



Far North District Council

Annual Report 2011/12



Vision & Mission



The Far North

Te Taitokerau ki te Raki

Frontier of Opportunity

Te Huarahi Whakapuare o nga Moemoea

Far North District Council's Mission:

Nga Mahi Whakahiahia o te Kauhihera

- To provide effective leadership and responsive, affordable services
Kia tika te mahi arahi i te iwi; horo rawa te tuku, iti rawa te utu
- To value our diverse lifestyles and unique environment
Whakanuitia nga mea o te rangi, o te whenua, tae atu ki tena, ki tena o tatou
- To build trust within stronger and safer communities
Kia hanga ai te whakapono, te kaha me te rangimarie, i waenganui i nga iwi
- To promote economic, social and cultural advancement of the Far North
Kia haere mua ai Te Taitokerau i nga kaupapa e pa ana ki te oranga tangata



Introduction

The purpose of the Annual Report is to look at Council's accomplishments in the financial year from 1 July 2011 to 30 June 2012. The Annual Report is the primary means of advising the Far North community of Council's financial and non financial performance during the 2011/12 financial year against the objectives set out in the Council's Long Term Community Plan 2009/19 and the 2011/12 Annual Plan budget. The Annual Report also outlines challenges which the Far North community has faced.

This Annual Report 2011/12 is the third in the series to be produced in the measurement against our 10 Year Plan 2009/19 (otherwise now known as the Long Term Plan). For this reason, we have branded this report the "Third year into our footprint on the future".

Council has taken the decision to reduce its impact on the environment by not printing the full Annual Report document. Instead a compact disk (CD) version is available and the full printed Annual Report is available online at www.fndc.govt.nz Both are available by request.

Activity Groups at a Glance

Council core services are categorised into activity groups. These groups and the primary services associated with each are as follows:

Roads and Stormwater

- Road Network
- Stormwater

Water and Waste Management

- Water Supply
- Wastewater
- Refuse and Recycling

District Facilities

- Airports and Maritime
- Cemeteries, Public Toilets and Town Maintenance
- Community Centres, Halls, Museums and Pensioner Housing
- Community and Economic Development
- i-SITEs
- Libraries
- Lighting, Carparks and Footpaths
- Motor Camps
- Community Activities – Recreation

Sustainable Environment and Consents

- Development Consents
- District Plan and Structure Planning

Governance and Corporate

- Customer Services
- Field Services
- Finance and Business Performance
- Governance
- Human Resources
- Māori Development

More details about these activity groups are on pages 86-183.



Message from the Mayor

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Kia ora tatou

Council may have kept a tight lid on expenditure growth in 2011/12, limiting spending to 'must do' works. The depressed economic conditions were also an opportunity for it to reduce borrowings. By the end of the financial year, Council had cut historical debt by \$8 million. Other achievements on behalf of ratepayers included a long overdue restructuring of the Infrastructure and Asset Management department and a major overhaul of the way roading priorities are set.

We also found ways to do things cheaper and completed a comprehensive review of the rating system. Most submitters supported fairer rating proposals in our Draft Long Term Plan 2012/22. However, some felt that a targeted road rate, which shifted the burden of roading costs from residential to forestry and farming sectors, contained anomalies. Councillors decided to defer the introduction of this rate for a further 12 months to provide more time to address the concerns of these submitters.

Despite budgetary constraints, Council was able to meet its commitments and complete a number of capital projects, including the \$14 million Te Ahu Centre which Lieutenant General The Right Honourable Sir Jerry Mateparae opened in February.

A good example of how Council adopted innovative approaches to reduce costs was the Kaeo sewerage scheme upgrade where about \$400,000 was saved by adapting a natural treatment process that is used in other parts of New Zealand and overseas. Looking ahead, a big challenge facing Council will be to apply the same innovative, cost conscious approach to the proposed Bay of Islands Wastewater Scheme.

An important milestone in 2011/12 was the completion of an aerial geophysical survey of Northland, which

Council helped fund. The survey results generally confirmed earlier reports by GNS Science and the New Zealand Institute of Economic Research who estimated that growing Northland's mining industry could increase the region's gross domestic product by \$280 million a year. It is now up to mining interests to establish whether exploitation of the mineral resource is economically viable. Communities will be able to have their say in setting the environmental standards for any mining proposals via the Resource Management Act process.

In other areas of economic development, Council agreed to sponsor the annual Snapper Bonanza surfcasting competition at Ninety Mile Beach and the State Paihia Classic Ocean Swim from Russell to Paihia for another year. We will be looking this year to further initiatives to encourage both visitors and new residents to the Far North.





Negotiations with landowners along the route of the Pou Herenga Tai - Twin Coast Cycle Trail have been ongoing and Council plans to complete the section between Kawakawa and Kaikohe before the end of the year. Staff are consulting the community over the use of the road between Okaihau and Horeke and hope to designate this section of the trail by March 2013.

Council introduced performance managed contracts for the maintenance of its roading assets during the year. The contracts reflect a new roading hierarchy classification system which stipulates standards to which roads are to be maintained.

We also completed a comprehensive inspection and audit of all bridges and structures on our road network. We will use information gained from this exercise to establish a forward works programme of maintenance, repairs and replacement.

This work, combined with improvements in the way we manage our roading asset, should result in better maintenance of the basic infrastructure that is needed to push the Far North forward in the years ahead.

Ka kite ano

Mayor Wayne Brown



Message from the Chief Executive



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Kia ora tatou

As projected, the economy in the Far North has continued to decline over the last 12 months with key indicators still showing no signs of meaningful growth. This provided for testing times with an emphasis on financial consolidation and the need to better manage existing resources.

The end of year financial result shows how well this consolidation has been achieved and reflects the efforts which have been made to cut costs. We have had to do more with less and to think beyond the square to make savings.

At the beginning of the year it had been projected that the debt to revenue ratio would reach 115% but through efficiencies and careful management we completed the year with an actual debt to revenue ratio of 95%. This improvement was largely the result of internal operating efficiencies including some \$322,000 in savings as a result of process improvements and \$1.86 million in savings as a result of new procurement and asset management efficiencies.

There was an overall reduction in public debt of close to \$8 million to finish the year with the total public debt standing at \$100.7 million.

The year saw a dramatic change in the way our major infrastructure such as roads, water and wastewater are being managed. Among the changes made was the decision to bring back contract management and supervision in house. The full impact of the major restructuring which has taken place is expected to show through in the new

financial year (2012/13) with projected savings going forward of greater than \$1 million per annum.

Because of the restrictive effect of the depressed economy, it has enabled the administrative changes which have been made to be bedded in without any significant disruptions to services. This is well illustrated in the most recent independent customer satisfaction survey which shows a general trend of improvement in service levels.

There was a significant increase in satisfaction for maritime assets, but a disappointing downturn in households taking responsibility for personal welfare during civil defence emergencies. Although many of the key performance indicators (KPI) have increased since 2010/11, we have still been able to maintain the status quo in a number of areas. Of particular note is in the customer services area in which council office visits reached a 92% satisfied or very satisfied response,





the free phone service a 78% favourable response and written communications an 82% favourable response all above the KPI targets set at the beginning of the year.

The total number of building consents issued reached 1,054 but only 239 of these related to residential properties. This compares with a total of 1,243 consents issued of which 293 were of a residential nature in 2010/11. A similar pattern is evident with resource consents where the number of new lots created over the year reached 296, down from 591 the previous year. While there is still a way to go, the customer satisfaction statistics again showed an upward trend which reflects the efforts which are being made to speed up service delivery and to make it easier for the community to navigate the complex Resource Management Act and Building Act requirements.

While the major area of public spending, the roading network, received only a 55% satisfaction response, it was still above the KPI target set and was within acceptable parameters given the current government Road Subsidy policy which effectively confines council spending to maintenance and minor safety improvements. However Council was able to complete the Waipapa Road (Stage 3) and Waimate North Road roading projects, the Wireless Road, Ngawha and Kaeo wastewater projects and 7 significant footpath extension or renewal projects.

Overall the survey found Council's performance has lifted from 76% general satisfaction in 2010/11 to 79% satisfaction in the year under review. While there is still clearly room for further improvement, it was a good result given the financial restrictions which Council has faced and the limitations on capital expenditure.

David Edmunds – Chief Executive



Our District

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The Far North is the most northerly district in New Zealand, sharing its southern boundaries with Kaipara and Whangarei districts.

Together, the 3 districts make up the Northern region. With 7,324 km², the Far North district is the largest of the 3 districts, contributing 54% of the land area and 38% of the region's population. This land area includes a significant amount of unrateable land belonging to Department of Conservation and Māori. The number of rateable properties is 35,615. The Far North District Council is the second largest Local Authority in terms of land area in the North Island after Auckland Council.

The district has 2,347km's of coastline which includes offshore islands and 9 major harbours. Most of the land is rural; resulting in 15 widely dispersed small urban settlements with populations of between 500 and 6,000 people. The 3 service towns of Kerikeri, Kaikohe and Kaitia have the largest permanent populations. Home ownership in the Far North is higher than the average for New Zealand and rental costs are lower compared with the national average.

The district in December 2011 had a 20,951 strong labour force with a varied skill base, in part mirroring the district's diverse heritage, culture and knowledge. This diversity gives the district's people the opportunity to make lifestyle choices. The district was serviced by 7,545 local businesses. The retail sector employs the largest percentage of workers at 17.7%.

The 2006 census put the usual resident population of the Far North district at 55,845. Because of the Christchurch earthquake the new census has been postponed to May 2013. However, the population for the district is predicted to currently be 59,500 (total population) by Statistics New Zealand. In the 2006 census, 39.6% of the district's population indicated that they belonged to the New Zealand Māori ethnicity group. This compares with a national average for Māori ethnicity of 14%. Between 2001 and 2006, the Far North's population grew by 2.3% with substantially higher levels of growth in many settlements on the eastern seaboard. In addition, the Far North receives a large influx of visitors during the summer season with population conservatively estimated at around 110,000 at any one time. Drawn by the district's beautiful beaches and harbours, these visitors more than treble the population of some coastal settlements at peak times.

At the last census there were about 16,000 families in the district of which approximately half have children. The average household size was about 2.7 people, which equates with the national average.

Major contributors to GDP in both 2010 and 2011 were the retail and wholesale trade followed by agriculture (including forestry and horticulture), finance and insurance are the next fastest growth areas.



Representatives

As at 30 June 2012



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Back Row - Left to right:

Fran Mikulicic - General Manager Environmental Management, David Penny - General Manager Infrastructure and Asset Management, Cr Colin Kitchen, Cr Tom Baker, Cr Steve McNally, Bernard Murphy - General Manager Corporate Services, David Edmunds - Chief Executive

Front Row - Left to right:

Cr Di Maxwell, Cr Monty Knight, Cr Ann Court, His Worship the Mayor Wayne Brown, Cr Tracy Dalton, Cr Mate Radich, Cr Sally Macauley

Portfolios

Mayor Brown

- LGNZ Zone 1
- Sewerage / Water Working Party
- Sister Cities Representatives
- NRC / Mayoral Forum
- Te Ahu Charitable Trust
- Northland Regional Transport Committee
- Building & Planning
- NZ Historic Places Trust / Society for the preservation of the Kerikeri Stone Store Area
- Chief Executive Performance Review Committee
- Kororipo / Kerikeri Basin Governance Group



Councillor Court

Rubbish
Māori Rates Working Party
Sewerage / Water Working Party
National Marine Park for Northland Working Group
Chief Executive Performance Review Committee
NRC / Mayoral Forum
LGNZ Zone 1
Building & Planning

Councillor Kitchen

Northland Civil Defence Emergency Management Group
Kaeo River Liaison Committee
Northland Conservation Board / DOC liaison person

Councillor Baker

Northland Road Safety Forum
Sewerage / Water Working Party
Building & Planning

Councillor McNally

District Facilities
Far North Holdings Limited
Kerikeri Waipapa River Liaison Group
Chief Executive Performance Review Committee
Sewerage / Water Working Party
Sport Northland / Regional Physical Activity Strategy and other sporting activities
Rooding South
Northland Regional Transport Committee
NRC Environmental Management Committee and sub committee (Regional Water & Soil plan for Northland Working Group)

Councillor Maxwell

Northland Conservation Board / DOC liaison person
Audit & Finance (Chairperson)
NRC Environmental Management Committee and sub committee (Regional Water and Soil Plan for Northland Working Group)
Kaeo River Liaison Committee
Chief Executive Performance Review Committee
Kerikeri Waipapa River Liaison Group
Kaikohe Pioneer Village
Kerikeri Waipapa River Liaison Group

Councillor Knight

District Facilities
Sister Cities Representatives
Māori Rates Working Party
Te Ahu Charitable Trust
Kerikeri Civic Trust
Creative Communities Funding & Assessment Committee

Councillor Radich

Northland Road Safety Forum
Sport Northland / Regional Physical Activity Strategy and other sporting activities
Awanui River Liaison Committee
Māori Rates Working Party

Councillor Macauley

Kaikohe Pioneer Village
Kerikeri Civic Trust ('The Douglas Turner Centre')
Creative Communities Funding Assessment Committee – (Chairperson)
Northland Civil Defence Emergency Management Group
District Facilities
Disability Action Group



Bay of Islands - Whangaroa Community Board

As at 30 June 2012



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Back Row - Left to right:

Johnson Davis (Elected: October 2010), Terry Greening (Elected: October 2010), Harko Brown (Elected: October 2010), Bruce Mills (Elected: October 2010)

Front Row – Left to right:

Sheryl Bainbridge (Advisory Services Officer), Belinda Ward (Elected: October 2010), Florence Annison (Elected: October 2007), Doug Turner (Elected: October 2010)

Appointments

Florence Annison

NZ Historic Places Trust / Society for the preservation of the Kerikeri Stone Store Area

Florence Annison

Disability Action Group

Florence Annison

Kororipo / Kerikeri Basin Governance Group

If you need to contact a Community Board Member, then either refer to the contact details on *page 187* of this document or www.fndc.govt.nz/contact-us



Kaikohe - Hokianga Community Board

As at 30 June 2012



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Left to right:

James Hikurangi (Hiku) Cherrington (Elected: October 2007), Mark Anderson (Elected: October 2010), John Schollum (Elected: May 2008 (By Election)), Warren Gundry (Elected: October 2010), Win Stephens (Elected: October 2007), Leif Pakai (Elected October 2010)

Front Row:

Aisha Huriwai (Council Advisory Officer)

Appointments

John Schollum

LGNZ Zone 1 Community Board Executive Committee

Mark Anderson

Inter Council Working Party on GMO's

If you need to contact a Community Board Member, then either refer to the contact details on *page 187* of this document or www.fndc.govt.nz/contact-us



Te Hiku Community Board

As at 30 June 2012



Left to right:

Wilhelmus (Willy) Van Der Sluis (Elected: October 2007), Clara Lugnet (Elected: October 2010), Sydney Lawrence (Lawrie) Atkinson (Elected: October 2007), Dennis Bowman (Elected: October 2010), Yvonne Smith (Elected: October 2010), David Senior (Elected: October 2007), Sheryl Bainbridge (Advisory Services Officer)

Appointments

Dennis Bowman

Refuse

David Senior

Disability Action Group

David Senior

LGNZ Zone 1 Executive Committee (Deputy Member)

If you need to contact a Community Board Member, then either refer to the contact details on *page 187* of this document or www.fndc.govt.nz/contact-us

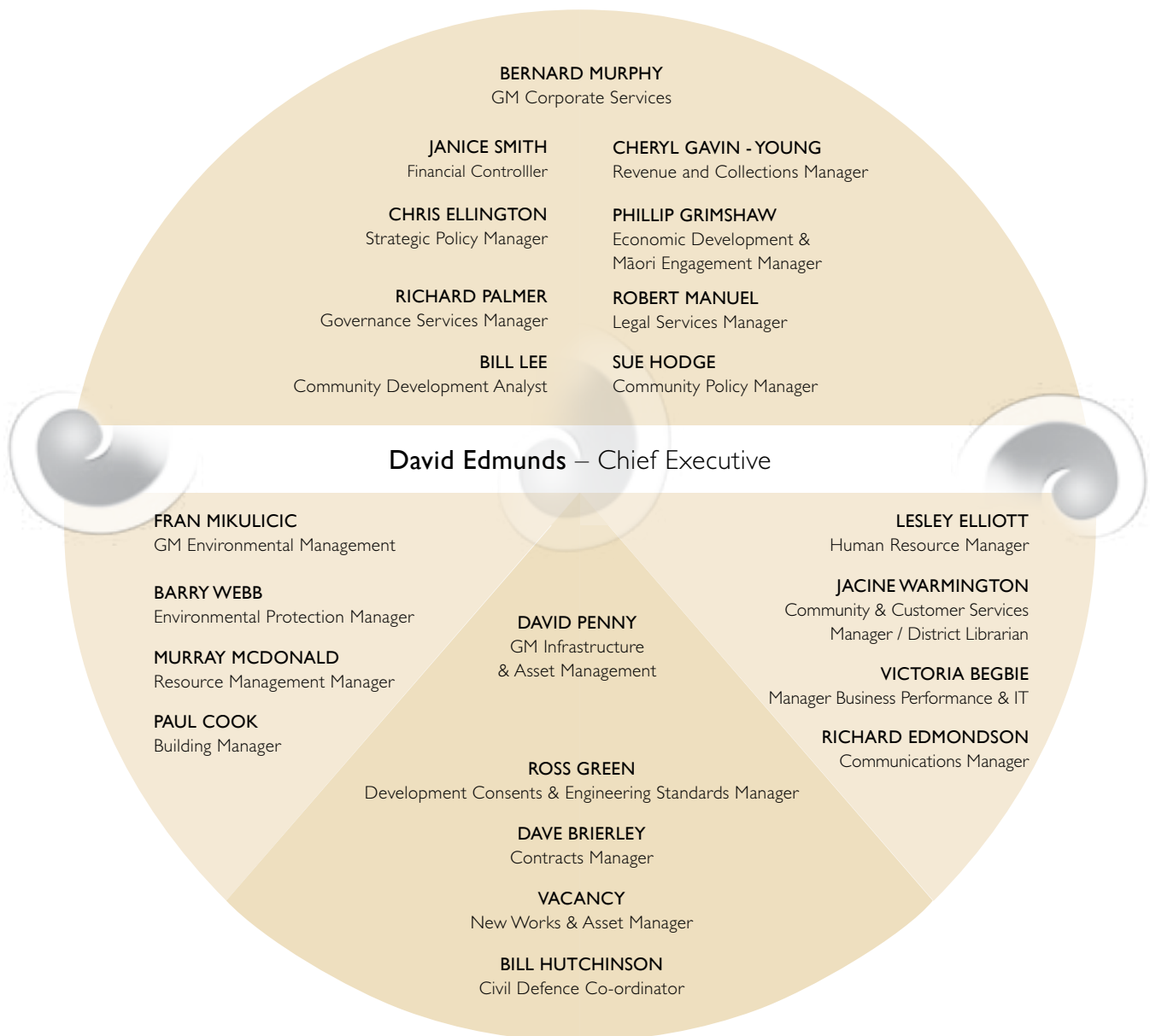


The Organisation

As at 30 June 2012

The Organisation Structure

The Senior Management Group (SMG) includes the General Management Team and all department managers. SMG is characterised by a broad & diverse skill set. The group includes gender, age, sector and geographical diversity, all contributing to the strength of the administration underpinning the directions of Council. There are twenty three (23) department managers within the SMG.



Planning and Reporting Framework

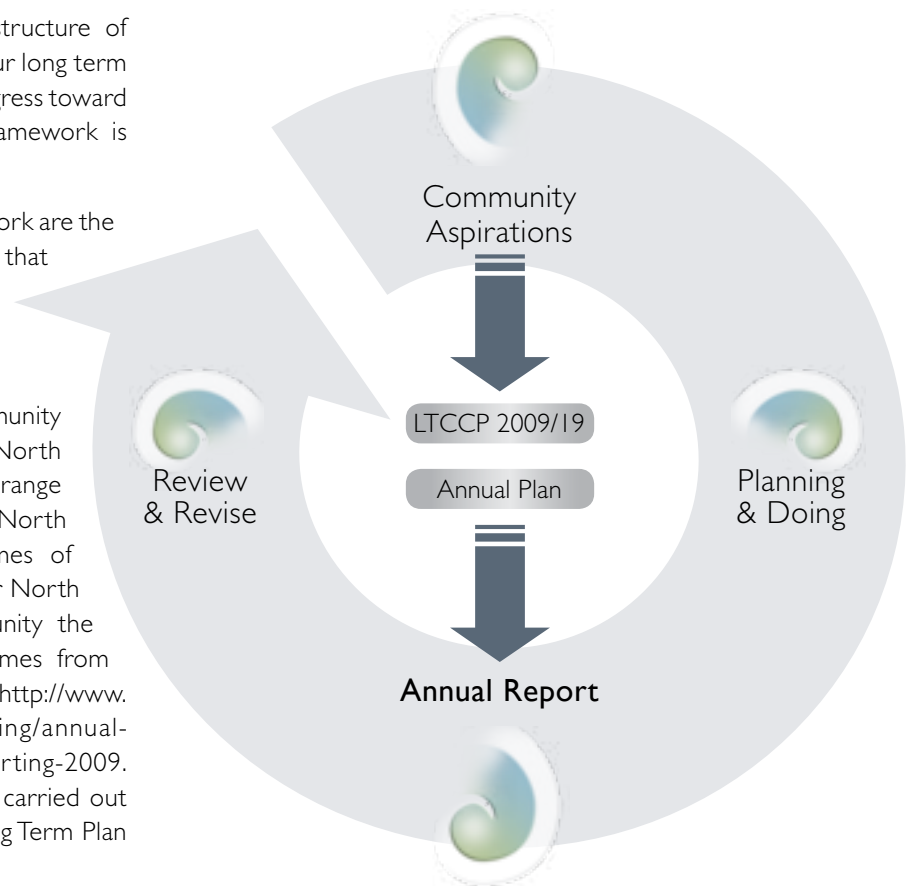
Far North District Council has a tiered structure of strategies, plans and reports which set out our long term vision, and provide for ongoing review of progress toward that vision. This planning and reporting framework is shown in the diagram below.

The 2 most important aspects of this framework are the community aspirations linked to each plan, that sit below and the continuous monitoring and review at the side, which is undertaken at every level.

At the top of this framework are Community Aspirations. In preparing the 2006 Far North Future Plan, Council undertook a wide range of consultation processes with the Far North community to identify issues and outcomes of importance to local people. In 2009 the "Far North Futures Report" explained to the community the progress made towards community outcomes from 2006 to 2009. (Please visit our website <http://www.fndc.govt.nz/your-council/strategic-planning/annual-report-20082009/Far-North-Futures-Reporting-2009.pdf> to view a copy of this report.) Council carried out outcomes determination as part of the Long Term Plan 2012/22 process.

Underneath is the Long Term Council Community Plan (LTCCP). All councils in New Zealand are required to review and refresh the LTCCP every 3 years. This document builds on the direction set in 2009 and tells you what Council has achieved since then. It also takes into account international and national trends and the new issues and challenges facing our district 3 years on. Council conducted a consultation process for the LTP 2012/22 in March / April 2012 to encourage community input.

Following that is the Annual Plan. All councils in New Zealand are required to produce an Annual Plan. The plan is effectively a 1 year slice of the LTP. It identifies what Council sees as the big issues and challenges facing the Far North over the next year and how it aims to address them. It tells you about Council's activities and what it is planning to do next, how much it will all



cost and how you will be able to judge what has been achieved. Council will conduct a community consultation process for the next Annual Plan 2013/14 in March / April 2013.

Lastly, an important aspect of the framework is to measure and report on Council's progress against the LTCCP 2009/19 in the Annual Report. Council is required to publish an Annual Report at the end of the financial year to provide audited information on service performance and financial operations.

This planning and reporting framework ensures that all Council activities and resources are directed to achieving the LTCCP 2009/19 and ensures a high level of accountability at each level so that all actions are carried out and are consistent with Council's key strategic direction.

Legislation amendment: The Long Term Council Community Plan (LTCCP) will be renamed the Long Term Plan (LTP), change will take effect from 1st July 2012 for the LTP 2012/22.



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Audit Report

Independent Auditor's Report

To the readers of Far North District Council and group's annual report for the year ended 30 June 2012

The Auditor General is the auditor of Far North District Council (the District Council) and group. The Auditor General has appointed me, John Scott, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, statements of service performance and other information required by schedule 10 of the Local Government Act 2002 (other information) of the District Council and group on her behalf.

We have audited:

- the financial statements of the District Council and group on pages 25 to 71, that comprise the statement of financial position as at 30 June 2012, the statement of financial performance and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the statements of service performance of the District Council and group on pages 74 to 183 that includes other information required by schedule 10 of the Local Government Act 2002.

Opinion on the financial statements, statements of service performance and other information

In our opinion:

- The financial statements of the District Council and group on pages 25 to 71:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the District Council and group's financial position as at 30 June 2012; and the results of its operations and cash flows for the year ended on that date.
- The statements of service performance of the District Council and group on pages 74 to 175:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council and group's levels of service for the year ended 30 June 2012, including the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and the reasons for any significant variances between the actual service and the expected service.
- The other information of the District Council and group contained in the financial statements on pages 19 and 176 to 183, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 25 October 2012. This is the date at which our opinion is expressed.

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



Basis of opinion

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

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, statements of service performance and other information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, statements of service performance and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, statements of service performance and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council and group's financial statements, statements of service performance and other information that fairly reflect the matters to which they relate. We consider internal control 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 District Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the District Council;
- the adequacy of all disclosures in the financial statements, statements of service performance and other information;
- determining the appropriateness of the reported statements of service performance within the District Council's framework for reporting performance; and
- the overall presentation of the financial statements, statements of service performance and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, statements of service performance and other information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the District Council

The District Council is responsible for preparing:

- financial statements and statements of service performance that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the District Council and group's financial position, financial performance and cash flows; and
 - fairly reflect its service performance, including achievements compared to forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.



Audit Report

The District Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, statements of service performance and other information that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, statements of service performance and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit and carrying out the audit of the long term plan, we have no relationship with or interests in the District Council.



John Scott
Audit New Zealand
On behalf of the Auditor General
Auckland

Statement of Compliance

Compliance

Council and management of the Far North District Council are responsible for preparing this report and financial statements and confirm that all statutory requirements of the Local Government Act 2002 have been complied with.

In our view this Annual Report fairly reflects the financial position, performance outcomes and operating results of the Council and its subsidiaries for the year ended 30 June 2012.

Responsibility

Council and management of the Far North District Council accept responsibility for the preparation of the annual financial statements and the Statement of Service Performance and the judgements used in them.

Council and management of the Far North District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non financial reporting.

In the opinion of Council and the management of the Far North District Council, the annual financial statements and statements of service performance for the year ended 30 June 2012 fairly reflect the financial position, performance and operations of the Far North District Council and Group.



Wayne Brown
MAYOR
25th October 2012



David Edmunds
CHIEF EXECUTIVE
25th October 2012



Our Financial Highlights... *at a Glance*

Council has recorded a net surplus of \$3.0 million

The net surplus is calculated using the formula:

$$\text{Total income} - \text{total expenses} = \text{net surplus}$$

The main factors contributing to the variance against budget of \$6.2million are detailed in note 33 of the Annual Report.

Council budgeted for a surplus of \$9.2 million in the 2011/12 Annual Plan. The majority of the reported surplus represents funding received from third parties for capital purposes. As this income is received for specific capital projects, it cannot be used to offset rates.

Understanding the Council's result for the year ended 30 June 2012

The underlying financial performance outlined below shows an adjusted surplus of \$7.9 million versus the budgeted surplus for the year after the exclusion of fair value movements and other items that are not cash expenditure. There were 4 items which have had an impact on the adjusted surplus for the year.

The first item was in line with the reduction in valuations identified within 2010/11 Annual Report which saw a significant reduction of \$6.6m. This was passed through the accounts as an expense in line with accounting standard requirements. A revaluation of some of the same assets in 2011/12 has resulted in a small revaluation gain that has also been passed through the accounts as a reversal of the prior year expense in line with accounting standards.

The second item was a loss on disposal of property, plant & equipment of \$6,576k. This item is not a cash item and is therefore added back to the recorded surplus.

