments to the MOU prior to signing	Same advantages as with Option 1, however council gets to seek amendments to the MOU.	Same disadvantages as with Option 1 however it will also delay the establishment of the regional alliance and there are some time critical projects awaiting confirmation of funding.

The staff's recommended option is Option 1.

A copy of the proposed MOU is provided as **Attachment 1** and further background information to the Kaimahi for Nature funding and regional alliances is provided in **Attachment 2**.

The proposed MOU is currently being considered by member parties respective governance bodies and there is the potential for some amendments sought following this process. In order to enable the efficient and timely establishment of the Regional Alliance, it is recommended that council delegate:

1. The Chief Executive Officer the authority to negotiate and approve any amendments to the proposed MOU providing those changes are of a non-material nature, including to the Regional Alliance partnership approach and council's obligations.
2. Authority to sign the MOU to both the Chairperson and Chief Executive Officer so that council can sign the MOU at the same level (governance or management) as proposed by other member parties.

Considerations

1. Environmental impact

The Kaimahi for Nature funding provides a unique opportunity for regional alliance members to partner and collaborate on environmental projects that have not been able to secure funding to date.

2. Community views

The establishment of the Kaimahi for Nature funding by the Government is primarily in response to COVID-19 and the economic impact of this event. This programme is intended to provide job creation through environmental programmes and is envisaged to be viewed as positive and supported by Northland's communities.

3. Māori impact statement

A corner stone to the Kaimahi for Nature programme and the governance structure, as advanced through the regional alliance, is a partnership approach with the Crown's Treaty Partners. To that end, the Department of Conservation have engaged with Te Kahu O Taonui to establish the regional alliance. As is outlined in the attached MOU, Te Kahu O Taonui will nominate representatives to sit on the regional alliance. In addition, it is proposed that one of the iwi authorities will become the "bank" for the regional allocation of the Kaimahi for Nature funding.

4. Financial implications

There are no immediate financial implications from council joining the regional alliance and signing the MOU other than council staff time commitment. Financial implications for council will be considered on a case-by-case basis for any support council provides or any projects council may seek funding for.

It is proposed that one of the iwi authorities of Te Kahu O Taonui will become the "bank" for the regional allocation of the Kaimahi for Nature funding. The exact quantum of funding that will be allocated to Northland from the national \$200 million is yet to be confirmed. It is understood the Kaimahi for Nature fund will be distributed by the Crown across regional alliances based on the percentage of businesses in a region taking up the wage subsidy scheme and on the deprivation index for each region.

5. Implementation issues

There will likely be a number of implementation challenges as this programme proceeds given its ambitious goals and untested processes. Some of the initial key challenges include:

1. How to ensure the governance structure and operational processes that surround the allocation of this fund is efficient and effective and not overly burdensome. If this is not the case, the programme has the potential to put considerable additional pressure on existing staff resources which are already under strain delivering BAU and "standing up" current externally funded projects. It is recommended that council will need to be strategic and selective in the degree of support provided and the projects it seeks to gain funding for.
2. How to efficiently identify those businesses who are under pressure as a result of COVID and align their staff with those potential job opportunities through environmental projects funded by the Kaimahi for Nature fund.

3. How to manage the expectations of community groups and key stakeholders who wish to apply to the Kaimahi for Nature funding. Given only alliance members can apply for funding, there is likely to be a significant increase in community groups and other key stakeholders wishing to partner with alliance members to progress their projects and gain funding. Alliance members will need to consider this issue and how this can be best managed going forward.

6. Significance and engagement

In relation to section 79 of the Local Government Act 2002, this decision is considered to be of low significance when assessed against council's significance and engagement policy because it has previously been consulted on and provided for in council's Long Term Plan and/or is part of council's day to day activities. This does not mean that this matter is not of significance to tangata whenua and/or individual communities, but that council is able to make decisions relating to this matter without undertaking further consultation or engagement.

7. Policy, risk management and legislative compliance

Council participation in the regional alliance is consistent with council's legislative role and functions and policy settings. Some initial risks have been identified in other parts of this report around staff resourcing and managing public expectation, however, these can be managed as the alliance proceeds.

Attachments/Ngā tapirihanga

Attachment 1: Kaimahi for Nature MoU [↓](#)

Attachment 2: Kaimahi for Nature kete [↓](#)

MEMORANDUM OF UNDERSTANDING - Te Tai Tokerau Alliance

Title: Kaimahi for Nature

This memorandum of understanding is made this ____ day of _____ 2020

PARTIES

1. Te Kahu O Taonui
2. Te Kaunihera ā rohe o Te Taitokerau (Northland Regional Council)
3. Te Papa Atawhai (Department of Conservation)

This agreement is signed by the following on behalf of their respective organisations.

	Malcolm Nicolson	Sue Reed-Thomas
.....
SIGNED on behalf of Te Kahu O Taonui	SIGNED on behalf of Northland Regional Council	SIGNED on behalf of Department of Conservation
Witness signature	Witness signature	Witness signature
.....
Witness name	Witness name	Witness name
Witness occupation	Witness occupation	Witness occupation

SCHEDULE 1

1. Purpose

- 1.1 The purpose of this relationship is to work together based on enduring mutual respect through a shared vision, purpose and goals for mutually beneficial outcomes. With a long term and forward thinking approach we will invest intergenerationally to achieve outcomes and advance Māori wellbeing across Te Tai Tokerau. A partnership based on Te Tiriti o Waitangi enables iwi to express tino rangatiratanga and make decisions that have immediate and enduring positive outcomes.
- 1.2 This Memorandum of Understanding (Memorandum, MOU) records the principles and objectives of Te Tai Tokerau Alliance ("the Alliance") to the Kaimahi for Nature economic recovery package. This MOU is intended to form the basis of a meaningful relationship that may be amended or expanded by agreement of all Parties. This may include the Alliance becoming a permanent engagement platform for all Parties.
- 1.3 This MOU is freely entered into by the Parties in the spirit of partnership and goodwill. Accordingly, the Parties do not intend that this MOU shall create legally binding rights and obligations for any of the Parties under relevant statutory provisions. It is not intended to restrict or in any way affect the statutory responsibilities or duties of any of the Parties.
- 1.4 The primary purpose for this Alliance is to utilise the Kaimahi for Nature funding to create jobs in areas of high need in Te Tai Tokerau that also create a lasting legacy for the environment.
- 1.5 Kaimahi for Nature sits within the wider Jobs for Nature funding stream; the Alliance may also consider opportunities for the region that are provided by this wider funding package.
- 1.6 The Parties recognise that they have existing relationships, joint projects and MOU's between one another and that this forms a sound basis by which to enter into this MOU. This MOU formalises the vision, scope and principles that underpins their relationship through the Alliance, which acts to reinforce and strengthen their existing partnership.
- 1.7 The Parties recognise that this Alliance does not diminish or undermine the mana or tino rangatiratanga of the individual iwi that are party to the MOU and Alliance.

2. Parties Context

- 2.1 Te Tiriti o Waitangi is the founding document of this country and the beginning of building a new nation. It was signed in 1840 at Waitangi and sets the parameters for a relationship between Māori and the Crown.
- 2.2 Te Kahu O Taonui (TKoT) was established in 2006/7 and is now a collective of all eleven Iwi in Te Tai Tokerau representing Ngāti Kuri, Te Aupōuri, Te Rarawa, Ngai Takoto, Ngāti Kahu, Kahukuraariki, Whaingaroa, Ngāpuhi, Ngāti Wai, Te Roroa and Ngāti Whātua.
- 2.3 Te Kahu o Taonui exists:
 - To advance the collective aspirations of Te Tai Tokerau Iwi.
 - To promote and support Whānau/ Māori aspirations for social and economic advancement in Te Tai Tokerau.
 - To provide a regional link to Government Priorities.
 - To ensure that Māori have a voice and actively participate to ensure equity.
- 2.4 For Te Kahu O Taonui (Tai Tokerau Iwi Chairs Forum), Te Tiriti o Waitangi, together with He Whakaputanga o Te Rangatiratanga o Nu Tireni, provides the agreement to allow the

beginning of a new nation, and the basis of Māori relationships with all New Zealanders as represented by Government.

- 2.5 In November 2014, the Waitangi Tribunal found that Northland Māori who were signatories to Te Tiriti o Waitangi did not cede sovereignty and this position has been held by successive northland Māori leaders.
- 2.6 The Tribunal has also recognised the articles of Te Tiriti o Waitangi as the basis for a mutually beneficial relationship between Māori and the Crown. The United Nations Declaration of the Rights of Indigenous Peoples (2007) codifies Te Tiriti o Waitangi and He Whakaputanga o Te Rangatiratanga o Nu Tirenī in a global and current context.
- 2.7 Te Papa Atawhai enters into this Alliance and MOU as an opportunity to give effect to our Kaupapa under our new purpose; Papatūānuku Thrives. This provides us with a unifying direction for our mahi.
- 2.8 Our Kaupapa puts Te Reo Māori and Te Ao Māori at the centre of Te Papa Atawhai's purpose and strategy. It is an important step in the process of bringing Te Tiriti o Waitangi and the relationship with our Treaty Partner into all that we do.
- 2.9 Papatūānuku is the land, sea, sky, ocean, freshwater, plants, animals, us. The words Papatūānuku Thrives highlight the interconnectedness of nature as expressed in the whakatauki; Toitū te Whenua, toitū te Tangaroa, toitū te tangata - If the land is well and the sea is well, the people will thrive.
- 2.10 For Te Kaunihera ā rohe o Te Taitokerau, the Local Government Act 2002 sets out its primary purpose, role and functions. This provides strong direction to recognise the principles of the Treaty of Waitangi when fulfilling its purpose to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.
- 2.11 This agreement encourages and supports a long-term relationship between Te Kaunihera ā rohe o Te Taitokerau, Te Papa Atawhai and Te Kahu O Taonui in a manner that respects the indigenous heritage of the region. The parties, while each brings their own perspective to the table, share common goals and aspirations for the wellbeing of all within the region.
- 2.12 The parties acknowledge that a relationship informed by the role of the region as the birthplace of our nationhood, could also be the blueprint for building a region that enables all communities and whānau to prosper and do well.

3. Parties' Objectives

- 3.1 To operate from a relationship model that gives effect to the articles of Te Tiriti o Waitangi and encourages better communication and collaboration between the parties to understand each other's perspectives and develop more shared understandings
- 3.2 To work together to achieve environmental gains across the Te Tai Tokerau region to support the response to employment affected by COVID-19.
- 3.3 Treaty Partnership and collaboration is at the heart of Jobs for Nature. This is about working with Treaty Partners, communities, businesses, local Government and other Government agencies to best support people through nature.

4. Parties' Principles

4.1 Four principles are inherent to Te Tiriti o Waitangi and the intent of these are preserved and advanced in this Agreement.

4.2 Partnership

Partnership is about mutual good faith, trust and reasonableness. All partners will work together and act in accordance to this.

4.3 Equity

At its core, the principle of equity guarantees fairness and freedom from discrimination, whether this discrimination is conscious or unconscious. As we advance Māori wellbeing, we are committed to innovation and change to achieve Māori equity. This will involve dismantling systems and practices that have maintained or hidden inequities between Māori and non-Māori.

4.4 Options

As Tiriti o Waitangi partners, Māori have the right to choose their social and cultural path to wellbeing.

4.5 Active Protection

Active protection requires full participation in decision-making processes and judgments as to what is reasonable in the circumstances. This relates to Māori interests as part of the promises made in Te Tiriti o Waitangi where there is a commitment that all Māori culture, traditions, and taonga will be protected.

4.6 In practice these principles mean:

- The parties, in pursuit of common goals and objectives both agree to work together to uphold the wellbeing of our communities so that none get left behind and all have an equal opportunity to contribute;
- The parties will work in a manner that recognises and respects the:
 - mana, authority and kaitiakitanga status of iwi and authority of the alliance members who are parties to this agreement;
 - the desire of the parties to enhance the cultural, social, economic, and environmental wellbeing of all people;
 - shared desire for effective participation by iwi to provide for empowered and more effective Alliance governance and strong communities in Tai Tokerau; and,
 - shared obligation to sustainably manage the Tai Tokerau environment for current and future generations.
- The parties will show the highest levels of integrity, transparency and flexibility towards each other;
- The parties will ensure there are no surprises but a proactive intent to engage early, constructively and positively on matters of shared priority and interest; and,

4.7 The Parties are committed to genuine relationships with the intent to working together to achieve the Jobs for Nature package. The relationship principles the Parties agree to are:

- a. **Pono / Transparency.** Each Party will demonstrate honesty and trust and confidence;
 - b. **Mana Motuhake / Authority.** Respect for the authority of each of the Parties and their individual roles and responsibilities;
 - c. **Kotahitanga / Collaboration.** The Parties will be helpful to each other and work in the spirit of cooperation, recognising and enhancing a unity of purpose and direction where all are able to contribute;
 - d. **Manaakitanga / Reciprocity.** Emphasis on behaviours and activities that demonstrate generosity, care, respect and reciprocity; and
 - e. **Tika / Professionalism.** Each Party will commit to the highest level of professionalism to each other and others.
5. Environmental projects
- 5.1 The purpose of the Alliance is to collaborate on environmental projects across the Tai Tokerau region to optimise employment and environmental outcomes in response to employment affected by COVID-19.
- 5.2 Kaimahi for Nature is the work determined and delivered by Alliances as part of the larger Jobs for Nature package.
6. Term, withdrawals and additions
- 6.1 This MOU is effective from October 2020 for a period of three years and expires on 30 June 2023 (unless during the review process all Parties agree in writing to renew the term of the Memorandum before its expiry).
- 6.2 Any Party may withdraw from the MOU by giving 4 weeks' written notice to the other Parties.
- 6.3 The Alliance can invite those new Parties to join who they consider will better enable the Alliance to achieve its vision and purpose. If a new Party agrees to the provisions of this MOU and wishes to join the Alliance, it may do so in writing to the Alliance, and agreed upon by the Parties of the Alliance. Their signatures can be added to the MOU.
- 6.4 The intent of the Alliance and collaboration of Treaty Partners and Local Government is how the Parties would like to work in the future for the benefit of Te Tai Tokerau and Aotearoa / New Zealand. While this Kaimahi for Nature package is fixed term, the relationship intent of this MOU does not necessarily need to expire. The Parties will, during the term of this MOU, actively consider how this Alliance could be enduring and the scope broaden.
- 6.5 Any extension in term and scope must be through written agreement by all the Parties and may be an extension to this MOU or confirmed through an entirely new agreement.
7. Relationship Management and Communication
- 7.1 The following people are the agreed contacts.

Te Kahu O Taonui

Northland Regional
Council

Department of
Conservation

<p>Toa Faneva TKoT Iwi Lead</p> <p>DD1 09 407 0340</p> <p>M 021 2802841</p> <p>2 Clark Road, Kerikeri</p> <p>PO Box 119, Kerikeri</p> <p>Northland</p> <p>0245</p>	<p>Malcolm Nicolson, Chief Executive Officer</p> <p>DDI 09 470 1257</p> <p>M 027 284 9249</p> <p>36 Water Street</p> <p>Whangārei</p> <p>Private Bag 9021</p> <p>Whangārei Mail Centre</p> <p>Whangārei 0148</p> <p>malcolmn@nrc.govt.nz</p>	<p>Sue Reed-Thomas</p> <p>Director, Operations, Northern North Island region</p> <p>DDI: +64 9 470 3362</p> <p>M: +64 27 445 5932</p> <p>2 Southend Road Raumanga</p> <p>PO Box 842</p> <p>Whangārei 0140</p>
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- 7.2 It is the responsibility of these contact people to:
- Arrange meetings and reviews
 - Oversee milestone or reporting requirements
 - Communicate on matters of interest to all Parties
- 7.3 In the interests of clear communication, each Party should consult with each other Party prior to making public statements in relation to the Alliance.
- 8 Review of the MOU
- 8.1 This MOU will be reviewed after six months from the date of signing, and at least annually, to discuss progress in implementing the objectives of the MOU.
- 9 Community agreements, grants of funds and contractual arrangements
- 9.1 Should the Parties be contracting work to be done on Public Conservation Land or granting funds for that purpose, they should take into account the requirements of work being done on Public Conservation Land. These considerations should be incorporated into the contractual arrangements for that work.
- 10 Health and Safety
- 10.1 Agreements entered into under clause 9 will include health and safety and, where appropriate, insurance provisions.
- 11 Confidentiality
- 11.1 No Party is to disclose any confidential information received from another to any third party without written consent, unless required by the Official Information Act 1982, in which case the Department will inform the other Party prior to disclosure.

12 Intellectual Property and Data Sharing

- 12.1 All intellectual property brought by each Party to the relationship under this MOU remains in the ownership of that Party. Ownership and management of intellectual property should be dealt with by protocols for data sharing created as part of any agreement or arrangement referred to in clause 8.
- 12.2 Use of logos or other corporate identification must be agreed to in writing by each Party on a case by case basis.

13 Dispute resolution

- 13.1 Any disputes arising from this MOU will be settled by full and frank discussion and negotiation between the Parties.
- 13.2 Should the dispute still remain unsettled, each respective Party may seek independent mediation at their own respective costs.

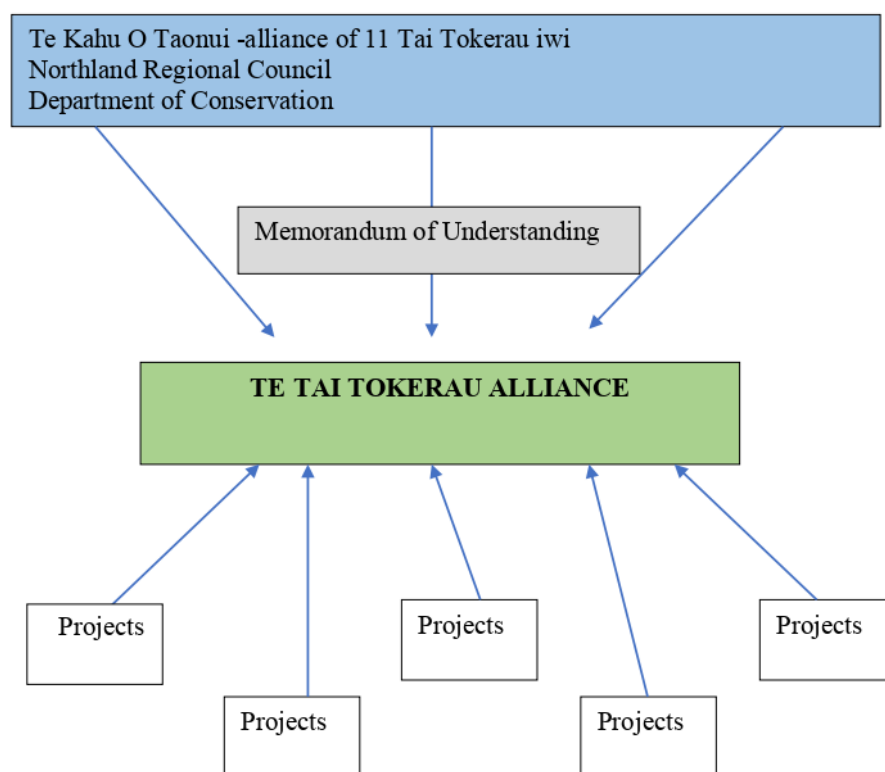
14 Relationship of Parties

- 14.1 The relationship of the parties under this MOU is not one of legal partnership, joint venture or agency. ‘
- 14.2 The Parties acknowledge their existing relationships, joint projects and MOU’s and will ensure that the activities conducted under this MOU will not be inconsistent the vision, values, principles and priorities of those other agreements.

SCHEDULE 2: OPERATIVE ARRANGEMENTS

1. The Parties will work together and agree on the following:
 - a. That a **Terms of Reference** for the Alliance will be drawn to optimise the responsibilities of Party members to achieve the vision and purpose;
 - b. A **decision-making process** for identifying, assessing and selecting projects. This will include the criteria to be used in making their decisions and how these decisions will be communicated;
 - c. The administration of a **register** and detail of projects for consideration;
 - d. All work entered into will clarify where accountability for **health and safety** is held and any work will not start until agreed health and safety plans are in place;
 - e. The **health and safety plan** will have a 'stop work' plan, should the safety of their staff be compromised;
 - f. All work will maximise employment and match best skills to tasks over the life of the projects;
 - g. The Parties are committed to ensuring the Alliance delivers not only environmental outcomes but also supports the social, cultural, economic outcomes of the region, in particular for those affected by COVID-19.
2. The Parties recognise the need for prudent financial management and have designated Te Runanga O Whaingaroa (on behalf of Te Kahu O Taonui) as the Party to receive funds from DOC as the holder of the funds made available to DOC by the Government ("the Funds Holder"). Given this the Funds Holder will, on behalf of the Alliance, enter into a Deed of Grant with DOC to receive the funds. The Funds Holder will release funds to Project Managers on the instruction of the Alliance.

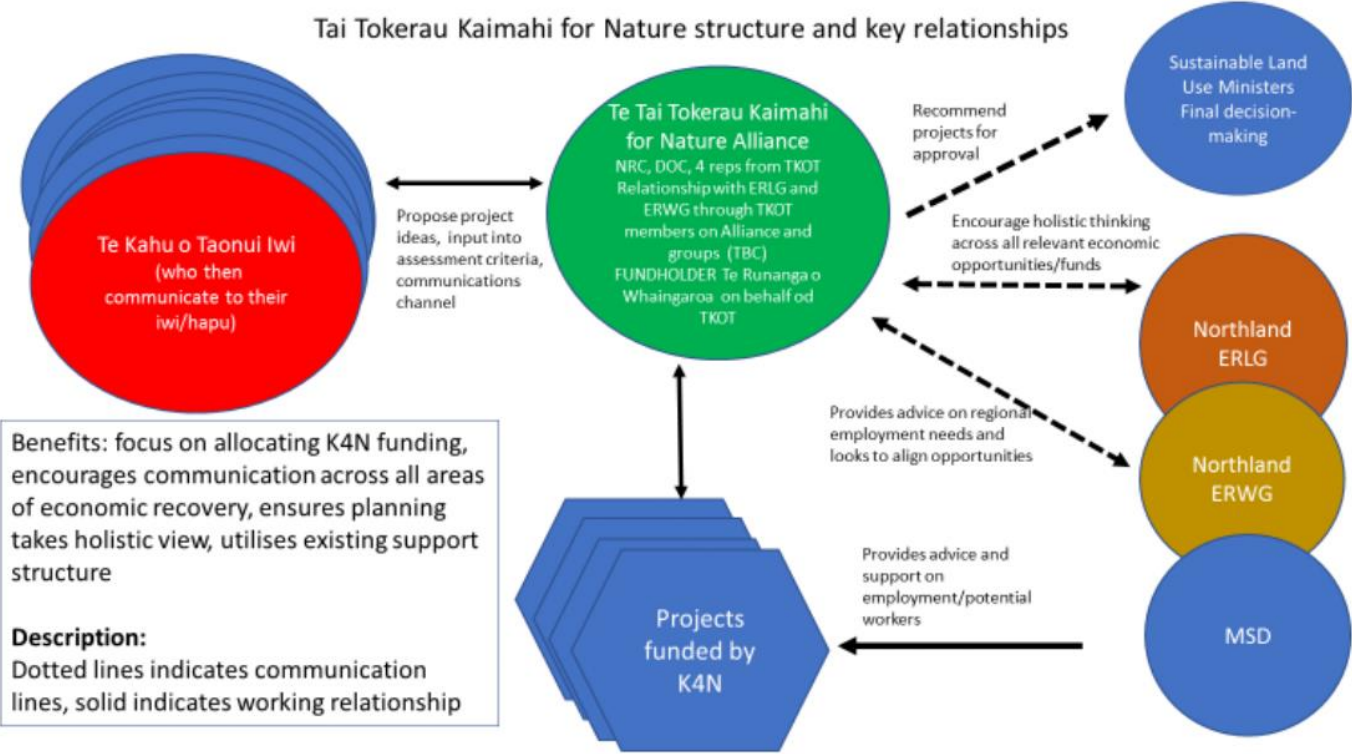
SCHEDULE 3: MOU ORGANISATIONAL STRUCTURE



OVERVIEW OF STRUCTURE, FUNCTIONS AND REPORTING

Party	Function
Alliance Party members	<ul style="list-style-type: none"> • Maintain the intent of the MOU • Develop and act in accordance with an agreed Terms of Reference • Define a region wide work programme • Recommend Projects over \$1 million for Ministers to approve • Appoint Fund Holder Alliance member • Enter into an Alliance Agreement and Deed of Funding with the Department of Conservation for the purpose of accessing Kaimahi for Nature funding.
Alliance Fund Holder	<ul style="list-style-type: none"> • Hold the funds on behalf of the Alliance • Enter into Deeds of Grant of Funds with Project Managers
Jobs for Nature Unit (DOC)	<ul style="list-style-type: none"> • Recognise an Alliance • Hold Alliance Agreement and Deed of Funding with Alliance Fund Holder • Oversees the Ministerial approval process for projects

Schedule 3 Tai Tokerau Alliance model and key relationships



Schedule 4: Term of Reference

Role of Parties of the Alliance

1. The Alliance Parties will identify and integrate environmental and economic priorities across Tai Tokerau region consistent with the vision and scope of the MOU.
2. The Parties shall bring their strengths to the Alliance to help achieve the agreed vision and identified priorities.
3. Each Party on the Alliance will report back to the organisation that he/she represents with recommendations from the Alliance and seek that organisation's direction.
4. An organisation's formal support of specific actions will be communicated back to the Alliance by the organisation's representative.

Role of the Facilitator of the Alliance

5. One member will be appointed as Facilitator of the Alliance on a rotational basis
6. The facilitator will:
 - prepare the agenda for Alliance meetings with input from the Alliance Parties;
 - facilitate the meetings and assist the Alliance to reach consensus on issues and options;

Alliance spokesperson

7. A spokesperson will be appointed by the Alliance members to act as spokesperson as required

Quorum for meetings

8. While the Alliance does not have a decision-making mandate, there shall be no less than four members of the Alliance present for meetings to be held.

Reporting

9. Notes of Alliance meetings will be taken by the Admin support person and circulated before the next meeting of the Alliance.
10. Each Party will be responsible for reporting back to the organisation that he/she represents.

Frequency of meeting

11. The Parties shall meet as an Alliance quarterly, with additional meetings or workshops, if required.

Servicing of meetings

12. Te Kahu o Taonui will provide documentation and logistical support for the Alliance meetings and provide staff support for three years from the date that the MOU is first signed.
13. All Parties shall be responsible for their own expenses for attendance and travel to and from meetings.

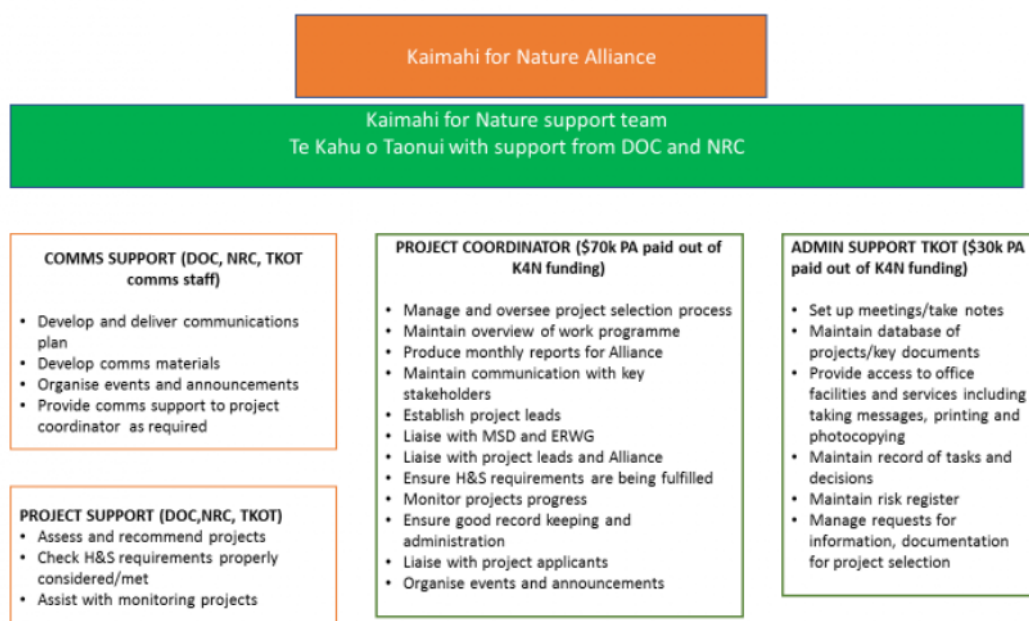
Conflicts of interest

14. Where an Alliance member has a conflict of interest in any aspect of the Alliance's decision making in relation to financial matters, the member will declare the conflict at the beginning of the meeting and have it recorded in the minutes of the meeting. The member will not participate in decisions that have a direct relationship to the specific area where there is a declared conflict.

Review

15. The Parties will review these TOR three years from the date that it is first signed.

Support -the following diagram details how the Alliance will be supported to perform the required tasks



Alliances to deliver Kaimahi for Nature

21 August 2020

Alliances are, at a minimum, Treaty partners, regional councils and central government in regions. Alliances hold the knowledge, relationships, and tools in regions to deliver Kaimahi for Nature at scale.

Alliances have autonomy to decide how they want to work. They are designed to make sure decisions are made by people in their place, that Treaty partners and partnerships are at the heart of how these decisions are made, and that funds can get out fast, equitably, and flexibly.

The role of Alliances to deliver Kaimahi for Nature

Alliances identify and optimise environmental projects across their region to match workers from businesses impacted by COVID-19 to projects and fund the temporary employment of these workers into projects.

At the moment the Sustainable Land Use (SLU) Ministers will approve projects or portfolios of projects recommended by the Alliance.

Regional boundaries

DOC has allotted Kaimahi for Nature funds to Alliances within regional council boundaries — with the exception of Nelson-Marlborough-Tasman (treated as one Alliance), and the addition of the Chatham Islands as its own Alliance.

Alliances may choose to recognise sub-Alliances within their regions to best meet local needs.

Kaimahi for Nature funding

Jobs for Nature will provide funds to the Alliance to distribute to projects in their region. We are awaiting confirmation on when and how money will flow and will update you once this is confirmed.

So long as Alliances are fulfilling the roles and responsibilities that have been set out in the Alliance Funding Agreement, they have freedom to establish governance and operating principles that will meet their needs.

A small proportion of the funding can be used to help you administer the Alliance to meet the obligations around employment opportunities. There may be support available to create roles to help contribute, manage, and help administer the Alliance.

To receive Kaimahi for Nature funds, Alliances must provide the evidence outlined to show how they meet the criteria described on pages 3-4 of this document.

This document contains:

- Alignment with RLGspage 2
- Criteria to be recognised as an Alliancepage 3
- How to be recognised as an Alliancepage 5
- Roles and responsibilitiespage 5
- Health & Safety overviewpage 12
- Project assessment criteriapage 13
- How Alliances create Jobs for Naturepage 18
- Alliance allotments backgroundpage 20
- Key documents to support Alliancespage 22

Note: if you wish to send components of this document to prospective partners the “Key documents” page sets out the docCM numbers where separate files are

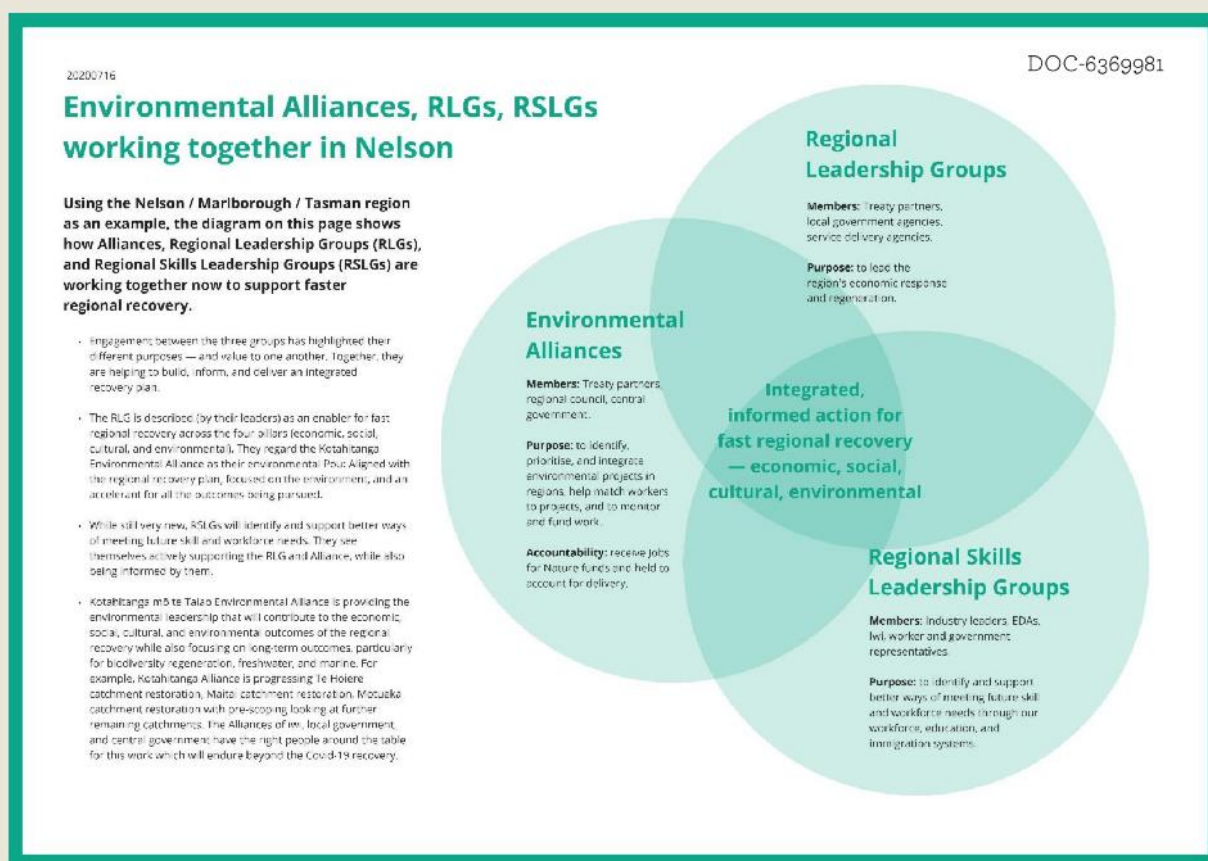
Alignment with Regional Leadership Groups

Alliances need to fit within the framework of other groups that are emerging within regions, such as Regional Leadership Groups (RLGs) and Regional Skills Leadership Groups (RSLGs).

Potential Alliances will need to initially engage with these groups to see if there is an opportunity for an Alliance to work as a supporting environmental pou.

How the different groups are integrated can only be determined by discussing alignment and integration as Alliance partners.

Where groups don't exist or integration isn't possible you may need to work with your local partners to create a standalone Alliance. Thus far, the various groups have proven to be different, but complimentary



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How to meet Kaimahi for Nature criteria as an Alliance

Kaimahi for Nature will create temporary jobs for workers whose employment is affected by COVID-19. Regional Alliances of Treaty partners, regional councils, and central government will identify, prioritise, and optimise conservation projects to receive Kaimahi for Nature funds; work with project managers and MSD to match workers to work; monitor activity; and fund temporary jobs.

DOC has alloted Kaimahi for Nature funds to Alliances within regional council boundaries — with the exception of Nelson-Marlborough-Tasman (treated as one Alliance), and the addition of the Chatham Islands as its own Alliance. Alliances may choose to recognise sub-Alliances within their regions to best meet local needs.

To receive Kaimahi for Nature funds, Alliances must meet the criteria described in this document. This document provides guidance to help Alliances provide evidence that they meet the criteria described.

To learn more, contact jobsfornature.govt.nz to find out more about becoming an Alliance member.

Note that we've referred to the following roles in this guidance



Alliance

— Treaty partners, regional councils, and central government in regions; creating temporary jobs on conservation projects.



Fund administrator

— One Alliance member (a legal entity) who will hold the funds on behalf of the Alliance.



Project manager

— an entity managing a conservation project.



MSD

— the Ministry of Social Development, who help project managers and Alliances to match workers to projects.



Worker

— a person whose employment is affected by COVID-19, who is willing and able to work on conservation projects.

DOC-6381244 2020/07/30

Criteria to be recognised as an Alliance

Membership: Alliance membership must include Treaty partners, regional council, and central government

- At a minimum, Alliance membership consists of Treaty partner, regional council, and the Department of Conservation.
- Alliances should consider how they involve Conservation Boards, worker representatives, and/or employer representatives in the work of an Alliance.

Evidence: Joint signatories to a foundation document (like a memorandum of understanding, a terms of reference, a joint venture, or a partnership agreement).

Partnership: Alliances must partner with each Treaty partner and regional council / unitary authority within their region

- Each Alliance must identify and engage with each Treaty partner and regional council/unitary authority within their region.
- Each Alliance must have either the formal support or participation of those Treaty partners and local authorities, or formal notice of a Treaty partner or local authority declining to participate.
- Each Alliance must give effect to Te Tiriti o Waitangi (including partnership, participation, and protection) in the achievement of the purpose of the fund and monitor its implementation across the entire funding term.

Evidence: Confirmation that action has been taken to identify and engage with all Treaty partners and local authorities.

Legal structure: Alliances must agree a GST and legal structure

- Any Alliance applying for funds from Kaimahi for Nature must have access to a GST-registered legal structure, agreed by all Alliance members.
- All funding applications must refer to GST inclusive figures at all times.
- Fund administrator must be a legal entity in New Zealand.
- Fund administrator must not be currently registered as bankrupt or insolvent.

Evidence: Reference to all Alliance members agreeing to which entity acts as the Fund administrator

Health and safety: Alliances must manage all health and safety requirements

- Each Alliance must work to the Jobs for Nature health, safety, and wellbeing charter.
- Alliances must have procedures in place to meet these obligations where applicable.
- Alliances must ensure they have a process and competent assessor for reviewing the health and safety systems, processes, and documents of any project manager and any other contractors that they engage.
- Alliances must provide a monthly health and safety report to DOC.
- Alliances must evaluate the health and safety of Kaimahi for Nature projects.

Evidence: Provide a statement of how the Alliance will manage their health and safety responsibilities and who will be assessing (pre-qualifying) the health and safety of any project manager or contractor.

Provide signed agreement that acknowledges compliance with health, safety, and wellbeing charter.

Governance: Alliances must comply with governance requirements

- Alliances must have a documented governance structure, signed by all Alliance members.
- The documented governance structure should provide detail on how the Alliance will comply with all existing legislative and regulatory obligations, including how these will be carried out by project managers.
- Alliances must not breach any legal or regulatory obligations, including the Heritage NZ Pouhere Taonga Act 2014.
- Cultural sites must not be impacted without the explicit agreement of all required parties.

Evidence: Documented governance structure, signed by all Alliance members, that describes how decisions will be made, conflicts of interest managed, and disputes resolved.

Criteria to retain and receive full funding

Alignment: Alliance decisions must align with national environmental or conservation priorities

- Alliances must use Kaimahi for Nature funding to achieve benefits in regard to Iwi, national and regional environmental priorities, and the redeployment of COVID impacted employees.
- Project applications can use the project application template (under development).
- Alliances must use their Project Assessment Criteria to evaluate Project Applications.
- Alliance approved projects are signed by the Alliance Project Lead and Alliance Chairs.

Evidence: Monthly reporting must describe where funds have been used, the temporary jobs created, and the environmental and conservation priorities addressed.

Monitoring and reporting: Alliances must comply with monitoring and reporting requirements.

- Alliances must comply with the monitoring and reporting requirements set out in the Alliance Agreement.

Evidence: Monthly reporting must comply with monitoring requirements.

Engagement: Alliances should engage with applicable stakeholder groups in their region.

- Alliances should invite stakeholder groups including community groups to participate and provide their input and skills to the Alliance and/or the projects supported.

Evidence: A record of stakeholder engagement.

Resourcing: Alliances must resource work with appropriate skills and information

- Alliances must resource the right skills and information in order to manage funds and implement successful conservation projects.
- Alliances must ensure that funded projects and project managers also resource the right skills and information in order to implement successful conservation projects.

Evidence: Monthly reporting must include planned versus actual project budget management and milestone delivery.

Efficiency: Alliances should seek efficiency in use of funds

- Alliances should seek efficiency in the allocation and use of funding including having particular regard to the desirability of proposed projects using matching or supplemental funding from other sources.

Evidence: Monthly reporting should include supplemental funding from other sources.

Terms: Alliances must require all projects to agree to funding deed terms

- Alliances must require that all project managers will be subject to the terms and conditions of the Alliance deed of funding. These terms and conditions form part of the contract between the Alliance and the project manager.
- The deed of funding must include a detailed project plan. This plan, at a minimum, must contain:

- deliverables (the identifiable outcome(s) that will be delivered by the project as a whole)
- key tasks (the key activities that will be undertaken to deliver the project successfully and for which reporting, and invoicing will occur)
- details on the employee re-deployment identification and management process
- a timeline for recruitment and return to work for the employees within the project
- a project budget (including requested contributions from the cashco-funders and in-kind contributors).

Evidence: Alliances must send copies of signed deeds to DOC.

How to be recognised as an Alliance

Whether you are an existing or a newly formed Alliance, you will need to apply to be recognised as one in order to access Kaimahi for Nature funding. Here's a step by step process for gaining approval:



Alliance roles and responsibilities

Alliances will



Create and formalise a regional partnership.



Identify, optimise & fund projects.



Help projects get set up.



Monitor and report on regional activity.

The following pages set out roles and responsibilities across the four key areas of work. In addition to these the Alliance holds responsibility for the following across all of their interactions.

- Giving **effect to Te Tiriti o Waitangi** at all times, including how the Alliance works, the decisions that are made and how projects run.
- **Collaborating with your community**, in ways that work for your region to keep track of the conservation projects, funders, and opportunities in your region.
- Ensuring that **health and safety** responsibilities are clear and followed (see page 6).
- **Making decisions** about how regional funding is used, the projects to support etc.



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Create and formalise a regional partnership



As an Alliance, your role is to:

- Work together as a partnership of Treaty partners, regional councils, and central government. You can decide who else you may include to work effectively as an Alliance
- Connect with other groups that are emerging within regions, such as Regional Leadership Groups (RLGs) and Regional Skills Leadership Groups (RSLGs) to consider potential alignment
- Understand your roles and responsibilities as an Alliance through the Alliance Criteria.
- Formalise your Alliance status through a document such as a Memorandum of Understanding or Terms of Reference.
- Apply to Jobs for Nature to be formally recognised as an Alliance eligible to receive Kaimahi for Nature funding.
- Sign an Alliance Agreement and Deed of Funding with DOC.
- Make sure that the right health and safety measures are in place for any work you fund.

What's available to help you

- Guidance around how to meet the Alliance Criteria.
- Memorandum of Understanding (MOU) template.
- MOU and Terms of Reference example (*available on request*).
- Alliance application form
- Health and Safety Charter (*coming soon*).

The roles and responsibilities of others

Jobs for Nature

- Confirm with the Alliance, via the Alliance Chair, the amount of funding allocated to the Alliance.
- Approve your Alliance as eligible to receive Jobs for Nature Funding.
- Offer an Alliance Agreement and Deed of Funding.

DOC-6381790

Regional Alliance Application

Alliance details		
Alliance name:		
Region:		
Alliance members:	<i>Iwi</i>	
	<i>Local authority</i>	
	<i>DOC key contact</i>	
	<i>Other members</i>	

Alliance key contact(s)			
	Name	Phone number	Email
Alliance Chair			
Contact details for public queries and expressions of interest			

Agreement between Alliance members		
Yes	N/a	
<input type="checkbox"/>		Foundation document between Alliance partners provided (i.e. MOU, Terms of Reference)
<input type="checkbox"/>	<input type="checkbox"/>	Supporting information provided (If your foundation document does not cover the requirements set out in the "Criteria to be recognised as an Alliance" please attach a letter from the Alliance Chair which clarifies these elements).

Potential partners within the Region who have chosen not to participate in the Alliance		
Yes	N/a	
<input type="checkbox"/>	<input type="checkbox"/>	Formal notice obtained from Treaty Partners who will not be members
<input type="checkbox"/>	<input type="checkbox"/>	Formal notice obtained from Local authorities who will not be members

Structure of the Alliance	
Please describe the structure of your Alliance or where in your foundation document to find this information	
Legal entity who will receive and manage funds	

Regional integration	
Please describe how the Alliance integrates with other regional entities i.e. Regional Leadership Group	

Health and safety	
<input type="checkbox"/>	Statement provided that sets out how the Alliance will manage their Health & Safety responsibilities and who will be assessing the health and safety of any project manager or contractor
	On behalf of the Alliance I agree that we will comply with the Kaimahi for Nature Health and Safety Charter
Signature	Name Date

Operational Allowance (optional section)	
An Alliance may request up to \$100,000 per annum (excl GST) to help provide capacity to set-up and administer the Alliance. The money must be held by a legal entity that is GST registered. The Alliance should consider local distressed businesses as an option for providing this capacity. Further funding will be confirmed as part of your Alliance Agreement and Deed of Funding	
Operational allowance requested	
Plan of how the Operational allowance funding will be used	
Legal entity who will manage the funds	

Next steps for approval: Email the completed form and copy of your foundation document(s) i.e. MOU to jobsformature@doc.govt.nz with the subject line "Alliance Recognition - <Alliance name>"

Identify, optimise & fund projects



As an Alliance, your role is to:

- Run a fair and transparent process to identify projects that could provide employment and environmental outcomes for your region.
- Optimise environmental projects against iwi, regional and national environmental priorities.
- Identify and optimise other streams of funding to make best use of Jobs for Nature funds (for example, sourcing funding for materials or equipment needed).
- Recommend projects, or a portfolio of projects, to support to the Sustainable Land Use Ministers
- Release funding to approved projects employ workers.
- Communicate your decisions and progress with your region.