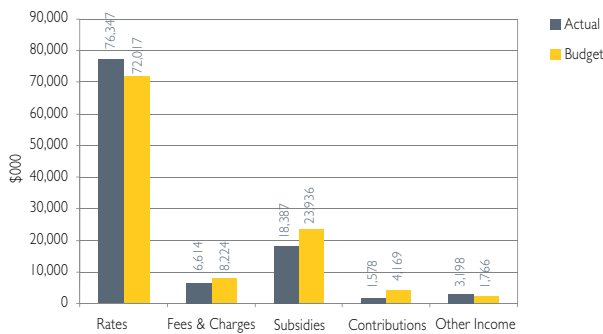
The third item was that Council has decreased its provision for bad and doubtful debts by \$1.049 million during the year.

Lastly, a reduction in the provisioning for weather-tight home claims has also arisen totaling \$0.4 million. Council does not have a significant exposure to weather-tight home claims but is making suitable provisions to offset potential future costs.

	2012 \$000'S
Reported council surplus	2,997
1. Gain on valuation through P&L	(208)
2. Loss on disposal on property, plant & equipment	6,576
3. Decrease in provision bad debt	(1,049)
4. Decrease in weather tight home costs	(386)
Adjusted surplus	7,930
Budgeted surplus	9,170
Movement in surplus	1,240



Where our funds come from



Council receives income from a range of sources. These can be broken down into 5 main categories as shown in the graph above.

Rates

Rates income is the cumulative total that is charged to the ratepayers of the district. It encompasses the general rate, uniform annual general charges as well as targeted rates.

Fees & charges

Fees & charges cover a range of activities within Council. Building consent fees, resource consent fees, hire charges, bulk water purchases and rents.

Subsidies

These are payments that Council receives largely from NZTA towards both operational and capital costs associated with the district's roading network. Other subsidies can be received in relation to water and wastewater schemes as well as contributions towards replacement of rural fire equipment. These are much smaller in value and variable in nature.

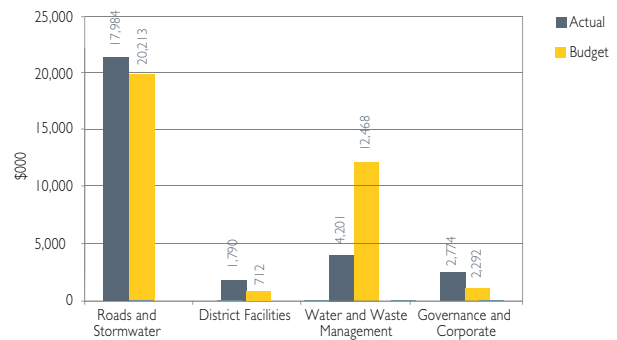
Contributions

These are mainly development contributions but also include vested assets and other minor contributions. Vested assets are items of infrastructure that are vested in Council by a developer and are unbudgeted in any year.

Other income

Other income relates mainly to recoveries and includes income received in relation to rural fire events. Dividends and petrol tax are also included in this group.

Building our assets (capital expenditure)



We spent \$8,936k less on capital projects than was budgeted. Our total expenditure for the year ended 30 June was \$26,749k compared to a budget of \$35,685k.

Groups under spent in capital expenditure were:

- Roading capital expenditure down by \$2,229k. This was mainly due to a reduction in the programme of work approved by NZTA;
- District facilities capital expenditure above budget by \$1,078k. Projects were completed during the year that had been brought forward from the prior year;
- Water, wastewater and refuse capital expenditure down by \$8,267k. This is mainly due to the delay on commencing major projects around Hihi and Paihia wastewater schemes and the Rawene water scheme; and
- Governance and corporate capital expenditure above budget by \$482k. Projects were completed during the year that had been brought forward from the prior year.

More information is provided in the appropriate Statement of Service Performance on pages 74-175 of this report.



Financial Report

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Financial Overview

Council aims to ensure that it is able to maintain infrastructure and assets at the expected levels, while at the same time maintaining costs at an affordable level for the community. To bridge the expenditure gap, rates increased by an average of 4% in 2011/12, to provide ongoing levels of service to the community within the constrained economic climate.

The 2009/19 LTCCP strategy expresses the strategic objectives and strategies of Council's plan in financial terms. The strategy projects Council's financial commitments for 10 years and enables Council to identify and analyse trends of significance and provide for sound financial planning and decision making.

Understanding the Financial Report

Introduction

The financial report shows how Council performed during the 2011/12 financial year and the overall position at the end of the financial year being 30 June 2012.

Council presents its report in accordance with NZIAS 1 Presentation of Financial Statements (revised 2007).

Particular terms required by the NZIAS may not be familiar to some readers. Council is a Public Benefit Entity and therefore some of the generally recognised terms used in private sector company reports may not be appropriate to Council's reports.

Council is committed to accountability. It is in the context that this 'plain english guide' has been developed to assist readers understand and analyse the financial report. Further, Council has set out a glossary with a view to assist readers who may not be familiar with reading Financial Statements.

What is contained in the Annual Report?

Council's Annual Report has 1 set of statements broken into 3 parts:

- Consolidated Financial Statements;
- Notes to the Financial Statements; and
- Statements of Service Performance reflecting actual service performance for financial and non financial information and the identified effects on social, economic, environmental or cultural wellbeing.

Financial Statements

There are 5 main statements. These statements are prepared by Council staff, and then audited by the Office of the Auditor-General who has appointed Audit New Zealand to audit these statements.

The 5 main statements are included on the first few pages of the financial report. They are called Statement of Financial Performance, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows.

Statement of Financial Performance

The Statement of Financial Performance (also referred to as the Profit & Loss Account) shows all of Council's





revenue earned and expenses incurred for the 12 months up to 30 June. Revenue includes income received from rates and other income such as investment income, rent and fees while expenses includes costs such as operating costs, interest payments and depreciation.

This statement shows how the surplus or (deficit) is arrived at. The net surplus or (deficit) recorded in the Statement of Financial Performance is added or subtracted from Council's equity as shown in the Statement of Changes in Equity.

Statement of Comprehensive Income

The Statement of Comprehensive Income shows the non owner changes in equity (net assets) for Council during the 12 months ending 30 June. This includes the net operating surplus / (deficit) plus movements in reserves. These items would include unrealised gains on asset revaluations and appropriations from the Statement of Financial Performance to restricted reserves.

Statement of Financial Position

The Statement of Financial Position (also referred to as the Balance Sheet) shows the assets and liabilities of the Council as at 30 June. Assets include cash, accounts receivable (money owed to Council but not yet received), investments, land, buildings, operational and infrastructure assets.

Current assets are amounts owed to Council that are expected to be received within the next 12 months while current liabilities are Council's short term debts that are due to be paid within the next 12 months.

Property, plant and equipment are of a permanent nature and are held for the benefit of the community. Non current liabilities represent money owed by Council that does not need to be paid within the next 12 months.

The total sum of assets and liabilities is referred to as net assets. This is the net worth of Council as at 30 June.

Net assets are represented by public equity which is the total accumulation of retained earnings, capital reserves, restricted and other reserves.

Statement of Changes in Equity

During the course of the year the value of total equity as set out in the Statement of Financial Position changes. The Statement of Changes in Equity shows the values of such changes and how these changes arose.

The main reasons for changes in equity arise from:

- The "profit or loss" from operations;
- The revaluation of fixed assets; and
- Movements in other reserves.

Statement of Cash Flows

The Statement of Cash Flows summarises Council's cash payments and cash receipts for the year. This statement is presented according to a very specific accounting standard and needs some care in analysis. The values may differ from those shown in the Statement of Financial Performance because the Statement of Financial Performance is prepared on an accrual accounting basis.



Cash in this statement refers to bank deposits and other forms of highly liquid investments that can readily be converted to cash.

Council's cash arises from, and is used in, 3 main areas:

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts

All cash received into Council's bank account from ratepayers and others who owed money to Council. Receipts also include the interest earnings from Council's cash investments.

Payments

All cash paid by Council from its bank account to staff, creditors and other persons. It does not include the costs associated with the sale of assets.

CASH FLOWS FROM INVESTING ACTIVITIES

This section shows the cash invested in the creation or purchase of property, plant or equipment, infrastructure, investment property and intangible assets and the cash received from the sale of these assets.

CASH FLOWS FROM FINANCING ACTIVITIES

This is where the receipt and repayment of borrowed funds are recorded, as well as any movement in deposits held by Council.

The bottom line of the Statement of Cash Flows is the cash at the end of the financial year. This shows the capacity of Council to meet its cash debts and other liabilities.

Statement of Accounting Policies and Notes to the Financial Statements

The Statement of Accounting Policies is a very important and informative section of the report. To enable the reader to understand how the values shown in the 5 main financial statements are established, details of Council's Accounting Policies can be found on *page 25 to 36*.

As well as accounting policies, the notes also give the details behind many of the summary figures contained in the main statements. The note numbers are shown beside the relevant items in the main statements.

Where Council wishes to disclose other information which cannot be incorporated into the main statements, this is shown in the notes.

Other notes with specific disclosures include:

- The breakdown of expenses, revenues, reserves and other assets;

- Contingent liabilities and contingent assets;
- Transactions with persons related to Council;
- Remuneration; and
- Financial instrument risk.

The notes should be read at the same time as, and together with, the other parts of the financial statements to get a clear picture of the accounts.

Auditor-General's Report

The independent Audit Report provides the reader with an external opinion on the Financial Statements, Notes to Financial Statements and Statements of Service Performance. It confirms the Annual Report has been prepared in accordance with Schedule 10 of the Local Government Act 2002 and professional standards and that it represents a fair picture of the financial affairs of the Council.

Statements of Service Performance

Statements of Service Performance reflect actual service performance for financial and non financial information and the identified effects on social, economic, environmental or cultural wellbeing.



Statement of Accounting Policies

FOR THE YEAR ENDED 30 JUNE 2012

Reporting Entity

The Far North District Council is a territorial Local Authority governed by the Local Government Act 2002 and is domiciled in New Zealand. The financial statements reflect the operations of Far North District Council and its subsidiaries, Far North Holdings Limited (100% owned), Rolands Wood Trust and the Te Ahu Charitable Trust, and are prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with Generally Accepted Accounting Practice (GAAP).

Far North District Council has designated itself and the group to be a Public Benefit Entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Far North District Council's primary objective is to provide goods and services for community or social benefit and any equity has been provided with a view to supporting that primary objective rather than for a financial return. All available reporting exemptions allowed under the framework for Public Benefit Entities have been adopted.

The financial statements are for the year to 30 June 2012 and were authorised by Far North District Council for issue on 25 October 2012.

Basis of Preparation

Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for Public Benefit Entities.

Measurement base

The financial information has been prepared on a historical cost basis, modified by the revaluation of

forestry assets, certain classes of property, plant and equipment, certain classes of intangible assets and investment property.

Functional and presentation currency

The financial statements are presented in New Zealand dollars (NZD) and are rounded to the nearest thousand dollars (\$000's). The functional currency of the Council and its subsidiaries is New Zealand dollars.

Changes in accounting policies

The accounting policies set out below have been applied consistently to the financial statements. No changes have been made to these policies during the financial year.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments)

These were issued in May 2011 with the purpose of harmonising Australia and New Zealand's accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction.

Standards and interpretation issued and adopted

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted by the group

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach



to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus / (deficit). The new standard is required to be adopted for the year ended 30 June 2016. However, as a new accounting standards framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by Public Benefit Entities.

The Minister of Commerce has approved a new accounting standards framework (incorporating a tier strategy) developed by the External Reporting Board (XRB). Under this accounting standards framework, Far North District Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, Council is unable to assess the implications of the new accounting standards framework at this time.

Due to the change in the accounting standards framework for Public Benefit Entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to Public Benefit Entities. Therefore, the XRB has effectively frozen the financial reporting requirements for Public Benefit Entities up until the new accounting standard framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude Public Benefit Entities from their scope.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted by Far North Holdings (FNHL)

These include the following standards and interpretations that are applicable to the business of the entity and may have an impact on future financial statements.

NZ IAS 1 (Amendment) Presentation of Items of Other Comprehensive Income

The amendments to NZ IAS 1 will be adopted by the Company for the first time for its financial reporting

period ended 30 June 2013 (31 May 2014). The amendment requires the Company to group together items within Other Comprehensive Income (OCI) that may be reclassified to the profit or loss section of the Statement of Comprehensive Income. The amendment will merely require a change in presentation on the face of the Statement of Comprehensive Income.

NZ IAS 12 Income Taxes

The amendments to NZ IAS 12 will be adopted by FNHL for the first time for its financial reporting period ending 30 June 2013. The amendment provides a "rebuttable presumption" as an exception to the deferred tax general measurement principles for investment property measured using the fair value model in accordance with IAS 40, as well as investment property acquired during a business combination and accounted for in accordance with IFRS 3 Business Combinations – so long as the investment property is then subsequently measured using the fair value model.

NZ IAS 19 Employee Benefits

The amendments to NZ IAS 19 will be adopted by the company for the first time for its financial reporting period ended 30 June 2014 (31 May 2013). The amendments to IAS 19 will require the Company to determine whether an employee benefit is short term or long term based on when payment is expected and not when payment can be demanded.

In addition, where termination benefits include a future service obligation, these cannot be treated as termination benefits under NZ IAS 19 going forward.

Specific Accounting Policies

(a) Basis of consolidation

The acquisition method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses, on a line by line basis. All significant intra group balances, transactions, income and expenses are eliminated on consolidation.

Subsidiaries

The Council consolidates in the group financial statements all entities where Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.



Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The consideration transferred in an acquisition of a subsidiary reflects the fair value of the asset transferred by the acquirer and liabilities incurred by the acquirer to the former owner.

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

Joint venture

A joint venture is a contractual arrangement whereby 2 or more parties undertake an economic activity that is subject to joint control. For jointly controlled operations, Council and group recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of income that it earns from the joint venture.

(b) Budget Figures

The budget figures are those approved by Council after consultation with the public as part of the Annual Plan/ LTP process. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Far North District Council for the preparation of the financial statements.

(c) Cost Allocation

The Far North District Council has derived the net cost of service for each significant activity of Council using the cost allocation system outlined below. Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity / usage information.

(d) Criteria for Direct and Indirect Costs

“Direct costs” are those costs directly attributable to a significant activity.

“Indirect costs” are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

The costs of internal services not directly charged to activities are allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area.

(e) Cost of Service Statement

The Cost of Service Statements, as provided in the Statement of Service Performance, report the net cost of services for significant activities of Council, and are represented by the costs of providing the service less all directly related revenue that can be allocated to these activities.

(f) Property, Plant and Equipment

Property, plant and equipment shown at cost or valuation, less accumulated depreciation and impairment losses.

Property, plant & equipment consists of:

(i) Operational assets

These include land, buildings, improvements, plant and equipment, and motor vehicles.

(ii) Restricted assets

Restricted assets are parks and reserves owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

(iii) Infrastructural assets

Infrastructure assets are the fixed utility systems owned by Council. Each asset type includes all items that are required for the network to function; for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

(g) Revaluations

Far North District Council accounts for revaluations of property, plant and equipment on a class of asset basis. Valuations are performed with sufficient regularity to ensure that their carrying amount is not materially different to their fair value. Carrying values of revalued assets are assessed annually to ensure they do not differ materially to fair value. If there is a material difference then a revaluation is performed.

All assets are valued at historical cost, except the following assets which are shown at fair value, based on periodic valuations by independent valuers, less subsequent depreciation:

- Roading infrastructural assets;
- Stormwater infrastructural assets;
- Water and sewerage infrastructural assets;
- Drainage infrastructural assets;
- Maritime assets;
- Footpaths and footbridges;
- Carparks;
- Refuse transfer stations;



- Library books;
- Ferry assets;
- Heritage assets; and
- Community facilities buildings.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Comprehensive Income. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the Statement of Comprehensive Income will be recognised first in the Statement of Comprehensive Income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

ADDITIONS

Additions between valuations are recorded at cost, except for vested assets. Certain infrastructure assets and land have been vested in Council as part of the sub divisional consent process. The vested reserve land has been valued at 50% of the surrounding residential land as per an appropriately certified government valuation. Vested infrastructure assets have been valued based on the actual quantities of infrastructure components vested and the current unit rates for that component provided by the most recent valuation.

DISPOSALS

Gains and losses are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to retained earnings.

DEPRECIATION

Depreciation is provided for on a straight line basis on all property, plant & 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. Assessed economic life is calculated using the methodology in the New Zealand Institute of Asset Management (NZIAM) manual.

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

OPERATIONAL ASSETS:

Runways	10 yrs	10%
Buildings	40 – 100 yrs	1 – 2.5%
Motor vehicles	3 – 5 yrs	20 – 33%
Plant and machinery	1 – 40 yrs	2.5 – 100%

Wharves (concrete)	50 – 85 yrs	1.25 – 2%
Wharves (timber), moorings & ramps	30 – 50 yrs	2.3 – 3%
Office furniture & equipment	5 – 15 yrs	6.67 – 20%
Computers	3 – 7 yrs	20 – 33%
Library books	3 – 45 yrs	2.22 – 33%
Heritage assets	10 – 140 yrs	0.71 – 6.7%

INFRASTRUCTURAL ASSETS:

Roads

Top surface (seal)	12 – 50 yrs	2 – 8.33%
Pavement (base course) – sealed	15 – 35 yrs	2.85 – 6.67%
Culverts, cesspits	30 – 100 yrs	1 – 3.33%
Footpaths	15 – 70 yrs	1.4 – 6.7%
Kerbs	50 – 80 yrs	1.3 – 2%
Street lights	25 – 60 yrs	1.67 – 4%
Signs	10 – 15 yrs	6.67 – 10%
Bridges	50 – 100 yrs	1 – 2%

Water Reticulation

Pipes	40 – 100 yrs	1 – 2.5%
Valves, hydrants	50 – 70 yrs	1.43 – 2%
Pump stations	10 – 50 yrs	2 – 10%
Tanks / dams	40 – 80 yrs	1.25 – 2.5%

Sewerage Reticulation

Pipes	30 – 100 yrs	1 – 3.33%
Manholes	80 yrs	1.25%
Treatment plant	5 – 80 yrs	1.25 – 20%

Stormwater Systems

Pipes	30 – 120 yrs	0.83 – 3.33%
Manholes	100 yrs	1%

Improvements to leased assets are depreciated over the shorter of the unexpired period of the leases and the estimated useful lives of the improvements. The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Land is not depreciated.

SUBSEQUENT COSTS

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

ASSETS UNDER CONSTRUCTION

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

(h) Intangible Assets

Intangible assets that are acquired by the Far North



District Council are stated at cost less accumulated amortisation. Easements, resource consents, public access rights, software, coastal permits and licences are included in this category.

COMPUTER SOFTWARE

Acquired computer software systems are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives at a rate of 10 - 33% per annum.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

OTHER INTANGIBLE ASSETS

Other intangible assets that are acquired by Far North District Council are stated at cost less accumulated amortisation and impairment losses. Easements and resource consents are included in this category and have useful lives as follows:

Resource consents	5 – 25 years	4 – 20%
Easements	100 years	1%
Software	3 – 10 years	10 – 33%
Public access rights	10 – 50 years	2 – 10%

Where Council invests at least \$100,000 in a project, but will not ultimately own an asset, and the community has the right to use the facility, and in terms of the contract, that right exists for longer than 12 months, the cost of the right will be treated as an intangible asset. In all instances the cost will be amortised over the shorter of 60% of the expected life of the asset or the term of the contract rights.

COASTAL PERMITS AND LICENCES

The coastal permits and licences are recorded at fair value in accordance with annual independent valuation obtained from the same valuer who values the property, plant and equipment and investment property. Assumptions made by the valuer are that the coastal permits and licences will be renewed. The coastal permits and licences are for a finite period, however, it is expected that these will be renewed on an ongoing basis. Due to signalled legislative changes and the uncertainty surrounding the future occupation of the seabed and foreshore, it has been deemed prudent to amortise the coastal permits and licences over the unexpired period, whereas in 2009 the permits and licences were considered to have an infinite life and were not amortised.

SUBSEQUENT EXPENDITURE

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it

relates, and it meets the definition of, and recognition criteria for, an intangible asset. All other expenditure is expensed as incurred.

AMORTISATION

An intangible asset with a finite useful life is amortised over the period of that life, annually assessed for indicators of impairment and tested for impairment if indicators of impairment exist and carried at cost less accumulated amortisation and accumulated impairment losses.

An intangible asset with an indefinite useful life is not amortised, but is tested for impairment annually, and is carried at cost less accumulated impairment losses.

(i) Forestry Assets

Forestry assets are stated at fair value less point of sale costs and are independently revalued to estimated market valuation based on net present value. The net gain or loss arising from changes in the forest asset valuation is included in the Statement of Financial Performance. All revenues from harvesting are recognised in the Statement of Financial Performance when realised.

Related costs are expensed as incurred.

(j) Employee Entitlements

Short term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured 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, and sick leave.

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

A liability and an expense are recognised for bonuses where Council or group has a contractual obligation or where there is a past practice that has created a constructive obligation.

Defined contribution schemes

Obligations for contributions to Kiwisaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or (deficit) when incurred.



(k) Equity

Equity is the community's interest in Council and its subsidiaries, and is measured as the difference between total assets and liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that Council makes of its accumulated surpluses. The components of equity are:

- Accumulated funds;
- Restricted reserves;
- Property revaluation reserves;
- Fair value through other comprehensive income reserves; and
- Cash flow hedge reserve.

Accumulated funds

- Retained earnings; and
- Capital reserves.

Restricted reserves

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

Funds that are received or set aside for particular purposes, and have legislative restrictions placed upon them, are considered as restricted funds. These include some special funds or reserves and sinking funds created prior to the repeal of the Local Authorities Loans Act. The portion of these funds not required in the current year has been shown as restricted funds.

Restricted reserves are those reserves subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Council created reserves are reserves established by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Property revaluation reserves

These reserves relate to the revaluation of property, plant and equipment to fair value.

Fair value through other comprehensive income reserves

This reserve comprises the cumulative net change in the fair value through other comprehensive income assets.

Cash flow hedge reserves

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

(l) Debtors and Other Receivables

Short term debtors and other receivables are stated at expected face value, less any provision for impairment.

A receivable is impaired when there is objective evidence that Council will not be able to collect amounts due. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or (deficit). When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

(m) Revenue

Revenue is measured at the fair value of consideration received or receivable.

Rates revenue

Rates are set annually by resolution from 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 classified as a non exchange transaction and is recognised when levied. Rates collected on behalf of the Northern Regional Council are not recognised in the financial statements, as Council is acting as an agent. Water billing revenue is recognised on an accrual basis. Unbilled sales, as a result of unread meters at year end, are accrued on an average usage basis.

Government grants

Grants from the government, such as New Zealand Transport Agency (NZTA) roading subsidies, are recognised at their fair value where there is a reasonable assurance that the grant will be received and Far North District Council will comply with all attached conditions.

Services rendered

Revenue from services rendered is recognised in the Statement of Financial Performance in proportion to the stage of completion of the transaction at the Statement of Financial Position date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or continuing management involvement with the goods.



Sale of goods

Revenue from fees & charges is recognised in the Statement of Financial Performance when the significant risks and rewards of ownership have been transferred to the buyer.

Development contributions

The revenue recognition point for development contributions is the later of the point when Council provides or is ready to provide the service for which the contribution is levied or the event that will give rise to a requirement for a development contribution under the legislation.

Rental income

Rental income from investment property is recognised in the Statement of Financial Performance on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Other grants and bequests

Other grants and bequests, and assets vested in Council – with or without conditions – are recognised as revenue when control over the assets is obtained. Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue when control over the asset is obtained.

Dividends

Dividends are recognised on an accrual basis net of imputation credits when the right to receive the dividend is established.

Third party / agency income

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

Interest

Interest income is recognised using the effective interest method.

(n) Creditors and Other Payables

A liability is recognised when the service has been received or the goods received or when it has been established that the rewards of ownership have been transferred from the seller / provider to Council and when it is certain that an obligation to pay arises. Short term creditors and other payables are initially measured at fair value and are subsequently measured at amortised cost.

(o) Leases

Finance lease

Leases that effectively transfer to the lessee substantially all risks and benefits incident to ownership of the leased item are classified as finance leases. At the commencement of the lease term, Far North District Council recognises the finance leases as assets and capitalises them at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the Statement of Financial Position. The leased assets are depreciated over the shorter of the lease term or its useful life.

Liabilities are recognised in the Statement of Financial Position. The leased assets are depreciated over the shorter of the lease term or its useful life.

Operational lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses in the periods in which they are incurred.

(p) Borrowing

Borrowing

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Financial Performance over the period of the borrowings on an effective interest basis.

Borrowing costs

A Public Benefit Entity that elects to defer the application of NZ IAS 23 (revised 2008) shall expense borrowing costs in accordance with NZ IAS 23 (2004). Far North District Council has elected to defer application and borrowing costs are recognised in the period in which they are incurred.

(q) Development Costs

Expenditure on development projects is carried forward to be expended against future revenue to be derived from the project. Expenditure carried forward is expensed in the Statement of Financial Performance at such time Council determines that the project has ceased or no identified future benefits will be derived.



(r) Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

(s) Financial Assets

Far North District Council classifies its investments in the following categories:

i) Financial assets or financial liabilities at fair value through profit or loss

This category has 2 sub categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Far North District Council does not have any financial assets that meet this definition.

ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Financial Performance. Loans and receivables are classified as "trade and other receivables" in the Statement of Financial Position.

iii) Held to maturity investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Far North District Council does not have any financial assets that meet this definition.

iv) Available for sale financial assets

Available for sale financial assets are non derivatives that are either designated in this category or not classified in any of the other categories. Financial assets that are included in this category are shares in Local Government Insurance Corporation Limited.

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

Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

For the purposes of the parent company financial statements, Far North District Council equity investment in its subsidiary company is stated at cost.

(t) Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST apart from trade payables and trade receivables. Where GST is not recoverable as an input tax then it 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 or 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.

(u) Inventories and Work In Progress

Inventories are valued at the lower of cost (determined on a first in first out basis) and net realisable value. This valuation includes allowances for slow moving and obsolete inventories. Work in progress is valued at cost. Inventories held for distribution at no charge, or for a nominal amount, are stated at the lower of cost and current replacement cost.

The write down from cost to current replacement cost or net realisable value is recognised in the Statement of Financial Performance.

(v) Investment Properties and Properties Intended for Resale

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both.

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

After initial recognition, Far North District Council measures all investment properties at fair value determined annually by an independent valuer. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Any gain or loss arising from a change in fair value is recognised in the Statement of Financial Performance.



There is no depreciation on investment properties.

Rental income from investment property is accounted for as described in the accounting policy for revenue recognition.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in the Statement of Financial Performance.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent recording. When Far North District Council or its subsidiary begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on fair value, and is not reclassified as property, plant and equipment during the redevelopment.

(w) Provisions

A provision is recognised in the Statement of Financial Position when Council has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Landfill post – closure costs

Council as an operator of both closed and operational landfills has a legal obligation under the Resource Management Act (1991) to provide ongoing maintenance and monitoring services at the landfill sites after closure. A provision for post closure costs is recognised as a liability when the obligation for post closures costs arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account ongoing future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure.

Far North District Council measures landfill assets using the cost model with changes in the provision for decommissioning costs being added to, or deducted

from, the asset value until closure of the asset, at which time all changes to the provision are taken to the Statement of Financial Performance.

The discount rate used is a pre tax rate that reflects current market assessments of time value of money and risks specific to the Council.

(x) Statement of Cash Flows

Cash or cash equivalents means cash balances on hand, held in bank accounts, demand deposits of 3 months or less and other highly liquid investments in which Council or its subsidiary invests as part of its day to day cash management.

Operating activities include cash received from all income sources of Council and record the cash payments made for the supply of goods and services. Agency transactions (for example, the collection of regional council rates) are recognised as receipts and payments in the Statement of Cash Flows given that they flow through Council's main bank account.

Investing activities are those activities relating to the acquisition and disposal of non current assets.

Financing activities comprise the change in equity and debt capital structure of Council and its subsidiary, FNHL.

(y) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Financial Performance except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.



A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(z) Impairment

Non financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite life are reviewed for impairment when ever events or changes in circumstances indicate that the carry amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of an asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential.