What's available to help you

- Project Assessment Criteria which sets out national outcomes and will help ensure your decisions on projects optimise high job creation and high environmental benefits.
- A Project Application Template that can be adapted to the needs of your Alliance.
- Documents you can use to formalise funding arrangements with projects – Contract for Service and Deed of Grant (*Coming soon*).
- Health and Safety guidance documents and templates.
- Health and Safety responsibilities overview.

The roles and responsibilities of others

Project Managers

- Will provide details of the outcomes that they think their project will provide, the number of jobs that will be created and the operating costs that will be required for material and equipment.

Sustainable Land Use (SLU) Ministers

- Considering projects or portfolios of projects recommended by the Alliance against a national Strategic Investment Plan.



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Help projects get set up



As an Alliance, your role is to:

- Ensure skills and competencies are designed to enable workers to be matched to projects. The Alliance will work together with the Ministry of Social Development (MSD) to help Project Managers match workers to their projects. Ultimately, Project Managers make the final say on who works on their projects.
- Support Project Managers with sub-contracting arrangements, connections, access to experts, and logistical support from the region.
- Organise any region wide training required.
- Make sure Health & Safety processes are in place before projects start work.

What's available to help you

- Health and Safety templates for Project Managers to use.
- Health and Safety responsibilities overview.
- Your regional MSD team.

The roles and responsibilities of others

Ministry of Social Development

- MSD will help by identifying organisations in distress, and workers who have the right skills for a project.

Project Managers

- Develop role descriptions outlining the skills, experience and qualifications they need, work with you and MSD on matching prospective workers and make the final decisions on who is engaged.
- Work with the business providing the workers to put in place contractual arrangements. The project will fund the business that workers are coming from to enable the business to continue to pay their staff.
- Ensure workers have the required skills and competency to do the work, including providing necessary on the job training to workers.
- Arrange the materials and equipment the project requires including personal protective equipment for workers.
- Lead and manage health and safety at site including inducting all workers, consulting and coordinating with all PCBU's and providing health and safety reporting to the Alliance.

Businesses providing workers

- Register their interest with the MSD in temporarily redeploying workers.
- Define the skills and availability of staff for work.
- Work with the Project Manager to put in place contractual arrangements.
- Continue to pay their workers.
- Have a health and safety system in place for their staff. Businesses will need to consult and coordinate with all PCBU's and ensure their staff are trained and inducted to the site they will be redeployed to.

Monitoring and reporting



As an Alliance, your job is to:

- Ensure the Project Managers you're working with use DOCs Jobs for Nature mobile-enabled reporting tool.
- Provide reporting to Jobs for Nature, as outlined in the Alliance Agreement and Alliance Deed of Funding.
- Assess the health and safety systems and processes of the Project Manager and any contractors or sub-contractors prior to work starting.
- Undertake regular health and safety monitoring of projects.
- Provide Jobs for Nature with a monthly summary of all notifiable events and critical risk incidents and project closure evaluation of health and safety.

You'll be able to access consolidated reporting of the outputs produced by the projects in your Region to help inform ongoing decisions.

What's available to help you

- Health and safety plan checklist template.
- Health and safety project evaluation template.
- Reporting tool instructions (*coming soon*).

The roles and responsibilities of others

Project Managers

- Input project tracking via a simple mobile tool to enable 'in the field', electronic data gathering. The Alliance will be able to access summary data from this reporting to evaluate the collective impact of regional projects.
- Health & safety site evaluation and reporting (see Page 6 for an overview).

Sub-contractors, businesses, workers, landowners

- Health & safety responsibilities (see Page 6 for an overview).

Overview - Health and Safety responsibilities of different parties

Everyone involved in Kaimahi for Nature has some health and safety responsibility. Kaimahi for Nature projects will have situations where multiple Person Conducting a Business or Undertaking (PCBU's) will be operating on site and will have shared overlapping PCBU duties. We want to ensure all parties are doing their due diligence to maintain the safety and wellbeing of all people on a Kaimahi for Nature project. This means everyone needs to share the knowledge of the tasks, hazards and controls of a project with each other to help keep people safe.

Alliance Leads

- Ensure Project Managers have a health and safety system in place. This includes any contractors or sub-contractors or any other PCBU's operating within the project that they are aware of.
- Must accept the health and safety plans of every project *prior* to any work starting and monitor ongoing health and safety performance.
- Will need to provide regular reporting to DOC of notifiable events, critical risk incidents and project closure evaluations.

Alliance leads must ensure they have a process and competent person for reviewing health and safety systems, processes and documents.

Project Managers

- Lead and manage health and safety at site.
- Ensure induction, training and PPE for all workers.
- Evaluate all health and safety systems and processes of contractors, sub contractors or any other PCBU's prior to them operating at site.
- Collect health and safety reporting data at site to report back to the Alliance.

(Sub) Contractors

- Have a safety plan in place.
- Consult and coordinate with all PCBU's and ensure staff are trained and inducted to the site.
- Notify any notifiable events or critical risk incidents to the Project Manager.

Employers

- Businesses who are redeploying staff must have a health and safety system in place.
- They must consult and coordinate with the Project Manager on staff safety prior to redeployment.

Workers

- The individuals who are working on nature-based jobs have a responsibility to report any unsafe practices and ensure they have received appropriate Health and Safety Guidance.

Landowners

- Share local hazards and controls with Project Managers and comply with their own controls.

All parties have the right and responsibility to call STOP to unsafe work and practices

Kaimahi for Nature project assessment guide

Objective: Supporting businesses to retain staff by connecting them to work in environmental priorities

Purpose: This guide can be used to support Project applications, as well as the assessment and decision-making processes by Alliances. It does not replace or override good judgement or the accountability of decision makers.

Eligibility Criteria	
1.	Regional Delivery - the project must support businesses to retain staff through environmental employment as the economic impacts of COVID-19 continue to unfold
2.	All projects should demonstrate how they are partnering with the appropriate Iwi impacted by the project and how they have arrived at that determination. They must include a lead who is suitably skilled in applying a Te Aō Māori lens to ensure that Treaty Partner participation is equitable and their values are recognised and provided for in all decision making and implementation.
3.	The project must align with National environmental/conservation priorities.
4.	The employment of most people through the project will be for less than three years, with some only in the job for months, before returning to their substantive role within a recovering business - thereby leaving the job clear for another applicant.
5.	The project must enhance not degrade the environment and biodiversity values.
6.	Projects should demonstrate strong connection with regional social service providers such as the Ministry of Social Development and Whanau Ora providers.

Assessment Criteria		Score
Project Details		
7.	Project and Opportunity Definition Has the Project and the opportunity been clearly identified?	
8.	Timing/Urgency What is the proposed timing of the project - start and completion, what is the benefit of doing it now? How will the Kaimahi for Nature funding speed up delivery?	
9.	Proposed cost per job How closely does the cost per job align with the \$80K per FTE metric? How will the budget be sustained over the project life? <i>Note: Full time employment is defined as 30 plus hours per week</i>	
10.	Feasibility and likelihood of success Is the project feasible, a proven solution, what are the risks and are risks manageable? What is the exposure to risk through dependence on novel solutions? Has appropriate technical advice been sought?	
11.	Sustainability How will project gains be sustained after the end of the project?	



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Assessment Criteria		Score
	Will there be ongoing capital or operating costs after the completion of the project (e.g. maintenance of facilities) and how will these be funded?	
Project Outcomes		
12.	Employment Benefits What employment benefits will occur as a result of this project? How many jobs will be created or maintained both within the life of the project and beyond? Will the project provide employment to people of varying skillsets and those local to the project? What durable skills will be embedded in communities? Is the project cost per job optimal? How have Māori communities been specifically included in the employment benefits?	
13.	Strategic alignment with Regional and National Priorities How does the project align with regional and national strategic direction including; the Alliance's own Strategy/Vision and related Ministerial priorities, Iwi Priority documents, such as Iwi Management Plans and their current conservation priorities, the draft Te Mana o te Taiao Aotearoa New Zealand Biodiversity Strategy 2020; the Visitor and Heritage Strategy; the Pest Free 2050 Strategy; and the Climate Change Adaption Plan. There can be multiple facets to consider here that don't always align, they are intended to guide the decision maker and not replace their judgement. National Priorities <i>Cornerstones of Te Mana o te Taiao include:</i> <ul style="list-style-type: none"> • Interconnected ecosystems from mountain tops to ocean depths are protected, restored and resilient; • Management ensures that biological threats and pressures are reduced; • Natural resources are managed sustainably; • Biodiversity provides nature-based solutions to climate change and adaptation; • Genuine Treaty Partnerships (Department of Conservation guidance on assessment of strategic biodiversity importance is incorporated below) <i>Cornerstones of the Visitor and Heritage Strategy include:</i> <ul style="list-style-type: none"> • Protecting places and their values, managing pressure and impacts effectively to drive value for conservation and heritage; • Enriching people through connections at place, sharing stories, and encouraging a contribution (to conservation and heritage) • Creating space for Treaty Partners to participate in all projects in ways most meaningful to them. These mechanisms are to be identified by the Iwi and at a minimum enable full participation, shared decision making and align with their views of mana motuhake and kaitiakitanga. They must also give effect to their treaty settlements if these are in place. Regional Alliance priorities (to be added by Alliance) Iwi priorities (to be added by Alliance)	

Assessment Criteria	Score
<p>14. Wider Conservation/Environmental benefits</p> <p>The extent of opportunity to enhance wider environmental benefits, such as air and water quality, climate change adaptation, carbon neutrality, sustainable land use.</p>	
<p>15. Value to our Treaty Partnership</p> <p>All projects are expected to recognise and provide for the Treaty Partnership. It is up to the Iwi to determine where it impacts them and reflects their aspirations which should include mātauranga Māori. The stories of the tangata whenua can only be defined by the tangata whenua and so decision making in each project of the mana whenua groups will be crucial.</p> <p>Every project should demonstrate the role of the Treaty Partner (s) in their operation and governance.</p> <p>The Treaty Partner does not need to prove their affiliation to the project. If it is in their rohe they must be engaged with and offered the opportunities to participate at multiple levels.</p> <p>Some areas of further interest for them may be;</p> <ul style="list-style-type: none"> • Commercial opportunities in the regeneration of areas for tourism on their lands and waterways as a result of restoration projects. • The presence of tāonga species. • Ensuring that the partnership includes the opportunity for the Treaty Partner to undertake cultural impact assessment of new projects on lands deemed sensitive, waahi tapu/waahi tupuna assessments and enabling cultural find policies and cultural monitors where required. • All Treaty Settlements must be reviewed and actioned where the project falls within Treaty Settlement lands. 	
<p>16. Social and economic benefits</p> <p>What social and economic benefits will occur as a result of this project?</p> <ul style="list-style-type: none"> • Equity - To what extent does the proposal provide economic opportunities and support recovery and resilience for disadvantaged communities? • Synergy and complementarity: To what extent does the investment complement and/or accelerate existing social or economic programmes or priorities driven by central or local government, Iwi or other partners. • Other external support: To what extent does the proposal leverage support (including but not limited to funding) from others including community, Iwi, industry, councils, NGOs etc. Has project support been secured from potential partners? • Mental health and community wellbeing – to what extent do proposals support wider social outcomes 	

Assessment Criteria		Score
Project Delivery		
17.	Project Costs and funding Structure Is the project budget, funding and resource structure sufficient to meet outcomes? Is there adequate co-investment? Consider: <ul style="list-style-type: none"> • Total Project Cost • How the budget is sustainable over the project life • In-kind - Project Lead FTEs and team members (including voluntary) • Co-Funding • FTEs required from Kaimahi for Nature including operational costs • Treaty Partner costs and cultural monitoring 	
18.	Capability to successfully deliver the project (project management and governance) Will the project engage personnel with the required technical, project management and financial management skills to successfully deliver the project? Will appropriate financial systems and governance structures be in place for a project at the scale proposed? What is the opportunity to develop these skills within communities? Are the tasks logical and realistic and achievable within the funding timeframe (3 years)	
19.	Partnerships and collaboration Does the project involve the necessary partner organisations to ensure its success? Will the project require the involvement of other organisations or individuals that aren't detailed in the project description? If the project does not demonstrate the participation of all Treaty Partners, how will this be addressed?	
20.	Regulatory/landowner approvals The complexity of necessary regulatory or landowner approvals including any already sourced	
21.	Health & Safety Does the project have adequate systems and processes in place to effectively manage and monitor the risks associated with the project. Have they provided evidence that they can meet the requirements? (Please see Safety Plan Checklist Doc Cm# 6355008 to assess the Applicants H&S.)	
Total		

Scoring Criteria

This assessment score reflects the information provided in the application, and how this meets the criteria outlined within each section.

Scoring					
Not provided	0	1	2	3	4
Information not provided	Very poor	poor	Satisfactory	Good	Very good

Further guidance for the assessment of strategic biodiversity importance

The Department of Conservation developed the subjective assessment criteria below to compare the strategic biodiversity importance of projects. The assessment criteria reflect the extent to which projects provide significant gains in biodiversity outcomes that support the strategic directions. This assessment is designed to indicate differences between projects that advance biodiversity recovery to a minor extent through to very large extent. Assessed as:

Scoring				
0	1	2	3	4
Detracts	Low	Medium	High	Very High
Potentially adverse biodiversity impacts	Moderate to high degree of biodiversity protection or recovery at small scales. A small amount of progress towards strategic outcomes	Moderate degree of biodiversity protection or recovery at medium to small scales. Some progress towards strategic outcomes	Moderate to high degree of biodiversity protection and recovery at medium scales. Much progress towards strategic outcomes	Very high degree of biodiversity protection and recovery at large scales. Significant progress towards strategic outcomes

Degree of protection indicates the number of pressures managed at the location, and scale is the area covered, or the proportion of the work focus (e.g., the proportion of threatened species managed out of a taxa group).

The following examples should guide scores for the Biodiversity strategic importance criterion:

- Single or few pests or species or infrastructure at one location <30,000 ha scored 1.
 - Multiple pressure management at one location (e.g. Ecological Management Units (EMUs)/Significant Natural Resource Areas (SNAs) <=30,000 ha) scored 2.
 - Single pressures across multiple regions generally scored 2, unless they were transformational across ecosystems (in which case they scored 3).
 - Multiple pressures in one regional or one landscape scale defined project >30,000 ha scored 3.
 - National or multi-region complete management of the top agreed priorities in a work area (e.g. Fresh Water, Ecosystems, threatened species, landscapes, islands) generally scored 4.
- [NB Further description on Biodiversity can be found in DocCM-6272128]

How Alliances Create Jobs for Nature

What is Jobs for Nature?

Jobs for Nature is the \$1.3 billion environmental jobs package announced in Budget 2020. This will create job opportunities for 11,000 people in Aotearoa to restore our environment while responding to employment affected by COVID-19. The Department of Conservation (DOC) has been entrusted with half a billion dollars of *Jobs for Nature*, which includes *Kaimahi for Nature*.

For DOC, partnerships are at the heart of *Jobs for Nature*. This is about working with Treaty partners, communities, businesses, local government, and central government to best support people through nature-based employment.

What is Kaimahi for Nature?

Kaimahi for Nature is the \$200 million fund focused on working with businesses who are looking to make staff redundant. *Kaimahi for Nature* aims to reach workers before they become unemployed – giving businesses battling COVID-19 an opportunity to temporarily redeploy their staff into environmental projects in their own region.

The key benefits of *Kaimahi for Nature* include:

- Faster recovery for individual businesses and regions
- Avoid people becoming unemployed
- People retain a strong sense of purpose and pride from restoring and keeping connected to their region
- National gains for the environment

Kaimahi for Nature will be delivered through Alliances.

What are Alliances?

'Alliances' are, at a minimum, Treaty partners, regional councils and central government in regions. Alliances hold the knowledge, relationships, and tools in regions to deliver *Kaimahi for Nature* at scale. A number of Alliances exist around Aotearoa, while others will need support to be set up.

What are the key principles that guide Alliances?

- Decisions made by people in their place
- Treaty partners and partnerships at the heart of how Alliances operate
- Funds out fast, equitably, and flexibly

Alliances may choose to operate in different ways, however, the key principles will apply across all Alliances.

What is the primary role of Alliances?

The primary role of Alliances is delivering *Kaimahi for Nature*.

Alliances prioritise environmental projects across their region, match workers from battling businesses to projects, and fund the temporary employment of these workers onto environmental projects.

What else will Alliances do?

The purpose and role of Alliances can go beyond *Kaimahi for Nature* - partnerships are just the way we work to achieve enduring environmental outcomes.

Alliances will be 'connecting the dots' between various projects and funding initiatives within *Jobs for Nature*, ensuring strong, integrated outcomes now and in the future.



Fig. 1: Kaimahi (worker) in nature - Richard Rossiter

How Kaimahi for Nature functions in a real-life scenario

Tama, Lucy, and Mary work in a retail store in a small town on a tourist trail. The reduction in tourism means the shop can no longer stay open, and they will lose their jobs. Their employer redeploys them to an Alliance environmental project where they learn skills in fencing, trapping and horticulture. This means Tama, Lucy and Mary get to stay within their regional community, and the retail store has a window to get back up on its feet.

Kotahitanga mō te Taiao Alliance

There are some examples of existing Alliances doing great mahi. The Kotahitanga mō te Taiao Alliance, for example, is a group consisting of the councils and most of the iwi in the top of the South Island, and DOC. It is focused on employing local people on landscape-scale environmental projects with social, economic and cultural benefits. Kotahitanga mō te Taiao Alliance will be one out of many Alliances used to deliver *Kaimahi for Nature*.

Kaimahi for Nature FAQs

How many jobs will be created through Kaimahi for Nature?

Kaimahi for Nature will create approximately 800 jobs per year, for three years, for impacted businesses to redeploy their staff on conservation projects. People will be cycling through jobs, meaning considerably more than 800 people per year will benefit.

How long are the Kaimahi for Nature jobs for?

Kaimahi for Nature jobs are designed to be temporary to provide relief for businesses as they recover from the impact of COVID-19. It is anticipated people will cycle through these jobs over the next three years.

Who decides the environmental projects?

Alliances will prioritise conservation projects within their region. This recognises that decisions should be made by people in their place. Alliances will be required to describe how their projects align with iwi, regional, and national environmental priorities.

Who are the Kaimahi for Nature jobs targeted at?

The environmental projects, prioritised through Alliances, provides a mechanism for businesses that are considering redundancies and downscaling to temporarily redeploy their staff on projects within their home region.

What sort of work will the environmental projects involve?

This will depend on the environmental projects prioritised within each region, and the skills needed within the project. Skills needed could be more specialised (e.g. project management), or more field-based (e.g. pest control, planting, and weeding).

How will people stay safe on the job?

Health and safety roles and responsibilities are defined so that accountabilities are clear. This will ensure staff are kept safe and well through their nature-based employment.

Will there be appropriate training for people?

Yes, there are multiple training opportunities available. Project Managers, who are responsible for managing the environmental projects, have the responsibility to ensure workers are trained to meet the skill and competency requirements on the job.

Alliances FAQs

Who sits on an Alliance?

At a minimum, Treaty partners, regional councils, and central government.

Why not also NGOs and community groups?

Treaty partners, regional council and central government cover entire regions and provide the opportunity to connect new and existing projects to achieve landscape-scale outcomes. NGOs, community groups and businesses may be considered members of the Alliance, however at a minimum Alliances will connect with them, many of whom are already driving projects that could scale up across the landscape.

What happens if not all iwi in an Alliance's region want to participate?

Alliances are required to show they have identified and engaged with each Treaty partner within their chosen region boundary. Iwi will decide if they want to participate.

How will Alliances uphold Te Tiriti o Waitangi?

Alliances, with Treaty partners as key members, must demonstrate how they have given effect to the principles of Te Tiriti o Waitangi/The Treaty of Waitangi through the purpose and implementation of the funding they receive.

How many Alliances will be created and/or utilised?

The exact number will be determined over time. However, every region will be covered by an Alliance.

I thought Alliances already existed?

Yes, they do! A number of Alliance-type approaches already exist at various scales around the country - they are in a great position to start optimising environmental projects and nature-based employment (some already have). Other regions will need support to establish an Alliance.

How long will Alliances be set up for?

Alliances are intended to endure beyond the *Kaimahi for Nature* funding - partnerships are just the way we work!

When will Alliances start employing people through environmental projects?

A number of quick start projects are underway through Alliance-type structures, meaning people are already being employed. Alliances plan to have a rapid increase in jobs available from August 2020.

How many jobs will be created through Alliances?

While *Kaimahi for Nature* will deliver approximately 800 jobs per year for three years through Alliances, Alliances will also be connecting with other projects and funding initiatives that are likely to grow this number significantly.

(13/07/2020)



Kaimahi for Nature – Alliance allotments

A guide for Alliances

The purpose of Kaimahi for Nature funding

Kaimahi for Nature is the \$200 million fund that aims to reach workers before they become unemployed – giving businesses battling COVID-19 an opportunity to temporarily redeploy their staff into environmental projects in their region. Kaimahi for Nature is delivered through regional Alliances of Treaty partners, regional councils, and central government.

How the funding has been allotted

The Kaimahi for Nature fund has been distributed equitably across Alliances based on the percentage of businesses in a region taking up the wage subsidy scheme, and on the deprivation index for each region. The wage subsidy scheme makes up 67% of the distribution, and the social deprivation index 33%.

- The wage subsidy data represents the take-up of the COVID-19 wage subsidy by businesses.

Data source: (StatsNZ data cited at the Employment, Education, and Training DCE & Secretariat Group on Friday 19 June 2020).

- The deprivation index is a population-weighted index of socioeconomic deprivation.

Data source: Deprivation Index (NZ 2013 census)

Using this combination of criteria creates an equitable distribution across New Zealand – not over-indexing in either island, nor in urban centres versus rural communities. DOC tested this distribution using a range of alternative criteria (including unemployment, population density, and biodiversity), funding scenarios (eg. a baseline allotment of funding to each

Alliance), and a range of regional funding variations (eg. DOC boundaries or Regional Council boundaries).

A portion of the total Kaimahi for Nature fund has been ringfenced to support Alliances to get set up, to fund one smaller Alliance (the Chatham Islands), and to support pan-region Kaimahi for Nature work.

Use of Kaimahi for Nature funds

Temporary jobs must pay the living wage

The primary purpose of the Kaimahi for Nature fund is to provide jobs. However, a proportion known as 'project operating costs' may also be used to cover expenses associated with temporary jobs like ACC, Kiwisaver, annual leave entitlements, employment, training, equipment and to cover some project operating costs like materials.

While a portion of funding can be directed to project operating costs, this should not exceed an operating threshold of \$30k per full-time position per annum pro-rated as applicable. Ideally, project operating costs will be below this, meaning more jobs on the ground; however when they exceed the threshold, it is anticipated that partners will source other funding to cover any shortfall.

Projects chosen by Alliances will be assessed for funding by the Sustainable Land Use Ministers against a range of criteria, including the number of jobs created in relation to the proposed investment.

Supporting employment and environmental outcomes

The Alliance will need to balance employment and environmental outcomes in determining the projects to support in their region. We have developed project selection criteria to help Alliances make choices.

Operational allowance for the Alliance

Each Alliance can request an annual operational allowance of up to \$100,000 to help it function. This funding must be used to add capacity, ideally from a distressed business. The allowance comes from your regional allotment. The Alliance can apply for this when they apply to be recognised as an Alliance or later in the process.

Connection with other funds

Alliances are likely to play a part in integrating outcomes across various projects and funding initiatives within their region. Kaimahi for Nature funds temporary jobs, and is intended to be used together with other funding streams to help cover materials and specialist skills.

Alliance Agreement and Deed of Funding

The Alliance Agreement and Deed of Funding will set out the specifics around Kaimahi for Nature funding. It will include the checks and balances that need to be satisfied for the distribution of crown funding to the Alliance.

How to access Kaimahi for Nature Funding

Step 1 **Recognition of your Alliance by the Jobs for Nature Unit at DOC**

Step 2 **Alliances sign an Alliance Agreement and Deed of Funding with DOC**

DOC will offer an Agreement and Deed of Funding to the Alliance that will formalise the:

- Maximum amount of Kaimahi for Nature funding the Alliance can allocate
- Discretion that the Alliance has to allocate funding and any expectations around how decisions are made
- Monitoring and reporting expectations
- Controls and provisions around the use of the funding

Step 3 **Gain Sustainable Land Use (SLU) Ministers approval of a portfolio of projects**

The Alliance will need a fair and transparent means to gather and evaluate potential projects. They will provide details of their proposed portfolio of projects to the Jobs for Nature Unit, who will seek approval by SLU Ministers.

Alliances do not have to create a single portfolio that uses their entire allocation of funds. They can submit multiple portfolios of projects over time.

Step 4 **Agree a variation to your Deed of Funding**

The variation will detail the funding agreed to by Ministers, agree milestones and set out when and how funding will be released to the Alliance.

Each time the SLU Ministers agree a portfolio of projects this will be followed by a variation to the Deed of Funding.

Step 5 **DOC releases funding as per the Deed of Funding**

Step 6 **Alliance releases funding through Deeds of Funding to Projects**

Step 7 **Project managers contract with employers**

Step 8 **Employers contract with workers**

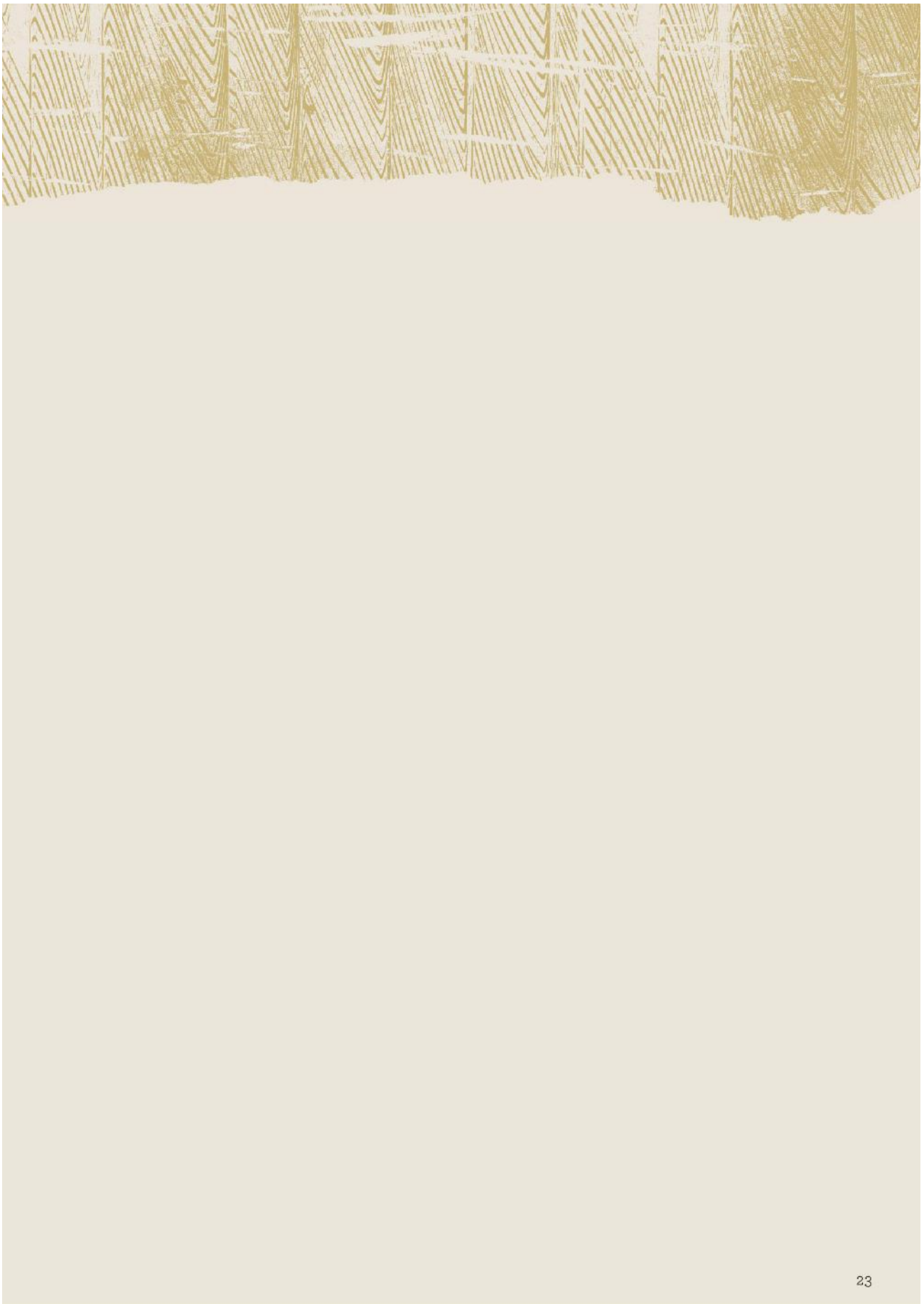
Key documents

Title	Purpose	Link
Overview		
How Alliances create Jobs for Nature	Two pager that provides an overview of Jobs for Nature and regional alliances	DOC-6352047
Working together in Nelson	Example of how Environmental Alliances, RLGs, RSLGs are working together in Nelson	DOC-6369981
Alliance roles and responsibilities	Outline of the roles and responsibilities of the Alliance	DOC-6379257
Alliance allotments	An explanation of how the funding was allocated, how it can be used and how it can be accessed	DOC-6408981
Create and formalise Alliance		
Alliance criteria	An overview of how to meet Kaimahi for Nature criteria as an Alliance	DOC-6381244
MOU template	An optional template that Alliances can use to document their partnership	DOC-6406631
Alliance recognition application form	The form Alliances are required to fill and submit to Jobs for Nature. This will result in the Alliances being recognised as ready to receive funding.	DOC-6381790
Alliance Agreement & Deed of Funding	The agreement between DOC and an Alliance which sets out what funding will be made available, how the funding will flow, and the conditions that the Alliance has agreed to fulfil.	In development
Project selection and establishment		
Project Application	A template Alliances provide to potential Project Managers	DOC-6359026
Project Assessment Criteria	This project assessment criteria should act as guidance to assist with the visibility of regional projects and ensure decisions on projects optimise high job creation and high environmental benefits.	DOC-6359590
Project Evaluation spreadsheet	A template that Alliances can use to evaluate project proposals	In development
Project Agreement and Deed of Funding	Templates that Alliances can use to formalise their arrangements with projects	In development
Health and safety		
Internal health and safety overview	To provide internal Jobs for Nature and Operations staff information on how health and safety will be included and managed by all parties within a Kaimahi for Nature project.	DOC-6368765
Health and safety Prequalification Checklist	To enable PCBU's to assess the health and safety of a potential Project Owner, Project Manager, contractor or sub-contractor for a Jobs for Nature Project.	DOC-6355008
Health and safety Evaluation Form	To be used by relevant parties including Alliance Leads, Project Managers and Contractors to monitor and evaluate health and safety during a project.	DOC-6355117
Health and safety Charter	This document clarifies the range of roles and responsibilities to health and safety in the Jobs for Nature Project.	DOC-6375004
Monitoring and reporting		
Reporting tool user guide	Instructions for Project Managers on how to report on environmental and employment outcomes from DOCs Jobs for Nature projects.	DOC-6367392



Department of
Conservation
Te Papa Atawhai

22
New Zealand Government



TITLE: **Compliance Monitoring & Enforcement Strategy**

ID: A1371764

From: Colin Dall, Group Manager - Regulatory Services

Authorised by Colin Dall, Group Manager - Regulatory Services, on date 13 October 2020
Group Manager:

Executive summary/Whakarāpopototanga

Council's approval is sought for the attached Compliance Monitoring & Enforcement Strategy.

The purpose of the Strategy is to provide overarching direction on how the Northland Regional Council's plans to meet its compliance monitoring and enforcement ("CME") responsibilities under the Resource Management Act 1991 ("the RMA") and the outcomes it is seeking to achieve.

Drafts of the Strategy were provided to both the Planning and Regulatory Working Party and Executive Leadership Team ("ELT") for their consideration and feedback. The ELT considered that it was appropriate that the Strategy be approved by the council and be published on the council's website.

Recommendation(s)

1. That the report 'Compliance Monitoring & Enforcement Strategy' by Colin Dall, Group Manager - Regulatory Services and dated 6 October 2020, be received.
2. That council approves the Compliance Monitoring & Enforcement Strategy set out in Attachment 1 pertaining to Item 6.7 of the 20 October 2020 council meeting.

Options

No.	Option	Advantages	Disadvantages
1	Approve CME Strategy	Gives the public a concise and simple (transparent) explanation of how the council meets its RMA compliance monitoring and enforcement responsibilities and the outcomes it is seeking to achieve.	None
2	Do not approve CME Strategy	None	There is no council approved overarching strategy explaining how the council meets its RMA compliance monitoring and enforcement responsibilities and the outcomes it is seeking to achieve.

The staff's recommended option is Option 1.

Considerations

1. Environmental impact

Having a Compliance Monitoring & Enforcement Strategy should facilitate positive environmental outcomes.

2. Significance and engagement

In relation to section 79 of the Local Government Act 2002, this decision is considered to be of low significance when assessed against council's significance and engagement policy because it is part of council's day to day activities. This does not mean that this matter is not of significance to tangata whenua and/or individual communities, but that council is able to make decisions relating to this matter without undertaking further consultation or engagement.

Being a purely administrative matter, Community Views, Māori Impact Statement, Financial Implications and Implementation Issues are not applicable.

Background/Tuhinga

The council has statutory responsibilities under the RMA to:

- Monitor and enforce the resource consents it grants and the rules in its regional plans.
- Respond to reports (complaints) of breaches of the RMA and take appropriate action to address breaches where established.
- Enforce the observance of national environmental standards and other regulations promulgated under the RMA.

The action the council takes to meet these responsibilities is set out in a range of documents including manuals, activity management plans, procedures and protocols. However, currently there is no overarching document that "tells the story" in a concise and simple manner how the council meets these responsibilities and the outcomes it is seeking to achieve.

Attachments/Ngā tapirihanga

Attachment 1: Compliance Monitoring & Enforcement Strategy [↓](#)

COMPLIANCE, MONITORING & ENFORCEMENT STRATEGY



Our vision

To help achieve sustainable management of the natural and physical resources in our region

Our priorities

Efficient & effective compliance monitoring	Appropriate response	Effective enforcement	Communication & engagement
<p>Detect and/or prevent non-compliance and adverse environmental effects.</p>	<p>Promote compliance and positive behaviour changes through:</p> <ul style="list-style-type: none"> • Enabling • Engaging • Educating • Enforcing 	<p>Enforcement decisions will be made free from political influence and will be consistent and in order to punish non-compliance and deter future offending.</p>	<p>Give assurance to the public that rules/policies are being monitored and enforced through regular reporting of CME, while at the same time providing opportunity for compliance promotion and education.</p>

Description

Key objectives

<ul style="list-style-type: none"> • We will monitor compliance with the RMA and RMA regulations, resource consents and regional rules on a risk-based approach. • We will monitor all industrial, municipal sewage and farm discharges, and major water takes at appropriate frequencies. 	<ul style="list-style-type: none"> • When appropriate we will seek to educate and inform where genuine attempts at compliance have been made. • We will alert resource users to what is required to be compliant. • We will develop specific targeted education/guidelines for certain industry sectors. 	<ul style="list-style-type: none"> • All prosecution decisions will be made by an enforcement decision group. • Each case/offence will be assessed upon its individual circumstances so that our response is proportionate to those circumstances. • Our enforcement decision-making and investigation 	<ul style="list-style-type: none"> • We will work collaboratively with other agencies and stakeholder groups to maximise compliance and improve environmental performance. • We will attend and participate in community and industry liaison activities.
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- We will follow-up all significant non-compliances and take appropriate action.
- We will respond to all reports of environmental incidents and take appropriate action to address non-compliances.

procedures will align with MfE's Best Practice Guidelines for Compliance, Monitoring and Enforcement under the RMA, the Regional Sector Strategic Compliance Framework and the Solicitor-General's Prosecution Guidelines.

- We will consult with resource users, stakeholders and community on matters that may affect them.
- We will report on compliance, monitoring and enforcement activities regularly.

Outcomes

- A regional culture of proactive compliance.
- Monitoring resources are focussed on what's important.

- The full range of interventions are used to ensure the highest possible levels of compliance and corresponding positive environmental outcomes.
- Well known and understood resource use obligations.

- Reputation as a fair and credible regulator.
- Prevention of future non-compliance and environmental harm.

- Well informed resource users, stakeholders and community.
- Resource user groups actively promote good practice.

Action Plans

- Develop and implement CME plans for specific groups of activities, including – farms; forestry; coastal structures; sewage discharges and water takes.
- Ensure all staff understand and are supported to meet our monitoring objectives.
- Promote all internal monitoring procedures.
- Develop a competency framework to ensure all staff are adequately trained and competent.

- We will regularly check, review and if necessary, develop new guidelines and educational material.

- Continue to improve documentation of all enforcement decisions.

- Further develop reporting tools to improve transparency and availability of CME data to the public.
- Publish detailed monthly compliance reports on our website.

TITLE: Chair's Report to Council

ID: A1368934

From: Penny Smart, Chair

Authorised by Penny Smart, Chair, on date 13 October 2020
Group Manager:

Purpose of Report

This report is to receive information from the Chair on strategic issues, meetings/events attended, and correspondence sent for the month of September 2020.

Recommendation

That the report 'Chair's Report to Council' by Penny Smart, Chair and dated 1 October 2020, be received.

Strategic issues

Councillor involvement in consent decisions

Councillors on a semi regular basis receive requests from ratepayers for them to become involved in consent decisions.

NRC policy is to not appoint councillors to resource consent hearings. It is considered Best Practice among councils that councillors are not in any way part of the decisions on resource consents. The role of Governance is to set the policy in the first instance, through our Regional Policy Statement and Regional Plan. It is best for councillors and the community that there are independent and transparent decisions being made without any political influence. If councillors were to also make decisions on resource consents, there would be a clear Conflict of Interest and crossing over of roles.

The above equally applies to whether or not a resource consent application is publicly notified, has limited notification, or is non-notified.

The Resource Management Act 1991 does provide a consent authority (council) the power to review the conditions of a resource consent that it has granted under specific circumstances, however, importantly it **does not** provide a council the power to:

- a) Review and change (quash) a decision that it has made on notification of a consent application after a consent has been granted. That can only be done by the High Court when determining judicial review proceedings.
- b) "Retract" a resource consent it has granted, except where the resource consent has been exercised in the past but has not been exercised during the preceding five years. This is documented specifically under section 126 of the Act.

The consent holder may object to the consent authority and/or appeal the cancellation of the consent to the Environment Court.

Appeals on the NRC Proposed Regional Plan for Northland is currently going through either facilitated mediation or the Environment Court process. The Regional Plan was notified in 2017. The Regional Policy Statement will undergo a five-year review starting mid-2021.

Meetings/events attended

During this period, I attended the following meetings/events/functions:

- Regular Mayors and Chair catch up meetings.
- Zoom meeting with Ministry of Health, National Emergency Management Agency, and Department of Internal Affairs – Update on COVID-19.
- Spoke at the Maungaturoto Rotary meeting.

Correspondence

During September I sent out the following correspondence:

Date	Addressed To	Subject
15.09.20	Gavin Carroll Financial Controller/Company Secretary Marsden Maritime Holdings Ltd	Nomination of Directors for Marsden Maritime Holdings Ltd
15.09.20	Nicki Wakefield Administrator Te Mana Motuhake ā Rohe o Whangārei	Kaipara Moana Remediation Programme

Attachments/Ngā tapirihanga

Nil

TITLE: Chief Executive's Report to Council

ID: A1368303

From: Malcolm Nicolson, Chief Executive Officer

Authorised by Group Manager: Malcolm Nicolson, Chief Executive Officer, on date 14 October 2020

Recommendation

That the report 'Chief Executive's Report to Council' by Malcolm Nicolson, Chief Executive Officer and dated 30 September 2020, be received.

7.2.1 HIGHLIGHTS

Kaipara Moana Remediation Programme

The Kaipara Moana Remediation Programme is an ambitious ten-year \$300 million project that aims to remediate ongoing environmental degradation by halving sediment loss from land to the Kaipara Moana (harbour). On Friday 9 October Northland Regional Council, Auckland Council, government, Te Uri o Hau, Ngā Maunga Whakahī o Kaipara, and Te Rūnanga o Ngāti Whātua signed a Memorandum of Understanding (MOU) at Waihāua Marae, Arapaoa committing to the programme.

Government has committed to \$100 million for the first six years. The Crown's \$100 million funding for the first six years of the programme is contingent on matched funding from councils, landowners and potentially other sources. Auckland Council and Northland Regional Council will consult on how council funding will be found through their respective Long-Term Plan processes

The programme is predicted to create around 300 new jobs; 200 for direct farm work such as fencing streams and wetlands, establishing water reticulation systems, preparing and planting land, weeding, and hill country stabilisation, and another 100 in the rural sector for nurseries, fencing manufacture, and farm advisory services.

Minister for the Environment David Parker signed the agreement on behalf of the government. Joining them at the signing were Minister of Conservation Eugenie Sage and guests representing numerous community, conservation, hapū and marae groups, as well as the agricultural sector and philanthropic organisations.

As well as the MOU signing, the day also saw the first meeting of a joint governance committee, made up of six Kaipara Uri representatives and six council representatives (three from Auckland Council and three from Northland Regional Council). The committee will oversee a yet-to-be established entity charged with delivery of the ten-year Kaipara Moana Remediation Programme. The committee will be chaired by Tame te Rangi, with Penny Smart as deputy chair.



Kauri Dieback Provincial Growth Fund Project

Council has been successful in receiving \$2m funding from the Provincial Growth Fund aimed at preventing the spread of kauri dieback through building tracks and boardwalks on public (ie. district council and Landcorp) and private land along the Te Araroa Trail. It is estimated that this project will see 14 jobs created in Northland.

7.2.2 CEO'S OFFICE

Current Legal Proceedings

Department	Description	Status
Consent decision appeal	Replacement consents for, and new consents for an expansion of, Doug's Ōpua Boat Yard in Walls Bay, Ōpua.	No further update.
Consent decision appeal	Replacement discharge consents for East Coast Bays Wastewater Treatment Plant (Taipā)	Cultural Induction day and site visit held on 14 and 15 September 2020. Awaiting details on the next formal mediation date.
Regional Plan appeals	Environment Court hearings on provisions relating to land-use and disturbance activities, and mangroves have been held with decisions of the Court expected by end of 2021. This includes consideration as to how the new National Environmental Standards and associated regulations which are now operative impact on regional plan appeals.	Mediation and informal dialogue continues on remaining plan provisions under appeal as directed by the Court
Economics	Seeking summary judgement from the High Court on money owed to council by REL loan guarantors	Court has granted council's application for summary judgement that council is owed monies by the guarantors. Arranging for costs to be awarded and judgement sealed.

7.2.3 CORPORATE EXCELLENCE

Fraud Declaration

As a result of a staff car being broken into on First Avenue, a council credit card was unlawfully taken and used without authorisation at several Whangārei retail outlets. The total amount of the unauthorised spend was \$202. The police and the BNZ have been notified. The BNZ is currently undertaking an investigation and indicating the \$202 will be re paid back to council.

Council Property Update

The Kensington Crossing tenancies are being progressively completed and will be handed over from now through to December 2020. All medical precinct businesses will likely be operational this year and convenience restaurant businesses by February 2021.

The Kaipara Service Centre piling is complete apart from two piles. Earth works and civil works are at early stages with powerline undergrounding occurring over October 2020. The project is currently 12 days ahead of schedule.

The NIWA Kingfish RAS Facility Project Manager and Designer have been engaged by NIWA and the Engineering and Electrical consultants are to be engaged this month.

No incidents or accidents to report; the only site activities to date have been topographical survey works.

7.2.4 REGULATORY SERVICES

COASTAL / WATER QUALITY FIELD OPERATIONS

All routine monthly water quality and ecological programmes were undertaken, including:

- four coastal water quality sampling runs.

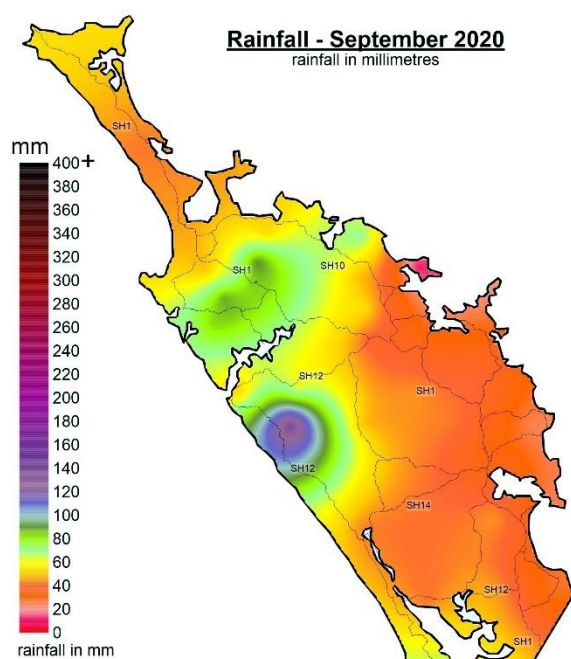
- nine river water quality, priority catchment and periphyton sampling runs.
- validation of six continuous water quality stations (five freshwater and one coastal).