The carrying amounts of Far North District Council and the group's assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Statement of Financial Performance. Impairment losses on revalued assets offset any balance in the asset revaluation reserve, with any remaining impairment loss being posted to the Statement of Financial Performance.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the Statement of Financial Performance, a reversal of the impairment loss is also recognised in the Statement of Financial Performance.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the Statement of Financial Performance.

(ab) Non Current Assets Held for Sale

Non current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is

recognised for any subsequent increases in fair value less costs to sell of an asset but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non current asset is recognised at the date of de-recognition.

Non current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities classified as held for sale continue to be recognised.

Non current assets classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

(ac) Financial Instruments

Council undertakes financial instrument arrangement as part of its normal operations. These financial instruments include cash and bank balances, investments, receivables, payables and borrowings. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

(ad) Critical Accounting Estimates and Assumptions

In preparing these financial statements, Far North District Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill aftercare provision

Note 18 discloses an analysis of the exposure of Far North District Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Infrastructural Assets

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset. Far North District Council may be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, such as stormwater, wastewater and water supply pipes that are underground. This risk is

minimised by Council performing physical inspections and assessments;

- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. If useful lives do not reflect the actual consumption of the benefits of the asset, then Far North District Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Financial Performance.

To minimise this risk, Far North District Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based upon past experience.

Experienced independent valuers perform Council's infrastructural asset revaluations.

(ae) Derivative Financial Instruments and Hedge Accounting

Far North District Council uses derivative financial instruments to hedge interest rate risks arising from financing activities. In accordance with its Treasury Policy, Far North District Council does not hold or issue derivative financial instruments for trading purposes.

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

The associated gains or losses of derivatives that are not hedge accounted are recognised in the Statement of Financial Performance. Far North District Council designates certain derivatives as either:

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

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

The full fair value of hedging derivatives is classified as non current if the remaining maturity of the hedged item is more than 12 months and as current if the remaining maturity of the hedged item is less than 12 months.

Fair value hedge

The gain or loss from remeasuring the hedging instrument at fair value, along with the changes in the fair value on the hedged item attributable to the hedged risk, is recognised in the Statement of Financial Performance. Far North District Council only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the Statement of Financial Performance within "finance costs". The gain or loss relating to the ineffective portion is recognised in the Statement of Financial Performance as part of "gains" or "other expenses". Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk are recognised in the Statement of Financial Performance within "finance costs".

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

Cash flow hedge

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised directly in equity through the Statement of Changes in Equity and the ineffective portion of the gain or loss on the hedging instrument is recognised in the Statement of Financial Performance as part of "gains" or "other expenses".

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity will be reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. However, if Far North District Council expects that all or a portion of a loss recognised directly in equity will not be recovered in one or more future periods, it will reclassify into profit or loss the amount that is not expected to be recovered.

When a hedge of a forecast transaction subsequently results in the recognition of a non financial asset or a non financial liability, or a forecast transaction for a non financial asset or non financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the associated gains and losses that were



recognised directly in equity will be included in the initial cost or carrying amount of the asset or liability.

If a hedging instrument expires or is sold, terminated, exercised or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that remains recognised directly in equity from the period when the hedge was effective will remain separately recognised in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that remains recognised directly in equity from the period when the hedge was effective will be recognised in the Statement of Financial Performance.

CRITICAL JUDGMENTS IN APPLYING FAR NORTH DISTRICT COUNCIL'S ACCOUNTING POLICIES

Management has exercised the following critical judgments in applying the Far North District Council accounting policies for the period ended 30 June.

CLASSIFICATION OF PROPERTY

FNDC owns a number of properties which are maintained primarily to provide housing to pensioners. The receipt of market based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the Far North District Council's social housing policy. These properties are accounted for as property, plant and equipment.

Financial Statements

Council and Consolidated Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	CONSOLIDATED		ACTUAL 2012 \$000s	COUNCIL BUDGET 2012 \$000s	ACTUAL 2011 \$000s
		ACTUAL 2012 \$000s	ACTUAL 2011 \$000s			
OPERATIONS						
<i>Income</i>						
Rates income	1	76,347	72,209	76,347	72,016	72,209
Other income	2	39,818	40,087	29,777	32,328	37,701
Other gains		0	434	0	0	0
Total operating income		116,165	112,730	106,125	104,344	109,911
<i>Expenditure</i>						
District facilities		13,226	17,513	13,226	11,174	17,513
Corporate & governance		18,493	16,637	13,017	12,562	13,234
Sustainable environment & consents		7,343	9,434	7,343	9,078	9,434
Roads & stormwater		22,982	18,312	22,982	15,602	18,312
Water, wastewater & refuse		14,618	14,149	14,618	13,294	14,149
Subsidiary related		1,029	292	0	0	0
Depreciation / amortisation costs	12,13	26,065	24,771	25,471	24,948	24,317
Finance costs	6	7,024	6,853	6,470	8,517	6,187
Total operations expenditure	4,5	110,780	107,961	103,127	95,174	103,145
Share of associate profit / (loss)		0	211	0	0	0
NET OPERATING SURPLUS BEFORE TAX		5,385	4,980	2,997	9,170	6,765
Tax benefit from discontinued operations	7	0	(242)	0	0	0
Tax expense	7	(790)	58	0	0	0
NET OPERATING SURPLUS		6,175	5,164	2,997	9,170	6,765

The figures shown for 2012 in terms of depreciation and amortisation do not agree to the totals shown in notes 12 and 13 by \$1,096k as the depreciation on corporate activities is allocated directly to the activities shown above.

The Statement of Accounting Policies (pages 25 to 36) and the Notes to the Financial Statements (pages 42 to 70) form an integral part of these financial statements.



Council and Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2012

NOTE	CONSOLIDATED		ACTUAL 2012 \$000s	COUNCIL BUDGET 2012 \$000s	ACTUAL 2011 \$000s
	ACTUAL	ACTUAL			
	2012	2011			
Surplus / (deficit) for the year	6,175	5,164	2,997	9,170	6,765
Other comprehensive income					
Gains on asset revaluations	63,629	(179,576)	61,939	48,106	(179,631)
Fair value through equity reserve	(40)	(22)	(40)	0	(22)
Movement in cash flow hedge reserve	(366)	(268)	(366)	0	(268)
Restricted reserves	(266)	1,879	(266)	0	1,879
Movement in other reserves	415	(6,714)	424	14,280	(3,506)
Total comprehensive income for the year	69,548	(179,537)	64,688	71,556	(174,783)

Reconciliation between Activity Costs and Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2012

NOTE	CONSOLIDATED		ACTUAL 2012 \$000s	COUNCIL BUDGET 2012 \$000s	ACTUAL 2011 \$000s
	ACTUAL	ACTUAL			
	2012	2011			
Total operating surplus / (deficit)	6,175	5,164	2,997	9,170	6,765
Activity cost of service statements					
District facilities	166	(4,657)	166	(413)	(4,657)
Corporate & governance	5,964	4,499	2,788	2,003	6,100
Roads & stormwater	(1,520)	4,025	(1,520)	3,186	4,025
Sustainable environment & consents	1,465	(583)	1,465	0	(583)
Water, wastewater & refuse	99	1,880	99	4,394	1,880
Total operating surplus / (deficit) for the year	6,175	5,164	2,997	9,170	6,765
Statement of comprehensive income	69,548	(179,537)	64,688	71,556	(174,783)
Variance	63,372	(184,701)	61,691	62,386	(181,548)
Represented by:					
Gains on asset revaluations	63,629	(179,576)	61,939	48,106	(179,631)
Fair value through equity reserve	(40)	(22)	(40)	0	(22)
Movement in cash flow hedge reserve	(366)	(268)	(366)	0	(268)
Restricted reserves	(266)	1,879	(266)	0	1,879
Movement in other reserves	415	(6,714)	424	14,280	(3,506)
	63,372	(184,701)	61,691	62,386	(181,548)

The Statement of Accounting Policies (pages 25 to 36) and the Notes to the Financial Statements (pages 42 to 70) form an integral part of these financial statements.

Council and Consolidated Statement of Financial Position

AS AT 30 JUNE 2012

	NOTE	CONSOLIDATED		ACTUAL 2012 \$000s	COUNCIL BUDGET 2012 \$000s	ACTUAL 2011 \$000s
		ACTUAL 2012 \$000s	ACTUAL 2011 \$000s			
PUBLIC EQUITY						
Other reserves	21	278,626	215,404	274,410	482,194	212,878
Restricted reserves	21	2,975	3,406	1,472	24	1,903
Retained earnings	21	1,312,389	1,305,663	1,291,886	1,361,069	1,288,300
Public equity		1,593,990	1,524,443	1,567,768	1,843,286	1,503,081
represented by:						
CURRENT ASSETS						
Cash & cash equivalents	8	3,058	4,530	2,665	2,313	3,328
Debtors & other receivables	9	32,955	31,685	32,553	34,691	32,219
Other financial assets	11	2,314	2,481	1,995	0	2,162
Properties available for sale	31	500	855	0	0	0
Inventories	10	174	157	98	67	95
Current assets		39,001	39,708	37,311	37,071	37,804
Less:						
CURRENT LIABILITIES						
Creditors & other payables	17	19,656	22,706	18,529	18,783	20,491
Borrowings	20	7,012	13,530	7,012	4,018	13,525
Provisions	18	102	40	102	71	40
Employee benefits	19	1,777	1,624	1,663	1,269	1,507
Current liabilities		28,547	37,900	27,306	24,141	35,563
Working capital		10,454	1,808	10,005	12,930	2,241
NON CURRENT ASSETS						
Other financial assets	11	46	86	46	107	86
Forestry assets	14	480	423	480	321	423
Intangible assets	13	5,146	4,133	12,601	3,361	3,194
Investment properties	15	32,263	30,448	0	0	0
Investments in subsidiaries	16	0	0	12,000	12,000	12,000
Property, plant & equipment	12	1,655,910	1,599,777	1,628,326	1,932,002	1,582,999
Non current assets		1,693,845	1,634,867	1,653,453	1,947,791	1,598,702
NON CURRENT LIABILITIES						
Borrowings	20	103,994	105,118	93,704	116,227	95,798
Trade & other payables	17	1,129	1,174	0	0	0
Employee benefits	19	0	0	0	0	0
Derivative financial instruments	32	731	365	731	97	365
Deferred tax liability	7	3,199	3,873	0	0	0
Provisions	18	1,255	1,698	1,255	1,114	1,698
Non current liabilities		110,308	112,228	95,690	117,438	97,862
Net assets		1,593,990	1,524,443	1,567,768	1,843,286	1,503,081

The Statement of Accounting Policies (pages 25 to 36) and the Notes to the Financial Statements (pages 42 to 70) form an integral part of these financial statements.



Council and Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2012

NOTE	CONSOLIDATED		ACTUAL 2012 \$000s	COUNCIL BUDGET 2012 \$000s	ACTUAL 2011 \$000s
	ACTUAL 2012 \$000s	ACTUAL 2011 \$000s			
OPENING BALANCE	1,524,443	1,703,980	1,503,081	1,771,730	1,677,864
Total comprehensive income	69,548	(179,537)	64,688	71,556	(174,788)
CLOSING BALANCE	1,593,991	1,524,443	1,567,769	1,843,286	1,503,081

Council and Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2012

NOTE	CONSOLIDATED		ACTUAL 2012 \$000s	COUNCIL BUDGET 2012 \$000s	ACTUAL 2011 \$000s
	ACTUAL 2012 \$000s	ACTUAL 2011 \$000s			
CASH FLOW FROM OPERATING ACTIVITIES					
Cash was provided from:					
Rates	74,177	70,524	74,177	71,109	70,524
Interest and dividends	462	822	417	115	684
Other income	34,351	42,962	23,712	34,098	32,992
	108,990	114,308	98,306	105,322	104,200
Cash was applied to:					
Payment for goods, services and employees	69,558	68,468	62,829	66,121	62,338
Interest paid	7,008	6,907	6,470	8,517	6,187
GST (Net)	(3,055)	(4,328)	(4,513)	0	(4,270)
Income and fringe benefit tax paid	77	129	87	152	131
	73,588	71,176	64,813	74,790	64,386
Net cash inflows from operating activities (A)	22	35,402	43,132	33,433	39,814
CASH FLOW FROM FINANCING ACTIVITIES					
Cash was provided from:					
Borrowing	5,970	0	5,000	11,168	0
Sale of shares in associate	0	503	0	0	0
	5,970	503	5,000	11,168	0
Cash was applied to:					
Borrowing	13,607	6,676	13,607	6,016	5,646
Dividends paid	476	5,994	0	0	0
	14,083	12,670	13,607	6,016	5,646
Net cash inflows from financing activities (B)	(8,113)	(12,167)	(8,607)	5,152	(5,646)
CASH FLOW FROM INVESTING ACTIVITIES					
Cash was provided from:					
Sale of property, plant and equipment, investment properties and properties intended for sale	355	7,103	0	0	0
Purchase / repayment of investments	0	(3)	0	0	0
Advances repaid	0	0	0	0	0
	355	7,100	0	0	0

The Statement of Accounting Policies (pages 25 to 36) and the Notes to the Financial Statements (pages 42 to 70) form an integral part of these financial statements.



Council and Consolidated Statement of Cash Flows continued ...

FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	CONSOLIDATED		ACTUAL 2012 \$000s	COUNCIL BUDGET 2012 \$000s	ACTUAL 2011 \$000s
		ACTUAL 2012 \$000s	ACTUAL 2011 \$000s			
Cash was applied to:						
Purchase & development of intangibles		1,743	741	10,185	0	741
Purchase & development of property, plant and equipment		27,555	35,427	15,491	35,685	32,674
Net cash inflows / (outflows) from investing activities		29,297	36,168	25,676	35,685	33,415
Net (decrease) in cash flows (C)		(28,943)	(29,069)	(25,676)	(35,685)	(33,415)
NET CASH (=A+B+C)		(1,653)	1,896	(850)	0	753
Opening balances 1 July						
Cash & cash equivalents	8/11	6,686	2,627	5,490	2,313	2,575
		6,686	2,627	5,490	2,313	2,575
Less balances 30 June						
Cash & cash equivalents	8/11	5,032	4,523	4,640	2,313	3,328
		5,052	4,523	4,660	2,313	3,328
CASH MOVEMENTS FOR THE YEAR		(1,653)	1,896	(850)	0	753

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The Statement of Accounting Policies (pages 25 to 36) and the Notes to the Financial Statements (pages 42 to 70) form an integral part of these financial statements.



Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

I. RATES REVENUE	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Rates - general	45,811	42,717	45,811	42,717
Rates - targeted	24,473	24,025	24,473	24,025
Rates - penalties	6,063	5,467	6,063	5,467
Total rates income	76,347	72,209	76,347	72,209

Rates income is not adjusted for remissions of \$3,731,747 (2011 \$2,040,510). Rate remissions are shown as an expense within planning and governance.

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non rateable properties may be subject to targeted rates in respect of sewerage, refuse and water. Non rateable land does not constitute a remission under Far North District Council's rates remission policy. Targeted rates income includes rates levied for water, wastewater and community services plus water by meter user charges.

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2. OTHER INCOME	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Fees and charges	6,796	6,807	6,614	6,807
Subsidies - operational	8,440	8,832	8,440	8,832
Subsidies - projects	9,947	12,814	9,947	12,814
Contributions	506	568	506	568
Interest & dividends	212	221	417	5,884
Vested and previously unrecognised assets	1,072	963	1,072	963
Rental income from investment properties	1,904	1,490	0	0
Other income	10,941	8,391	2,781	1,832
Total operating income	39,818	40,087	29,777	37,701

There are no unfulfilled conditions or other contingencies attached to the subsidy income recognised.

3. OTHER GAINS (LOSSES)	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Gain on asset sales	0	362	0	0
Gain on sale of marina berths	0	72	0	0
Net gain on forestry assets	57	148	57	148
Net gain on property, plant and equipment sales	6	3	6	3
Net gain on sale of investment properties	700	0	0	0
Total gains	763	585	63	151
Net loss on property, plant & equipment	(6,576)	(605)	(6,576)	(605)
Net loss on investment properties	0	(1,596)	0	0
Net loss on forestry assets	0	0	0	0
Total other gains / (losses)	(6,576)	(2,201)	(6,576)	(605)



4. PERSONNEL COSTS	CONSOLIDATED		COUNCIL	
	2012	2011	2012	2011
	\$000s	\$000s	\$000s	\$000s
Salaries and wages	16,245	15,817	14,568	14,121
Kiwi saver contributions	191	173	172	156
Increase / (decrease) in employee benefit liabilities	153	185	156	173
Total employee benefit expenses	16,589	16,175	14,896	14,450

Expenditure in relation to Notes 4 and 5 are included within the activity group expenditure in the Statement of Financial Performance.

5. OTHER EXPENSES	CONSOLIDATED		COUNCIL	
	2012	2011	2012	2011
	\$000s	\$000s	\$000s	\$000s
Fees paid to the principal auditor				
Audit of financial statements	236	221	171	153
Audit for LTP	132	0	132	0
Donations	72	26	0	0
Inventory expenses in year	2,281	1,990	3	(9)
Impairment of property, plant & equipment	25	0	0	0
Impairment of investment property	(815)	(200)	0	0
Impairment of receivables	17	(17)	0	3,799
Devaluation of property, plant & equipment	(208)	6,582	(208)	6,582
Direct expenses from investment property	750	465	0	0
Minimum lease payments - operating leases	581	1,093	519	1,038
Other expenses	3,071	10,160	617	11,563

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6. FINANCE COSTS	CONSOLIDATED		COUNCIL	
	2012	2011	2012	2011
	\$000s	\$000s	\$000s	\$000s
Interest expense on borrowings	6,985	6,817	6,431	6,151
Interest unwind - landfill aftercare	39	36	39	36
Total finance costs	7,024	6,853	6,470	6,187

7. TAX	CONSOLIDATED		COUNCIL	
	2012	2011	2012	2011
	\$000s	\$000s	\$000s	\$000s
Components of tax expenses				
Deferred tax expenses – continuing operations	790	(58)	0	0
Deferred tax expenses – discontinued operations	0	241	0	0
Income tax expense	790	183	0	0
Relationship between tax expenses and accounting profit				
Continuing operations	9,463	5,939	2,997	6,765
Discontinued operations	0	463	0	0
Profit before taxation and share of profit of associate	9,463	6,402	2,997	6,765
Taxation at 28% (2011 -30%)	2,650	1,921	839	2,030
Plus (less) tax effect of				
Non taxable income	(2,536)	(1,763)	(839)	(2,030)
Group loss offset	(116)	(48)	0	0
Deferred tax adjustment	792	(293)	0	0
Taxation expense	790	(183)	0	0



CONSOLIDATED Deferred Tax	Property plant and equipment	Investment properties	Employee entitlements	Other provisions	Total
	\$000s	\$000s	\$000s	\$000s	\$000s
Balance at 30 June 2010	825	3,295	(25)	(39)	4,057
Charged to Statement of Financial Performance	0	(186)	(2)	4	(184)
Charged to equity	0	0	0	0	0
Balance at 30 June 2011	825	3,109	(27)	(35)	3,873
Charged to Statement of Financial Performance	20	(126)	6	(690)	(767)
Charged to equity	116	0	0	0	116
Balance at 30 June 2012	961	2,984	(21)	(725)	3,199

From 1 July 2007 Council and Far North Holdings have formed a consolidated group for tax purposes. The tax liability for the group has been eliminated by losses transferred from Far North District Council by loss offset of \$414,934 (2011 \$294,700). Other provisions include deferred tax on unutilised tax losses (\$2,433k) of \$681,358.

8. CASH & CASH EQUIVALENTS	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Cash at bank and in hand				
Various (subsidiaries, community facilities, etc)	6	6	6	6
General fund (unsecured)	3,052	4,524	2,659	3,322
Total cash & cash equivalents	3,058	4,530	2,665	3,328

The carrying value of short term deposits with maturity dates of 3 months or less approximates their fair value. Cash and bank overdrafts include the following for the purpose of the Statement of Cash Flow.

	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Cash at bank and in hand	3,058	4,530	2,665	3,328
Bank overdrafts (Note 20)	0	(5)	0	0
	3,058	4,525	2,665	3,328

Council has an overdraft facility of \$3m (2010 \$3m)

9. DEBTORS & OTHER RECEIVABLES	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Rates and penalties	40,573	35,794	40,573	35,794
Sundry debtors	11,382	12,582	10,911	13,065
Prepayments	358	427	339	411
Related party receivables	0	1	0	0
	52,313	48,804	51,823	49,270
Less provision for impairment - rates	17,373	14,765	17,373	14,765
Less provision for impairment - sundry debts	1,985	2,355	1,897	2,287
Current debtors & other receivables	32,955	31,685	32,553	32,219

The carrying value of trade and other receivables approximates their fair value. There is no concentration of credit risk with respect to receivables as the group has a large number of customers.

As at 30 June 2012 and 2011, all overdue receivables have been assessed for impairment and the appropriate provisions applied. Far North Holdings Limited holds no collateral as security or other credit enhancements over receivables that are either past due or impaired. Under NZ IFRS7 Far North District Council is required to provide information about the aging of debtor liabilities.



	2012			2011		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
Council						
Not past due	2,165	0	2,165	379	0	2,478
Past due 1 – 60 days	17,374	4,320	13,054	18,915	2,537	16,383
Past due 61 – 90 days	154	0	154	69	0	931
Past due over 90 days	32,131	14,950	17,181	29,907	10,716	12,781
Total	51,824	19,270	32,554	49,270	13,253	32,573
Group						
Not past due	2,421	2	2,419	472	11	2,652
Past due 1 – 60 days	17,470	4,323	13,147	18,261	2,541	16,422
Past due 61 – 90 days	196	2	194	85	9	948
Past due over 90 days	32,234	15,030	17,204	29,986	10,778	12,807
Total	52,312	19,357	32,955	48,804	13,339	32,830

Movements in the provision for impairment of receivables are as follows:

	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Impairment of rates				
At July	14,765	10,862	14,765	10,862
Additional provisions made during the year	3,323	4,438	3,323	4,438
Receivables written off during period	(714)	(535)	(714)	(535)
At 30 June	17,374	14,765	17,374	14,765
Impairment of sundry debts				
At July	2,355	2,476	2,287	2,391
Additional provisions made during the year	279	(12)	243	(12)
Receivables written off during period	(650)	(109)	(633)	(92)
At 30 June	1,984	2,355	1,897	2,287

10. INVENTORIES	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Consumable stocks and materials	98	95	98	95
Marina berths	53	38	0	0
Chandlery and boatyard	23	24	0	0
Total inventories	174	157	98	95

There are no inventory items held for distribution.

11. OTHER FINANCIAL ASSETS	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Current portion				
Loans and receivables				
Short term deposits maturity 4 - 12 months	2,314	2,481	1,995	2,162
Total current portion	2,314	2,481	1,995	2,162
Non current portion				
Available for sale				
LGNZ Shares	46	86	46	86
Investment in associate	0	0	0	0
Total non current portion	46	86	46	86



There were no impairment provisions for other financial assets.

A short term loan of \$20,000 was granted to Kerikeri Sports Complex Trust.

Council holds 35,440 shares in Local Government Insurance Corp Ltd which are held at net asset backing.

These shares are non traded.

Maturity analysis and interest rates	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Loans and receivables				
Short term loan 4 - 12 months	20	20	20	20
Short term deposits 4 - 12 months	2,294	2,461	1,975	2,142
Maturing within 4 - 12 months	2,314	2,481	1,995	2,162

INVESTMENT IN ASSOCIATE

Far North Holdings Limited had a 50% interest in Paihia Maritime Properties Limited which was sold during the prior year.

Movements in the carrying amount of investment in associate	CONSOLIDATED	
	ACTUAL 2012 \$000s	ACTUAL 2011 \$000s
Balance at 1 July	0	392
Share of inter company sales	0	0
Share of revenue	0	10
Less deferred tax	0	(5)
Sale of shares	0	(503)
Profit on sale of shares	0	106
Balance at 30 June	0	0

1.2. PROPERTY, PLANT & EQUIPMENT – COUNCIL

	COST / REVALUATION 1-JUL-11	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES 1-JUL-11	CARRYING AMOUNT 1-JUL-11	CURRENT YEAR ADDITIONS	CURRENT YEAR DISPOSALS	CURRENT YEAR IMPAIRMENT CHARGES	CURRENT YEAR DEPRECIATION	CURRENT YEAR ADJUSTMENTS	REVALUATION SURPLUS	REVALUATION 30 JUNE-12	COST/ REVALUATION 30 JUNE-12	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES 30 JUNE-12	CARRYING AMOUNT 30 JUNE-12
Land	394,293	0	394,293	402	(698)	0	0	0	0	393,636	0	393,636	
Vehicles and plant	3,829	(1,454)	2,375	551	(83)	0	(163)	(361)	1,244	5,180	(1,273)	3,907	
Leasehold Improvements	3,564	(1,034)	2,530	63	(9)	0	(365)	0	0	3,595	(1,376)	2,219	
Wharves, ramps, moorings	3,575	0	3,575	11	0	0	(351)	151	1,420	4,805	0	4,805	
F&F and office equipment	5,114	(975)	4,139	154	(16)	0	(500)	0	0	5,230	(1,454)	3,776	
Information systems	2,628	(2,168)	460	382	0	0	(222)	9	0	3,019	(2,390)	629	
*Work in progress	7,728	0	7,728	2,774	(10,059)	0	0	(6)	0	437	0	437	
Total operational assets	420,731	(5,631)	415,101	4,337	(10,865)	0	(1,601)	(222)	2,663	415,902	(6,493)	409,409	
Roading	858,532	(13,122)	845,410	28,078	(5,515)	0	(14,408)	264	50,185	904,219	(205)	904,014	
Water	58,695	(2,074)	56,621	1,341	(139)	0	(2,082)	0	3,836	59,590	(11)	59,578	
Sewerage	94,297	(2,984)	91,313	2,488	(95)	0	(3,171)	0	5,130	95,665	0	95,665	
Refuse	4,662	0	4,662	107	(5)	0	(526)	0	(41)	4,676	(478)	4,198	
Stormwater	46,207	(622)	45,585	2,927	(38)	0	(627)	0	0	49,095	(1,248)	47,847	
Community facilities	49,035	(606)	48,429	4,874	(164)	0	(3,477)	214	0	53,841	(3,964)	49,877	
Work in progress	31,104	0	31,104	22,902	(40,439)	0	0	(604)	0	12,963	0	12,963	
Total infrastructural assets	1,142,532	(19,408)	1,123,124	62,718	(46,395)	0	(24,291)	(126)	59,109	1,180,049	(5,907)	1,174,142	
Council restricted assets													
Land	44,775	0	44,775	0	0	0	0	0	0	44,775	0	44,775	
Total restricted assets	44,775	0	44,775	0	0	0	0	0	0	44,775	0	44,775	
Total property, plant & equipment	1,608,038	(25,039)	1,582,999	67,055	(57,260)	0	(25,892)	(348)	61,772	1,640,726	(12,400)	1,628,325	



12. PROPERTY, PLANT & EQUIPMENT – COUNCIL

2011

	COST / REVALUATION 1-JUL-10	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES 1-JUL-10	CARRYING AMOUNT 1-JUL-10	CURRENT YEAR ADDITIONS	CURRENT YEAR DISPOSALS	CURRENT YEAR IMPAIRMENT CHARGES	CURRENT YEAR DEPRECIATION	CURRENT YEAR ADJUSTMENTS	REVALUATION SURPLUS	COST/ REVALUATION 30 JUNE-11	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES 30 JUNE-11	CARRYING AMOUNT 30 JUNE-11
Land	577,026	0	577,026	4,629	(6,321)	0	0	0	(181,041)	394,293	0	394,293
Vehicles and plant	4,698	(1,774)	2,924	0	(168)	0	(296)	(31)	(53)	3,829	(1,454)	2,375
Leasehold improvements	3,618	(839)	2,779	0	0	0	(271)	0	22	3,564	(1,034)	2,530
Wharves, ramps, moorings	3,367	0	3,367	508	0	0	(293)	0	(7)	3,575	0	3,575
F&F and office equipment	5,650	(1,302)	4,348	354	(96)	0	(498)	0	31	5,114	(975)	4,139
Information systems	2,628	(1,727)	901	0	0	0	(441)	0	0	2,628	(2,168)	460
Work in progress	2,656	0	2,656	5,173	0	0	0	(101)	0	7,728	0	7,728
Total operational assets	599,643	(5,642)	594,001	10,664	(6,585)	0	(1,799)	(132)	(181,048)	420,731	(5,631)	415,101
Roading	850,756	(342)	850,414	7,264	0	0	(14,090)	0	1,821	858,532	(13,122)	845,410
Water	57,746	(7)	57,739	1,169	0	0	(2,070)	0	(217)	58,695	(2,074)	56,621
Sewerage	86,062	0	86,062	8,331	0	0	(2,987)	0	(93)	94,297	(2,984)	91,313
Refuse	5,281	0	5,281	26	0	0	(486)	0	(159)	4,662	0	4,662
Stormwater	45,782	0	45,782	442	0	0	(622)	0	(17)	46,207	(622)	45,585
Community facilities	49,628	(4,726)	44,902	7,733	(1,059)	0	(2,790)	33	(390)	49,035	(606)	48,429
Work in progress	29,587	0	29,587	26,883	(25,066)	0	0	(300)	0	31,104	0	31,104
Total infrastructural assets	1,124,842	(5,075)	1,119,767	51,849	(26,125)	0	(23,045)	(267)	945	1,142,532	(19,408)	1,123,124
Council restricted assets												
Land	44,775	0	44,775	0	0	0	0	0	0	44,775	0	44,775
Total restricted assets	44,775	0	44,775	0	0	0	0	0	0	44,775	0	44,775
Total property, plant & equipment	1,769,260	(10,717)	1,758,543	62,513	(32,710)	0	(24,844)	(399)	(180,103)	1,608,038	(25,039)	1,582,999

1.2. PROPERTY, PLANT & EQUIPMENT – CONSOLIDATED

2012

	COST / REVALUATION 1-JUL-11	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES 1-JUL-11	CARRYING AMOUNT 1-JUL-11	CURRENT YEAR ADDITIONS	CURRENT YEAR DISPOSALS	CURRENT YEAR IMPAIRMENT CHARGES	CURRENT YEAR DEPRECIATION	CURRENT YEAR ADJUSTMENTS	REVALUATION SURPLUS	REVALUATION 30 JUNE-12	COST/ REVALUATION 30 JUNE-12	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES 30 JUNE-12	CARRYING AMOUNT 30 JUNE-12
Land	400,775	(3,705)	397,070	402	(698)	0	0	0	0	396,413	0	(1,803)	393,251
Buildings	7,291	697	7,988	12,406	0	0	(207)	0	156	20,466	156	(123)	20,343
Vehicles and plant	4,674	(2,067)	2,609	573	(83)	(16)	(232)	(15)	1,243	4,674	1,243	(1,954)	4,079
Leasehold improvements	3,618	(1,058)	2,560	63	(9)	0	(366)	0	0	3,649	0	(1,401)	2,248
Wharves, ramps, moorings	4,470	0	4,470	11	0	0	(392)	151	1,406	5,646	1,406	0	5,646
F&F and office equipment	5,485	(1,474)	4,011	1,872	(16)	0	(571)	0	0	5,828	0	(533)	5,295
Information systems	2,628	(2,168)	460	382	0	0	(222)	9	0	3,019	0	(2,390)	629
Runways	2,368	0	2,368	0	0	0	(99)	0	193	2,462	193	0	2,462
Boat transporters	467	(57)	410	0	0	(6)	(25)	0	0	467	0	(88)	379
Moorings	107	(14)	93	31	0	(3)	(4)	0	0	135	0	(18)	117
Work in progress	7,728	0	7,728	2,774	(13,221)	0	0	(6)	0	437	0	0	437
Total operational assets	439,611	(9,846)	429,767	18,514	(14,027)	(25)	(2,118)	(222)	2,999	443,196	2,999	(8,310)	434,886
Roading	858,532	(13,122)	845,601	28,078	(5,515)	0	(14,408)	264	50,185	904,219	50,185	(14)	904,205
Water	58,695	(2,074)	56,621	1,341	(139)	0	(2,082)	0	3,836	58,695	3,836	882	59,577
Sewerage	94,297	(2,984)	91,313	2,488	(95)	0	(3,171)	0	5,130	94,297	5,130	1,368	95,665
Refuse	4,662	0	4,662	107	(5)	0	(526)	0	(41)	4,662	(41)	(464)	4,198
Stormwater	46,207	(622)	45,585	2,927	(38)	0	(627)	0	0	46,207	0	1,640	47,847
Community facilities	49,035	(606)	48,429	4,874	(164)	0	(3,477)	214	0	49,035	0	842	49,877
Work in progress	33,028	0	33,028	22,902	(40,439)	0	0	(604)	0	14,879	0	0	14,879
Total infrastructural assets	1,144,456	(19,408)	1,125,239	62,717	(46,395)	0	(24,291)	(126)	59,109	1,171,994	59,109	4,254	1,176,248
Council restricted assets													
Land	44,775	0	44,775	0	0	0	0	0	0	44,775	0	0	44,775
Total restricted assets	44,775	0	44,775	0	0	0	0	0	0	44,775	0	0	44,775
Total property, plant & equipment	1,628,842	(29,254)	1,599,777	81,231	(60,422)	(25)	(26,409)	(348)	62,108	1,659,965	62,108	(4,056)	1,655,909



12. PROPERTY, PLANT & EQUIPMENT – CONSOLIDATED

	COST /		ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES		CARRYING AMOUNT		CURRENT YEAR IMPAIRMENT		CURRENT YEAR		REVALUATION		COST / REVALUATION		ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES		CARRYING AMOUNT	
	REVALUATION	REVALUATION	IMPAIRMENT CHARGES	IMPAIRMENT CHARGES	CURRENT YEAR	CURRENT YEAR	IMPAIRMENT	YEAR	YEAR	REVALUATION	REVALUATION	REVALUATION	REVALUATION	IMPAIRMENT CHARGES	IMPAIRMENT CHARGES	CARRYING AMOUNT	CARRYING AMOUNT	
Land	583,508		(3,705)		579,803	4,629	0	0	0	(181,041)	400,775	(3,705)		397,070				
Buildings	10,992		0		10,992	28	0	(94)	(2,495)	0	7,291	697		7,988				
Vehicles and plant	5,475		(2,313)		3,162	75	0	(369)	(31)	(222)	4,674	(2,067)		2,609				
Leasehold improvements	3,737		(855)		2,882	0	0	(279)	0	22	3,618	(1,058)		2,560				
Wharves, ramps, moorings	4,753		0		4,753	60	0	(335)	0	(8)	4,470	0		4,470				
F&F and office equipment	6,200		(1,759)		4,441	180	0	(540)	0	31	5,485	(1,474)		4,011				
Information systems	2,628		(1,727)		901	0	0	(441)	0	0	2,628	(2,168)		460				
Runways	2,467		0		2,467	0	0	(99)	0	0	2,368	0		2,368				
Boat transporters	467		(32)		435	0	0	(25)	0	0	467	(57)		410				
Moorings	77		(11)		66	30	0	(3)	0	0	107	(14)		93				
Work in progress	2,656		0		2,656	5,173	0	0	(101)	0	7,728	0		7,728				
Total operational assets	622,960		(10,402)		612,558	10,175	0	(2,185)	(2,627)	(181,218)	439,611	(9,846)		429,767				
Roading	850,756		(151)		850,605	7,265	0	(14,090)	0	1,821	858,532	(13,122)		845,601				
Water	57,746		(7)		57,739	1,169	0	(2,070)	0	(217)	58,695	(2,074)		56,621				
Sewerage	86,062		0		86,062	8,331	0	(2,987)	0	(93)	94,297	(2,984)		91,313				
Refuse	5,281		0		5,281	26	0	(486)	0	(159)	4,662	0		4,662				
Stormwater	45,782		0		45,782	442	0	(622)	0	(17)	46,207	(622)		45,585				
Community facilities	49,628		(4,726)		44,902	7,733	0	(2,790)	33	(390)	49,035	(606)		48,429				
Work in progress	29,587		0		29,587	28,803	0	0	(300)	0	33,028	0		33,028				
Total infrastructural assets	1,127,851		(4,884)		1,119,958	53,769	0	(23,045)	(267)	945	1,144,456	(19,408)		1,125,239				
Council restricted assets																		
Land	44,775		0		44,775	0	0	0	0	0	44,775	0		44,775				
Total restricted assets	44,775		0		44,775	0	0	0	0	0	44,775	0		44,775				
Total property, plant & equipment	1,795,586		(15,286)		1,777,291	63,944	0	(25,230)	(2,894)	(180,273)	1,628,842	(29,254)		1,599,777				

VALUATION

* Note to table 12, pages 47-50 – Includes work in progress (WIP) for intangible assets \$3.663m (\$8.652m 2010/11)

Land (operational, restricted and infrastructural)

The most recent valuation of land and buildings was performed by an independent registered valuer at Quotable Value New Zealand (Darroch Ltd). This valuation was effective as at 30 June 2011.

Land is valued at fair value using market based evidence and the highest and best use scenario. Due consideration has been made for restrictions due to easements, covenants and any restrictions such as the 1977 Reserves Act.

An assumption has been made that all land valued is held by the Far North District Council in freehold ownership.

Buildings (operational and restricted)

All buildings have been valued on either a fair market or depreciated replacement cost basis depending on the type and use of the building.

Depreciated replacement cost is determined using a number of assumptions including:

- Replacement cost rates derived from construction contracts of like assets;
- It was considered that most current buildings in the property portfolio are fully utilised and optimisation is not necessary under a market derived assessment;
- Straight line depreciation has been applied in determining the depreciated replacement cost value of the assets; and
- Economic lives have been adopted taking into consideration the Far North District Council's replacement / maintenance plans.

The Councils residential buildings (pensioner housing) have been valued on a depreciated replacement cost method. This is due to the fact that there was a paucity of relevant recent sales evidence to derive an appropriate market value.

Infrastructural asset classes: sewerage, water, stormwater and roading:

Sewerage, water, stormwater and roading are valued at depreciated replacement cost by Fraser Campbell of Campbell Consulting and SPM Consultants. The sewerage, water and roading valuations have an effective date as at 30 June 2012. The stormwater valuation has an effective date as at 30 June 2011.

Depreciated replacement cost is determined using a number of assumptions including:

- Assets are assumed to be replaced with the least cost alternative modern equivalent asset providing the same service potential;
- Residual values were assessed as zero for all assets;
- Depreciation was applied to depreciable assets on a straight line basis over the assessed total economic life of the asset; and
- Optimisation Issues due to functional and design obsolescence and surplus capacity have been considered but not allowed for as this was not considered necessary.

Library collections:

Library collections are valued at depreciated replacement cost and valuations are performed by the in house systems librarian and the fixed asset accountant. These valuations have been peer reviewed by SPM Consultants. The last valuation was effective as at 31 December 2010.

Maritime assets:

Maritime assets were valued at depreciated replacement cost by Telfer Young (Northland) Ltd. The last valuation was effective as at 30 June 2012. The following assumptions were used in determining the depreciated replacement cost:

- Replacement costs are derived from recent contract information, indexed cost increases, historical cost data and in house advice from engineers; and
- Remaining lives have been applied as per advice from Far North Holdings engineers as a result of a full data collection exercise carried out in February 2012.

Heritage assets:

Heritage assets were valued at depreciated replacement cost in accordance with the 2002 Treasury Valuation Guidance for Cultural and Heritage Assets. Heritage valuations are performed by Opus International Consultants Ltd with the last valuation having an effective date of 31 January 2011.

Operational assets:

Ferry assets were valued at depreciated replacement cost by Auckland Shipbrokers Ltd, Marine Valuers, effective as at 30 June 2012. Rural fire appliances were valued by Turners Auctions as at 30 June 2011.

Disposals

The majority of disposals were carried out during the year as part of the Councils ongoing renewal programmes. Other disposals include:

- Divestment of the Russell pensioner housing land and buildings;
- Sale of land at Carey Rd, Kaikohe; and
- Disposal of fixture and fittings and leasehold improvements associated with the Kaitia facilities vacated as a result of the completion of the Te Ahu Centre.

Work in progress

The total amount of property, plant and equipment in the course of construction is \$13,399,000 (2011 \$39,230,000).



TOTAL VALUE OF PROPERTY, PLANT & EQUIPMENT - VALUED BY EACH VALUER		COUNCIL			
		2012 \$000s	2011 \$000s		
Campbell Consulting Ltd		1,048,534	590,169		
SPM Consulting (peer review)		0	3,371		
Opus International Consultants Ltd		0	2,503		
Telfer Young (Northland) Ltd		5,035	3,659		
Turners Auctions		0	1,105		
Auckland Shipbrokers		2,623	0		
Darroch Valuations		0	115,465		
TOTAL VALUE OF PROPERTY, PLANT & EQUIPMENT - VALUED BY EACH VALUER		GROUP			
		2012 \$000s	2011 \$000s		
Campbell Consulting Ltd		1,048,534	590,169		
SPM Consulting (peer review)		0	3,371		
Opus International Consultants Ltd		0	2,503		
Telfer Young (Northland) Ltd		38,286	36,316		
Turners Auctions		0	1,105		
Auckland Shipbrokers		2,623	0		
Darroch Valuations		0	115,465		
12. INTANGIBLE ASSETS		CONSOLIDATED		COUNCIL	
		2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Computer software					
Balance at 1 July					
Cost		3,867	3,889	3,837	3,859
Accumulated amortisation and impairment		(2,385)	(1,792)	(2,360)	(1,807)
Year Ended 30 June		1,482	2,067	1,477	2,052
Opening carrying amount		1,482	2,067	1,477	2,052
Additions		1,025	0	1,025	0
Amortisation charges		(566)	(575)	(561)	(565)
Disposals / adjustments		0	(10)	0	(10)
Balance at 30 June		1,941	1,482	1,941	1,477
Resource consents/easements					
Balance at 1 July					
Cost		1,203	576	1,203	576
Accumulated amortisation and impairment		(163)	(128)	(163)	(128)
Year Ended 30 June		1,040	448	1,040	448
Opening carrying amount		1,040	448	1,040	448
Additions		496	646	496	646
Amortisation charges		(78)	(62)	(78)	(62)
Disposals / adjustments		(17)	7	(17)	7
Balance at 30 June		1,441	1,040	1,441	1,040
Coastal permits & licences					
		988	934	0	0
Public access rights					
Balance at 1 July					
Cost		677	901	677	901
Accumulated amortisation and impairment		0	(41)	0	(41)
Year Ended 30 June		677	860	677	860
Opening carrying amount		677	860	677	860
Additions 221		95	8,664	95	
Amortisation charges		(122)	(78)	(122)	(78)
Disposals / adjustments		0	(200)	0	(200)
Balance at 30 June		776	677	9,219	677
Total intangible assets		5,146	4,133	12,601	3,194



Easements and resource consents are not cash generating in nature, instead they give Far North District Council the right to access private property where infrastructural assets are located and to carry out activities approved by permit.

The valuation of the coastal permits and licences of Far North Holdings Ltd are at fair value as determined annually by an independent registered valuer, T S Baker ANZIV, of the firm Telfer Young (Northland) Ltd, as at 30 June 2012. Assumptions made by the valuer are that the coastal permits and licences will be renewed. The coastal permits and licences are for a finite period, however, it is expected that these will be renewed on an ongoing basis. Due to signalled legislative changes and the uncertainty surrounding the future occupation of the seabed and foreshore, it has been deemed prudent to amortise the coastal permits and licences over the unexpired period.

14. FORESTRY ASSETS	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Balance at 1 July	423	275	423	275
Gains/(losses) arising from changes in value less attributable point of sale costs	57	148	57	148
Balance at 30 June	480	423	480	423

Far North District Council owns 57.4 hectares of forest which are in varying stages of maturity ranging from 3 years to 29 years. No forests have been harvested during the period (2011 - nil). Independent registered valuers, Northland Forestry Managers (1995) Ltd have valued the forestry assets as at 30 June 2012. A discount rate of 8% has been used in discounting the present value of expected cash flows.

FINANCIAL RISK MANAGEMENT STRATEGIES

Far North District Council is exposed to financial risks arising from the changes in timber prices. Far North District Council is a long term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken measures to manage the risks of a decline in timber prices.

15. INVESTMENT PROPERTY	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Balance at 1 July	30,448	31,299	0	0
WIP additions	80	43	0	0
Additions	575	1,726	0	0
Disposals	1,275	(1,533)	0	0
Impairment	(815)	(200)	0	0
Fair value gains/(losses) on valuation	700	(887)	0	0
Balance at 30 June	32,263	30,448	0	0

Far North Holdings Limited investment properties are valued annually at fair value effective 30 June. All investment properties were valued based on open market evidence. The valuation was performed by T S Baker ANZIV, of the firm Telfer Young (Northland) Ltd, a valuer with extensive market knowledge in the types of investment properties owned by Far North Holdings Limited.

RENTAL INCOME	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Rental income	1,904	1,490	0	0
Expenses from investment property generating income	725	465	0	0
Expenses from investment property not generating income	24	0	0	0

16. INVESTMENT IN SUBSIDIARIES	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Far North Holdings Ltd	0	0	12,000	12,000
Total investment in subsidiaries	0	0	12,000	12,000

Council has a 100% investment in Far North Holdings Limited and its reporting date is 30 June.

The investment in Far North Holdings Limited comprises 7,000,000 ordinary shares and 5,000,000 convertible non participating redeemable shares. The holders of the convertible non participating shares have no rights to participate in the profits or assets of the Company other than by the discretion of the directors, to vote at any general meeting of the Company or to subscribe for or be offered or allotted any present or future issue of shares in the capital of the Company. The Company shall be entitled, at any time from 30 May 2002, to redeem all or any of the convertible non participating share at the available subscribed capital per share.



17. CREDITORS & OTHER PAYABLES	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Current portion				
Creditors	5,078	4,811	3,951	4,486
Related party payables	0	1,890	0	0
Accruals	7,087	9,017	7,087	9,017
Deposits	4,907	4,490	4,907	4,490
Income in advance	2,584	2,498	2,584	2,498
Total current portion	19,656	22,706	18,529	20,491
Non current portion				
Income in advance	1,129	1,174	0	0
Total non current portion	1,129	1,174	0	0

Trade and other payables are non interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

18. PROVISIONS	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Provision for weather-tight homes				
Current	39	0	39	0
Non current	871	1,307	871	1,307
Total provision weather-tight homes	910	1,307	910	1,307
Balance 1 July	1,307	1,088	1,307	1,088
Provision added	0	347	0	347
Provision unused	(386)	0	(386)	0
Provision utilised	(11)	(128)	(11)	(128)
Balance 30 June	910	1,307	910	1,307
Landfill aftercare liability				
Current provisions	63	40	63	40
Non current provisions	385	391	385	391
Total provisions	448	431	448	431
This is represented by:				
Ahipara				
Opening balance July 2011	210	235	210	235
Plus provision added	19	0	19	0
Less amount utilised	0	25	0	25
Closing balance June 2012	229	210	229	210
Kaikohe				
Opening balance July 2011	11	12	11	12
Less amount utilised	1	1	1	1
Closing balance June 2012	10	11	10	11
Russell				
Opening balance July 2011	186	186	186	186
Less amount utilised	0	0	0	0
Closing balance June 2012	186	186	186	186
Whangae				
Opening balance July 2011	24	25	24	25
Less amount utilised	1	1	1	1
Closing balance June 2012	23	24	23	24
Total landfill aftercare provisions	448	431	448	431
Total current provisions	102	40	102	40
Total non current provisions	1,256	1,698	1,256	1,698
Total provisions	1,358	1,738	1,358	1,738

LANDFILL AFTERCARE PROVISIONS

Far North District Council gained resource consents to operate landfills at Ahipara, Russell, Whangae and Kaikohe. Council has responsibility under the Resource Management Act (1991) to provide ongoing maintenance and monitoring of the landfills after the sites are closed.

THERE ARE CLOSURE AND POST CLOSURE RESPONSIBILITIES SUCH AS THE FOLLOWING:

- Final cover and vegetation;
- Drainage control features to minimise infiltration of stormwater;
- Completing facilities for leachate collection and treatment;
- Ongoing monitoring as per discharge consent conditions; and
- Completing facilities for monitoring of landfill gas and ensuring no hazard exists.

POST CLOSURE RESPONSIBILITIES

- Treatment and monitoring of leachate;
- Ground water and surface water monitoring;
- Gas monitoring and flaring if required;
- Implementation of remedial measures such as needed for settlement and cracking of capping layer;
- Ongoing site maintenance for drainage systems, final cover and vegetation; and
- Ensure closed landfill is suitable for intended future use.

The management of the landfills will influence the timing of some liabilities – for example, the current landfill sites of Ahipara and Russell will operate in 2 stages. A liability relating to stage 2 will only be created when that stage is commissioned and when refuse begins to accumulate in this stage.

CAPACITY OF THE SITES

The remaining cubic capacity of refuse, cleanfill and cover of Council's two current sites as at 30 June 2012 are:

Ahipara – 13,000 cubic meters

Russell – 15,500 cubic meters

The estimated remaining lives are:

Ahipara – 2-3 years

Kaikohe – nil

Russell – 24 years

Whangae – nil

Estimates of the remaining lives have been made by Council's engineers based upon historical volume information.

The cash flows for the landfill post closures are expected to occur for the years between 2011 and 2030. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 8%.

The following major assumptions have been made in the calculation of the provision:

- The cost of monitoring of surface / ground water; and
- No major remedial works being required at any of the sites.

Weather-tight homes provision

Far North District Council has made a provision of \$910,036 (2011 - \$1,307,633) in response to 7 (2011 – 8) weather-tight homes claims currently lodged with the Weather-tight Homes Resolution Service. These claims are not proved to be the responsibility of Council but as an outcome is awaited, it has been deemed prudent to make suitable provision should Council be required to settle the claims.

19. EMPLOYEE BENEFITS	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Annual leave entitlement	1,187	1,176	1,110	1,077
Other entitlements	590	448	553	430
Total employee benefits	1,777	1,624	1,663	1,507
Comprising				
Current	1,777	1,624	1,663	1,507
Non current	0	0	0	0
Total employee benefits	1,777	1,624	1,663	1,507



20. BORROWINGS	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Current				
Bank overdraft	0	5	0	0
Secured loans	7,012	13,525	7,012	13,525
Finance lease liability	0	0	0	0
Total current borrowings	7,012	13,530	7,012	13,525
Non current				
Secured loans	103,994	105,118	93,704	95,798
Finance lease liability	0	0	0	0
Total non current borrowings	103,994	105,118	93,704	95,798

Council loans are secured over rating income. Far North Holdings Limited has loans of \$10,290,000 (2011 - \$9,320,000). Land and buildings to a value of \$20,888,000 (\$20,508,000 in 2011) have been given as security for the term loans. Far North District Council has an overdraft limit of \$3 million (2011 - \$3m) which is not secured.

Far North District Council has a short term loan facilities of \$50 million as at 30 June 2012 (2011 - \$50 million).

Far North District Council has a banking facility which will expire on 30 September 2012. All outstanding commitments on that facility at that time are likely to be transferred to an alternative existing facility which expires in December 2013. These borrowings have therefore been disclosed as non current. The alternative facility was in place before the balance date

Maturity periods

Payable no later than 1 year	7,012	13,525	7,012	13,525
Later than 1, not later than 2 years	42,380	11,354	32,090	2,034
Later than 2, not later than 5 years	45,114	54,190	45,114	54,190
Later than 5 years	16,500	39,575	16,500	39,575
	111,006	118,643	100,716	109,323

The carrying amount of borrowings approximates their fair value.

The weighted average effective interest rate on secured loans (current and non current) were:

Secured loans and debentures	5.83 %	7.14 %
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Council's borrowing management policy is based on ratios and is calculated as follows:

RATIO	TARGET	ACHIEVEMENT 2011/12
Net debt as % total revenue	Debt not greater than 200% of revenue	95%
Gross annual interest to total revenue	Less than 15%	6%
Current ratio (liquidity ratio)	Equal or greater than 1 times	1.37:1

21. EQUITY	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Retained earnings				
As at 1 July	1,305,633	1,307,183	1,288,300	1,285,042
Net transfer – retained earning	22,322	14,440	22,330	17,647
Development contributions	(21,741)	(21,154)	(21,742)	(21,154)
Surplus / (deficit) for the year	6,175	5,164	2,997	6,765
Balance as at 30 June	1,312,389	1,305,633	1,291,886	1,288,300
Restricted reserves				
As at 1 July	3,406	1,527	1,903	24
Transfer to restricted reserves	30,190	31,788	28,687	30,284
Transfer from restricted reserves	30,621	29,909	29,118	28,405
Balance as at 30 June	2,975	3,406	1,472	1,903



21. EQUITY	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Restricted reserves consists of:				
Community – district	(1,526)	(1,333)	(1,526)	(1,333)
Community – eastern	(28)	(21)	(28)	(21)
Community – northern	(383)	(351)	(383)	(351)
Community – western	(57)	(57)	(57)	(57)
Drainage	68	66	68	66
Stormwater separate rate	546	302	546	302
Sewerage	(260)	258	(260)	258
Water	(1,496)	(1,524)	(1,496)	(1,524)
Special funds	3,942	3,776	3,942	3,776
Kerikeri main street reserve	307	434	307	434
Economic development	10	10	10	10
Paihia central business district development	25	19	25	19
Carpark funds	324	324	324	324
Subsidiary assets	1,509	1,503	0	0
Total restricted reserves	2,975	3,406	1,472	1,903
Other reserves consist of:				
Asset revaluation reserves				
As at 1 July	215,683	395,259	210,460	390,091
Revaluation gains/(losses)	63,629	(179,576)	61,939	(179,631)
Balance as at 30 June	279,312	215,683	272,399	210,460
Asset revaluation reserve consists of:				
Maritime	2,464	974	2,464	974
Pensioner housing	1,712	1,712	1,712	1,712
Heritage	362	362	362	362
Plant & equipment	0	0	0	0
Halls	1,806	1,806	1,806	1,806
Swimming pools	109	109	109	109
Parks & reserves	1,366	1,366	1,366	1,366
Cemeteries	320	320	320	320
Land – parks & reserves	0	0	0	0
Public toilets	98	98	98	98
Carparks	397	397	397	397
Camping grounds	455	456	455	456
Footpaths	0	0	0	0
Library buildings	1,511	1,511	1,511	1,511
Library books	1,423	1,424	1,423	1,424
Drainage	12,057	12,058	12,057	12,058
Roading	209,535	158,010	209,535	158,010
Refuse	1,605	1,646	1,605	1,646
Water	15,970	12,134	15,970	12,134
Wastewater	21,206	16,077	21,206	16,077
Subsidiary assets	6,913	5,223	0	0
Total asset revaluation reserve	279,312	215,683	272,399	210,460
Fair value through equity reserve				
As at 1 July	86	108	86	108
Fair value gains/(losses)	(40)	(22)	(40)	(22)
Balance as at 30 June	46	86	46	86
Capital reserve				
As at 1 July	0	0	2,697	2,697
Fair value gains/(losses)	0	0	0	0
Balance as at 30 June	0	0	2,697	2,697
Cash flow hedge reserve				
As at 1 July	(365)	(97)	(365)	(97)
Hedge additions	0	0	0	0
Fair value gains/(losses)	(366)	(268)	(366)	(268)
Balance at 30 June	(731)	(365)	(731)	(365)
Total other reserves	278,627	215,404	274,411	212,878



Restricted reserves consist of community services, amenity development and amenity funds, special funds and separate rates reserves and are restricted to use for specific purposes and are not available for general expenditure.

The capital reserve pertains to profit of \$1,630,000 on the sale of Council's shares in Far North Maritime Limited to Far North Holdings Limited, and a capital profit of \$1,067,000 on the sale of land and buildings to Far North Properties, a former subsidiary of Far North Holdings Limited.