An eDNA sample was collected at Puapua Creek, Tinopai to assist in an ongoing Citizen Science Project. This involves analysing for DNA shed by organisms, both within the creek's water and surrounding catchment. The collected DNA is then compared with a library to identify what organisms are present, including fish, mammals and invertebrates.

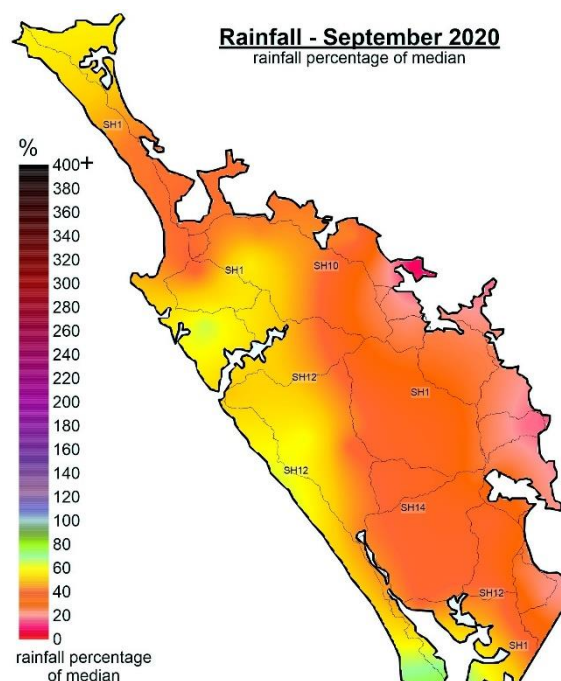
HYDROLOGY

Rainfall

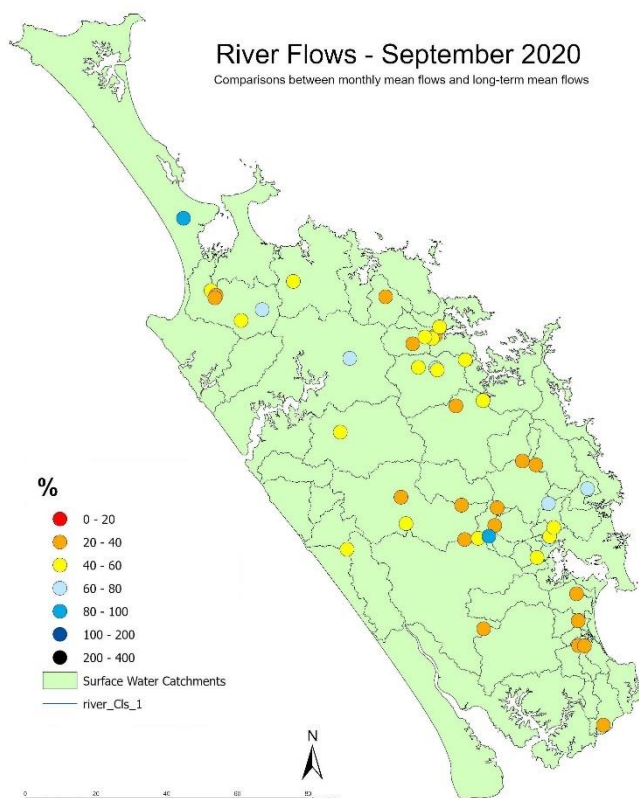
- September 2020 was a dry month, with most of Northland receiving less than 60mm of rain and Northland averaging just over 50mm for the month.
- Purerua Peninsula in the northern Bay of Islands recorded the least amount of rain with only 11.6mm, just 9% of the long-term median for the area.
- Waimamaku at Weka Weka Road recorded 139.5mm and Tutāmoe 107mm of rainfall, the only two sites that exceeded 100mm.
- The regional average of median rainfall was 39%. Poutō Point rarely gets the highest rainfall, but in September 2020 it had the highest percentage of the median at 76%.



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River Flows

- Most Northland river flows for September are between 20% to 60% of normal mean flow due to the low rainfall for the month.

Groundwater

- A dry September resulted in decreased groundwater levels in most of Northland's aquifers. The Taipā, Russell, Ruawai and Mangawhai aquifers were below their normal September groundwater level, while the remaining aquifers across the region were close to normal.

Weather Forecast

- NIWA outlook:

For northern New Zealand, including Auckland, a drier than normal start to the three-month period is likely, but developing north-easterly winds could introduce more moisture in November or December. Soil moisture and river flows are equally likely to be below normal.

- Metservice outlook:

There is a clear signal for highs to become strongly established over New Zealand, in between bursts of spring westerlies, during October. This leads to a drier than normal prediction for most regions of the country, which is of particular concern for the north and east of the North Island

- Typically, when a dry month of 10 to 20mm of rainfall strikes in spring/summer, the rivers in the dry catchments react and recede more quickly than normal.
- Soil temperatures are 2-3 degrees above normal, soil moisture deficits are currently higher than normal. Given westerly winds are predicted over October 2020, it is likely the current downward trend will continue through October unless a spring storm hits the region.

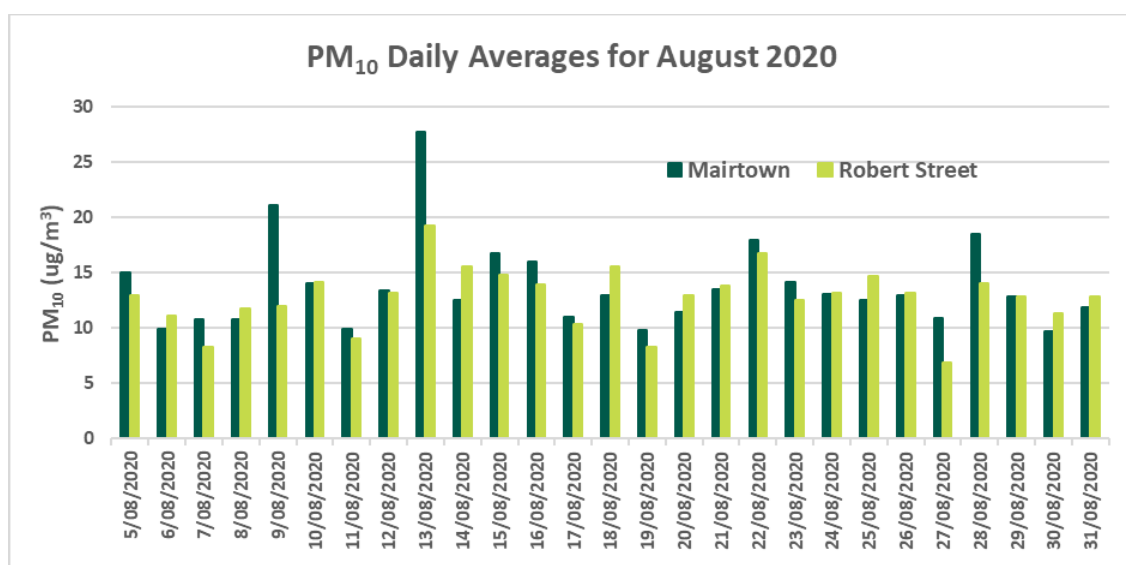
NATURAL RESOURCES DATA

- The LAWA website went live on 25 September 2020. The new "Rivers Topic National Picture Summary" was published on 4 October 2020.
- The ecological database (KiEco) is still under construction and is expected operational by February 2021.
- The NR Data Team is working with the Online Services team and web developers to update the platform for displaying environmental data on the council's website.

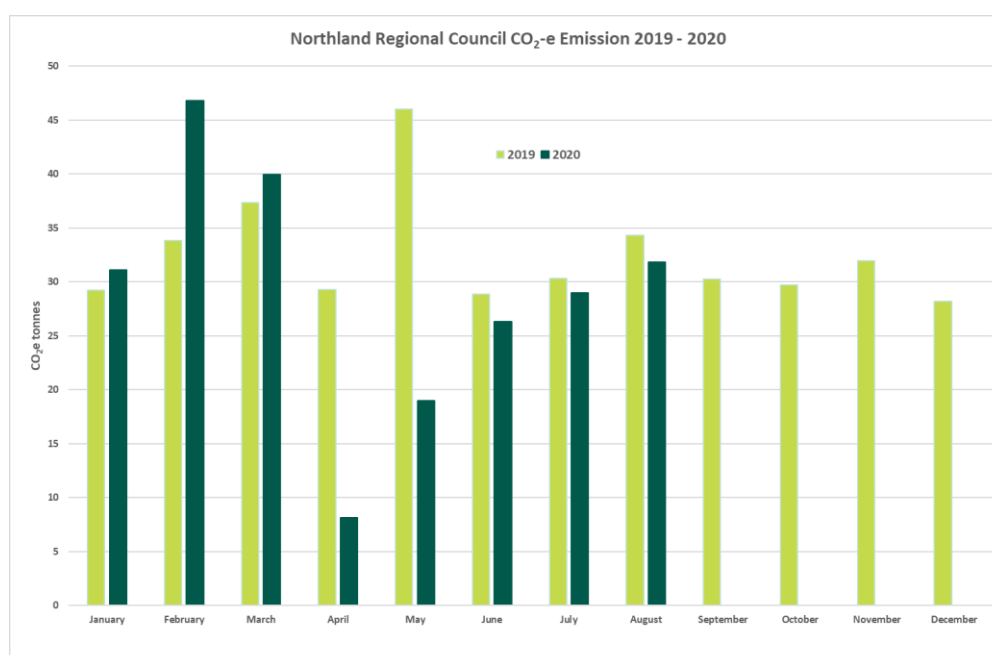
NATURAL RESOURCES SCIENCE

Air quality and carbon emissions

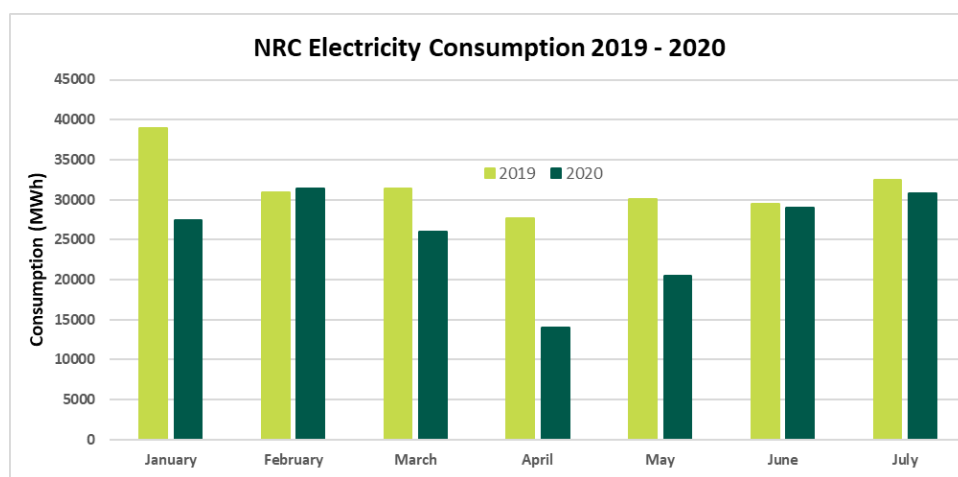
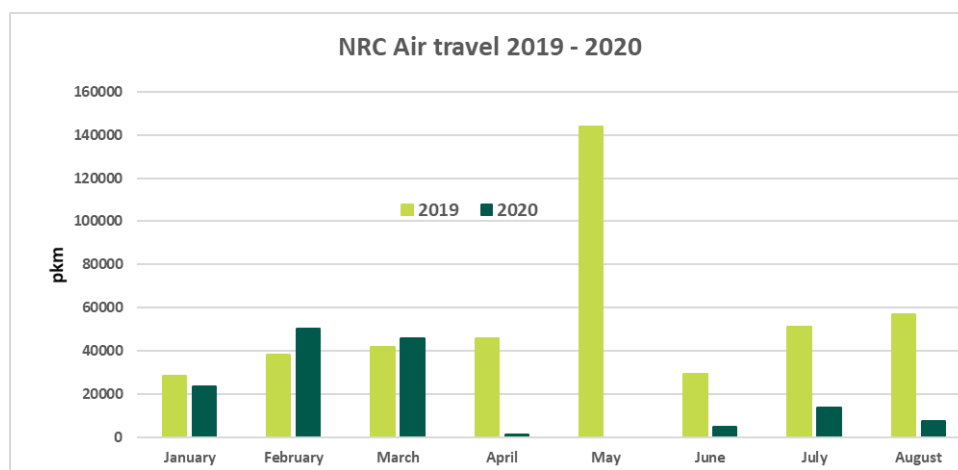
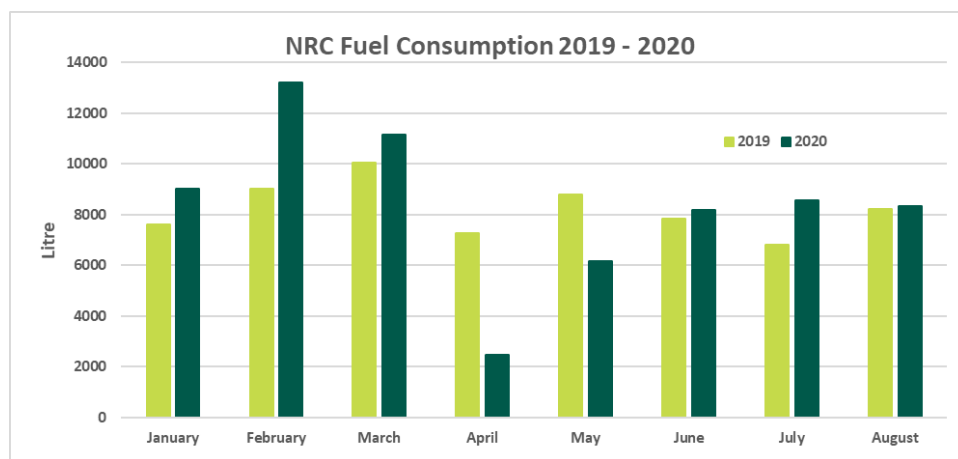
- Ambient PM₁₀ monitoring results for August 2020 at Robert Street, Mairtown (Whangārei) and Marsden Point stations show that compliance was met with the National Environmental Standards for Air Quality.
- Ambient PM_{2.5} monitoring results for the Robert Street station were within the Ambient Air Quality Guideline value.
- The mobile BAM PM₁₀ monitor was deployed to Mairtown in early August 2020. Comparison of daily PM₁₀ concentrations between Mairtown and Robert Street sites is presented in the graph below. Out of 27 days monitored in August, the Mairtown monitor showed higher daily averages than the Robert Street monitor on 14 days and similar averages on six days.



- Council's CO₂-e (carbon dioxide equivalent) emissions in 2019 and 2020 to date are presented in the graph below. Since April 2020, council's monthly CO₂-e emissions have been lower than 2019 emissions, indicating and attributed to the effect of COVID-19 restrictions. The graph is based on live data and therefore figures for last few months are subject to change.



- Graphs showing consumption of council's major contributors to CO₂-e (vehicle, air travel and electricity) between 2019 and 2020 are also presented in the graphs below.



Freshwater Ecology

- The first stage of the drought project contracted to Massey University (Death *et al*, September 2020) has been finalised following the internal review by the Science Team.
- The Stage 1 report has mainly focussed on state and trend of the river ecosystem health by looking at the long-term annual macroinvertebrate data collected from over 60 monitoring sites. The report has also undertaken some preliminary analysis of the drought impacts on river invertebrate communities.

- An in-depth analysis of the 2019 - 2020 drought impacts on river ecosystem health will be undertaken in Stage 2 of this project, which is expected to be completed by June 2021.

Freshwater Quality

- *Water quality modelling work:*
 - The water quality steady state report by Land & Water Science (LWS) for Northland rivers and streams was finalised and its findings will be presented to the Water Steering Group by the end of October 2020. LWS is now working on water quality loads for Northland rivers based on their steady state model outputs. The GIS based water quality loads model will be delivered by mid-October 2020.
 - NIWA is close to completing the CLUES calibration process of nitrogen, phosphorous and E. coli loads for Northland rivers. The Science and Policy & Planning teams, together with the council's Economist, are working closely to develop some scenarios that can feed into the CLUES scenario model to assess the water quality loads under different land management interventions over time. The scenarios will also consider the policies and standards in the NPS-FM2020.
- *Lakes microplastic study:*
 - Studies on microplastics in the freshwater environment are scarce compared with the marine microplastics research. The council has volunteered to participate in a global lake microplastics study known as GALACTIC (or GlobAl LAke miCroplasTICs) which is being coordinated by NIWA for NZ contributors.
 - Staff assisted in sampling for microplastics in Northland's two outstanding and high value dune lakes, Lake Taharoa and Lake Ngatu. The samples will be analysed overseas with NIWA to present the finding to NRC in early 2021. The project has huge support from the local iwi associated with these two lakes.



Trawling plankton in Lake Taharoa for microplastic sampling



Filtering the water sample from the plankton net

Marine

- NRC has initiated a project with NorthTec, Whitebait connection, WDC, FNDC and KDC to try and estimate how much plastic and litter is reaching Northland's estuaries and coastline each year. Litter traps have been installed on stormwater catch-pits around the region. NorthTec will audit the contents of the traps every three months to estimate how much plastic is washed into the sea. The project aims to identify some high-risk land uses such as playgrounds, car parks, supermarkets and fast food premises to enable targeted mitigation and education.



*Litter trap being installed at the council's
Water Street office carpark*



*Plastic and litter on a stormwater grate in
Whangārei City*

- In September 2020, NRC was approached by a group of local researchers, NIWA and Ngāti Kuta to support a project to survey the ecology of the Ipipiri platform in the Bay of Islands. The platform has been identified as a Significant Ecological Area (SEA) in the Proposed Regional Plan for Northland as it contains among the most biodiverse soft sediment biogenic habitat in New Zealand, including nationally rare (or little reported) red-algal turfs and subtidal seagrass.
- NRC agree to provide in-kind support for the survey and to assist with some of the laboratory and field costs. One of the outcomes of the survey will be a baseline assessment of this important SEA. The survey will also hopefully provide the council with a useful template on how to survey ecologically important subtidal habitats.

Consents in Process

During September 2020, a total of 59 decisions were issued. These decisions comprised:

• Moorings	3
• Coastal Permits	3
• Coastal Discharge Permits	2
• Air Discharge Permits	1
• Land Discharge Permits	4
• Water Discharge Permits	0
• Land Use Consents	29
• Water Permits	10
• Bore Consents	7

The processing timeframes for the September 2020 consents ranged from:

- 522 to 2 calendar days, with the median time being 28 days;
- 106 to 2 working days, with the median time being 20 days.

Thirty-five applications were received in September 2020.

Of the 104 applications in progress at the end of September 2020:

- 55 were received more than 12 months ago (most awaiting further information from the applicant);
- 5 were received between 6 and 12 months ago (most awaiting further information from the applicant);
- 44 less than 6 months.

Appointment of Hearing Commissioners

No commissioners were appointed in September 2020.

Consents Decisions and Progress on Notified Applications in Process, Objections and Appeals

The current level of notified application processing activities at the end of September 2020 is (by number):

- Applications Publicly/Limited Notified During Previous Month 0
- Progress on Applications Previously Notified 6
- Hearings and Decisions 4
- Appeals/Objections 2

COMPLIANCE MONITORING

The results of compliance monitoring for the period 1 – 30 September 2020 (and year-to-date figures) are summarised in the following table and discussed below.

Classification	Total	Full compliance	Low risk non-compliance	Moderate non-compliance	Significant non-compliance	Not exercised during period
Air Discharge	14	13	1	0	0	0
Bore Consent	11	10	1	0	0	0
Coastal Air Discharge	2	2	0	0	0	0
Coastal Discharge	13	12	0	1	0	0
Coastal Permit	77	49	23	5	0	0
FDE – Discharge permit	151	112	0	30	7	2
FDE – Permitted activity	55	50	0	4	1	0
Land Discharge	47	38	4	3	0	2
Land Use Consent	32	28	2	0	0	2
Water Discharge	23	22	0	1	0	0
Water Permit	23	20	1	1	0	1
Water Take	109	53	49	6	0	1
Total	557	409	81	51	8	8
Percentage		73.4%	14.5%	9.2%	1.4%	1.4%
Year to date	1,719	1,132	230	159	51	147
Percentage		65.9%	13.4%	9.2%	3.0%	8.6%

Coastal

The majority of consents monitored during the reporting period related to coastal discharges (treated municipal sewage, boat maintenance facilities and other industrial) and coastal structures, which included all boat sheds in Whangārei Harbour. Of these, approximately 10% had issues relating to building matters that were referred to the Whangārei District Council as the building consent authority under the Building Act 2004.

Water, Waste, Air and Land Use (WWALU) Compliance Monitoring

- Water use*

Approximately 97% of the annual water use records for this year have been received. Staff are currently considering what enforcement actions to take in relation to the outstanding records. Late fees were charged to consent holders that provided records after the required deadline, as per the council's User Fees and Charges 2020/21 policy.

- Wastewater*

The Whangārei District Council (WDC) has engaged a suitably qualified person to start a programme of intensified sampling and testing at the Hikurangi Wastewater Treatment Plant (WWTP). The Hikurangi WWTP has some long-standing issues with water quality and the WDC plans to address these over a three-year period. More detailed timeframes are being put together by WDC, and NRC will be monitoring progress closely.

- Air Monitoring*

Spray drift complaints continue to be received requiring staff to spend a large amount of time educating property owners and spray operators on the details of our regional plan rules regarding managing sensitive areas and avoiding off-target spray discharge.

- Forestry and Earthworks*

With the return to COVID-19 Level 1, the forestry liaison meeting has been able to be scheduled for November.

The large slip at Ha Ha Road (Opotiki) has been cleared but will require further stabilisation work once the ground dries out. The large number of slips in the Glenbervie and Mt Tiger forests are still being worked on and monitored closely.

- Waste and Contaminated Land Management*

Seven incidents involving the discharge of hazardous substances and 14 enquiries regarding contaminated land were received and responded to. One site was added to the Selected Land Use Register (SLR). No hazardous waste was disposed of during the reporting period.

Staff have been busy preparing the new programme for Hazardous Waste Collection that is rolling out in November. The new programme will be publicised via a media release, printed flyers and email distribution across available networks. The first amnesty day will be held on 17 November 2020 and will require additional staff to assist with directing people and chemicals.

Farm Dairy Effluent (FDE) Monitoring

FDE inspections commenced on 27 July 2020. A total of 804 farms will be visited by the contractor or NRC staff before Christmas - 25 less farms than last year. To date 418 farms (~52%) have been visited and reported on. Comparisons of this season's results so far with those for last season are given in the tables below.

CONSENTED FARMS					
Full Compliance		Moderate Non-Compliance		Significant Non-Compliance	
This Year	Last Year	This Year	Last Year	This Year	Last Year
204	219	76	79	29	53
66%	62%	25%	23%	9%	15%

Six hundred and nine consented farms will be visited this season.