22. CASH FLOW RECONCILIATION	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Reported surplus / (deficit)	6,175	5,164	2,997	6,765
Add non cash items				
Depreciation and amortisation	27,186	26,002	26,566	25,548
Vested assets	(1,072)	(963)	(1,072)	(963)
Assets transferred	0	0	0	(5,201)
Change in deferred taxation	(86)	(2,192)	0	0
Loss on property, plant & equipment	6,576	2,198	6,576	602
Change in provision for bad debts	2,306	3,782	2,219	3,799
Unrealised revaluation and devaluation	(208)	6,582	(208)	6,582
Add/(less) movements in other working capital items				
(Increase)/decrease in debtors & other receivables	(2,217)	357	(2,553)	354
(Increase)/decrease in inventories	(20)	(15)	(3)	9
Increase/(decrease) in provisions	62	(14)	62	(14)
Increase/(decrease) in other financial assets	184	684	167	690
Increase/(decrease) in employee benefits	153	185	156	173
Increase/(decrease) in trade & other payables	(3,049)	1,246	(1,962)	1,374
Items classed as investing activities	(588)	116	488	96
Net operating cash flows	35,402	43,132	33,433	39,814

Reconciliation of reported operating surplus to net cash inflow / outflow from operating activities.

23. CAPITAL COMMITMENTS	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Capital commitments approved and contracted				
Roading	1,386	1,639	1,386	1,639
Sewerage	25	102	25	102
Community facilities	45	186	45	186
Subsidiaries investment property	0	214	0	0
Total capital commitments	1,457	2,141	1,457	1,927

The Roothing commitments attract subsidy to the value of \$781,145.

NON-CANCELLABLE OPERATING LEASE COMMITMENTS

Council has operating lease agreements for the use of facsimile machines, property and photocopiers/printers.

	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Operating lease				
Lease payments made:	608	423	546	1,038
Lease payments due:				
Not later than 1 year	312	393	250	373
Later than 1 year and not later than 2 years	260	283	198	264
Later than 2 years and not later than 5 years	361	493	238	400
Later than 5 years	370	415	277	314
Total operating leases	1,303	1,587	963	1,351

There are no restrictions placed on the group by any of the leasing arrangements.

OPERATING LEASES AS LESSOR

Far North Holdings Limited leases its investment property under operating leases. The future aggregate minimum lease payments to be collected under non cancellable operating leases are as follows:

	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Non cancellable operating leases lessor				
Not later than 1 year	1,336	1,030	0	0
Later than 1 and not later than 5 years	3,598	3,277	0	0
Later than 5 years	1,177	4,236	0	0
Total non cancellable operating leases	6,111	8,543	0	0

24. CONTINGENCIES	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Building Act claims	15	40	15	40
Weather-tight home calls – Riskpool	324	0	324	0
Other legal proceedings	75	77	75	77
Roading legalisation claims	50	50	50	50
Total contingent liabilities	464	167	464	167

LITIGATION

There are 11 claims involving possible future costs totalling an estimated value of \$464,000 exist. These claims are contingent and have not been accrued in the financial statements. (Last year there were 15 possible claims at an estimated value of \$363,727).

Council is subject to some litigation claims in respect of repair costs for weather-tight homes claims. As at the date of this report, the Weather-tight Homes Resolution Service advises that it is actioning 7 claims in relation to Far North District Council. There is provision for these of \$910,036 shown as a provision in Note 18. The number of buildings affected by those claims is unknown. Claims lodged prior to July 07 will be substantially covered by insurance and those from July 08 will be subject to an excess of \$50k per claim. From July 09 no further claims will be covered by Riskpool. Riskpool is making additional funding requests in relation to prior year funds and Council has been advised of additional payments of \$162k for 2013/14 and 2014/15.

GUARANTEES

Far North District Council has guaranteed a bank loan for the Civic Centre Trust for \$1,900,000 (2011 \$1,900,000), Hohoura Big Game Sports & Fishing Club \$50,000 (2011 \$50,000) and the Kawakawa Bowling Club of \$40,000 (2011 \$40,000).



25. RELATED PARTY TRANSACTIONS

Key management personnel in relation to NZ IAS24 are deemed to be the Chief Executive, senior management team and Mayor, Councillors, Elected Members of Far North District Council and the Directors of Far North Holdings Limited.

COUNCIL

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates). Other details relating to expenditure incurred by Council are as follows:

	COUNCIL	
	2012 \$000s	2011 \$000s
Cllr Kitchen – New Zealand Fire Service	10	9
Cllr Kitchen/Macauley – Northland District Health Board	295	330
Cllr Macauley – Kaikohe & District Historical & Mechanical Society	36	84
Cllr Macauley/Member Davis – Kawakawa Hundertwasser Centre	40	8
Cllr Macauley – Palmer Macauley Lawyers	4	0
Cllr Knight – 100% Monty Knight	0	1
Cllr Knight – Kaitaia Business Association	22	0
Cllr Knight/Cllr Macauley – The Turner Centre	7	0
Cllr McNally – McNally Valuation (2000) Ltd	0	1
Cllr McNally – Twin Coast Valuations	2	0
Cllr Maxwell – Creative Edge Bay of Islands	5	3
Cllr Byers/Members Dalton/Stephens – Northpoint Trust	0	6
Cllr Byers – Sport Northland (to Sept 2010)	0	75
Cllr McNally – Sport Northland (From Nov 2010)	0	72
Member Lugnet – Doubtless Bay Information Centre	6	0
Member Ward – Paihia Business Incorporated	0	26
Member Davis – BOI Vintage Railway Trust	8	10
Member Waikare – Kawakawa Business Association	0	3

During the year, a dispute arose in relation to \$150,000 owed to Council by Mayor Brown for contributions. A sum of \$76,487 has been calculated by the Office of the Auditor-General as remaining outstanding at 30 June 2012 in relation to contributions. A sum of \$11,518 was paid in May 2012 in relation to outstanding rates. This issue is subject to a report by the Office of the Auditor-General issued in August 2012 and is available from the OAG.

Except for the above, no other Councillors or senior management have entered into related party transactions with the group.

The value for the Turner Centre includes an amount of \$2k that was not paid until August 2012

KEY MANAGEMENT PERSONNEL	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Council – salaries	1,541	1,480	1,541	1,480
Council – severance	0	60	0	60
Subsidiary – salaries	375	341	0	0
Total salaries – key management personnel	1,916	1,881	1,541	1,540

Far North Holdings Limited is wholly owned by Far North District Council. In presenting the financial statements of the group the effect of transactions and balances between fellow subsidiaries have been eliminated.

TRANSACTIONS

All transactions between companies in the Group and Far North District Council were made on commercial terms and conditions with the exception of management and administrative services which were supplied to Far North Developments Limited free of charge.

Transactions between the Group and Far North District Council

	COUNCIL	
	2012 \$000s	2011 \$000s
Far North Holdings Ltd		
Services received from Council	257	226
Services provided to Council	676	823
Amounts payable to members of the Group	105	1
Amounts receivable from members of the Group	68	79
Te Ahu Charitable Trust		
Amounts payable to members of the Group	0	3,991
Amounts receivable from members of the Group	0	0
Outstanding commitment to Te Ahu Charitable Trust	0	3,991
Contribution to Te Ahu Charitable Trust in 2010/11	3,141	4,240

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2011 \$nil).

Council has 3 CCO's – Far North Holdings Limited, Te Ahu Charitable Trust and Rolands Wood Trust. The values relating to the Rolands Wood trust are deemed not material for the Far North District Council consolidation. The Rolands Wood Trust has a balance of \$134k (\$133k June 2011) shown as a deposit in Far North District Council accounts. This was specifically bequeathed to Council for the maintenance of an area of woodland for community use

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26. REMUNERATION	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s

The Chief Executive Officer of the Far North District Council, appointed under section 42(1) of the Local Government Act 2002 received a salary and benefits respectively of:

CEO				
Salary	272	258	272	258
Vehicle	0	15	0	15
Principal allowance	1	1	1	1
Telephone allowance	1	1	1	1
Total CEO costs	274	275	274	275
Elected representatives:				
Mayor Brown - salary	108	102	108	102
Mayor Brown - vehicle	6	6	6	6
Other elected representatives				
Baker T – salary	41	42	41	42
Baker T – mileage & other expenses	3	4	3	4
Court A– salary	52	49	52	49
Court A– mileage & other expenses	5	4	5	4
Dalton T – salary	41	30	41	30
Dalton T – mileage & other expenses	1	1	1	1
Macauley S – salary	42	45	42	45
Macauley S – mileage & other expenses	1	0	1	0
Kitchen C – salary	41	42	41	42
Kitchen C – mileage & other expenses	1	1	1	1
Maxwell D – salary	41	43	41	43
Maxwell D – mileage & other expenses	2	1	2	1
McNally S – salary	41	42	41	42
McNally S – mileage & other expenses	2	1	2	1



26. REMUNERATION	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Knight M – salary	41	29	41	29
Knight M – mileage & other expenses	3	2	3	2
Radich M – salary	41	29	41	29
Radich M – mileage & other expenses	3	1	3	1
Bamber I – salary	0	13	0	13
Bamber I – mileage & other expenses	0	1	0	1
Bowman D – salary	0	11	0	11
Bowman D – mileage & other expenses	0	1	0	1
Byers L – salary	0	13	0	13
Byers L – mileage & other expenses	0	1	0	1
Total elected representatives	516	514	516	514
Elected Members				
Te Hiku Community Board				
Bowman D - salary	19	15	19	15
Bowman D – mileage & other expenses	3	2	3	2
Lugnet C - salary	10	7	10	7
Lugnet C – mileage & other expenses	1	1	1	1
Van Der Sluis W – salary	10	10	10	10
Van Der Sluis W – mileage & other exps	0	0	0	0
Atkinson S – salary	14	13	14	13
Atkinson S – mileage & other expenses	2	1	2	1
Senior D - salary	10	10	10	10
Senior D – mileage & other expenses	2	0	2	0
Smith Y - salary	10	7	10	7
Smith Y – mileage & other expenses	1	0	1	0
King F – salary	0	5	0	5
King F – mileage & other expenses	0	1	0	1
Cross P – salary	0	4	0	4
Cross P – mileage & other expenses	0	0	0	0
Kaikohe-Hokianga Community Board				
Stephens W – salary	19	16	19	16
Stephens W – mileage & other expenses	1	0	1	0
Anderson M - salary	10	7	10	7
Anderson M – mileage & other expenses	3	1	3	1
Gundry W - salary	10	7	10	7
Pakai L – salary	10	7	10	7
Dalton T – salary	0	4	0	4
Dalton T – mileage & other expenses	0	0	0	0
Davis E – salary	0	4	0	4
Davis E – mileage & other expenses	0	1	0	1
Cherrington J – salary	10	10	10	10
Cherrington J – mileage & other expenses	1	2	1	2



	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Schollum J – salary	14	13	14	13
Schollum J – mileage & other expenses	1	0	1	0
Bay of Islands-Whangaroa Community Board				
Annison F – salary	19	16	19	16
Annison F – mileage & other expenses	1	1	1	1
Brown H - salary	10	7	10	7
Brown H – mileage & other expenses	1	1	1	1
Davis J - salary	10	7	10	7
Davis J – mileage & other expenses	1	1	1	1
Greening T – salary	10	7	10	7
Greening T – mileage & other expenses	1	0	1	0
Mills B – salary	10	7	10	7
Mills B – mileage & other expenses	2	0	2	0
Turner D - salary	10	7	10	7
Turner D – mileage & other expenses	3	1	3	1
Gorringe P – salary	0	5	0	5
Gorringe P – mileage & other expenses	0	0	0	0
Timmings S – salary	0	3	0	3
Timmings S – mileage & other expenses	0	0	0	0
Wikaire M – salary	0	3	0	3
Wikaire M – mileage & other expenses	0	0	0	0
Phillips G – salary	0	3	0	3
Fountain C – salary	0	3	0	3
Ward B - salary	14	10	14	10
Total Community Board costs	253	230	253	230
Total remuneration costs	1,043	1,019	1,043	1,019



MEETING ATTENDANCE

Elected Members	Council	Audit & Finance	Extraordinary meetings	LTP Hearings
Meetings for the year	13	2	2	4
W Brown (*)	10	1	1	4
A Court	12	2	2	4
T Baker	10	0	2	0
S McNally (*)	12	2	2	3
D Maxwell (*)	11	1	2	4
S Macauley	12	2	1	4
T Dalton	10	0	1	4
C Kitchen	10	0	1	4
M Radich	13	0	0	4
M Knight (*)	13	2	2	4

Cllr Baker has been granted a 6 month leave of absence due to ill health with effect from May 2012.

The Audit & Finance Committee (*) has 4 Elected Members with all others able to attend if they wish.

Bay of Islands-Whangaroa Community Board

Meetings for the year	10
F Annison	10
H Brown	9
J Davis	10
T Greening	10
B Mills	10
D Turner	9
B Ward	10

Te Hiku Community Board

Meetings for the year	10
D Bowman	9
C Lugnet	10
Y Smith	9
W Van De Sluis	7
S Atkinson	10
D Senior	10

Kaikohe-Hokianga Community Board

Meetings for the year	10
W Stephens	8
M Anderson	10
W Gundry	9
L Pakai	6
J Cherrington	9
J Schollum	10

27. SEVERANCE PAYMENTS

There was 1 severance payments made in 2011/12 of \$84,366 (2010/11 – 5 for \$60,271).

28. EVENTS AFTER BALANCE SHEET DATE

Neither Far North District Council or its subsidiaries, apart from the Te Ahu Charitable Trust, had any events occurring after the balance sheet date that require disclosure in these financial statements (2011 - nil).

29. FINANCIAL INSTRUMENT RISK	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
29a. Financial instrument risk				
FINANCIAL ASSETS				
Loans and receivables				
Cash and cash equivalents	3,058	4,530	2,665	3,328
Other financial assets				
Short term deposits	2,314	2,481	1,995	2,162
Debtors and other receivables	32,955	31,685	32,553	32,219
Total loans and receivables	38,327	38,696	37,213	37,709
Available for sale				
LGNZ Shares	46	86	46	86
Investment in associate	0	0	0	0
Total available for sale	46	86	46	86
FINANCIAL LIABILITIES				
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	731	365	731	365
Financial liabilities at amortised cost				
Creditors and other payables	19,656	22,706	18,529	20,491
Borrowings				
Bank overdraft	0	5	0	0
Secured loans	111,006	118,643	100,716	109,323
Total financial liabilities at amortised cost	131,393	141,719	119,976	130,179

29b. FAIR VALUE HIERARCHY DISCLOSURES

For those instruments recognized 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 significant inputs are observable; and
- Valuation techniques with significant non observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of valuation classes of financial instruments measured at fair value in the Statement of Financial Position.

29B. FAIR VALUE HIERARCHY DISCLOSURES	CONSOLIDATED		COUNCIL	
	TOTAL \$000s	QUOTED MARKET PRICE \$000s	OBSERVABLE INPUTS \$000s	SIGNIFICANT NON OBSERVABLE INPUTS \$000s
30 June 2012 - Council				
Financial assets				
LGNZ Shares	46	0	46	0
30 June 2012 - Consolidated				
Financial assets				
LGNZ Shares	46	0	46	0
30 June 2011 - Council				
Financial assets				
LGNZ Shares	86	0	86	0
30 June 2011 - Consolidated				
Financial assets				
LGNZ Shares	86	0	86	0

There were no transfers between the different levels of the fair hierarchy.

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change the value.



MANAGEMENT POLICIES WITH RESPECT TO FINANCIAL INSTRUMENTS

The Group has a series of policies providing risk management for interest rates and the concentration of credit risk. The Group is risk averse and seeks to minimise exposure from its treasury activities. The Group has established a Treasury Policy specifying what transactions can be entered into. The policy does not allow any financial transactions that are speculative in nature to be entered into.

PRICE RISK

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Council is exposed to equity price risk on investments, which are classified as financial assets held at fair value through equity. The price risk arises due to changes in performance of the shares held and is annually assessed.

INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return on investment. The interest rates on the Group's borrowings are disclosed in Note 20. There are 4 interest rate swap agreement in place at 30 June 2012 (2011 - 3). Council manages its interest rate risk by varying financing terms of its public debt.

CURRENCY RISK

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The group has limited exposure to currency risk.

CREDIT RISK

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss. The maximum amount of credit risk for each class is the carrying amount in the Statement of Financial Position. Council has minimal credit risk, apart from Māori land rates, which is provided for in the provision for Impairment of rates (Note 9), in its holdings of various financial instruments. These financial instruments include bank balances, local authority stock and accounts receivable.

Council invests funds only in deposits with registered banks and local authority stock and limits the amount of credit exposure to any one institution or organisation. Accordingly, Council does not require any collateral or security to support the financial instruments with organisations it deals with.

FAIR VALUE

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arms length transaction.

The fair value of financial instruments is approximately equivalent to the carrying amount disclosed in the Statement of Financial Position.

CASH FLOW INTEREST RATE RISK

Cash flow interest rate risk is the risk that the cash flow from a financial instrument will fluctuate because of changes in market interest rates. Council has variable rate borrowings in the form of bank facilities, drawable on demand.

FAIR VALUE INTEREST RISK

Fair value interest risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Council holds all long term borrowings at fixed rates which could expose the Council to fair value interest rate risk.

MAXIMUM EXPOSURE TO CREDIT RISK	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Cash at bank and term deposits	3,058	4,530	2,665	3,328
Debtors and other receivables	32,955	31,685	32,553	32,219
Other financial assets	2,314	2,481	1,995	2,162
LGNZ shares	46	86	46	86
Investment in associate	0	0	0	0
Total credit risk	38,373	38,782	37,259	37,795

CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counter party default rates:

	CONSOLIDATED		COUNCIL	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and term deposits				
AA	3,058	4,530	2,665	3,328
Total cash at bank and term deposits	3,058	4,530	2,665	3,328
Fair value through equity				
A+	46	86	46	86
Total fair value through equity	46	86	46	86

Debtors and other receivables mainly arise from Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors or other receivables with reference to credit ratings. Apart from Māori land, which is provided for in the provision for impairment of rates (Note 9), Council has no significant concentration of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly rate payers, and 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 Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Council aims to maintain flexibility in funding by keeping committed credit lines available. In meeting its liquidity requirements, Council maintains a loan profile, in accordance with its funding and financial policies, which includes a Treasury Management Policy. Council has a maximum amount that can be drawn against its overdraft facility of \$3,000,000 (2011 - \$3,000,000). There are no restrictions on the use of this facility.

CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL LIABILITIES

The table below analyses Council's financial liabilities into relevant maturity groups, based on the remaining period at the balance date, up to the contractual maturity date. Future interest payments are based on the rate attributable to that debt. The amounts disclosed are the contractual undiscounted cash flows.



	CARRYING AMOUNT \$000s	CONTRACTUAL CASH FLOWS \$000s	LESS THAN 1 YEAR \$000s	1 – 2 YEARS \$000s	2 – 5 YEARS \$000s	MORE THAN 5 YEARS \$000s
Council 2012						
Creditors and other payables	18,529	18,529	18,529	0	0	0
Bank overdraft	0	0	0	0	0	0
Net settled derivative liabilities	731	731	0	0	731	0
Secured loans	100,716	120,146	7,223	34,100	55,343	23,480
Finance leases	0	0	0	0	0	0
Total	119,976	139,406	25,752	34,100	56,074	23,480
Group 2012						
Creditors and other payables	19,656	19,656	19,656	0	0	0
Bank overdraft	0	0	0	0	0	0
Net settled derivative liabilities	731	731	0	0	731	0
Secured loans	111,006	129,466	7,223	34,100	55,343	23,480
Finance leases	0	0	0	0	0	0
Total	131,393	149,853	26,879	34,100	56,074	23,480
Council 2011						
Creditors and other payables	20,491	20,491	20,491	0	0	0
Bank overdraft	0	0	0	0	0	0
Net settled derivative liabilities	365	365	0	0	365	0
Secured loans	109,323	109,550	13,351	2,037	37,161	56,821
Finance leases	0	0	0	0	0	0
Total	130,249	130,470	34,092	2,037	37,526	56,821
Group 2011						
Creditors and other payables	22,706	22,706	22,706	0	0	0
Bank overdraft	5	5	5	0	0	0
Net settled derivative liabilities	365	365	0	0	365	0
Secured loans	118,643	118,870	13,531	11,357	37,161	56,821
Finance leases	0	0	0	0	0	0
Total	141,719	141,946	36,242	11,357	37,526	56,821

SENSITIVITY ANALYSIS

The table below illustrates the potential profit and loss impact for reasonably possible market movements, with all other variables held constant based on Council's financial instrument exposures at the balance date.

INTEREST RATE RISK COUNCIL	2012 \$000s		2011 \$000s	
	PROFIT - 100 BPS	PROFIT + 100 BPS	PROFIT - 100 BPS	PROFIT + 100 BPS
Financial assets				
Cash and cash equivalents	2	(2)	3	(3)
Financial liabilities				
Borrowings				
Credit lines	(30)	30	(27)	27
Total sensitivity to interest rate risk	(28)	28	(24)	24

EXPLANATION OF SENSITIVITY ANALYSIS

1. Cash and cash equivalents
Cash and cash equivalents are \$2,665,000 (2011 \$3,328,000) which are at a floating rate. A movement of plus or minus 1% has an effect on interest income of \$2,107 (2011 \$2,737)
2. Credit lines
The balance on the credit lines was \$24,000,000 (2011 \$29,000,000) at a floating rate. A movement in interest rates of plus or minus 1% has an effect on interest payable of \$30,397 (2011 \$27,282)

Far North Holdings does not have any significant interest rate risk.

30. CAPITAL MANAGEMENT

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets. The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, liabilities, investments and general financial dealings.

Far North District Council has created reserves for different areas of benefit. These are used where there is a discrete set of rate payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to specific reserves.

31. PROPERTY AVAILABLE FOR SALE

Directors of Far North Holdings Limited have initiated a plan to sell 3 properties with a total value of \$500,000 (2011 – 3 properties \$855,000).

32. DERIVATIVE FINANCIAL INSTRUMENTS

	COUNCIL	
	2012 \$000s	2011 \$000s
Non current liability portion		
Interest rate swap – cash flow hedge	731	365
Total derivative financial instrument liabilities	731	365

FAIR VALUE

The fair value of the interest rate swap has been determined using discounted cash flow valuation based on quoted market rates.

INTEREST RATE SWAP

The notional principal amount of the outstanding interest rate swap contracts with Council was \$20,000,000 (June 2011 \$15,000,000). At June 30 the fixed interest rate of the cash flow hedge was 6.5%, 6.51%, 3.89% and 7.1% (2011 – 6.5%, 6.51% and 7.1%). There were no losses or gains to be recognised in the Statement of Financial Performance.



33. VARIANCES TO ANNUAL PLAN

COUNCIL
2012
\$'000s**Statement of Financial Performance**

Annual Plan surplus	9,170
Annual Report surplus	2,997

Net operating surplus variance	(6,172)
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Variance represented by:**Variance area**

Rates	4,331
Other	(2,551)

Total income variance	1,780
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District facilities (*)	(2,052)
Corporate & governance (*)	(455)
Sustainable environment & consents (*)	1,735
Roads & stormwater (*)	(7,380)
Water, wastewater & refuse (*)	(1,324)
Increased depreciation	(523)
Decrease in finance costs	2,047

Total expenditure variance	(7,952)
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Net operating surplus variance	(6,172)
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(*) See individual Statement of Service Performance for explanation of each group's variance to Annual Plan.

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position shows a positive working capital of \$10.005 million (compared to a positive of \$12.930 million in the Annual Plan). This \$2.925 million unfavourable variance is due to:

Increased cash & cash equivalents	0.352m
Decreased debtors & other receivables	(2.138m)
Increased other financial assets	1.995m
Increased inventories	0.031m
Decreased creditors & other payables	0.254m
Increased current portion of borrowings	(2.994m)
Increased current portion of provisions	(0.031m)
Increased employee benefits	(0.394m)

Council's asset revaluation reserves have increased by \$62 million during the year.



Capital Statement

CAPITAL STATEMENT	CONSOLIDATED		ACTUAL 2012 \$000s	COUNCIL BASE 2012 \$000s	ACTUAL 2011 \$000s
	ACTUAL 2012 \$000s	ACTUAL 2011 \$000s			
<i>Capital statement</i>					
Net operating surplus	6,175	5,164	2,997	9,170	6,765
Depreciation funding	19,600	14,492	19,600	22,402	14,492
Loans	16,344	9,427	16,344	11,168	9,427
Development funding	1,073	2,428	1,073	1,336	2,428
Reserve funding	475	680	475	2,203	680
Reserve appropriations	(772)	(53)	(772)	(4,580)	(53)
Retained profit funding	137	126	137	0	126
Other funding	0	0	0	0	0
Total funding	43,032	32,264	39,855	41,701	33,866
New work	11,132	20,300	11,132	35,685	25,501
Renewal works	15,617	13,114	15,617	0	13,114
Total capital works	26,749	33,414	26,749	35,685	38,615
Loan repayments	13,607	596	13,607	6,016	596
Total debt	13,607	596	13,607	6,016	596
Total capital expenditure	40,356	34,010	40,356	41,701	39,211
NET SURPLUS / (DEFICIT)	2,676	(1,746)	(501)	0	(5,345)





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About Service Performance

The Annual Report is a key reporting tool advising residents of Council's performance during 2011/12 financial year against what was planned in the Annual Plan and 2011/12 Financial Information. This also includes Council's contribution towards community outcomes and the 4 wellbeings (social, economic, environmental and cultural) as well as feedback from the community on council facilities and services.

Council's way of being answerable to the community is to give evidence of its achievements and outline the way in which it will deal with issues and future challenges ahead.

How is your Council Performing?

Far North District Council (Council) conducted a community feedback survey in May 2012. This survey identifies and measures the perceptions that residents of Far North District (residents) have towards Council and the services it provides.

Specifically this survey aimed to:

- Measure satisfaction levels with Council services and facilities;
- Identify usage levels of Council services and facilities;
- Identify awareness and impression of Council communications and consultation processes;
- Measure satisfaction levels with Council performance; and
- Gather feedback on local issues.

Interviewing for the survey was carried out via telephone (computer assisted telephone interviewing) in house at Versus Research during May / June 2012. A total of 400 residents were interviewed from Far North district and a sample of 30 residents from each of the peer districts was interviewed. The findings from the survey have been analysed by Ward (Te Hiku, Bay of Islands-Whangaroa and Kaikohe-Hokianga).

Services / Facilities

Results for 2012 show both increases upon, and similarities with 2011 in Council's service delivery across the variety of services and facilities. Increases are seen for cycleways (56% (c.f.) 2011, 25%); access to beaches (79% c.f. 2011, 66%); boat ramps and jetties (74% c.f. 2011, 47%); playgrounds (76% c.f. 2011, 60%); public swimming pools (59% c.f. 2011, 32%); cemeteries (77% c.f. 2011, 58%); stormwater drainage (56% c.f. 2011, 46%); recycling (78% c.f. 2011, 72%); refuse disposal (80% c.f. 2011, 68%); and animal control (67% c.f. 2011, 54%).

Services and facilities which remain consistent with 2011 are the town water supply (81% c.f. 2011, 82%); sewerage system (87% both years); district roading network (57% both years); footpaths (58% c.f. 2011, 55%); public libraries (95% c.f. 2011, 96%); parks and reserves (92% both years), and public toilets (60% c.f. 2011, 58%).

A summary of results on Council's services and facilities and Council's key performance measures (KPM), are given in the tables below:

Please note:

- **(c.f.)** above relates to community feedback results in 2011.
- When Council refers to targets **"not specified"** below this relates to Council requiring additional information for forward planning purposes. For instance, consent application experience and inspection experience with Council or the district's preparedness for a civil defence emergency and households who have an emergency response plan.
- **Key codes** below have been used to identify measure performance vs. target in 2011/12 (↑ has improved, ⇔ neutral and ↓ needs improving).





Measure	2011 Satisfied & Very Satisfied	2012 Satisfied & Very Satisfied	2012 Peer Group Average	2012 Target	Performance vs. target
Water supply	82%	81%	89%	85% user satisfaction	↓
Sewerage system	87%	87%	94%	85% user satisfaction	↑
Roading network	57%	57%	68%	55% resident satisfaction	↑
Footpaths	55%	58%	61%	70% resident satisfaction	↓
Cycleways	25%	56%	65%	Not specified	
Access to beaches	66%	79%	90%	76% resident satisfaction	↑
Boat ramps and jetties	47%	74%	82%	59% resident satisfaction	↑
Parks and reserves	92%	92%	94%	80% user satisfaction	↑
Playgrounds	60%	76%	86%	80% resident satisfaction	↓
Public swimming pools	32%	59%	59%	60% resident satisfaction	↓
Public libraries	95%	96%	84%	85% user satisfaction	↑
Public toilets	58%	60%	71%	56% resident satisfaction	↑
Cemeteries	58%	77%	87%	65% resident satisfaction	↑
Stormwater drainage	46%	56%	60%	53% resident satisfaction	↑
Recycling	72%	78%	87%	80% resident satisfaction	↓
Refuse disposal	68%	80%	84%	75% resident satisfaction	↑
Animal control	54%	67%	71%	69% resident satisfaction	↓
Airports	-	85%	-	65% resident satisfaction	↑
Overall satisfaction with Council provided services and facilities	76%	79%	80%	Not specified	

Building and resource consent services

Overall, 8% of residents (9% in 2011) stated they had applied for a building or resource consent over the last 12 months. 66% are satisfied or very satisfied with their most recent consent application, and 74% of residents (71% in 2011) are also satisfied or very satisfied with their most recent inspection.

Consent services perform above the target set for 2012

Measure	2011 Satisfied & Very Satisfied	2012 Satisfied & Very Satisfied	2012 Target	Performance vs. target
Most recent consent application experience	61%	66%	45%	↑
Most recent inspection experience	71%	74%	Not specified	-



Contact with Council

A total of 47% of residents stated they have contacted Council in the past 12 months. Overall, 77% of residents are satisfied or very satisfied with the service they received when they contacted Council. The most frequently used methods of contacting Council are a visit to a Council office or Service Centre and by phone. Less popular methods include using Council's 24 hour 0800 number and written communication. The most frequent reasons for making contact with the Council relate to rates queries (24%), building issues / permits / inspections (20%), and roads / footpaths (13%). This is a similar list compared with the 2011 top reasons.

Despite all contact points outperforming targets set for 2012, overall satisfaction is below the target set for the year.

Method of contact	2011 Satisfied & Very Satisfied with contact	2012 Incidence of contact	2012 Satisfied & Very Satisfied with contact	2012 KPM Target	Performance vs. target
Council's 0800 number	77%	38%	78%	68%	↑
Written communication	62%	21%	82%	54%	↑
Telephone	70%	61%	71%	73%	↓
Visit to a Council office or Service Centre	78%	65%	92%	Not specified	-
Overall satisfaction with service when contacting Council	73%	47%	77%	85%	↓

Council communications and governance

Overall, 27% of residents have used Council's website in the past 12 months and 85% of these residents said they found the information they were looking for on the website. Half of these residents (50%) stated that it was extremely helpful or helpful, but this result shows a decrease of 7% since 2011 (57%).

Knowledge of Council remains consistent with 2011. On the whole, 57% of residents (c.f.2011, 54%) feel they know a lot or a fair amount about the Council, a 3% increase for 2012.

Similarly, this year, 54% of residents feel they are well informed about Council and their activities, on a par with 53% in 2011. The result for being informed of the District Plan and its level of significance has increased slightly for 2012 (38%), compared with 32% in 2011. Ease of access to Council information and services (43%) also remains consistent with 2011 (41%) for being satisfied and extremely satisfied.

Awareness of the local Community Board has decreased by 7% from 50% in 2011 down to 43% for 2012. A new awareness question regarding the provision to hear from members of the public at monthly local Community Board meetings was included. Just over half (51%) of those aware of local community boards knew of this provision.

All communication measures are below targets set for 2012.





Measure	2011 Result	2012 Result	2012 KPM target	Performance vs. target
Helpfulness of information provided on Council website	57%	50% helpfulness	Not specified	-
Community knowledge about the Council	54%	57% know a lot / fair amount	60%	↓
'Being informed' about the Council and its activities	53%	54% well informed / informed	47%	↑
'Being informed' about the District Plan	32%	38% well informed / informed	52%	↓
Ease of access to the Council information and services	41%	43% extremely satisfied / satisfied	69%	↓
Awareness of the local community boards	50%	43% awareness	74.5%	↓
Provision to hear from members of the public at monthly local Community Board meetings	-	51% awareness	Not specified	-

Emergency Management

36% of households in the Far North district have an emergency response plan; 42% have an emergency survival kit; and 35% are aware of the community response plan for civil defence. Only awareness of the community response plan for civil defence has increased since 2011 and all are lower than the peer council group.

Measure	2011 Result	2012 Result	Peer Group Average	2012 Target
Households with an emergency response plan	51%	36%	50%	Not specified
Households with an emergency response kit	56%	42%	50%	Not specified
Awareness of Community Response Plan for civil defence	29%	35%	60%	Not specified

Peer Council's similar to Far North District Council

In comparison with the peer group average, Far North District Council's service delivery is consistent with the peer group council's on the following services: footpaths, parks and reserves, public swimming pools, stormwater drainage, refuse disposal, animal control, and overall satisfaction.

Far North District Council's service delivery is lower than the peer groups councils on the following services: public libraries, water supply, sewerage system, roading network, cycleways, access to beaches, boat ramps and jetties, playgrounds, cemeteries, public toilets, and recycling. For public libraries Far North District Council exceeded 96% compared to the peer group average of 84%.

Rating for 2012 for their overall satisfaction with Council provided services and facilities is 79% very satisfied or satisfied with these services, consistent with 2011 (76%). The peer group average for overall satisfaction with Council provided services (80%), is on a par with Far North district (79%).



Community Aspirations

In preparing the 2006/16 LTCCP, Council determined outcome areas that were important, as part of its consultation with the community (surveys, personal interviews, Hui and youth workshops). In addition, Council along with Northland Regional Council, Kaipara District Council and Whangarei District Council partnered in a process to determine regional outcome areas (focus groups, stakeholder groups, wananga, Hui and a quantitative telephone survey).

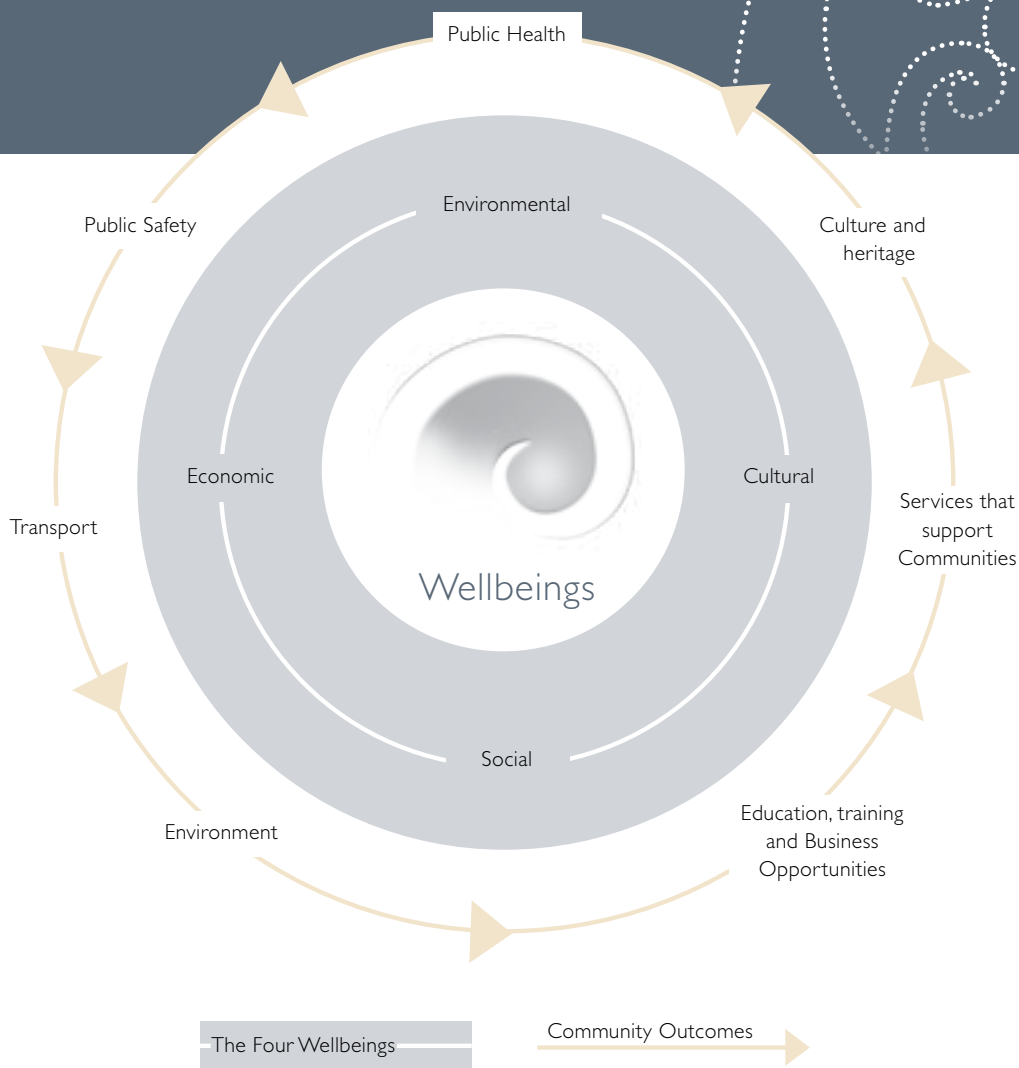
Community outcomes are a community judgment and belong to the community not Council. The purpose of the process is to enable the community as a whole to decide what is important. That is not just in terms of Council functions, but also in terms of the functions and capabilities of other organisations and groups within the community. In performing its role, Council should take account of the diversity of the community and "the interests of future as well as current communities". It should also "collaborate and co-operate with other local authorities and bodies" where that is appropriate "to promote or achieve priorities and desired outcomes".

The "Far North District Futures Report" explains to the community the progress made towards community outcomes from 2006 to 2009, please visit our website <http://www.fndc.govt.nz/your-council/strategic-planning/annual-report/Far-North-Futures-Reporting-2009.pdf>

Council's contribution towards Far North's future

In planning its work for the next 10 years Council looked at taking a "sustainable development" approach. Sustainable development is not just about the natural environment. It may be defined as ensuring community wellbeing now and in the future. This encompasses social, cultural, economic and environmental factors. Council will spread the message of sustainability throughout the Far North community, because we all have our part to play in safeguarding the district's future wellbeing.





The diagram details the community outcomes identified by the community and the 4 wellbeing's (economic, environmental, social, and cultural) wellbeing of people and communities, the need to maintain and enhance the quality of the environment; and the needs of future generations.

PUBLIC HEALTH

Key health issues of all residents are identified and addressed.

PUBLIC SAFETY

Our community and visitors to the district feel safe and secure at any time of the day or night.

TRANSPORT

Transport networks are maintained and developed to enable access to, from and within the district.

ENVIRONMENT

The Far North's built environment and infrastructure are further developed in a sustainable way, which contributes to the wellbeing of people, communities, and the natural environment, both now and in the future.

EDUCATION, TRAINING AND BUSINESS OPPORTUNITIES

Opportunities in the Far North are sufficient to attract skilled professionals to the district and to reduce the number of young people leaving the area.

SERVICES THAT SUPPORT COMMUNITIES

The cohesiveness of our communities is maintained or increased by retaining the services they need.





Having a strong and positive district identity that includes awareness and knowledge of the Far North's unique heritage and history.



Wellbeing Report


In planning its work for the next 10 years Council looked at taking a “sustainable development” approach. Sustainable development is not just about the natural environment. It may be defined as ensuring community wellbeing now and in the future. This encompasses social, cultural, economic and environmental factors. Council will spread the message of sustainability throughout the Far North community, because we all have our part to play in safeguarding the district’s future wellbeing.


Council’s progress in contributing positively to the economic, environmental, social or cultural wellbeing of the community during 2011/12 is shown below.


Symbols used to identify projects contributing to each of the wellbeings:			
 Economic	 Environmental	 Cultural	 Social
PROJECT/BACKGROUND IN 2011/12	SUCCESS FACTOR AGAINST THE COMMUNITY WELLBEINGS		
Roads			
<p>Whangaroa Road Pavement Rehabilitation</p> <p>Includes geometric realignment, installation of kerb and channel, footpath, drainage provisions and sea wall</p>	<p>Improves the economic and social wellbeing of the community served by this road by reducing silt run off from the road in to the adjacent marine environment and enhancing access for seasonal holiday traffic.</p>		
<p>Rawene Road Foundation Stabilisation</p> <p>Including lowering of the existing road alignment, installation of proper drainage provisions and reinstatement of the road pavement</p>	<p>Improves the economic and social wellbeing of the community by addressing current and future traffic demands and reducing the risk of slips and settlement damage to the carriageway.</p>		
Stormwater			
<p>Russell Township Stormwater Improvement Project</p> <p>Including new and upgraded stormwater reticulation pipes and outfalls</p>	<p>Improved stormwater management reduces flood risk.</p>		
Water			
<p>Kaitaia Water Supply</p> <p>Acquisition of Sweetwater resource consent</p>	<p>The resource consent will enable sustainable existing and future demand of water supply to the community and reduce risks to supplies under potential future drought conditions, while protecting the natural river supplies.</p>		
Wastewater			
<p>Kaitaia Wireless Road and Kaikohe Ngawha</p> <p>New sewerage reticulation</p>	<p>Installation of new low pressure sewer systems connected to the town reticulation as replacement of household septic tanks. The projects were part funded by the Ministry of Health under its sanitary subsidy scheme to provide relief of health risks identified from failing private on site disposal systems.</p>		



Symbols used to identify projects contributing to each of the wellbeings:

 Economic

 Environmental

 Cultural

 Social

PROJECT/BACKGROUND IN 2011/12

SUCCESS FACTOR AGAINST THE COMMUNITY WELLBEINGS

Refuse and Recycling

Education Programme -1

Reducing the material going to landfill by increasing reuse and recycling

The amount of waste to landfill has been reduced down to 276kg per head of population.



Education Programme -2

Developing education packages for schools on recycling

We contract CBEC Ecosolutions to provide education in schools on recycling along with reduce, reuse and recovery.

Cemeteries, Public Toilets and Town Maintenance

Williams Road, Paihia - toilets

Up graded the toilets to improve the aesthetics of this toilet block

The improvements to the toilet improved the experience for tourist and other visitors using this facility.

Community Centres, Halls, Museums and Pensioner Housing

Pensioner Housing Improvements

Completed deferred maintenance and renewal projects at Awanui, Ahipara, Kaitaia and Omapere pensioner units

The improved maintenance and weather-tightness of the pensioner units improved the quality of life and increased the safety of the residents.

Community and Economic Development

Community Development Plans

2 plans completed in the 2011/12 year (Ahipara and Kaitaia). Assistance was provided for the Kawakawa and Horeke on an as "needed basis"

Supporting all 4 wellbeing's and the development of communities.

i-SITEs

Hokianga i-SITE

Working with the Hokianga community to develop a business model for the operation for the new Hokianga i-SITE

The i-SITEs have maintained a very good relationship with the Hokianga Tourism Association to enable increased economic opportunities for the people of Hokianga.

Libraries

Kaitaia Library

Commence incorporation of the Kaitaia library into Te Ahu

Provision of well presented, family friendly library space in the brand new Te Ahu facility.

Lighting, Carparks and Footpaths

Kaitaia Mainstreet

Part of the small town beautification programme

The upgrading in the mainstreet improved the amenity values, quality of life of residents living in the area and increased the safety of users.

Renewal of Footpaths

Renewal of Lake Road, Pukepoto Road, North Road - Kaitaia and Nisbet Street, State Highway 1, Moerewa

The renewal of old footpaths improves the quality of life of residents living in the area and increases the safety of users.



Symbols used to identify projects contributing to each of the wellbeings:

e Economic

n Environmental

c Cultural

s Social

PROJECT/BACKGROUND IN 2011/12

SUCCESS FACTOR AGAINST THE COMMUNITY WELLBEINGS

Community Activities - Recreation

Bay Sport

Developing a significant sub regional recreation centre in Kerikeri

The grant to Bay Sport enables further stages of the facility to be completed.

e c s

Kerikeri Domain

Developing a significant sub regional recreation centre in Kerikeri

Creates a new multi use community space.

e c s

Kerikeri Sports Complex

Developing a significant sub regional recreation centre in Kerikeri

The development of netball courts, rugby fields and a clubroom creates a new multipurpose recreation centre.

e c s

Parkdale Reserve

Developing a neighbourhood reserve with basketball court, small playground and improved drainage

The development of these local facilities improves the quality of life of the residents living in the area.

c s

Development Consents

Streamlined Building Consent Process

Implement a simple consent process to enable the customers to receive building consents in a faster manner than statute dictates.

This process has enabled the community to access consents in a shorter timeframe and is one of only a few available in the country.

e n c s

Building Consent Authority Accreditation

Continue to achieve the performance requirements under accreditation to ensure Council remains an accredited Building Consent Authority for the benefit of the district

Accreditation was achieved before the March 2012 time frame and the community was not affected by any service level reduction.

e n c s

Resource Consent Process Improvements

Implementing improvements to resource consent processing to ensure statutory timeframes are met

Improved processing times have provided certainty to applicants and has resulted in an increased the level of customer satisfaction (as shown in the Communitrack survey for this period).

e n c s

District Plan and Structure Planning

Community Plan Projects

Target of 4 Community Plan projects completed for year 2011/12

This target was achieved with community plans completed for Omapere/Opononi, Kaikohe, Whangaroa and Taipa.

e n c s

Awareness of the District Plan


Awareness and education programme around awareness of the District Plan - specific individual projects within the department have included updates of web page, and organised educational workshops with sector groups and practitioners


This is a work in progress, and although not meeting Annual Plan target, there has been an improvement from the previous year in public awareness.


e n c s



Symbols used to identify projects contributing to each of the wellbeings:

 Economic

 Environmental

 Cultural

 Social

PROJECT/BACKGROUND IN 2011/12

SUCCESS FACTOR AGAINST THE COMMUNITY WELLBEINGS

Customer Services

Shared Services

Continuing to train and multi skill staff to enable them to deal effectively with and address a wider range of issues and tasks at first point of contact

Working with the Te Ahu Charitable Trust to develop a new service delivery model incorporating all the services and functions provided by the Kaitaia Service centre, i-SITE, library, museum and Far North community centre

Developing a neighbourhood reserve with basketball court, small playground and improved drainage

Offering a cost effective customer service that is appropriate for all people of varying social and cultural background.

Creating a customer friendly space that encourages people to use the Te Ahu facility, offering streamlined services.

The development of these local facilities improves the quality of life of the residents living in the area.

Field Services

Stock Pound

Moving southern stock pound from the leased Pakaraka property to the Okaihau dog pound site

Project being costed as capital expenditure is now available on 2012/13 budget.

Food Control Plans

Managing the transition period as the registration of premises is phased out and replaced by food control plans. This is currently being done on a voluntary basis until the new legislation is enacted

Under the current "voluntary implementation program" all applications received have been successfully assessed and audited. Indications are the new legislation will be coming into effect in early 2013. There will be a hand over period, which could be as long as 4 years, requiring Council to operate dual systems. In the meantime, Council will continue to operate under the voluntary scheme, encouraging more operators to move over, before it becomes mandatory to do so.

Illegal Dumping Strategy Policy

Working with Council's refuse department to monitor and enforce the illegal dumping strategy policy

The emphasis has been to work with Council's contractors responsible for the emptying of street and park & reserve litter bins. The focus has been looking for evidence of private households using the bins as a source of disposing of household waste, free of charge. This has produced some favourable results, with a number of infringement notices being issued to offenders.

In addition, similar work has been carried out on remote roadside locations where large volumes of rubbish have been dumped.

Wandering Stock

Reduce the probability of fatal and serious crashes caused by wandering stock on Council roads

The number of incidents of wandering stock onto roads has reduced from 370 in 2010/11 to 327 in 2011/12. Officers have spent time with some stock owners where there have been frequent incidents of wandering stock. In some cases satisfactory outcomes, including improved fencing or removal of wild stock, have resulted.

Animal Control

Ensure the percentage of respondents indicating they are fairly satisfied as measured by the Communitrak Survey is above 68%

The number of incidents of wandering stock onto roads has reduced from 370 in 2010/11 to 327 in 2011/12. Officers have spent time with some stock owners where there have been frequent incidents of wandering stock. In some cases satisfactory outcomes, including improved fencing or removal of wild stock, have resulted.



Symbols used to identify projects contributing to each of the wellbeings:

e Economic

n Environmental

c Cultural

s Social

PROJECT/BACKGROUND IN 2011/12

SUCCESS FACTOR AGAINST THE COMMUNITY WELLBEINGS

Māori Development

Māori Engagement Strategy and Action Plan

e n c s

The Māori engagement strategy and action plan continues to provide the framework and development outcomes

Supports an improved Council relationship with Māori in areas of strategic importance.

Treaty of Waitangi

e n c s

Included clear statements of Council's commitment to the principles of the Treaty of Waitangi in key documents including the Annual Plan

Shows Council's intention to reflect the Treaty of Waitangi principles in addressing the priorities set out in its plans.

Council and Committee Reports

e n c s

An "Implications for Māori" section in Council and Committee reports provides Elected Members with a Māori perspective that may be considered as part of the decision making process

Ensures the Māori perspective is reflected.

Māori Engagement Operating Manual

e n c s

Engagement protocols continue to form the basis of Māori engagement, with staff providing 1 on 1 mentoring appropriate to the situation

Supports Council's work by identifying appropriate protocols of engagement with Māori.

Iwi Technicians Forum

e n c s

The Iwi Technicians Forum has continued to focus attention on providing active input and participation into the Regional Policy Statement as a priority to assist in the development of future Council policy

Supports consultation with Māori on issues that may influence future Council policy.

Ward Based Māori Representative Groups

e n c s

The Terms of Reference for 2 of the 3 ward based Māori Reference Groups have been adopted with Te Hiku requiring further negotiations. In addition to this, Council in working towards a Unitary Authority for the Far North has signalled its support, in principle, for having dedicated Māori seats on Council once the status has been achieved

Provides an opportunity for Māori issues to be addressed as part of Council business.

Māori Economic Development Projects

e n c s

Supported 4 economic development projects

Promotes Māori economic development.

Human Resources

Reduce Costs

e

Requirement to reduce expenditure resulting in a reduction in recruitment costs

Significantly reduced costs by undertaking all recruitment in house.

Employment Opportunities

s

Provide employment opportunities for the community

Our recruitment focus is primarily in the Far North with the exception of key skills areas that prove difficult to recruit, such as planners and engineers. A cadet programme was run in 2011 and is to be repeated in the 2013 financial year. New scholarship programmes in the planning and engineering departments have been introduced in 2012 for locals to participate in.



Reading Council's Statements of Service Performance

Council has focused on ensuring our community receives a clear and readable report. Service performance and financial information is divided into 3 sections which contains the following information:

1. AT A GLANCE

- **Primary services:** Services provided to the community by each of the activity groups.
- **Why we do it:** These sections explain the reason why Council undertakes each activity and outline Council's broad vision for what it is seeking to achieve.
- **Priorities and what we have / haven't achieved:** These sections tell you what we have and haven't done against what Council said they planned to do.
- **What has changed since the LTCCP 2009/19?:** These sections identify things that Council said it would do but which, for one reason or another have not yet been achieved.
- **Future issues / challenges and implications:** This section Council explains key issues and challenges facing Council facilities and services.
- **Highlights of performance:** A 3 year view of percentage of performance measures achieved and not achieved in 2009/10, 2010/11 and 2011/12.

2. STATEMENTS OF SERVICE PERFORMANCE

- **Community outcomes:** Key symbols are used to identify each measure contributing to community outcomes - public safety, public health, transportation, environment, education, training and business opportunities, services that support communities, and culture and heritage. For more information on community outcomes please refer to *page 79*.
- **Measures and targets:** This refers to Council initiatives and how this impacts on levels of service provision set in the LTCCP 2009/19.
- **Results, achievements/issues:** Shown are the results for 2010/11 and 2011/12, actual achievements and issues identified in 2011/12.

3. FINANCIAL INFORMATION FOR EACH GROUP ACTIVITY

- **Financial summary:** A high level view of income and expenditure for each activity. Depreciation and Interest are shown separately in line with the main accounting statements.
- **Variance to the Annual Plan 2011/12:** Explanations for the major under and over spends incurred against the Annual Plan 2011/12 budget for the activity.
- **Key capital projects:** The table outlines the different types of capital expenditure incurred by each activity.
- **Significant acquisitions and replacement of assets**
Key projects of significant value within each activity. The significance of value will change dependant upon the activity.

KEY COLOURS USED FOR ACTIVITY GROUPS

Roads & Stormwater (red)

Sustainable Environment & Consents (green)

Water & Waste Management (orange)

Governance & Corporate (purple)

District Facilities (yellow)



Road Network For Communities

86



At a Glance

Primary Services

- Roads
- Ferry
- Cycleway

Why We Do It

- Council's vision is to provide an effective and sustainable road network that supports community strength and wellbeing; and
- The road network is a vital part of the district that enables safe and comfortable access for employment, personal / social activities and recreation, and the movement of goods and services. The transport network is essential to the functioning of the district's economy, benefiting residents and the district as a whole. Maintaining and improving roads are regarded as 2 of the core functions of Council.

What Has Changed For Roads Since The LTCCP 2009/19?

There have been significant changes to the roading programme since the publication of the 2009/19 LTCCP. These are primarily due to the changes made after the 2008 General Election to the Government Policy Statement for transport (which now emphasises investment in the Government's nominated roads of national significance) and the economic recession

has had a significant impact on housing and property development in the district.

These factors have impacted on Council's ability to carry out capital improvements, such as seal extensions, on the district's road network by severely reducing the amount of funding assistance (or subsidy) available for such work from the New Zealand Transport Agency. Also a shortfall has been created in anticipated development contributions. Additionally, Council has decided to reduce its level of borrowing to fund capital projects.

The most significant results of these changes that are reflected in the Annual Plan are:

The seal extensions that were not funded in 2009/10 that were part funded in 2010/11 subject to 66% of the expenditure being funded from external sources has been deferred. Council has helped several communities to review the potential for sealing local roads based on the understanding that the affected ratepayers will pay the NZTA share with Council meeting the balance of the cost.

Hence the funds allocated for rural seal extensions this year will be used to support Section 4 of Council's Policy No. 4101 Roothing. Funding sources whereby Council will enter into appropriate funding arrangements with local property owners where:

- Work is desired ahead of or in addition to the adopted programme;
- 75% of the affected property owners, as determined by a poll, agree with such funding arrangements;





- Already allocated NZTA funding assistance is not used; and
- The Council share is no greater than the local share if NZTA funding assistance for construction work was available. (i.e. Council's share will be limited to no more than 34% of the total cost).

Bridge replacements (Pipiwai W04, Pipiwai W06, Pokapu W19 and Ngapipito Culvert P53) are expected to be finished by July 2013.

Additional land purchases for the Kerikeri CBD alternate route have been deferred. As most submissions to the Draft Annual Plan opposed funding this project by means of a local targeted rate, it is unlikely to proceed any further in the foreseeable future.

Investigations of options for a new road linking Kapiro Road with Waipapa Road, improvements on Hone Heke Road and for a new road linking the Kerikeri south eastern light industrial area with Kerikeri Road have been deferred.

Roads Priorities For 2011/12	What We Have / Haven't Achieved
Addressing current and future traffic demands	Council has continued to press the NZTA to fund the design and construction phases of the proposed State Highway 10 / Waipapa Road / Waipapa Loop Road intersection upgrade, but the project does still not have approval to proceed. Council funded proposed road link from Klinac Lane to Waipapa Loop Road will not proceed until the State Highway project has the go ahead.
Maintenance and renewal	Council has introduced performance managed contracts for the maintenance of the roading assets. The contracts reflect a new roading hierarchy classification system and agreed levels of service or standards that the roads are maintained to.
A comprehensive inspection and audit of all bridges on the network has been completed as is being used to establish a forward works programme of maintenance, repairs and replacement of the bridges and structures asset	Reduces ability to carry out improvements and new projects, including seal extensions.
Safety improvements	Council has completed a number of minor safety improvement projects throughout the district, maximising the amount of funding available for the Far North from NZTA.
Promoting safer driving	Council has been involved with a number of successful community programmes, to raise awareness and educate communities about high risk issues including drink driving, crashes on bends, speed, child restraint compliancy and fatigue.