NON-CONSENTED FARMS					
Full Compliance		Moderate Non-Compliance		Significant Non-Compliance	
This Year	Last Year	This Year	Last Year	This Year	Last Year
84	89	14	19	11	22
77%	68%	13%	15%	10%	17%

One hundred and ninety-five farms operating under the permitted activity criteria will be visited this season.

Drought Recovery Grant – partial reimbursement of transport costs

NRC is administering funding of \$250,000 to help Northland livestock owners mitigate animal welfare issues – subject to set criteria.

The grant has been live since 1 July 2020 and we have received 66 applications so far (13 in July, 38 in August and 15 in September). Funds allocated so far:

	July	August	September	TOTAL
Far North	\$11,748.19	\$25,336.60	\$26,976.69	\$64,061.48
Whangārei	\$12,364.59	\$72,179.88	\$16,599.83	\$101,144.30
Kaipara	\$20,771.56	\$40,503.47	\$7,690.20	\$68,965.23
Total	\$44,884.34	\$138,019.95	\$51,266.72	\$234,171.01

Environmental Incidents

One environmental incident was reported which resulted in a significant environmental impact. In mid-July the Russell Wastewater Treatment Plant was inundated with stormwater from a localised storm event, resulting in UV treated wastewater from the wetland ponds overflowing to a natural wetland and then to the coastal marine area. The discharge was notified by Broadspectrum, which has provided a follow-up report on the discharge.

ENFORCEMENT

Abatement Notices, Infringement Notices and Formal Warnings

The following enforcement actions were taken during the period:

Nature of Offence	Infringement Notice		Abatement Notice		TOTAL *	
	No. Offences	No. Notices	No. Offences	No. Notices	No. Offences	No. Notices
Burning and smoke nuisance	1	2	13	16	13	18
Dead stock	1	2	0	0	1	2
Earthworks/landuse	0	0	2	3	2	3
Farm dairy effluent	11	13	14	14	18	27
Hazardous substances, spills and refuse	0	0	2	5	2	5
Illegal activity in coastal marine area	0	0	1	1	1	1
Other air discharge	0	0	1	1	1	1
Other water discharge	1	1	2	2	2	3
TOTAL	14	18	33	42	38	60

**An infringement notice and an abatement notice may be issued for the same offence. This means that in the above table, Column 5 (Total No. Offences) is not necessarily the sum of Column 1 (Infringement Notice No. Offences) + Column 3 (Abatement Notice No. Offences).*

Other Enforcement

• Farm dairy effluent – Pūrua

Sentencing was completed on 18 September 2020 in the Whangārei District Court. Shepherd Farms Limited was fined \$27,200, Philip Farms Limited \$33,600 and Mr Philip \$3,000. Mr Shepherd was convicted and discharged.

• Sand dune removal – Tokerau Beach

Charges were laid against two parties – an individual and his company for offending which occurred in July 2019. The alleged offences include the removal of a sand dune at Tokerau Beach. Guilty pleas were entered by the individual on 22 May 2020, with the charges against the company withdrawn. The individual requested to participate in the restorative justice process, which has been agreed to and directed by the Judge. The next court appearance will be 2 November 2020 to monitor the restorative justice process and to set a sentencing date.

• Timber treatment plant

Charges were filed in the Whangārei District Court on 12 March 2020 against a company and an individual for discharges from a timber treatment processing plant. The plant has a history of poor compliance with resource consent conditions. Not guilty pleas were entered on 29 May 2020. Further charges were filed on 8 July 2020 and the two sets of charges have been joined together. Evidence is to be filed by 6 November 2020.

• Earthworks without erosion and sediment controls – Totara North

Six charges were laid in the Kaitiāia District Court on 20 July 2020 against an individual for earthworks undertaken without controls, and work within a watercourse and the riparian management zone. The summons was served on the defendant and the first court appearance is scheduled for 7 October 2020 in the Whangārei District Court.

7.2.5 ENVIRONMENTAL SERVICES

LAND MANAGEMENT

Environment Fund

Seventy-seven Environment fund applications for the 2020/2021 financial year were approved under delegated authority on 2 October 2020, totalling \$508,471.34. Eight SHaRP fencing projects totalling \$39,220.30 were also approved.

Sustainable Hill Country and Regional Priorities

Milestones	Status
Research	
Coastal erosion buffers	<ul style="list-style-type: none"> A research plan has been approved by Ministry for Primary Industries (MPI) and a coastal erosion tool utilising remote sensing and LiDAR data is in development. Two sites have been chosen as coastal planting pilots.
Mature poplar / willow	<ul style="list-style-type: none"> A research plan has been approved by MPI and poplar has been milled into a range of products for treatment and mechanical testing.
Farm Environment Plans	
	<ul style="list-style-type: none"> Land management is no longer preparing FEPs. MPI is aware of this and will amend the milestone. NRC has proposed substituting FEPs for project implementation plans to support the delivery of land treatment milestones.

Milestones	Status
	<ul style="list-style-type: none"> The SHaRP implementation plans will consist of planting, fencing prioritisation and soil conservation plans and be more targeted to soil conservation compared to the more generalised FEPs.
Stakeholder Engagement	
	<ul style="list-style-type: none"> A project engagement strategy has been approved by MPI. Promotional material is in development including a 'planting hub' on the council website. A communications plan is being developed for the planting and fencing grants.
Land Treatments	
Retirement fencing	<ul style="list-style-type: none"> E-fund applications for \$121k are being prepared for a DA in October
Contractor capacity development	<ul style="list-style-type: none"> A list of contractors interested in planting work has been prepared. A contractor training programme is in development and will be delivered in November.

BIODIVERSITY

FIF Dune Lakes Project

Objective	Status
Aquatic weed and pest fish control	<ul style="list-style-type: none"> The aquatic herbicide operation went ahead from 8 – 10 September at Lake Ngatu with assistance from Ngai Takoto and their Kaitiaki Rangers. In total 6,995 litres of Aquathol K aiming to eradicate the pest oxygen weed <i>lagarosiphon</i> was delivered by airboat using trailing hoses over an area of around 54ha within the target rate of 3 ppm. Monitoring and diver survey undertaken since has shown no by-kill with beds of <i>lagarosiphon</i> already starting to collapse.
Sediment and nutrient mitigation	<ul style="list-style-type: none"> An onsite meeting held with Department of Conservation and Far North District Council on 8 September to progress sediment mitigation plans for Lake Ngatu. The contract with FNDC was drafted and is awaiting sign off and landowner approval from DOC.
Maori Lakes Strategy	<ul style="list-style-type: none"> Planning for the next hui was discussed at a meeting with far North Iwi
Fencing	<ul style="list-style-type: none"> Fencing is underway to move a section of fence back from the edge of Lake Ngatu.

Lakes

- The annual Lakes Ecological Monitoring programme with NIWA divers and scientists was moved to spring and shortened to four days because of travel restrictions due to COVID-19. A total of six lakes were monitored by divers using LakeSPI (Submerged Plant Index) and seven waterbodies/wetlands were surveyed by reconnaissance, including four that have not been visited before.
- A new population of black mudfish was discovered in one of the wetlands.
- Unfortunately, two lakes had to be dropped from the list due to access issues and wet conditions.
- The three lakes scheduled for herbicide treatment through the FIF Dune lakes project had their pre-treatment baseline surveys. This has prompted a rethink of treating Ngakeketo and Waiparera in the Far North, due to significant spread of *Egeria* oxygen weed, which cannot be

eradicated with herbicide and will dominate both lakes if the other weeds, targeted by herbicide are removed.

- At a meeting with Far North Iwi and NIWA scientists, iwi agreed to support a decision not to treat these two lakes and for NRC to investigate using the herbicide to treat lakes further south. This will need to be progressed through FIF project partner MfE.

CoastCare

- In August and September CoastCare dune planting took place at Long Beach, Russell; Ruakākā; Taipā; Ahipara; Karikari Peninsula (Rangiputa, Puwheke, Ohungahunga Bay, Waikato Bay, Patia Bay and Whakaroaro Bay), Hukatere, Poutō and Bayllys Beach.

Biodiversity Technical Advice

Biodiversity staff provided threatened species technical advice to consent staff for the consent application for a proposed wharf at Mangawhai, and expert advice to the hearing for this application (APP.040213.01.01).

BIOSECURITY INCURSIONS AND RESPONSE

Pest Plants

- Wilding Conifer Control – Lake Taharoa Stage 1*

Stage 1 of the wilding conifer control at Lake Taharoa has been completed with contractors completing a final sweep of the area to locate any untreated trees.

Contractors and staff from Northland Regional Council and Kaipara District Council celebrate completion of Lake Taharoa wilding conifer control stage 1.



MARINE BIOSECURITY

Hull Surveillance Programme

No vessels were opportunistically surveyed this month by NRC staff so the year-to-date total of 20 hulls surveyed remains unchanged. The Hull Surveillance contract for 2020-2021 was signed following a successful tender by Marine Environmental Field Services and divers are due to begin in October.

RIVERS

Long Term Plan Projects

Rivers	Comments
Awanui	We anticipate the resource consent decision for full scheme upgrade will be made in October. The dry weather allowed a re-start to work at JNL that was delayed due to Covid.
Kerikeri-Waipapa	Landowner engagement is progressing, and we have lodged resource consent.
Matangirau	Design has been completed and landowner engagement is progressing.
Otiria/Moerewa	A hui was held with the Otiria Marae Committee to better inform spillway alignment options. Ongoing talks with Kiwi Rail continue.

NATURAL HAZARDS

Work Streams	Status	Comments
Coastal erosion hazard mapping	99% complete	New coastal erosion assessments and updates complete, final report and maps due October.
Coastal erosion research	95% complete	Auckland University is mapping Northland historic shorelines and erosion risk. Currently overdue – estimated completion is the end of October
Rangaunu harbour hydrodynamic coastal flood mapping	Planning phase	Coastal flood model for the Rangaunu harbour - detailed quote to be received
Region-wide coastal flood mapping	95% complete	Final maps and deliverables due Oct 9th
Region-wide river flood mapping	25% complete	Awanui and Whangārei models complete, all catchments prepared
Whangārei river flood model	Planning phase	Re-run of Whangārei model planned - quote received
Public release of new coastal hazard maps	Planning phase	New coastal hazard zones (10 new coastal erosion zones plus coastal flood hazard zones for entire coastline) and communications plan to be presented to council late 2020

Climate Change Response

Work Streams	Status	Comments
NRC Climate Change Strategy	Draft complete	No further progress. Strategy to be discussed and developed with the Maori Technical Advisory Group (a subgroup of the Te Taitokerau Maori and Council Working Party).
Climate Adaptation Te Taitokerau - Adaptation Strategy	In development	Climate Risk Assessment 1 - Risk descriptions - 90% complete Climate Risk Assessment 2 - Coastal risk spatial analysis - 90% complete Strategy due 2021
Joint Standing Committee on Climate Change Adaptation	Planning	All four councils have endorsed ToR. Inaugural meeting planned late 2020.

Northland Light Detection and Ranging (LiDAR)

The new LiDAR data set is now being used widely throughout council and the wider Northland community with great reviews. NRC is working with LINZ for public portal data access.

MĀORI ENGAGEMENT

Ahakoā he iti, he pounamu “Referring to the tiniest piece of pounamu that still has significance”

Te Oneroa-a-Tōhe Board

The public consultation programme has begun with a number of activities planned for the public consultation and engagement on the draft Beach Management Plan. It has been a busy month kicking off in September with the final round of consultation on the draft Te Oneroa a Tōhe beach management plan to be completed on 11 October 11 2020.

Consultation began on the draft Te Oneroa-a-Tōhe beach management plan on Monday 14 September, as well as the four draft reserve management plans.

Media documents that have been released to date:

- media release 1 (issued 09.09.20)
- Northland Age public notice (to be published 15.09.09)
- Te Hiku Media advertising radio booking schedule

The website <https://www.teoneroa-a-tohe.nz/> has undergone a refurbishment for consultation and is now live with these changes and updates.

A livestream hosted by Te Hiku Media featured three of the four Iwi representatives informing public of the background and history of the Board and the purpose of the beach management plan. To date this has 2.8k views online and has been a successful platform to highlight the work achieved by the Board: <https://www.facebook.com/TeHikuMedia/videos/380076343012155>

A number of post consultation board meetings will be required to consider feedback prior to approving the final plan on 3 December 2020.

Te Whāriki Core Cultural Competency Programme

Below is an outline of the outputs to date with positive results and comments flowing in from staff and council as to the learning outcomes being achieved across the organisation. A reflection of the skill and competency of the Kaiārahi Tikanga Māori to deliver a programme that is specific to the needs and aspirations of the council:

- Four Level 1 workshops delivered so far
- Three workshops unable to be delivered due to the COVID-19 lockdown
- Three Level 1 workshops remaining for 2020 (ending December)
- Eighty-one staff have completed Level 1 to date
- One hundred and sixty staff members are expected to have completed Level 1 by December, with three further workshops scheduled for early 2021

Māori Representation

Council has chosen to undertake a process to consider Māori constituencies prior to the 2022 elections. The final workshop presenting the full range of options analysis was presented to council to inform their formal decision on October 2020. Please refer to the detailed paper included within this agenda (Item 6.3).

Iwi and Local Chief Executive's Forum

A meeting of the Iwi and Local Chief Executive's Forum was hosted by Te Runanga o Whaingaroa on 8 September 2020. A comprehensive discussion identified the following priorities to progress:

- While housing remains a key priority, COVID-19, flooding and the drought have seen a need to review the action plan
- For iwi, key issues of concern are based around Wai, Whenua, kāinga and Kai with education, health, employment all part and parcel of these issues
- Other key issues raised from the floor were; economic development/recovery, alternative energy solutions and better synergies planning for the re-emergence of COVID-19
- Agreed that there needed to be some tangible gains, therefore, a need to prioritise the issues
- Whilst water resilience was front of mind right now, water quality and quantity were also a key risk for the region
- It was noted that COVID-19 had thrown groups together but the learning was the need for better cohesion between ILGACE and response to the needs of Te Taitokerau

7.2.6 STRATEGY, GOVERNANCE AND ENGAGEMENT

ECONOMIC DEVELOPMENT

Investment and Growth Reserve – Projects Report

Project	Update	Future developments / reporting
Twin Coast Cycle Trail (TCCT)	Final invoice received and paid.	Project closed.
Extension 350	Annual Report received. Provided feedback into E350 project evaluation proposal.	Council has two more years of funding commitment, ending 30 June 2022
Extended Regional Promotions	Report for the year ended June 2020 received.	Council has one more year of funding commitment, ending 30 June 2021

Other Work Undertaken

- Northland Economic Quarterly – 28th issue completed and distributed. Annual section reviewed the latest household income data while the Spotlight section again covered the impact of the COVID-19 crisis on consumer spending, employment and Jobseeker Support recipients.
- Joint economic development initiative – work to align October district council decision making with September council resolution, including establishment of Regional Economic Development Service Delivery Working Party.

ONLINE CHANNELS

Most popular content on Facebook: Post about **Summer Internship opportunities** for students. This was followed by a video about Dragonfly Springs Wetland Sanctuary that was produced as part of the **Environmental Awards** programme to celebrate the winners.

*Measured by engagement – number of people who ‘reacted’, commented or shared the post

Key Performance Indicators	May-20	Jun-20	Jul-20	Aug-20	Sept 20
WEB					
# Visits to the NRC website	27,900	33,800	48,900	36,100	29,396
E-payments made	6	5	31	12	11
# subscription customers (cumulative)	1,210	1,221	1,238	1,247	1,260
SOCIAL MEDIA (cumulative)					
# Twitter followers	1,517	1,519	1,529	1,531	1,536
# NRC Facebook fans	9,627	9,713	9,767	9,843	9,880
# NRC Overall Facebook Reach	75,400	201,900	106,500	207,700	74,00
# NRC Engaged Daily Users	5,164	12,000	7,950	10,100	5,229
# CDEM Facebook fans	18,000	18,100	20,800	21,100	21,200
# CDEM Overall Facebook Reach	114,300	72,300	518,000	254,100	86,900
# CDEM Engaged Daily Users	11,800	5,817	92,200	30,600	5,764
# Instagram followers	1,172	1,193	1,203	1,220	1,241

NOTES:

July - increase in visits to the website was due to the flood event, 17 July 2020.

Sept – decrease in Facebook reach & engagement due mostly to being one FTE down in Online Services team this month, therefore, not as many proactive campaigns were delivered.

ENVIROSCHOOLS / EDUCATION

Catchment Planting Day

On 1 September, 80 Kokopu School students with accompanying teachers and whanau planted 950 riparian plants – six species – around a dam and wetland area on a farm in the Mangere Catchment.

NRC Land Management and Enviroschools ran the event, with Integrated Kaipara Harbour Management Group members in attendance.



Enviroschools Bronze Celebrations

On 3 September, due to COVID-19 restrictions, Hurupaki Kindergarten held a private Enviroschools Bronze celebration. They are proudly displaying their new Enviroschools sign in time for kindergartens to attend a day learning about pest management, bush skills and other sustainable practices.

On 7 September, Cr Kitchen took part in Waiharara School's Enviroschools Bronze celebration. The school is renowned for its prolific vege gardens and ongoing pingao planting mahi.



WaiFencing Assessment Day at Rangiputa

On 24 September, the final WaiFencing day for 2020 was held on Rangiputa Station, Karikari Peninsula. Over 40 senior students from seven secondary schools carried out practical assessments and handed in their theory papers. Unfortunately, the afternoon weather prevented the fencing off of a waterway, however, Kaitiāia College and Kaitiāia Abundant Life School students will return to complete the job. Pāmu (Landcorp) fencers supported Can Train NZ and Enviroschools in running this event.



Leon & Jarrod from Pamu's Rangiputa Station introduced tech fencing



WaiFencing students take care of bio-control

Enviroschools Communities Facilitated

During September, Enviroschools Facilitators held specific interactions with 39 school and early childhood communities.

LOCAL GOVERNMENT OFFICIAL INFORMATION (LGOIMA) REQUESTS

Month	LGOIMA requests received 2019/20	LGOIMA requests received 2020/21
July	15	25
August	22	17
September	16	12
October	29	
November	11	
December	12	
January	14	
February	21	
March	13	
April	12	
May	13	
June	15	
TOTAL LGOIMA REQUESTS RECEIVED	193	54
LGOIMA requests not responded to within 20 working days*	18	5

* REQ.605217 – Request for information in relation to Northland Regional Council's COVID-19 wage subsidy application. The staff member allocated the LGOIMA request did not flag the request when it was received, and consequently it was not included in any work plans. The request has since been completed (Corporate Excellence).

7.2.7 CUSTOMER SERVICE – COMMUNITY RESILIENCE

CUSTOMER SERVICES

Telephone Inbound Call Statistics & Enquiries

	September 2020	Target
Call volume via Customer Services	2,457	
Conversion rate	97.0%	> 95%
Average wait time	6 sec	
Calls answered in under 30 sec	95.3%	> 90%

For this first quarter, inbound volumes have exceeded the same month last year by 8%. One-third of the requests received were for biosecurity or consents. Fewer maritime requests than normal were received, which is probably a reflection of the time of year.

Satisfaction monitoring

Feedback cards, compliments and complaints

Feedback cards have been included with the tallies for compliments and complaints, as appropriate.

- Feedback Cards, Compliments and Complaints*

Feedback cards have been included with compliments and complaints, as appropriate.

Compliments received	Total
Service provided by a specific person / people <ul style="list-style-type: none"> Consents – K McGregor Land Management – S McKenzie 	2
Overall service <ul style="list-style-type: none"> Consents 	1
Total compliments recorded	3

Complaints received	Total
Issue has occurred repeatedly for me <ul style="list-style-type: none"> Citylink 	1
Disagree with decision or process <ul style="list-style-type: none"> Citylink 	1
Staff / contractor behaviour or attitude <ul style="list-style-type: none"> Citylink 	1
Disagree with cost / value for money <ul style="list-style-type: none"> Total Mobility 	1
Total complaints recorded	4

One complaint received concerned drivers not enforcing masks on buses, which is not the drivers' responsibility and the issue was unable to be resolved to the customer's satisfaction. Two other bus related complaints were about drivers parked over/close to driveways. In one of the instances it had happened repeatedly, but Ritchies had not been informed. One Total Mobility customer queried his ride cost, which was found to be correct.

- Residents' Survey*

The results of the 2020 survey have been published on the NRC website. The open text responses have been invaluable in determining issues of important and service improvements.

CIVIL DEFENCE EMERGENCY MANAGEMENT

The Minister of Civil Defence has proactively released a Cabinet Paper outlining proposed changes to the CDEM Act 2002 to improve New Zealand's future response to natural disasters and other emergencies. The changes are aligned with the Technical Advisory Group review outcomes and recommendations but have been slightly delayed in their adoption due to several emergencies over the last couple of years.

Changes include:

- clarifying roles and responsibilities
- enabling an approved provider to issue warnings and be protected from civil liability
- identifying the NZ Emergency Management Assistance Team (EMAT) in legislation and protecting its members from civil liability
- protecting volunteers from civil liability when acting under the direction of someone performing functions and duties or powers under the Act
- enabling a controller or recovery manager to operate nationwide
- allowing CDEM Groups (Joint Committee) to meet via audio or video meetings during an emergency
- providing that any CDEM Group can be a statutory administering authority, but have the regional council member act in that role as default
- providing that the National CDEM Strategy does not expire until it is replaced

The National Emergency Management Agency (NEMA) have appointed a new National Controller - Roger Ball, who has a wide experience within local government and as a Group Controller for the Nelson Tasman CDEM Group for many years.

Northland CDEM Group

The Northland CDEM Group Joint Committee and the Coordinating Executive Group (CEG) met on 8 September.

The Northland CDEM Group completed the region's CDEM COVID-19 resurgence plan for alert Level 2, 3 and 4. The All of Government response required all CDEM Groups to submit their COVID-19 resurgence plans through NEMA by 18 September.

Presentations on behalf of the CDEM Group Long Term Plan (LTP) priorities and funding requirements have been made to the four councils in Northland. The two priority projects for funding are a regional Multi-Agency Coordination Centre and the upgrade of the region's Tsunami Siren Network.

Tsunami Siren Network Testing

The Northland tsunami siren network was tested at the start of Daylight Savings on Sunday 27 September at 10.00am. The testing is undertaken bi-annually to ensure the network is in good working order; a comprehensive advertising media campaign was released in the lead up to the test. Maintenance and repairs are carried out by Top Energy or Northpower respectively. This test was the first for 12 months since the scheduled test in March 2020 was cancelled at the direction of the National Controller.

The Tutukaka Marina conducted a Tsunami Evacuation Drill on Monday 14 September 2020. The Marina has a yellow strobe light which is manually activated to warn mariners of tsunami conditions in the Marina. The drill went as planned.

Coordinated Incident Management System (CIMS) training course were held in Kaitiāia, with representatives from Police, Fire and Emergency NZ, Far North District Council and the Department of Conservation attending. CIMS Planning and Intelligence function training was also delivered in Whangārei.