Future Issues / Challenges	Implications
Climate change	Increases exposure to road closures and widespread damage to the road network caused by severe storms.
Limited sources of good quality road aggregate	Increases maintenance and construction.
Reducing ability to attract NZTA funding assistance, especially for improvements and new works	Reduces ability to carry out improvements and new projects, including seal extensions.
NZTA have signalled funding cuts to the local government sector. However, the quantum of the funding cuts is still uncertain	The impact on levels of service is difficult to predict until the funding provisions are released by NZTA but could range from minor to significant dependant on what budget categories are reduced. In order to retain the current level of service, with decreased NZTA funding, will mean that the shortfall will need to be made up from unsubsidised sources. This would mean ratepayers or private road users will pay more.
Increasing demands on the road network from heavy vehicles	Increases maintenance and renewal costs.
Large geographic spread of the network, low population density and uneven distribution / expansion of population growth	Decreases affordability of the road network.
Lack of data relating to bridge load carrying capacities	Increases exposure to bridge failures.
Maintained length of network is based on out of date data	Results in dissatisfaction where roads exist outside of maintained length.
Increasing costs (labour; fuel and materials)	Reduces maintenance levels of service and number of improvements and new projects that can be carried out for the same amount of money.
Difficulties attracting and retaining appropriately skilled personnel	Reduces the ability to maximise funding assistance and consistently deliver good quality work on time and at the right price.
Inspections of all bridges have identified some structures which require more detailed investigation	Level of uncertainty on how much this could potentially cost.

What Has Changed For Ferry Services Since The LTCCP 2009/19?

Council undertook an extensive review of the costs and funding of the Hokianga Ferry "Kohu Ra Tuarua," in 2009. As a result of this review, a modest increase was made to some fares to reduce the operating losses. A further increase to some fares was made late last year to cover the increase to GST.

Negotiations have also been held with the NZTA to confirm the amount of subsidy paid to Council to help offset the shortfall of income from fares over costs. The result of these negotiations is that the subsidy now covers 56% of the actual net operating cost

(the operating cost less the income received from fares) with the balance of 44% being funded from the general rate.

NZTA has also agreed to subsidise the renewal cost of the ferry when the present vessel reaches the end of its economic life (estimated to be in 2029). An underwater dive inspection carried out last year indicated that the underwater hull of the ferry is in very good condition and hence the 5 yearly haul out for underwater hull maintenance that fell due in 2010 was deferred for a year.

Ferry Priorities For 2011/12	What We Have / Haven't Achieved
Continuing to operate the Ferry "Kohu Ra Tuarua" 7 days a week, 52 weeks of the year and reviewing fares to reduce operating losses and to meet unavoidable cost increases	The priority was achieved and the ferry continued to operate 7 days a week, for 52 weeks of the year.
Hauling "Kohu Ra Tuarua" on to the slip way at The Narrows for under water hull maintenance, subject to the outcome of a further underwater dive inspection	The inspection of the hull has been completed and the condition appraisal results indicate that the ship needs to be slipped in the 2012/13 financial year, for necessary overhaul and repair works.



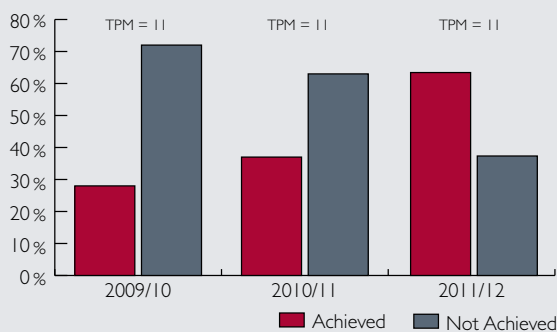
Ferry Priorities For 2011/12	What We Have / Haven't Achieved
Reviewing fares to reduce operating losses and to meet unavoidable cost increases	Council made fare adjustments to minimise the impact on local users and provided additional categories for low frequency travellers who live in the district.
Reviewing fares to reduce operating losses and to meet unavoidable cost increases	Council made fare adjustments to minimise the impact on local users and provided additional categories for low frequency travellers who live in the district.
Safety improvements	Council has completed a number of minor safety improvement projects throughout the district, maximising the amount of funding available for the Far North from NZTA.
Promoting safer driving	Council has been involved with a number of successful community programmes, to raise awareness and educate communities about high risk issues including drink driving, crashes on bends, speed, child restraint compliance and fatigue.

The Twin Coast Cycle Trail Priorities For 2011/12	What We Have / Haven't Achieved
Communicating with interested parties and groups who may wish to explore the opportunities available	Production and presentation to more than 40 community groups over the past 12 months regarding economic development, commercial realities and opportunities associated with the cycle trail have been undertaken.
Opening the 13.7 kilometre section between Kaikohe and Okaihau for walkers and bike riders during the year	Since it was opened in May 2011 this section of trail has been widely popular with both walkers and cyclists. To date, 4 community events have been held on the trail with other groups also indicating an interest in running events.

Government has confirmed funding for the project permitting work to proceed as soon as practical. Consultation with affected landowners, iwi, communities and parties interested in the business and social opportunities the cycle trail project is being developed to provide, has commenced and will continue throughout the year. Council is strongly interested in communicating with interested parties and groups who may wish to explore the opportunities available.

The framework of the marketing brand of the cycle trail is well advanced and will be refined and communicated to the district during the year. A strong story is emerging that will permit visitors and local users of the cycle trail to gain an appreciation for the region not previously assembled in such a structured way.

Highlights of Performance



TPM = Total number of Performance Measures

↑ Performance 2010/11 vs. 2011/12 - has improved

Statement of Service Performance

For ROAD NETWORK the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.



Symbols used to identify each measure contributing to community outcomes

PS Public Safety TS Transport SC Services that support Communities

Council initiatives		Measure		TS PS
Safety		Reduce the percentage of fatal and serious crashes each year		
Result 2010/11: 2 fatal crashes and 12 serious crashes	Target 2011/12: Reduce by 22.63% to 2 fatal crashes and 9 serious crashes	Result 2011/12: 2 fatal and 9 serious	Achieved - Comments: Target achieved on reduction in fatalities and serious accidents. There were various factors contributing to all of these crashes, most of which are outside of Council's control. The 2011/12 report from NZTA show the results as a number and not percentage as previously advised in the LTCCP for targets. This has been amended for the LTP 2012/22 and future reports will be based on numbers.	

Council initiatives		Measure		TS PS SC
Extending the sealed network		Extend the existing sealed network by at least 7 kilometre per year (Amended indicator due to non availability of government subsidy. Target set in the LTCCP was 885)		
Result 2010/11: Total sealed road length = 875 kilometres	Target 2011/12: Total sealed road length = 878 kilometres	Result 2011/12: Total sealed road length = 878 kilometres	Achieved - Comments: NZTA subsidy for seal extensions has been withdrawn. There are insufficient unsubsidised funds available to undertake any further seal extension work. Funding had already been obtained for the 3 kilometres that has been completed.	

Council initiatives		Measure		TS PS SC
Maintaining the sealed network		At least 8% of the network resealed per year		
Result 2010/11: 7.79%	Target 2011/12: 9%	Result 2011/12: 9.42%	Achieved - Comments: This has been achieved by implementing appropriate infrastructure asset management planning.	

Council initiatives		Measure		TS PS SC
Maintaining the sealed network		At least 2% of the network pavement renewals (amended indicator due to reassessment of actual need. Target set in the LTCCP was 2%)		
Result 2010/11: 1.19%	Target 2011/12: 1.5%	Result 2011/12: 1.09%	Not Achieved - Comments: In an effort to cut costs the amount of pavement renewal has been reduced. Only those projects that fully warrant pavement renewal have been implemented.	

Council initiatives		Measure		TS PS SC
Safety bridge renewals		At least 3 bridge renewals per year		
Result 2010/11: 0	Target 2011/12: 3	Result 2011/12: 5	Achieved - Comments: Bridge renewals took place at: Wainui Road (Bridge I25), Ngapipito Culvert P53 replacement, Pipiwai Bridge W04 upgrade, Pipiwai Bridge W06 upgrade and Pokapu Bridge W19 upgrade. The scope of work, and associated cost, of the Wainui Road Bridge was reduced. This provided funding to allow other prioritised bridge renewals works to proceed.	



Symbols used to identify each measure contributing to community outcomes

PS Public Safety TS Transport SC Services that support Communities

Council initiatives Responsiveness / effectiveness		Measure Percentage of requests for service (RFS) responded to in set time and to appropriate standard.		TS PS SC
Result 2010/11: 93%	Target 2011/12: 95%	Result 2011/12: 78.50%	Not Achieved - Comments: Council have been unable to agree acceptable terms and conditions with the streetlighting contractor. This has resulted in streetlighting repairs taking much longer than planned.	

Council initiatives Meeting community expectations		Measure The percentage of respondents indicating they are fairly satisfied as measured by the Communitrak Survey.		TS PS SC
Result 2010/11: 57%	Target 2011/12: 55%	Result 2011/12: 57%	Achieved - Comments: Proactive solutions, including rationalisation of external consultant services, led by the infrastructure team have been noted by the community.	

Council initiatives Alcohol education awareness checkpoints		Measure Increase the number of alcohol education awareness. Checkpoints around the district by at least 12 per year over the next 3 years and no less than 36 checkpoints thereafter.		TS PS SC
Result 2010/11: 27	Target 2011/12: 36	Result 2010/11: 34	Not Achieved - Comments: Under achieved on checkpoints due to budgetary constraints, but exceeded target for expo's, training and host responsibility.	

Council initiatives Child restraints education checkpoints		Measure Reduce the percentage of non compliant child restraints through child restraint education checkpoints.		SC
Result 2010/11: 12%	Target 2011/12: 5%	Result 2011/12: 3%	Achieved - Comments: Target exceeded with average compliance = 97%, by implementing the awareness and education programme as planned.	

Council initiatives Fatigue stops		Measure No less than 10 fatigue stops district wide per year targeting motorists, trucks and heavy vehicles.		TS PS SC
Result 2010/11: 7	Target 2011/12: 10	Result 2011/12: 7	Not Achieved - Comments: Not all planned fatigue stops were implemented due to budgetary constraints, but overall 1,174 trucks participated.	

Council initiatives Driver education and licensing		Measure Increase the number of learners and restricted driver education programmes, this will increase the number of licensed drivers on the road.		TS PS SC
Result 2010/11: 96	Target 2011/12: 80	Result 2011/12: 101	Achieved - Comments: Target achieved, by implementing the education programme as planned, with 3,707 participants.	



Stormwater *Providing Public Safety*



At a Glance

Primary Services

- Stormwater

Why We Do It

Council undertakes this activity to provide Stormwater management systems to control stormwater discharges from urban areas throughout the district. This involves the sustainable management of stormwater runoff within a defined urban catchment utilising piped networks, open drains and overland flowpaths giving consideration to current and future development, climate change, system capacity and condition, water quality, financial affordability, and the environment.

What Has Changed Since The LTCCP 2009/19?

The following projects have either been deferred or had funding reduced because of financial constraints:

- Hillcrest Road Kaikohe stormwater management at the intersection of Orrs and Hillcrest Roads.

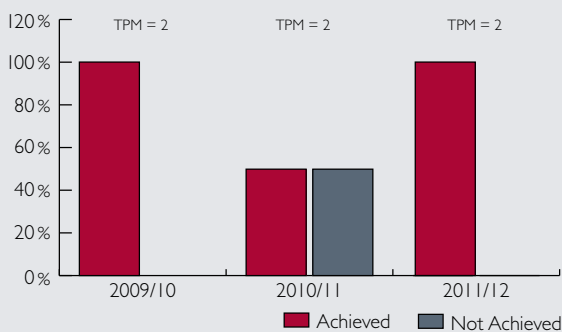
Priorities For 2011/12	What We Have / Haven't Achieved
Continuing to investigate options to address network deficiencies identified by Stormwater Catchment Management Plan (SWCMP) capacity studies	The stormwater catchment management plan studies are now completed, except for the Kerikeri / Waipapa area. Options report to address any network deficiencies identified is yet to be completed.
Continuing stormwater maintenance and improvements	Stormwater maintenance work continued as programmed and improvement projects in Russell and Coopers Beach have both been completed.
Identifying high profile beach outlets in areas of high tourist numbers and undertaking improvements to make the outlets more aesthetically pleasing	This work has not been progressed due to budgetary constraints and will be deferred for future years.
District wide emergency response to address unknown works that arise during the year	There were no significant events during the year that required an emergency response of note.
Identifying and installed new pipelines that take into consideration future upstream development on the hillside above Foreshore Road Ahipara	The stormwater drainage improvements have been incorporated into a physical works contract that will be practically completed in the 2012/13 financial year.





Future Issues / Challenges	Implications
Climate change effects – The Ministry for the Environment (MfE) climate change guidelines are subject to revision and this is likely to impact on stormwater catchment management plans	Stormwater catchment management plans may require further revision.
Effects of development on the reticulated stormwater network	The rate of development will determine the timing of required upgrades. It is proposed to consider upgrade options, and commence upgrades when the catchment is at a level of 80% of the permitted activity rules defined in the District Plan.
Network improvements / upgrades	Cost implications and environmental consequences are likely to determine what upgrade options are considered in the future, e.g. attenuation.
In some areas the existing network passes beneath private properties	It may be necessary to reevaluate the network layout to ensure that the network is accessible for all property owners and also accessible for Council's maintenance operations.
Potential for future changes in environmental standards	Likely to increase resource consent costs.
Blanket stormwater discharge resource consents	Consideration needs to be given to the continued development of stormwater catchment management plans to obtain stormwater discharge resource consents for the defined urban areas in the future.
The change from external consultants to Council's in house staff for provision of asset management professional services	Additional, appropriately skilled staff are likely to be required or Council may need to make a greater call on specialist external resources.

Highlights of Performance



TPM = Total number of Performance Measures
 ↑ Performance 2010/11 vs. 2011/12 - has improved

Statement of Service Performance

For STORMWATER the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to Community Outcomes. For more information on Community Outcomes please refer to page 79.



Symbols used to identify each measure contributing to community outcomes

PS Public Safety EM Environment SC Services that support Communities

Council initiative Day to day service provision		Measure Percentage of request for service responded to in set time and to the appropriate standard.		EM SC
Result 2010/11: 99.33%	Target 2011/12: 90%	Result 2011/12: 93.50%	Achieved - Comments: Result achieved through the monitoring of the RFS response times, keeping the customer informed, undertaking works in an appropriate manner and to an acceptable standard within budget allocations.	

Council initiative Stormwater improvements		Measure Percentage of respondents indicating they are fairly satisfied as measured by the Communitrak Survey.		PS EM
Result 2010/11: 46%	Target 2011/12: 53%	Result 2011/12: 56%	Achieved - Comments: The increase is due to the implementation and completion of stormwater improvement projects in Ahipara and Russell and an understanding by the community over jurisdictional responsibilities between Northland Regional Council, NZTA and Far North District Council.	



Financial Information Roads and Stormwater

FINANCIAL SUMMARY FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	ACTUAL 2012 \$000s	COUNCIL BUDGET 2012 \$000s	VARIANCE \$000s
Income				
Rates income	1	17,399	16,316	1,084
Other income	2	20,477	19,322	1,155
Total operating income		37,876	35,638	2,238
Expenditure				
Direct costs	3	22,481	14,635	(7,846)
Indirect costs	4	501	967	466
Activity expenditure		22,982	15,602	(7,380)
Depreciation	5	15,155	14,980	(175)
Interest payable		1,259	1,870	611
Total operating expenditure		39,397	32,452	(6,945)
Net operating surplus/(deficit)		(1,520)	3,186	(4,706)
Capital statement				
Net operating surplus		(1,520)	3,186	(4,706)
Loans		950	1,731	(780)
Other funding		15,594	16,610	(1,016)
Total funding		15,025	21,527	(6,502)
New work	6	4,979	5,784	805
Renewal works	6	13,005	14,429	1,424
Loan repayments		5,251	1,314	(3,937)
Total capital expenditure		23,235	21,527	(1,708)
NET SURPLUS/(DEFICIT)		(8,210)	0	(8,210)

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VARIANCE TO THE ANNUAL PLAN 2011/12

1. Rates income is showing a favourable variance of \$1,084k predominantly due to:
 - a. An increase in penalty rate income of \$917k; and
 - b. General rates are showing a favourable variance of \$153k and targeted rates are showing a favourable variance of \$14k.
2. Other income is showing a favourable variance of \$1,155k predominantly due to:
 - a. Central government subsidies are above budget by \$826k largely due to emergency works resulting from weather events;
 - b. Development contribution income is below budget by \$175k due to a reduction in applications;
 - c. A specific contribution of \$120k was not received as the Waipapa roundabout project did not commence; and
 - d. Vested assets of \$616k were received and these were unbudgeted.
3. Direct costs are showing an unfavourable variance of \$7,846k predominantly due to:
 - a. Expenditure on contractor & professional fees are above budget by \$1,697k due to a series of storm events which required emergency repairs to the roading network;
 - b. Loss on disposal on property, plant & equipment of \$5,553k;
 - c. Direct allocations are under budget by \$114k;
 - d. Valuation costs, contract work annual and power expenses combined to produce a favourable variance of \$115k; and
 - e. Bad debt provisions exceeded budget by \$573k due to increased penalty charges.
4. Indirect costs are under budget \$466k due to:
 - a. Decrease in corporate allocations \$466k.
5. Depreciation is showing an unfavourable variance of \$175k.
6. Capital expenditure is showing a favourable variance of \$2,229k predominantly due to a reduced roading programme.



KEY CAPITAL PROJECTS
FOR THE YEAR ENDED 30 JUNE 2012

	ACTUAL 2012 \$000s	COUNCIL BUDGET 2012 \$000s	VARIANCE \$000s
New Works			
Urban stormwater	1,148	550	(598)
Roading operations	1,978	3,765	1,787
Emergency works	691	0	(691)
Safety services	1,162	1,469	307
Total new works	4,979	5,784	805
Renewals			
Urban stormwater	20	300	280
Roading operations	12,958	13,762	804
Ferries	27	0	(27)
Safety services	0	367	367
Total renewals	13,005	14,429	1,424

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SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS FOR 2011/12

The Local Government Act 2002 requires Councils to provide information regarding any significant assets acquired or replaced during the year. Council's Significance Policy does not specify a value but does identify the following assets as significant:

ROADING NETWORK	BUDGET 2012 \$000s	ACTUAL 2012 \$000s
Sealed road resurfacing		
Ongoing replacement of the top surface of an existing road base	2,782	3,893
Unsealed road metalling		
Renewal of metal on unsealed roads	2,930	3,334
Pavement rehabilitation		
Repairing and replacing road base course and replacement of top surface	5,113	2,969
January 2011 storm event		
Roading network recovery following storm	0	691
Cycleway project		
Part of the cycleway project being funded by central government	2,000	825

VARIANCE TO THE ANNUAL PLAN 2011/12

- Pavement rehabilitation
This work was in line with the programme and the subsidy levels agreed with NZTA.
- January 2011 storm event
Work on storm damage is not budgeted but is eligible for emergency works subsidy at variable rates.
- Cycleway project
This project is part of the government funded cycleway and is fully subsidised.



Water Supply *Manage and Maintain Assets*



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At a Glance

Primary Services

- Water treatment and reticulation

Why We Do It

- Council's vision is for everybody in the Far North to have access to sufficient, safe, and reliable sources of drinking water that is provided in a sustainable manner. The water treatment plants, pumping stations, and reticulation systems contribute to that by providing the treatment and delivery of safe drinking water to communities served by Council owned systems.
- Water supply is regarded as one of the core functions of Council, as provided by statute. The Local Government Act 2002 generally requires the continued operation of any water system that Council operated at the time the Act was passed, as well as continuing to operate any new system that Council constructs from that date.

What Has Changed Since The LTCCP 2009/19?

- New reservoirs were not required to be constructed to meet demand. However, this will be subject to future growth forecasting.
- The Omanaia new water supply will be progressed following community consultation.



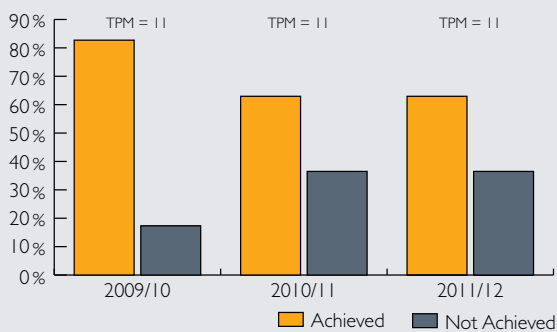


Priorities For 2011/12	What We Have / Haven't Achieved
<p>Reviewing options for the supply of water</p>	<p>The drought of 2010 caused Council to review its water strategy across the district in view of the last comparable period of low rainfall occurring in the 1980's. One of the most seriously affected communities was Kaitaia where river flows reached historical low levels and the Kauri dam, due to its small size became unusable due to algae bloom derived from the natural environment and the high water temperatures. Council has applied for, and has been granted the resource consent to draw from the Aupouri Aquifer and we are now actively planning to complete the well head and pipeline project in 2013. Council has upgraded the capacity of the Kerikeri water treatment plant to maximise the capability to treat the available raw water supply. Council has work planned to increase the capacity of the Paihia treatment plant. Development of the Omania-Rawene reticulation and treatment capacity has not taken place despite consultation with the affected community. Community concern over the cost of providing potable water to the approximately 50 households involved and the conditions governing the availability of the subsidy has deferred further progress.</p>
<p>Providing a secure water source for Kaitaia</p>	<p>Council has obtained resource consent to extract water from the Sweetwater aquifer. A project to install borehole supplies and transmission to the public system has been approved to proceed under a BOOT (build, own, operate & transfer) project.</p>
<p>Limiting extensions to reticulation in line with falling demand from new development</p>	<p>There have been limited numbers of new connections in line with current development requirements.</p>
<p>Reducing operating costs</p>	<p>Operating costs have been maintained within budget and below current inflation rates, despite high increases experienced in energy costs.</p>
<p>Investigating rain water harvesting at Opononi / Omapere</p>	<p>Detailed investigations and analysis are still required to better understand the benefits, funding requirements and ratepayer impacts, expected to be undertaken during the next period.</p>
<p>Introduction of a bylaw for rainwater tanks on new properties</p>	<p>The rainwater tank bylaw has not been formally introduced although it is expected that it will be developed over the next period.</p>



Future Issues / Challenges	Implications
Climate change, which threatens to increase the likelihood of droughts and future water shortages	Requires water conservation measures, community education about water conservation, and action to secure future supplies. Council must take steps to reduce levels of water lost from its systems through leakage and unauthorised use.
Higher environmental standards – resource consents will impose tighter restrictions on the amount of water we can take from rivers and streams	Review adequacy of water sources and possible requirements for additional future supplies and / or engage with communities to identify other solutions that will reduce demand for non potable water use.
Increased demand for the service as a result of the growth of the district and of tourism	Requires upgrades of systems and provision of additional infrastructure in conjunction with growth – possible new treatment plants, treatment plant upgrades, additional treated water reservoirs, bores, and upgraded reticulation.
Increasing operating costs (power, fuels and chemicals)	Requires cost management via leakage reduction, water conservation, planned maintenance, and power and fuel management.
Meeting latest New Zealand fire fighting water supplies standard	Requires improved flow rates in urban / commercial areas.
Raw water connections on the Omanaia-Rawene and Kaitaia schemes posing a potential risk to public health	Review of options to mitigate potential risks. Collaboration with users to ensure sustainable solutions.

Highlights of Performance



TPM = Total number of Performance Measures
 Performance 2010/11 vs. 2011/12 - has improved

Statement of Service Performance

For WATER SUPPLY the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.



Symbols used to identify each measure contributing to community outcomes

PH Public Health PS Public Safety EM Environment SC Services that support Communities

Council initiatives Treatment plant upgrades		Measure Number of failures of resource consent determinants.		EM
Result 2010/11: 73	Target 2011/12: 0	Result 2011/12: 3	Not Achieved - Comments: This measure is based on daily water take limits for all district wide water treatment sources, and the result reflects only a very minor exceedence as a result of plant breakdowns.	
Council initiatives Treatment plant upgrades		Measure Number of systems achieving grade Bb (8 systems in all).		PH PS
Result 2010/11: 2	Target 2011/12: 2	Result 2011/12: 2	Achieved - Comments: The target has been achieved and maintained through careful budgetary planning and collaborative approach to working with Council's contractors.	
Council initiatives Construct additional treated water storage		Measure Interruptions to supply of water into the reticulation system out of the reserves not to exceed 24 hours in any 1 year. <i>(This measure is assessing water leaving the reservoir into the reticulation system, and not individual houses.)</i>		PH PS
Result 2010/11: 100%	Target 2011/12: 100%	Result 2011/12: 100 %	Achieved - Comments: Result achieved by managing Council's contractors to ensure service levels are maintained at all times.	
Council initiatives Water conservation		Measure Reduction in per capita water consumption.		EM
Result 2010/11: 0%	Target 2011/12: 2%	Result 2011/12: 0%	Not Achieved - Comments: Council has very limited ability to manage the consumption of water by the public.	
Council initiatives Water conservation		Measure Percentage of unaccounted for water (leakage, illegal connections, unauthorised use.)		PS
Result 2010/11: 28%	Target 2011/12: 25%	Result 2011/12: 29 %	Not Achieved - Comments: Although it is noted that the calculated result figure is inflated and includes non-revenue authorised use i.e. non metered supplies, fire service drills etc. Leakage detections works and repairs have been undertaken during the period. An alternative method of measurement is to be introduced.	
Council initiatives General improvements in service		Measure Percentage of very satisfied / satisfied respondents (Communitrak Survey).		SC
Result 2010/11: 82%	Target 2011/12: 85%	Result 2011/12: 81%	Not Achieved - Comments: Customer feedback suggests taste and odour as an area of dissatisfaction. Additional monitoring measures have been proposed.	





Symbols used to identify each measure contributing to community outcomes

PH Public Health PS Public Safety EM Environment SC Services that support Communities

Council initiatives Customer service		Measure Percentage of service disruptions resolved in less than 4 hours.		EM
Result 2010/11: 96%	Target 2011/12: 92%	Result 2011/12: 97%	Achieved - Comments: Proactive management of the alliance contract and the implementation of routine maintenance programs assisted in maintaining the standards.	
Council initiatives Optimise water flow and pressure		Measure Reduction in number of bursts per km of pipe.		SC
Result 2010/11: 0.44	Target 2011/12: 0.52 (15)	Result 2011/12: 0.11 (3)	Achieved - Comments: This has been achieved by the replacement of ageing assets using a risk based renewals programme.	
Council initiatives Reduce operational costs per m ³ of water		Measure Operational cost (\$ / cubic metres).		PH
Result 2010/11: 0.83	Target 2011/12: 1.023	Result 2011/12: 0.85	Achieved - Comments: Achieved by optimising operational efficiencies resulting in minimal cost increases.	
Council initiatives Treatment plant upgrades		Measure Percentage compliance with New Zealand drinking water standards <i>(this measure is assessed on compliance with ecoli only).</i>		PH
Result 2010/11: 100%	Target 2011/12: 98.5%	Result 2011/12: 100%	Achieved - Comments: Achieved by concentrating on compliance procedures being a key component of delivery of potable water.	
Council initiatives Extend coverage of public water systems		Measure Number of connections <i>(Due to slower growth than anticipated the number of connections has been reduced accordingly. Target set in LTCCP was 9,640).</i>		PH
Result 2010/11: 9,533	Target 2011/12: 9,400	Result 2011/12: 9,914	Achieved - Comments: Target has been achieved despite limited development.	



Wastewater *Manage and Maintain Assets*



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At a Glance

Primary Services

- Wastewater treatment and reticulation

Why We Do It

- Council's vision is that the Far North's coastal marine, river waters and lakes are healthy at all times, so that they support healthy marine and freshwater ecosystems, recreational use, fishing and shellfisheries.
- Sewage treatment plants, pumping stations and reticulation systems contribute by controlling the quality of effluent and minimising the risk of sewage overflows and spills.
- The work programme is driven by community expectations about the quality of our environment and the need for sustainability by reducing our overall impact on the environment, both now and in the future.
- The sewerage activity is one of the core activities of Council as confirmed by statute in the LGA. Generally, the LGA requires the continued operation of any sewerage system that Council operated at the time the LGA was passed and the continued operation of any new system that Council constructs after that date.

What Has Changed Since The LTCCP 2009/19?