Group Controllers professional development training was held on Friday 25 September and involved an external consultant providing feedback on self-reflection, leadership insights and a 360-degree review. All appointed Controllers for the Group participated.

Work Programme, Portfolio and Responsibilities Review

The Northland CDEM Group work programme, staff portfolios and responsibilities have again been reviewed due to continued response activities being undertaken; COVID-19 resurgence planning requirements and recent staff performance reviews.

Projects have been prioritised to align with group priorities and provide for further responses to emergencies, including COVID-19 resurgence response if required.

The CDEM Group has also commenced planning for the coming summer with the lessons learnt from the drought earlier this year informing the planning process. (The Group plan review is also continuing with the timeline for milestones having been amended to take into consideration the responses in the past 9 months.)

CDEM Group Plan Review Update

The review is still on track to be completed by September 2021. The updated timeline is contingent upon resources being available for normal business and many need to be revised if there are subsequent events requiring responses.

Costs during response and reimbursement from Central Government

During the recent drought and COVID-19 response central government made available funding to support communities and whanau. These appropriations were additional to the arrangements outlined in the CDEM National Plan and separate to the funding provided to Northland under the Mayoral Relief fund for the recent storm event and the MPI funding for farm relief. Throughout the drought and COVID19 responses funding and services have been provided – mainly for water delivers and support to community agencies to provide household goods and services – in line with the criteria laid out in the appropriations. The COVID19 appropriation amounted to \$30m nationally and the Drought Support \$10m nationally.

Both appropriations come with strict policy guidance on how they can be used. Each appropriation also requires that the council bears the initial cost and then lodges a claim for reimbursement with NEMA. Throughout the drought and to ensure cash flow during the COVID 19 response a total of 9 separate claims for reimbursement were submitted for a total amount of \$2m of those claims, 7 have been now paid to a total value \$1.75m. The mayoral relief fund of \$30,000, provided by Central Government for disbursement after the July flooding emergency has now been fully committed.

REGIONAL TRANSPORT PLANNING

Government Policy Statement for Transport 2021

The Government released their finalised Government Policy Statement on Transport 2021 (GPS) on 17 September 2020. Aside from some relatively minor changes to the funding ranges, the finalised GPS remains largely unchanged from the Draft GPS.

Regional Land Transport Plan 2021/2027 and Regional Public Transport Plan

With there being no material changes to the finalised GPS, the work undertaken on the “Strategic Front End” of both the Regional Land Transport Plan (RLTP) and the Regional Public Transport Plan (RPTP) remains unchanged.

Staff will continue to work at having the Strategic Front End of both documents completed during October 2020. Staff have also commenced work on the funding application spreadsheets for the RLTP.

At this time, it is planned to have a draft copy of both the RLTP and RPTP presented to the Regional Transport Committee (RTC) at their December 2020 meeting and have the final drafts to the

February 2021 meeting for formal approval to release both documents for consultation in March 2021.

A progress report will be presented to the Regional Transport Committee at the 14 October 2020 meeting.

PASSENGER TRANSPORT ADMINISTRATION

BusLink figures are reported one month in arrears, due to the required information being unavailable at the time of the agenda deadline.

Bus Link stats for August (revenue ex GST)	Actual	Budget	Variance	Year/Date Actual	Year/Date Budgeted
City Link Passengers	30,174	32,030	-1,856	57,239	61,361
CityLink Revenue	\$36,620	\$43,241	-\$6,621	\$71,762	\$82,837
Mid North Link Passengers	144	168	-24	297	324
Mid North Link Revenue	\$552	\$840	-\$288	\$1,090	\$1,620
Hokianga Link Passengers	101	78	23	183	156
Hokianga Link Revenue	\$531	\$1,017	-\$486	\$992	\$2,034
Far North Link Passengers	364	667	-303	808	1366
Far North Link Revenue	\$878	\$1,667	-\$789	\$1,933	\$3,415
Bream Bay Link Passengers	32	24	8	96	54
Bream Bay Link Revenue	\$209	\$86	\$123	\$639	\$195

COVID 19 – Alert Level One Public Passenger Transport Restrictions.

Alert Level 1 came into force for all regions except Auckland at 11:59pm Monday 21 September 2020.

It is now not a requirement to wear a face mask on public transport, but it is still encouraged. All COVID-19 health related posters remain in place on all buses.

All public passenger transport services in New Zealand must have tracing methods in place that will allow for the recording of passengers on every trip and vehicle. This is to assist the Ministry of Health in contact tracing if required. All Northland Regional Council contracted passenger services are continuing these tracing methods, on board cameras, registers, QR codes and electronic tickets.

Council staff are actively monitoring the situation and will continue to do so.

Waka Kotahi will continue to subsidise farebox revenue loss resulting from loss of passengers due to COVID-19 to the end of December 2020 where it will be reviewed.

Total Mobility

Total Mobility (TM) figures are reported one month in arrears, due to the required information being unavailable at the time of the agenda deadline.

	Total Clients	Monthly Actual Expend	Monthly Budgeted Expend	Monthly Variance	Year/Date Actual Expend	Year/Date Budgeted Expend	Annual Variance
Aug 2020	1,663	\$18,815	\$25,000	-\$6,185	\$42,374	\$50,000	-\$7,626

Client trips have remained below pre-Covid numbers due to a reluctance to travel, particularly amongst the elderly. This trend will continue for the foreseeable future.

Total Mobility Co-ordinator Group Meeting

A National Total Mobility meeting was held on Tuesday 15 September 2020. This meeting covered the following subjects:

- Ridewise 2 Total Mobility Electronic Ticketing System;
- Service Provider Driver Training;
- Inter-regional Services and Drivers;
- Monitor Clients Usage on Scheme;
- National Consistent Total Mobility card; and
- The request for continued free travel as provided under levels 3 & 4 of COVID-19 lockdown.

ROAD SAFETY UPDATE

Road Trauma Update: 2020 Year to date road death statistics

National 232 deaths compared to 256 at the same time in 2019

Northland 21 deaths compared to 23 at the same time in 2019

Fatalities this year	Far North	Whangārei	Kaipara	Northland	National
Local roads	4	6	2	12	
State highways	4	5	0	9	
TOTAL	8	11	2	21	232

Ride Forever (R4E) Rider Training numbers have continued to grow since 1 July 2020. There have been 21 riders attending these training and competency courses:

- Bronze Course 8
- Silver Course 10
- Gold Course 3

As the summer riding season approaches, the training organisations are seeing more registrations.

Road safety promotion work continued to be centred around supporting Police with road safety promotional messaging for motorists recognising safe driving practices and promoting seatbelt wearing.



Planning is continuing for Road Safety Week 9-15 November 2020 with the 'Step Up for Safe Streets' theme. A bus back has been designed and fitted on a City Link bus to help promote the week.

Key messaging continues to target – RIDS - Restraints, Impairment, Distractions, Speed along with Fatigue, Driver Behaviour and planning journeys.

This regional messaging was also further supported by Waka Kotahi NZTA national road safety campaign messaging. Advertising themes for September & October have been Motorcycling, Distractions, Alcohol, Young Drivers.

The Northland Freight Group is planning several truck education & health stops for November. One will be held at Northport at the scaling sheds targeting logging trucks and a much larger event will be held at Uretiti on SH1 targeting the full range of heavy freight vehicles.

Driver Reviver/Fatigue Stops 2020/2021 Campaign

The Driver Reviver/Fatigue Stop planning has been taking place with road safety partners and this seasons dates have been set. With the excellent support from Fulton Hogan, the Traffic Management Plan has been completed and approved for the five dates these Reviver Stops will be operating:

- Friday 23 October 2020 Labour Weekend
- Friday 18 December 2020
- Friday 29 January 2021 Anniversary Weekend
- Friday 5 February 2021 Waitangi
- Thursday 1 April 2021 Easter

MARITIME

Seventeen incidents were received during the month of September. The incidents for the month were made up mostly of abandoned and derelict vessel disposals, however, notification of one serious incident was received involving a vessel capsize and the rescue of four people from the water. Maritime staff also assisted Police with access to and recovery of two separate and unrelated deceased live-aboard residents discovered on their vessels in the lower Hatea river.

The opening weekend to scallop season coinciding with the reduction of COVID-19 alert levels in Auckland resulted in large numbers of recreational vessels and divers on the water in Whangārei Harbour. On-water bylaw and education patrols were carried out.

A Safety Ambassador has been contracted for the summer to cover the Far North, a key focus of the summer safety campaign. The ambassador will target remote areas working closely with communities and harbour wardens to improve recreational boating safety in these communities.

The Harbour Master, Deputy Harbour Master and the Marine Manager attended a meeting with the Ministry for Primary Industries, Customs and NZ Police regarding on water patrols over the summer. The aim is to achieve tighter collaboration across organisations to assist with on water education, enforcement and complainance.

The council vessel Ruawai has had replacement engines fitted in time for summer, the previous engines having completed 1400 hours in just under five years.

Project work has commenced in collaboration with Northport and other stakeholders regarding the review and upgrade of Aids to Navigation (AtoN) in the upper harbour. The sections of the channel under review include the Shell cut through to Portland Channel.

The Bay of Islands simulator model is ready for use. The simulator is going to be a useful tool to assist with training, feasibility study and risk assessment. It is anticipated that the simulator will also allow the pilots with licenses for the Bay of Islands to maintain currency in the absence of cruise vessels. It is the intention at some point to invite any interested councillors, the Group Manager and CEO to attend a demonstration.

Hydro survey work around the region is ongoing, routine maintenance of AtoN is on going.

Attachments/Ngā tapirihanga

Nil

TITLE: Northland Inc. Limited: Annual Report for the Year Ending 30 June 2020

ID: A1368943

From: Darryl Jones, Economist and Simon Crabb, Finance Manager

Authorised by Group Manager: Ben Lee, GM - Strategy, Governance and Engagement, on date 14 October 2020

Executive summary/Whakarāpopototanga

Northland Inc. Limited's (Northland Inc.) Annual Report 2019/20 conforms to the requirements of the Local Government Act 2002. Northland Inc. reported a surplus after tax of \$17,247 in the 2019/20 financial year compared to a budget surplus of \$768 (2018/19: \$11,185 surplus compared to a budget surplus of \$289), producing a closing equity position at 30 June 2020 of \$150,903 (\$133,656 as at 30 June 2019). In addition, 11 of the 16 performance measures set out in Northland Inc's Statement of Intent 2019–2022 have been achieved.

Recommendation

That the report 'Northland Inc. Limited: Annual Report for the Year Ending 30 June 2020' by Darryl Jones, Economist and Simon Crabb, Finance Manager and dated 29 September 2020, be received.

Background/Tuhinga

As required under section 67 of the Local Government Act 2002 (LGA), Northland Inc. has provided council with a copy of their Annual Report for the year ended June 2020 (**Attachment 1**).

Staff have reviewed the Annual Report and confirm that the requirements of the LGA in relation to the content (i.e. sections 68 and 69) have been met, e.g. performance reporting against the Statement of Intent (SOI), audited consolidated financial statements, and an independent auditor's report.

In terms of reporting against the key performance indicators (KPI) set out in Northland Inc's SOI 2019–2022, the results are set out on pp. 3-4 of the Annual Report. Northland Inc. achieved 11 of the 16 targets. The five KPIs not met were: Number of inward delegations hosted, Visitor spend from target markets, Value of industry investment in regional promotion activity, RTO Net Promotor Score and Client Satisfaction for Māori Businesses. The COVID-19 crisis and policy response were the key reasons for the first three not being achieved. The fourth one is no longer available. The fifth was not achieved as the sample size of those who responded was considered too small to provide a meaningful result.

Northland Inc. reported a surplus after tax of \$17,247 in the 2019/20 financial year compared to a budget surplus of \$768 (2018/19: \$11,185 surplus compared to a budget surplus of \$289), producing a closing equity position at 30 June 2020 of \$150,903 (\$133,656 as at 30 June 2019).

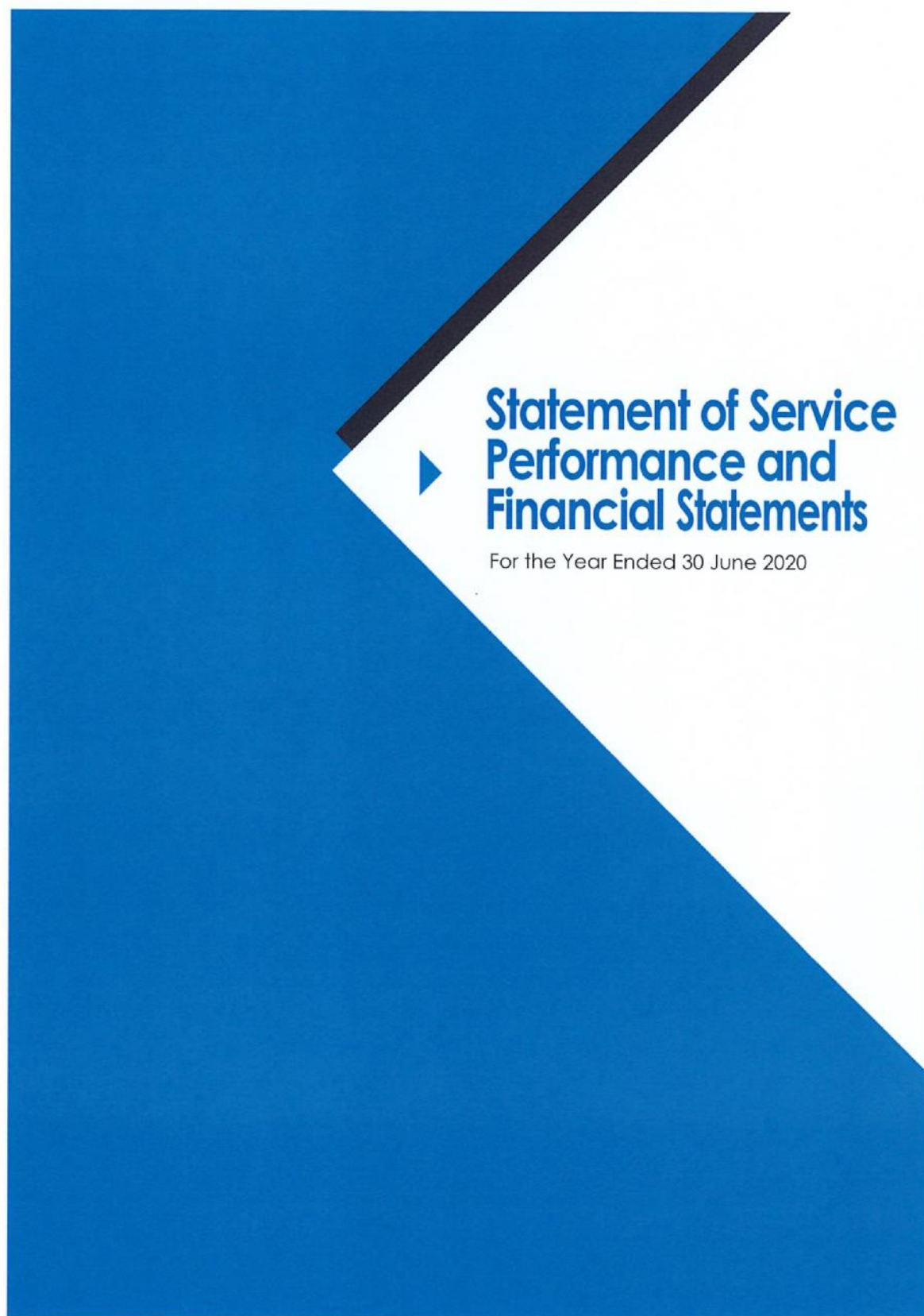
The audit report prepared by Deloitte gave an unqualified opinion that the financial statements and KPI reporting presents fairly the performance of the company and complies with legislative and standard accounting practices.

Representatives from Northland Inc. Limited will attend the council meeting to comment on the report and answer any questions.

Northland Inc. has yet to set a date for its Annual General Meeting.

Attachments/Ngā tapirihanga

Attachment 1: Northland Inc. Limited Annual Report 2019/20 [↓](#)





Financial Statements

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Entity Information

As at 30 June 2020

LEGAL NAME OF ENTITY

Northland Inc Limited

TYPE OF ENTITY AND LEGAL BASIS

Northland Inc Limited is a company registered under the Companies Act 1993. The company is controlled by Northland Regional Council and is a council-controlled organisation as defined by Section 6 of the Local Government Act 2002.

REGISTRATION NUMBER

857377

COMPANY'S PURPOSE

The Company's principal activity during the year was the development of the economy in Northland and review of funding opportunities for the Investment and Growth Reserve.

STRUCTURE OF COMPANY'S OPERATIONS

The Company comprises a Board of seven Directors who oversee the governance of the Company, a Chief Executive Officer who is responsible for the day to day operations of the Company and reporting to the Directors. The Directors are appointed by the Northland Regional Council.

MAIN SOURCES OF THE COMPANY'S CASH AND RESOURCES

Operating grants are received from the Northland Regional Council and this is the primary source of funding to the Company.

DIRECTORS

Sarah Petersen
James Makewea
Geoff Copslick
Nicole Anderson
Denis Callesen
Kristan MacDonald

David Crewe
(resigned May 2020)

ACCOUNTANTS

Findex Limited
Level 1, Findex House,
57 Willis Street
Wellington 6011

SHAREHOLDER

Northland Regional Council - 100
Total Ordinary Shares - 100

These financial statements should be read in conjunction with the notes to the financial statements.

2019/20 KPI Results

Statement of Service Performance 2019/2020 KPI Results as at 30 June 2020:

Investment and PGF				
Measured by:	2018/19 Result	2019/20 Target	2019/20 Actual 30 June	% of target
Percentage of IGR business case decisions (by the Board) made within 90 days of receiving application - Achieved	100%	100%	100%	100%
Number of inward delegations hosted - Not Achieved	4	4	0	0%
Investment recommendations are accompanied by a robust business case - Achieved	100%	100%	100%	100%
Number and value of high impact projects that are implemented - Achieved	3	3	3	100%

Northland Inc has developed a tool to rank projects in order to prioritise our resources. The tool assesses both impact and value of the project.

Engagement Collaboration and Visibility				
Measured by:	2018/19 Result	2019/20 Target	2019/20 Actual 30 June	% of target
Number of unique businesses assisted (by TA and industry) - Achieved	263	230	624	271%
¹ Value of NZTE and Callaghan Innovation grant funding facilitated - Achieved	\$842,672	\$1M	\$2.3M	230%
Client satisfaction (as measured by Net Promoter Score) - Achieved	91% (NPS 53)	90% (NPS 50)	97% (NPS 72)	
² Orchard occupancy rate - Achieved	84.2%	85%	120%	

¹The total value of NZTE and Callaghan Innovation funding of \$2.3M includes \$426,157 of funding relating to businesses that identify as Māori. All grant funding is inclusive of GST.

²In mid-September 2019 the Orchard reached capacity. The floor plan was reviewed, desks were increased from 29 permanent desks to 47. To calculate the occupancy NINC has continued to use 29 desks. This normalizes the comparative to both the target for 2019/20 and the prior year.

2019/20 KPI Results

Destination Marketing Management

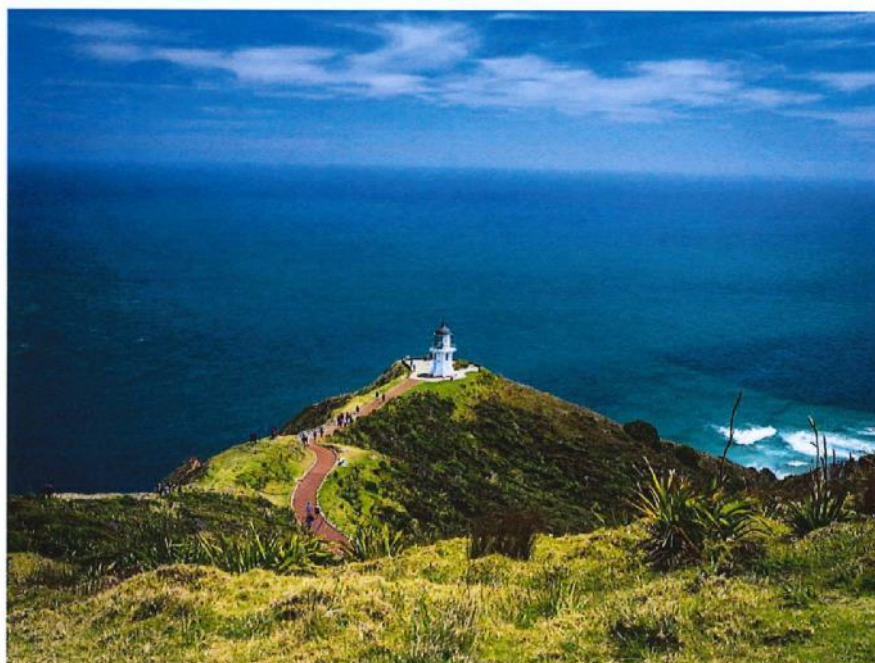
Measured by:	2018/19 Result	2019/20 Target	2019/20 Actual 30 June	% of target
Visitor spend from target markets - Not Achieved	\$1,115M	\$1,175M	\$1,014M	86%
Value of industry investment in regional promotion activity - Not Achieved	\$418,538	\$350,000	\$175,808	50%
Equivalent Advertising Value achieved from destination marketing - Achieved	\$28.2M	\$16.5M	\$19.2M	116%
RTO Net Promoter Score - Not Achieved	44	45	-	

RTO Net promoter score is no longer available.

Māori Economic Development

Measured by:	2018/19 Result	2019/20 Target	2019/20 Actual 30 June	% of target
Number of unique Māori businesses assisted - Achieved	33	50	118	236%
Number and value of high impact projects that are implemented - Achieved	1	1	1	100%
Value of NZTE and Callaghan Innovation grant funding facilitated for Māori businesses - Achieved	\$56,350	\$25,000	\$426,157	1704%
Client satisfaction (Net Promoter Score for Māori businesses) - Not Achieved	-	75% (NPS 50)	-	-

The Net promoter score for Māori business could not be determined.





Independent auditor's report

To the readers of Northland Inc Limited's financial statements and performance information for the year ended 30 June 2020

The Auditor-General is the auditor of Northland Inc Limited (the Company). The Auditor-General has appointed me, Peter Gulliver, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements and performance information of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 8 to 19, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive revenue and expense, statement of changes in net assets and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 3 and 4.

In our opinion:

- the financial statements of the Company on pages 8 to 19:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2020; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime (PBE IPSAS RDR).
- the performance information of the Company on pages 3 and 4 presents fairly, in all material respects, the Company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company's objectives for the year ended 30 June 2020.

Our audit was completed on 18 September 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, and we explain our independence.

Emphasis of matter - impact of Covid 19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Company as set out in note 4 to the financial statements.

Basis for opinion

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. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our 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.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance 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 financial statements and the performance 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 company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Company's framework for reporting its performance.



- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors 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.

Our responsibilities arise from the Public Audit Act 2001.

Independence

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

Other than the audit, we have no relationship with, or interests in, the Company.

A handwritten signature in black ink, appearing to be "PG" or similar, written over a horizontal line.

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

Financial Statements

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2020

	Notes	2020 Actual \$	2020 Budget \$	2019 Actual \$
REVENUE FROM NON-EXCHANGE TRANSACTIONS				
Grants revenue		1,440,876	1,440,876	1,412,120
Grant funded project revenue		2,199,681	1,799,451	2,135,038
Total revenue from non-exchange transactions	6	3,640,557	3,240,327	3,547,158
REVENUE FROM EXCHANGE TRANSACTIONS				
Tenant income		168,413	136,700	154,262
Total revenue from exchange transactions		168,413	136,700	154,262
TOTAL REVENUE		3,808,970	3,377,027	3,701,420
EXPENSES				
Wages, salaries and other employee costs		1,835,526	1,747,250	1,720,845
Depreciation		43,095	54,000	46,155
Other overhead and administrative expenses	7	1,915,986	1,575,009	1,192,127
TOTAL EXPENSES		3,794,607	3,376,259	3,694,127
Interest income		3,738	-	4,475
Finance costs		(150)	-	(583)
NET SURPLUS/(DEFICIT) FROM FINANCE ACTIVITIES		3,588	-	3,891
OPERATING SURPLUS/(DEFICIT)		17,951	768	11,185
OTHER GAINS/(LOSSES)				
Gain/(loss) on disposal of assets		(704)	-	-
TOTAL OTHER GAINS/(LOSSES)		(704)	-	-
SURPLUS/ (DEFICIT) BEFORE TAX		17,247	768	11,185
Income tax expense	8	-	-	-
SURPLUS/ (DEFICIT) AFTER TAX		17,247	768	11,185
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		17,247	768	11,185

These financial statements have been authorised for issue by the Board of Directors on 18th September 2020

Geoff Capstick
Chair Audit and Risk Committee

18th September 2020

Sarah Petersen
Chair

18th September 2020

These financial statements should be read in conjunction with the notes to the financial statements.

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Financial Statements

Statement of Financial Position

As at 30 June 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current			
Cash and cash equivalents		776,724	845,742
Receivables	9	414,384	215,213
Total current assets		1,191,108	1,060,955
Non-current			
Property, plant and equipment	10	179,852	181,356
Total non-current assets		179,852	181,356
TOTAL ASSETS		1,370,960	1,242,311
LIABILITIES			
Current			
Payables	11	251,723	252,019
Employee entitlements	12	101,123	60,592
Deferred revenue		867,210	791,290
Loans and borrowings	13	-	4,754
Total current liabilities		1,220,056	1,108,654
Non-current			
Loans and borrowings	13	-	-
Total non-current liabilities		-	-
TOTAL LIABILITIES		1,220,056	1,108,654
NET ASSETS		150,903	133,656
EQUITY			
Start-up contributions		100	100
Accumulated funds		150,803	133,556
TOTAL EQUITY		150,903	133,656

These financial statements should be read in conjunction with the notes to the financial statements.

Financial Statements

Statement of Changes in Net Assets

For the year ended 30 June 2020

	Start-up contribution reserve	Accumulated Funds	Total equity
Balance 1 July 2019	100	133,556	133,656
Surplus/ (deficit) for the year	-	17,247	17,247
Total comprehensive revenue and expense	-	17,247	17,247
Balance 30 June 2020	100	150,803	150,903
Balance 1 July 2018	100	122,371	122,471
Surplus/ (deficit) for the year	-	11,185	11,185
Total comprehensive revenue and expense	-	11,185	11,185
Balance 30 June 2019	100	133,556	133,656



These financial statements should be read in conjunction with the notes to the financial statements.

Financial Statements

Statement of Cash Flows

For the year ended 30 June 2020

	2020	2019
	\$	\$
Cash flow from operating activities		
Cash was provided from/(applied to):		
Northland Regional Council Funding	1,803,519	1,666,593
Whangarei District Council Operating Grants	105,000	105,000
Receipts from services provided	1,619,727	1,925,434
Receipts from exchange transactions	157,472	154,262
Net movement in GST	(7,955)	(6,597)
Payments to suppliers	(1,869,548)	(1,978,672)
Payments to employees	(1,835,526)	(1,742,837)
Net cash from/(used in) operating activities	(27,311)	123,183
Cash flow from investing activities		
Cash was provided from/(applied to):		
Proceeds from sale of plant and equipment	-	693
Purchase of plant and equipment	(40,542)	(40,540)
Net cash from/(used in) investing activities	(40,542)	(39,847)
Cash flow from financing activities		
Cash was provided from/(applied to):		
Net Proceed/(Repayment) of borrowings	(4,754)	(9,091)
Interest received	3,738	4,475
Interest paid on borrowings	(150)	(583)
Net cash from/(used in) financing activities	(1,166)	(5,199)
Net (decrease)/increase in cash and cash equivalents	(69,019)	78,137
Cash and cash equivalents, beginning of the year	845,742	767,605
Cash and cash equivalents at end of the year	776,724	845,742

These financial statements should be read in conjunction with the notes to the financial statements.

Financial Statements

Notes to the Financial Statements

For the year ended 30 June 2020

1. Reporting entity

These financial statements comprise the financial statements of Northland Inc Limited (the "Company" or "Entity") for the year ended 30 June 2020.

The financial statements were authorised for issue by the Board of Directors on 18 September 2020.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) Financial Reporting Standards as issued by the New Zealand External Reporting Board (XRB). They comply with New Zealand equivalents to International Public Sector Accounting Standards Reduced Disclosure Regime (NZ IPSAS with RDR) and other applicable Financial Reporting Standards as appropriate to Public Benefit Entities.

The entity is eligible to report in accordance with Tier 2 PBE Accounting Standards on the basis that it does not have public accountability and is not large.

The financial statements have been prepared in accordance with the Local Government Act 2002, which requires compliance with generally accepted accounting practice in New Zealand ("NZ GAAP"). [LGA. 111].

The entity is deemed a public benefit entity for financial reporting purposes, as its primary objective is to provide services to the community for social benefit and has been established with a view to supporting that primary objective rather than a financial return.

(b) Basis of measurement

The financial statements have been prepared on a historical costs basis.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

(c) Presentation currency

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

All numbers are rounded to the nearest dollar (\$), except when otherwise stated.

(d) Changes in accounting policies

There have been no changes to the accounting policy during the year. Certain comparatives have been reclassified to align with current year presentation.

(e) Explanations for major variances from budget

Actual revenues were higher than budgeted due to an increase in grant funded project revenue such as Extension 350 and the Provincial Growth Fund.

Actual expenses were higher than budgeted expenses due to greater spending for specific projects such as Extension 350 and the Provincial Growth Funding which is in line with the increase in revenue.

3. Summary of significant accounting policies

The accounting policies of the entity have been applied consistently to all years presented in these financial statements.

The significant accounting policies used in the preparation of these financial statements are summarised below:

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less.

(b) Debtors and other receivables

Trade debtors and other receivables are measured at their cost less any impairment losses.

(c) Creditors and other payables

Trade creditors and other payables are stated at cost.

(d) Property, plant and equipment

Items of plant and equipment are initially measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additions and subsequent costs

Subsequent costs and the cost of replacing part of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

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

All repairs and maintenance expenditure is charged to surplus or deficit in the year in which the expense is incurred.

Disposals

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

When an item of plant or equipment is disposed of, the gain or loss recognised in the surplus or deficit is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

Depreciation

Depreciation is recognised as an expense in the reported surplus or deficit and measured on diminishing value (DV) basis on all plant and equipment over the estimated useful life of the asset. The following depreciation rates have been applied for each class of plant and equipment:

Vehicles

26 - 30% DV

Office Furniture & Equipment

5 - 67% DV

The residual value, useful life, and depreciation methods of property, plant and equipment is reassessed annually.

These financial statements should be read in conjunction with the notes to the financial statements.

Financial Statements

(e) Leased assets

Leases where the Entity assumes substantially all the risks and rewards incidental to ownership of the leased assets, are classified as finance leases. All other leases are classified as operating leases.

Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

(f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments comprise of trade debtors and other receivables, cash and cash equivalents, other financial assets, trade creditors and other payables, borrowings, and other financial liabilities.

Initial recognition and measurement

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the entity transfers the financial asset to another party without retaining control or substantial all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

All financial assets held by the entity in the years reported have been designated into one classification, "loans and receivables", being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Subsequent measurement of financial liabilities

Trade payables and other borrowings are subsequently measured at amortised cost using the effective interest method.

(g) Employee entitlements

Short-term employee benefits

Employee benefits, previously earned from past services, that the entity expect to be settled within 12 months of reporting date are measured based on accrued entitlements at current rate of pays.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

(h) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The entity assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the entity's own account is recognised as gross revenue in the Statement of Comprehensive Revenue and Expense.

The following specific recognition criteria must be met before revenue is recognised:

Revenue from non-exchange transactions

A non-exchange transaction is where the entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

When non-exchange revenue is received with conditions attached, the asset is recognised with a matching liability. As the conditions are satisfied the liability is decreased and revenue recognised.

When non-exchange revenue is received with restrictions attached, but no requirement to return the asset if not deployed as specified, then revenue is recognised on receipt.

Condition stipulation – funds received are required to be used for a specific purpose, with a requirement to return unused funds.

Restriction stipulation – funds received are required to be used for a specific purpose, with no requirement to return unused funds.

Revenue from exchange transactions

An exchange transaction is where the entity either receives value from another entity and directly gives approximately equal value in exchange, or gives value to another entity and directly receives approximately equal value in exchange.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

(i) Borrowing costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Financial Statements

(j) Income tax

As agreed with Inland Revenue from 2014 financial year, operational grants received address only the operating deficit such that deductible expenses equate to taxable income. The result being that taxable income is nil.

(k) Goods and Services Tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

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.

4. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with NZ IPSAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities,

income and expenses. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

The following are significant management judgements in applying the accounting policies of the entity that have a significant effect on the financial statements:

Deferred Revenue

One area of estimation is the calculation of deferred revenue at each balance date as this involves an assessment of the amount of work completed for each project in relation to the milestones to be achieved to determine the amount of revenue and associated deferred revenue to record.

COVID-19

The Directors note the situation in New Zealand with respect to COVID-19 pandemic, and in particular the impact on the Northland community and the economic environment more generally. At this point COVID-19 has not had a significant direct impact on the Company, other than curtailing aspects of our operations and project completion during the more severe periods of Government imposed lockdown (level 4 and level 3). The Directors do not anticipate significant negative impacts on the Company's funding and liquidity position, and did not need to apply for the Governments wage subsidy scheme for example. However, the situation does remain fluid and it is therefore not possible for the Directors to fully assess the future financial and other impacts of COVID-19 on the Company and the Northland economy more generally. In the event there are further level 3 and level 4 lockdowns this would likely further negatively impact economic activity in the region and the Company's ability to execute on project and generate income from activities such as short-term rental of space at the Orchard facility for example.



5. Capital Management Policy

The entity's capital is its equity, being the net assets represented by retained earnings and other equity reserves. The primary objectives of the entity's capital management policy is to ensure adequate capital reserves are maintained in order to support its activities. The entity manages its capital structure and makes adjustment to it, in light of changes to funding requirements.

Financial Statements

6. Revenue from non-exchange transactions

	2020	2019
	\$	\$
Northland Regional Council Operational Grant Funding	1,335,876	1,307,120
Whangarei District Council Operating Grant Funding	105,000	105,000
Grant Funded Project Income	2,199,681	2,135,038
Total non-exchange revenue	3,640,557	3,547,158

7. Expenses

The following amounts were expensed in the surplus/(deficit) for the year:

	2020	2019
	\$	\$
Audit fees	31,270	32,460
Directors' Fees	133,500	135,000
Motor vehicle expenses	42,096	54,470
Other project activity costs	55,995	113,147
Operating lease payments	107,476	101,598
Project consultants	51,729	45,011
Regional promotions	201,115	253,926
Other expenses	1,292,806	1,191,415
Total	1,915,986	1,927,127

8. Income Tax

	2020	2019
	\$	\$
Revenue as per financial statements	3,808,970	3,701,420
Loss on sale of assets	(704)	-
Total Revenue	3,808,266	3,701,420

Permanent Differences:

Less:

Grants from Local authorities exempt income (sec CX47 of the Income Tax Act)	(1,440,876)	(1,412,120)
Other revenue from grant funded operations	(2,199,681)	(2,135,038)
Total Permanent Differences	(3,640,557)	(3,547,158)

Less:

Deductible expenses	(168,413)	(154,262)
Total Taxable Profit	-	-

9. Receivables

	2020	2019
	\$	\$
Trade debtors	125,989	160,243
Related party receivables	280,057	188
Prepayments	8,338	54,782
Total	414,384	215,213

Receivables are non-interest bearing and receipt is normally on 30 days terms. Therefore the carrying value of trade debtors and other receivables approximates its fair value. As at 30 June 2019 and 2020, all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.

These financial statements should be read in conjunction with the notes to the financial statements.

Financial Statements

10. Property, plant and equipment

Movements for each class of plant and equipment are as follows:

2020	Vehicles	Office Furniture and Equipment	Total
Gross carrying amount			
Cost	187,967	202,160	390,127
Additions	-	42,293	42,293
Disposals	-	(8,479)	(8,479)
Closing balance	187,967	235,974	423,941
Accumulated depreciation and impairment			
Opening balance	130,968	77,803	208,772
Depreciation for the year	16,898	26,197	43,095
Depreciation written back on disposal	-	(7,777)	(7,777)
Closing balance	147,866	96,223	244,089
Carrying amount 30 June 2020	40,101	139,751	179,852

Movements for each class of plant and equipment are as follows:

2019	Vehicles	Office Furniture and Equipment	Total
Gross carrying amount			
Cost	187,967	163,836	351,803
Additions	-	40,542	40,542
Disposals	-	(2,218)	(2,218)
Closing balance	187,967	202,160	390,127
Accumulated depreciation and impairment			
Opening balance	106,926	57,213	164,139
Depreciation for the year	24,042	22,113	46,155
Depreciation written back on disposal	-	(1,523)	(1,523)
Closing balance	130,968	77,803	208,771
Carrying amount 30 June 2019	56,999	124,357	181,356

These financial statements should be read in conjunction with the notes to the financial statements.

Financial Statements

11. Payables

	2020	2019
	\$	\$
Current		
Trade creditors	219,920	223,243
Non trade payables and accrued expenses	47,763	36,780
GST payable/receivable	(15,960)	(8,004)
Total payables	251,723	252,019

Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms; therefore their carrying amount approximates their fair value.

12. Employee entitlements

	2020	2019
	\$	\$
Current		
Accrued salary and wages	47,098	25,198
Provision for Holiday Pay	54,025	35,394
Total	101,123	60,592

Short-term employee entitlements represent the entity's obligation to its current and former employees that are expected to be settled within 12 months of balance date. These mainly consist of accrued holiday entitlements at the reporting date.

13. Loans and borrowings

	2020	2019
	\$	\$
Current		
Northland Regional Council Loan	-	4,754
Total current loans and borrowings	-	4,754
Non-current		
Northland Regional Council Loan	-	-
Total non-current loans and borrowings	-	-
Total loans and borrowings	-	4,754

14. Operating leases

Operating leases are held for premises used for office space and office equipment.

	2020	2019
	\$	\$
Non-cancellable operating leases are payable as follows:		
Less than one year	57,645	90,892
Between one and five years	28,368	86,180
Total	86,013	177,072

These financial statements should be read in conjunction with the notes to the financial statements.

Financial Statements

15. Financial instruments

(a) Carrying value of financial instruments

The carrying amount of all material financial assets and liabilities are considered to be equivalent to fair value. Fair value is the amount for which an item could be exchanged, or a liability could be settled, between knowledgeable and willing parties in an arm's length transaction.

(b) Classification of financial instruments

All financial assets held by the entity that are classified as "loans and receivables" are carried at cost less accumulated impairment losses.

All financial liabilities held by the Company are carried at amortised cost using the effective interest rate method. The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities.

2020	Loans and receivables	Held-to-maturity investments	Total
Financial assets			
Cash and cash equivalents	776,724	-	776,724
Trade debtors and other receivables	406,046	-	406,046
Other financial assets	-	-	-
Total	1,182,770	-	1,182,770
Financial liabilities			
Trade creditors and other payables	-	251,723	251,723
Loans and borrowings	-	-	-
Other financial liabilities	-	-	-
Total	-	251,723	251,723
2019	Loans and receivables	Held-to-maturity investments	Total
Financial assets			
Cash and cash equivalents	845,742	-	845,742
Trade debtors and other receivables	160,431	-	160,431
Other financial assets	-	-	-
Total	1,006,172	-	1,006,172
Financial liabilities			
Trade creditors and other payables	-	252,019	252,019
Loans and borrowings	-	4,754	4,754
Other financial liabilities	-	-	-
Total	-	256,773	256,773

These financial statements should be read in conjunction with the notes to the financial statements.

Financial Statements

16. Contingent assets and contingent liabilities

Ninc are seeking clarification of the ownership of the assets purchased for the set up of the Kai Hub. The cost of these assets were \$17,827. The entity paid for these assets from the funds they received through their contract with KDC. The contract includes an allowance for set up costs with no mention that ownership will be retained by KDC.

(b) Northland Regional Council

Northland Regional Council owns all 100 shares in Northland Inc Limited and is the ultimate controlling party. During the year Northland Inc Limited received grants from Northland Regional Council. This is included in revenue and income in advance. Total amount of grant/funding received in the year was \$1,803,519 (2019 \$1,983,768). At balance date, Northland Regional Council owes Northland Inc Ltd \$280,057 (2019 \$188)

17. Commitments

The entity has no capital commitments at the end of the reporting period.

18. Events after the reporting period

There were no significant events after the balance date.

19. Related party transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the entity.

The entity has a related party relationship with its shareholder Northland Regional Council, its Directors and other key management personnel.

Transactions with related parties

The following transactions were carried out with related parties:

(a) Key management compensation

Key management personnel include the Board of Directors and Senior Management.

	2020	2019
	\$	\$
Salaries and other short-term employee benefits	627,770	629,389
Directors Fees	133,500	135,000
Total remuneration	761,270	764,389
Number of persons recognised as key management personnel	12	14

NorthlandInc

Growing Northland's Economy

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TITLE: Working Party Updates and Chairpersons' Briefings

ID: A1371144

From: Sally Bowron, Strategy, Governance and Engagement Team Admin/PA

Authorised by Ben Lee, GM - Strategy, Governance and Engagement, on date 14 October
Group Manager: 2020

Recommendation

That the report 'Working Party Updates and Chairpersons' Briefings' be received.

Te Taitokerau Māori and Council Working Party (TTMAC) (Co-Chairs: Cr Robinson; Rudy Taylor)

The TTMAC Working Party met on 10 September 2020. The topics for discussion included:

- Māori Elected Members on Council
- Northland Inc Update
- Long Term Plan 2021-2031
- Overview of the government's action for healthy waterways package (August 2020)
- Tāngata Whenua Water Advisory Group
- Regional marae-based hui

Following discussion, the TTMAC Working Party provided advice on the following next steps:

- That the following recommendation and a supporting paper from the TTMAC tāngata whenua caucus be presented to council to inform their decision at October's council meeting:
"That the TTMAC Maori Caucus seeks that the Northland Regional Council resolves to establish Māori constituencies for the 2022 local body election to support and grow existing participation and relationships with Te Taitokerau Māori and to enable compliance with Te Tiriti o Waitangi."
- That the council write to the new Chair of Local Government New Zealand (LGNZ) and the new Prime Minister to request that the government remove sections 19ZA to 19ZG of the Local Electoral Act 2001 (LEA) that allows for polls on the establishment of Māori wards or constituencies. These provisions do not apply to other wards and constituencies and marks them as unfair to Māori and inconsistent with being Treaty partners
- That a maximum six-member tāngata whenua subgroup, with economic development or other relevant expertise, be established to work with Northland Inc on input into their annual Statement of Intent and overall economic development strategy
- That Co-chairs work on prioritising agenda items by fitting them within the agreed six priority areas, allowing TTMAC to work more effectively within the available time.
- That staff come back to TTMAC before the end of the year around council decisions on the Long-term Plan.
- That TTMAC tāngata whenua members be asked for their feedback on the purpose of regional hui and how meetings were managed through the COVID-19 restrictions.

TITLE: Council River Working Group Updates

ID: A1372742

From: Leah Porter, PA/Administrator Environmental Services

Authorised by Jonathan Gibbard, Group Manager - Environmental Services, on date 13
Group Manager: October 2020

Recommendation

That the report 'Council River Working Group Updates' be received.

Whangarei Urban Rivers Working Group (Chair: Cr Jack Crow)

The Whangarei Urban Rivers Working Group met on 8 September 2020. The topics for discussion included:

- July 2020 Rain event
- Budget Overview
- Works Programme 2019/2020 & 2020/2021
- Blue Green Network Updates

Following discussion, the Whangarei Urban Rivers Working Group agreed on the following next steps:

- Approach WDC to ensure eradication of willows in Hatea River between Whangarei Falls and Whareora Road Bridge
- Talk to Consents Team regarding process and notification to iwi
- Further investigation and modelling to be undertaken for identified flood risk areas

Awanui River Working Group (Chair: Cr Colin Kitchen)

The Awanui River Working Group met on 25 September 2020. The topics for discussion included:

- Budget overview
- Works Programme
- Awanui River Restoration
- Awanui Scheme Upgrade
- Shovel ready Project Update

Following discussion, the Awanui River Working Group agreed on the following next steps:

- Further discuss the lease or purchase of the Dunn St property.
- Contact DOC & FNDC for confirmation of newly appointed representatives
- Contact FNDC regarding contamination and storm water issues.

TITLE: Business with the Public Excluded

Executive Summary

The purpose of this report is to recommend that the public be excluded from the proceedings of this meeting to consider the confidential matters detailed below for the reasons given.

Recommendations

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matters to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

Item No.	Item Issue	Reasons/Grounds
9.1	Confirmation of Confidential Minutes - 15 September 2020	The public conduct of the proceedings would be likely to result in disclosure of information, as stated in the open section of the meeting.
9.2	Human Resources Report	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(a).
9.3	Commercial Tenant Rent Relief	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h) and the withholding of which is necessary to enable council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).

3. That the Independent Council Advisors be permitted to stay during business with the public excluded.
-

Considerations

1. Options

Not applicable. This is an administrative procedure.

2. Significance and Engagement

This is a procedural matter required by law. Hence when assessed against council policy is deemed to be of low significance.

3. Policy and Legislative Compliance

The report complies with the provisions to exclude the public from the whole or any part of the proceedings of any meeting as detailed in sections 47 and 48 of the Local Government Official Information Act 1987.

4. Other Considerations

Being a purely administrative matter; Community Views, Māori Impact Statement, Financial Implications, and Implementation Issues are not applicable.