The following projects have been deferred to allow for resource consent amendments:

- Paihia wastewater treatment plant is deferred to 2013/14 subject to a Council decision regarding the methodology related to the Bay of Islands project.
- Kaikohe wastewater treatment plant will commence in 2012/13.





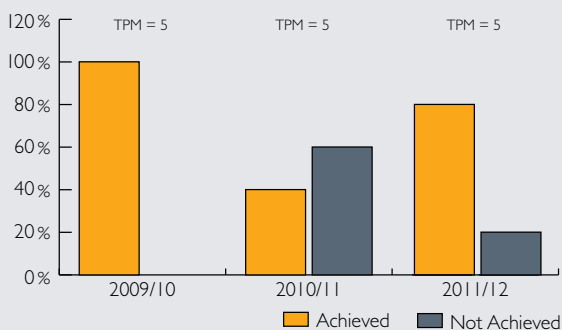
Priorities For 2011/12	What We Have / Haven't Achieved
Completing the installation of new reticulation at Ngawha	Project has been successfully completed.
Completing the installation of new treatment plant at Kaeo	Project has been completed and is in service currently undergoing its commissioning stage.
Obtaining the Bay of Islands wastewater treatment plant resource consent	The resource consent has now been obtained.
Agreeing the strategy for the implementation of Kerikeri reticulation	Options and funding strategy is currently being evaluated and will be subject to a special public consultation process.
Addressing with the community the recently discovered design problems with the Hihi wastewater reticulation	Following community engagement a request for changes to the resource consent to allow non prescriptive less costly processes to be considered was duly agreed with Northland Regional Council.
Commencing the upgrade of the Paihia treatment plant subject to the resource consent	Design options for the upgrade have commenced recently following receipt of the new resource consent.
Commencing the Awanui and Opuia reticulation projects	Both projects have been awarded following tender with construction of the Opuia project currently in progress.
Obtaining resource consents renewals for Rawene, Ahipara and Kawakawa wastewater treatment plants	Resource consent applications have been made for all schemes which have been notified and subject to resolution of submissions. The Rawene consent has been issued but is subject to appeal at present.
Limiting extensions to reticulation in line with falling demand for new development	There have been limited numbers of new connections in line with current development requirements.
Reducing operating costs by utilising enhanced biological treatment processes	<p>Worm composting is being used to improve environmental performance and minimise costs at the Council's new wastewater treatment plant in Kaeo.</p> <p>The new plant uses wriggler worms to boost the effectiveness of traditional sewage treatment processes.</p> <p>The treatment process will still rely on screens, settling ponds, biological filtration and wetland cells to polish treated effluent.</p>
Investigating new technology for wastewater treatment	In addition to vermifilter and floating wetlands Council is also considering sequence batch reactors, high rate filtration and fixed film biological processes.





Future Issues / Challenges	Implications
Minimising environmental impact	A continued programme of improving environmental awareness throughout the community so that everybody can play their part in protecting our environment. Action to ensure compliance with the onsite sewage treatment bylaw. Installation of new sewerage systems and treatment plants in currently unserved communities where subsidy support is available.
Higher environmental standards in resource consents	Requires upgrade of existing systems and higher specifications for new systems in order to improve the quality of treated effluent.
Sewage spills	Requires continued and improved sewer maintenance.
Increasing operating costs	Requires new works and upgrades using low operating cost solutions.
Climate change	Increased costs incurred resulting from potential impacts of drought, flooding and storms.

Highlights of Performance



TPM = Total number of Performance Measures

↑ Performance 2010/11 vs. 2011/12 - has improved

Statement of Service Performance

For WASTEWATER the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.





Symbols used to identify each measure contributing to community outcomes

PH Public Health PS Public Safety EM Environment

Council initiatives Treatment plant upgrades		Measure Number of failures of resource consent determinants.		EM PH
Result 2010/11: 38	Target 2011/12: 18	Result 2011/12: 32	Not Achieved - Comments: In part this has resulted from higher quality standards arising from resource consent renewals, where plant upgrades have been subject to delay in implementation. Also improved quality monitoring has highlighted that targets set may be over optimistic, but similar stretch goals will be retained in search of improvement in this important area; there are new KPI's in the LTP for future years relating to discharge flow and quality limits.	
Council initiatives Implementation of spill management programme		Measure Number of spills of sewage to water.		PH PS EM
Result 2010/11: 11	Target 2011/12: 9	Result 2011/12: 8	Achieved - Comments: Council achieved this by a risk analysis of facilities most likely to cause spillage, and focussing attention and resources to manage those risks appropriately.	
Council initiatives General service improvements		Measure Percentage very satisfied / satisfied respondents (Communitrak Survey).		PH EM
Result 2010/11: 87%	Target 2011/12: 85%	Result 2011/12: 87%	Achieved - Comments: This has been achieved by monitoring on a regular basis to ensure levels of service are consistently met by Council's contractors.	
Council initiatives Improvements in infrastructure and equipment		Measure Percentage of service disruptions resolved in less than 4 hours.		PH
Result 2010/11: 99%	Target 2011/12: 95%	Result 2011/12: 99%	Achieved - Comments: Result achieved by implementing improved monitoring and response procedures through management of Council's contractors.	
Council initiatives Extend coverage of public wastewater systems		Measure Number of connections <i>(Due to slower growth than anticipated the number of connections has been reduced accordingly. Target set in LTCCP was 10,900).</i>		PH EM
Result 2010/11: 10,648	Target 2011/12: 10,650	Result 2011/12: 10,724	Achieved - Comments: Achieved by reducing the target to realistic levels, taking account of the slowdown in the economy and associated effects on development.	



Refuse and Recycling

Sustaining our Environment



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At a Glance

Primary Services

- Waste management including refuse
- Transfer stations and recycling

Why We Do It

- Council's vision is for the Far North to waste nothing of value or use, and the amount of waste generated in the Far North is kept to a minimum, so that the maximum value is realised from our renewable resources.
- The refuse and recycling services contribute to the vision by providing the facilities and opportunities to enable the communities in the district to dispose of their waste in a way that minimises the harmful environmental effects, and maximises the opportunities for recycling.
- Council is involved in refuse and recycling because effective management is necessary to protect public health and the environment.

What Has Changed Since The LTCCP 2009/19?

There are no significant changes to the refuse and recycling priorities since the publication of the 2009/19 LTCCP.

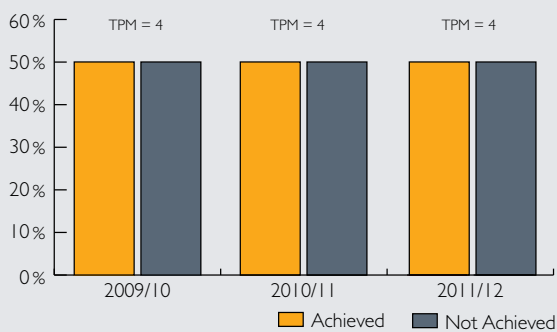




Priorities For 2011/12	What We Have / Haven't Achieved
Reducing the material going to landfill by increasing reuse and recycling	The amount of waste to landfill has been reduced down to 276kg per head of population.
Continuing to work with Council's contractors to improve services	We have worked with contractors to provide community recycling stations at Rawene, Whangaroa, Peria and Broadwood.
Developing education packages for schools on recycling	We contract CBEC Ecosolutions to provide education in schools on recycling along with reduce, reuse and recovery.

Future Issues / Challenges	Implications
Need to provide security to meet long term disposal requirements	Consideration of disposal options for waste minimisation to landfill.
Changing transport / fuel costs	Must be addressed when considering future waste disposal options.
Community expectations regarding refuse and recycling services	Expectation may not be affordable for the community.
Climate Change (Emissions Trading) Amendment Act 2008	Increased charges for landfill disposal from 1 January 2013.

Highlights of Performance



TPM = Total number of Performance Measures
 ⇔ Performance 2010/11 vs. 2011/12 - is neutral

Statement of Service Performance

For REFUSE and RECYCLING the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
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Symbols used to identify each measure contributing to community outcomes

PH Public Health EM Environment

Council initiatives Improvements in recycling facilities		Measure Percentage by tonnage of waste that is recycled / reused.		EM PH
Result 2010/11: 54.78%	Target 2011/12: 55%	Result 2010/11: 54.87%	Not Achieved - Comments: A drop in recycling reflects the down turn in economy.	
Council initiatives Introduction of green waste processing. Implementation of environmental awareness programme		Measure Per capita volume of refuse from district disposed of at landfills.		EM
Result 2010/11: 1.51	Target 2011/12: 1.55	Result 2011/12: 1.38	Achieved - Comments: The volume of waste to landfill continues to drop influenced by the economy.	
Council initiatives General service improvements		Measure Percentage of respondents very satisfied / satisfied with refuse service in Communitrak Survey.		PH EM
Result 2010/11: 68%	Target 2011/12: 75%	Result 2011/12: 80%	Achieved - Comments: The increase in satisfaction is that more people are making use of the kerbside refuse services provided by others. There has been a notable drop in volume of refuse to transfer stations. Standards at transfer stations have been maintained.	
Council initiatives Improvements in infrastructure and equipment		Measure Percentage of respondents very satisfied / satisfied with recycling services in Communitrak Survey.		EM
Result 2010/11: 72%	Target 2011/12: 80%	Result 2011/12: 78%	Not Achieved - Comments: Main factor for missing target is a customer belief for 'free' kerbside recycling.	



Financial Information Water and Waste Management

FINANCIAL SUMMARY

FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	ACTUAL 2012 \$000s	COUNCIL BUDGET 2012 \$000s	VARIANCE \$000s
Income				
Rates income	1	22,482	21,441	1,041
Other income	2	1,706	6,627	(4,921)
Total operating income		24,188	28,068	(3,880)
Expenditure				
Direct costs	3	14,245	12,491	(1,754)
Indirect costs	4	373	803	430
Activity expenditure		14,618	13,294	(1,324)
Depreciation	5	5,848	5,788	(60)
Interest payable		3,623	4,593	970
Total operating expenditure		24,089	23,674	(415)
Net operating surplus / (deficit)		99	4,394	(4,295)
Capital statement				
Net operating surplus		99	4,394	(4,295)
Loans		2,539	7,759	(5,220)
Other funding		3,894	3,380	514
Total funding		6,532	15,533	(9,001)
New work	6	2,602	12,124	9,522
Renewal works	6	1,599	344	(1,255)
Loan repayments		4,453	3,066	(1,387)
Total capital expenditure		8,654	15,534	6,880
NET SURPLUS / (DEFICIT)		(2,121)	0	(2,121)



VARIANCE TO THE ANNUAL PLAN 2011/12

1. Rates income is showing a favourable variance of \$1,041k predominantly due to:
 - a. An increase in penalty rate income of \$1,234k; and
 - b. Water and wastewater service fees are showing an unfavourable variance of \$501k which is offset by a favourable variance in water by meter charges of \$264k.
2. Other income is showing an unfavourable variance of \$4,921k predominantly due to:
 - a. Service fees & charges showing an unfavourable variance of \$692k as a result of reduced refuse tonnage at transfer stations and waste taken to septage disposal points by contractors;
 - b. Subsidies are showing an unfavourable variance of \$3,595k due to timing delays;
 - c. Development contributions income is below budget by \$1,073k due to a reduction in applications during the year;
 - d. Recovery income of \$192k has been received that was not budgeted. This relates to insurance recoveries relating to the Cyclone Wilma 2011 weather event; and
 - e. Vested assets of \$224k were received during the year and these are unbudgeted.
3. Direct costs are showing an unfavourable variance of \$1,754k predominantly due to:
 - a. Salary costs are showing an unfavourable variance of \$193k;
 - b. External services are showing an unfavourable variance of \$795k mainly due to cancelled or amended capital projects;
 - c. Contractor and professional fees is below budget by \$593k due to low volumes of waste being processed at transfer stations offset by efficiencies being met by the main contractor for water and wastewater;
 - d. Loss on disposal of property, plant & equipment of \$239k;
 - e. Direct allocations are showing a favourable variance of \$61k to budget; and
 - f. Bad debt provisions exceeded budget by \$827k due to increased penalty charges.
4. Indirect costs are showing a favourable variance of \$430k due to:
 - a. Decrease in corporate allocations \$430k.
5. Depreciation is showing an unfavourable variance of \$60k.
6. Capital expenditure is showing a favourable variance of \$8,267k predominantly due to delays in the commencement of projects.

KEY CAPITAL PROJECTS FOR THE YEAR ENDED 30 JUNE 2012

	ACTUAL 2012 \$000s	COUNCIL BUDGET 2012 \$000s	VARIANCE \$000s
New Works			
Transfer stations	47	45	(2)
Landfills	88	125	37
Recycling	5	0	(5)
Wastewater operations	0	255	255
Wastewater schemes	1,825	9,977	8,152
Water schemes	637	1,753	1,116
Total new works	2,602	12,124	9,522
Renewals			
Transfer stations	6	69	63
Wastewater schemes	989	177	(812)
Water schemes	604	98	(506)
Total renewals	1,599	344	(1,255)



SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS FOR 2011/12

The Local Government Act 2002 requires Councils to provide information regarding any significant assets acquired or replaced during the year. Council's Significance Policy does not specify a value but does identify the following assets as significant:

WASTEWATER NETWORKS AND TREATMENT WATER TREATMENT, STORAGE AND SUPPLY NETWORK	BUDGET 2012 \$000s	ACTUAL 2012 \$000s
Wastewater schemes		
Hihi treatment plant Work to develop a new wastewater scheme for the Hihi area	2,060	86
Kaeo treatment plant upgrade Proposed upgrade of the treatment plant for Kaeo	300	438
Paihia treatment plant Proposed upgrade of the treatment plant for Paihia	1,600	52
Water schemes		
Awanui reticulation Ongoing minor renewals across the district	3,200	76
Kaitaia new source Proposed water source for Kaitaia	500	331
Rawene treatment upgrade Major project for the Rawene-Omania area	1,000	13

VARIANCE TO THE ANNUAL PLAN 2011/12

- Hihi treatment plant
This project is currently development and was delayed to ensure a suitable solution was put in place.
- Paihia treatment plant
This forms part of the solution to phases 1 and 2 of the Bay of Islands wastewater scheme.
- Awanui water reticulation
Awanui project progress was affected by design concerns raised over the capacity of the downstream catchment, which required additional modeling work to verify adequacy.
- Rawene treatment upgrade
Delayed due to extensive consultation with the community.



Airports and Maritime Access to the District

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At a Glance

Primary Services

- Airports and maritime

Why We Do It

- Airports are an important component of a modern transport network and they provide a link to the rest of the country for the transportation of goods and people. Council has determined that FNHL is best placed to manage and develop the district's airports.
- Access to the sea is important to residents and visitors to the district. Council provides maritime facilities to ensure that safe, affordable and appropriately situated access is available.

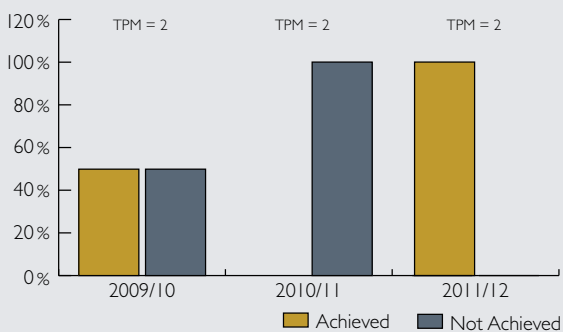
What Has Changed Since The LTCCP 2009/19?

The only significant change to the airport and maritime activities relates to the Russell wharf.

A partnership arrangement has been reached with business interests to carry out a \$362,000 refurbishment of the Russell wharf. Under the arrangement, the Russell business community will contribute \$100,000 towards the work through a local Charitable Trust.

A start is subject to resource consent approval and to the availability of maritime contractors.

Highlights of Performance



TPM = Total number of Performance Measures

↑ Performance 2010/11 vs. 2011/12 - has improved

Statement of Service Performance

For AIRPORTS and MARITIME the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
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Priorities For 2011/12	What We Have / Haven't Achieved
<p>Undertaking a review of the current maritime renewal programme and retime projects if required</p>	<p>The Russell wharf refurbishment and southern landing upgrade has been completed. To fund the community share the Russell community have set up a Charitable Trust and undertaken a number of fund raising initiatives.</p> <p>Reliable information about the condition of the maritime assets has been collected and a comprehensive maintenance programmed and realigned renewal program.</p>

Future Issues / Challenges	Implications
<p>Over the next year a review will be made of what facilities should be at each location e.g. amount of parking, dingy racks, pump out facilities, fuel, water, refuse, lighting, and toilets. This review will determine if there is any shortfall of land based facilities and what options are available to fund this (e.g. reinstate mooring and ramp fees or increase general rates)</p>	<p>To provide any land based facilities will require additional funds and one option of funding is to reintroduce mooring and ramp fees.</p>
<p>The effect of climate change and sea levels will continue to be an issue to be aware of</p>	<p>Storm events may cause significant damage to maritime assets.</p>

Symbols used to identify each measure contributing to community outcomes

PS Public Safety
 TS Transport
 EM Environment
 EB Education, Training and Business Opportunities
 SC Services that support Communities

Council initiatives		Measure		EB PS SC EM
Maintain maritime assets		Resident satisfaction with recreational boat ramps and jetties (Communitrak Survey).		
Result 2010/11: 47%	Target 2011/12: 59%	Result 2011/12: 74%	Achieved - Comments: The increased level of maintenance on the higher use ramps has had a positive increase in satisfaction.	

Council initiatives		Measure		TS PS SC EB EM
Maintain airport assets		Customer satisfaction with airports (User Survey).		
Result 2010/11: 0%	Target 2011/12: 65%	Result 2011/12: 85%	Achieved - Comments: This is a new measure that will set the benchmark for satisfaction levels.	



Cemeteries, Public Toilets and Town Maintenance

Access to the District

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At a Glance

Primary Services

- Cemeteries, public toilets and town maintenance

Why We Do It

Cemeteries

Council carries out cemetery activities, as required by statute, for the public good in those areas of the district where the service is not provided by others. The Burial and Cremation Act 1964 requires local authorities to provide cemeteries. The Minister of Health oversees the administration of the LGA.

Public toilets

Council provides public toilets for the benefit of public health.

Town maintenance

Through quality urban design and the provision and maintenance of tidy, safe and attractive streetscapes Council will contribute to a sense of pride in our communities and sense of place in our towns.

What Has Changed Since The LTCCP 2009/19?

Council will no longer be extending the Kaitaia cemetery as additional capacity has been created by realigning unused areas.

Council has determined that it is not responsible for shop front or under verandah lighting that may be required for security purposes. The planned toilet renewals at Houhora Heads, Kaimaumu, Waipapa Landing, Cobham Road, Broadwood, or Russell Esplanade have been deferred. However, Williams Road, Paihia public toilet has been upgraded ahead of schedule.

Council is transferring the \$70,000 budget from the Melba Street toilets to construct a new toilet in Te Kao. It has been decided not to make any decisions on new toilets in Kaitaia until the Te Ahu centre is operational as this project contains a number of public toilets. This may obviate the need for new toilets in town.

Council is looking at the overall funding of toilets and is keen to introduce user pays in key locations. In particular, Paihia and the Kawakawa Hundertwasser toilets have been identified.

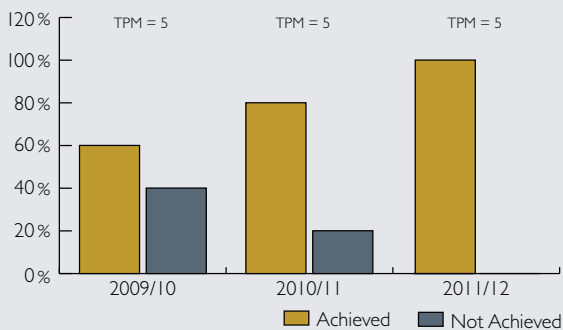
Council has added \$10 to the Bay of Islands-Whangaroa Ward and \$5 to the Te Hiku Ward rates to fund specific improvements to key communities to support tourism. These include local beach clean ups, Waitangi day clean ups and other services.



Priorities For 2011/12	What We Have / Haven't Achieved
Continuing to ensure that cemeteries and places of remembrance are well presented	Council have achieved this priority by successfully delivering agreed levels of services through the town maintenance contract, and by engaging a dedicated cemetery mowing operator.
Continuing to ensure that public toilets are clean, hygienic and functional	Council have achieved this priority by successfully delivering agreed levels of services through the town maintenance contract.
Developing an upgrade programme to improve the quality of the visitor experience along with the financial implications for inclusion in the LTP 2012/22	The upgrade programme has been successfully implemented and is reviewed and monitored on a monthly basis with the town maintenance contractor to ensure priorities are afforded to visitor's experience.
Continuing to clean and maintain town centres to ensure they are tidy, safe and attractive particularly for the visitors associated with the Rugby World Cup (RWC) and for the high number of cruise ships passengers expected	The positive feedback from stakeholders groups, visitors and participants to the RWC indicated that this has been achieved.
Working with Focus Paihia to determine how the new Paihia CBD targeted rate will be used	This has been achieved through Council working closely with Focus Paihia to achieve the desired outcomes for both organisations.

Future Issues / Challenges	Implications
Community expectations for higher levels of service must be managed along with Council's desire to minimise rate increases	Council is aware of the importance of places of remembrance to the community and would like to ensure they are always well maintained.
There are many committee run cemeteries within the district and over time fewer people will be interested in running them. If there is no local committee, Council will by default be required to maintain and manage burial records	There would need to be a significant increase in operational budgets to maintain the large number of committee run cemeteries in the district. Council does not want to increase rates to fund this and would close these cemeteries to burials and under take the minimum maintenance required.
Increasing operational costs (power, fuel, chemicals, labour and consumables)	Increasing costs of the community and town services contract has resulted in Council increasing operational budgets to continue to deliver the same level of service.
Community expectations for higher levels of service must be managed along with Council's desire to minimise rate increases	To deliver the high level of service being requested by some communities, Council has adopted a policy to enable the introduction of "user pays" for public toilets in key locations. Council has also increased the ward rate to fund specific improvements in key communities. This will support tourism such as Paihia beach and Waitangi day clean ups and to enable town services to be increased in response to extra visitors in our district.

Highlights of Performance



TPM = Total number of Performance Measures
 ↑ Performance 2010/11 vs. 2011/12 - has improved

Statement of Service Performance

For CEMETERIES, PUBLIC TOILETS and TOWN MAINTENANCE the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

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Symbols used to identify each measure contributing to community outcomes

PH Public Health EM Environment EB Education, Training and Business Opportunities SC Services that support Communities

Council initiatives		Measure		PH SC
Improve cemetery provision		Percentage satisfied with cemetery provision in Communitrak Survey.		
Result 2010/11: 58%	Target 2011/12: 65%	Result 2011/12: 77%	Achieved - Comments: Achieved by consistently delivering higher levels of maintenance. Future surveys should clearly distinguish between Council owned and operated, and community owned and operated cemeteries.	

Council initiatives		Measure		EM PH SC
Improve toilet facilities		Percentage satisfied with public toilets in Communitrak Survey.		
Result 2010/11: 58%	Target 2011/12: 56%	Result 2011/12: 60%	Achieved - Comments: Achieved by consistently working together with the town maintenance contractor to ensure higher levels of service are maintained.	

Council initiatives		Measure		EM PH SC
Improve toilet facilities		Toilets RFS completion (urgent within 3 hours non urgent within 5 days).		
Result 2010/11: 91%	Target 2011/12: 90%	Result 2011/12: 92.14%	Achieved - Comments: Council worked with its contractor to improve the response times.	

Council initiatives		Measure		EM PH SC
Improve toilet facilities		Percentage of toilets that comply with NZS 4241 1999 public toilet standards.		
Result 2010/11: 70%	Target 2011/12: 70%	Result 2011/12: 70%	Achieved - Comments: This has been achieved by ensuring the contractors maintain and comply with the standards set by the public toilets committee (P 4241) for the standards Council established under the Standards Act 1988.	

Council initiatives		Measure		EB PH SC EM
Improve town maintenance		Percentage of graffiti removed within 48 hours of reporting.		
Result 2010/11: 100%	Target 2011/12: 95%	Result 2011/12: 96%	Achieved - Comments: Town maintenance contractors proactively deal with removing the graffiti before public report this to Council as a request for service.	



Community Centres, Halls, Museums and Pensioner Housing *Supporting Families and Communities*



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At a Glance

Primary Services

- Community centres, halls, museums and pensioner housing

Why We Do It

Council recognises the importance of accessible, affordable, safe, well maintained and strategically located public meeting places across the district.

Generally, Council is responsible for the exterior maintenance of halls and the local management committee is responsible for the management of the facility and interior maintenance. The activity will focus over the next 3 years to look for opportunities to divest facilities back to the community where appropriate.

Housing for the elderly is designed to meet the needs of pensioners of modest means.

What Has Changed Since The LTCCP 2009/19?

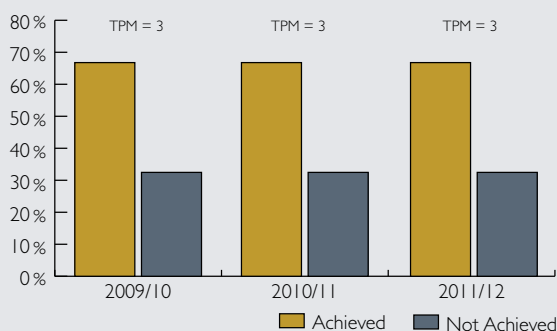
- Although the planned renewal programme for community halls has been retimed to better align with the remaining asset life of the halls assets the spending of this funding has been deferred while Council reviews its future role in the provision of community halls.
- Museum funding was increased to \$120,000 in 2010/11 to be split two thirds / one third between the Far North Regional Museum and Heritage Kaikohe.
- Council has engaged in house maintenance staff to provide a more robust and cost effective approach to maintenance of community halls and pensioner housing.
- Council is continuing the planned deferred maintenance programme for pensioner housing that was funded from the sale of the Mangonui pensioner units.
- Pensioner housing rent will increase on the 1st October each year by the CPI index and Council has also introduced market rents for tenants who do not meet the pensioner age criteria.
- Council has adopted a non smoking policy for all new tenants in the pensioner housing units.
- Council will continue to work with social housing providers to find a more sustainable solution to the management of the remaining pensioner housing complexes over the next 5 years.



Priorities For 2011/12	What We Have / Haven't Achieved
Using the funds from the Mangonui pensioner housing sale to complete deferred maintenance on other pensioner units over the next 2 years	Council has achieved this priority and has completed 70% of the deferred maintenance. We have achieved the reroofing of the Kaikohe pensioner housing complex along with the insulation of the majority of units within the portfolio.
Continuing to work with the Far North Regional Museum to ensure a smooth transition into the Te Ahu centre	The Far North Regional Museum has been relocated to Te Ahu. Council is finalising arrangements for continued use of the former museum building for storage purposes. A positive working relationship with the museum has ensured the smooth transition into Te Ahu.
Reassessing, in consultation with the community, Council's role in owning, maintaining and promoting community halls	This priority has not been achieved and will be included in the 2012/22 LTP.
Continuing to support key local community hubs such as Te Ahu and The Turner centre	Council has achieved this priority by providing additional management support for both facilities.

Future Issues / Challenges	Implications
Council needs to balance maintenance and upgrade costs of community halls and buildings with what the community can afford. The cost of depreciation provision for asset renewal is a significant burden on the budget	These issues call for a fundamental reappraisal, in consultation with the community, of Council's role in owning, maintaining and promoting these facilities. Council would like to assist community groups so they can access alternative funding to reduce the potential of increased ward rates.
Hall use has declined over recent years as a wider choice of venues is now available to the community.	Council will need to identify the facilities that have strategic importance to the community and which should be retained in Council ownership.
Not all of Council's community halls and buildings meet modern building standards that require barrier free access into the building and suitable toilet facilities	Upgrading hall and community buildings to meet the current building standards will require additional ward rates. In some cases upgrading will not be easy to achieve due to barriers, such as insufficient space available to install a compliant ramp to access Mangonui hall within the property. Council would like to align these upgrades with the divestment project.
Council will be considering amalgamating Council facilities and services in Kaikohe in a similar way to the Te Ahu development completed in Kaitiaki. The intended outcome of this proposal would be a central civic building providing a range of services, and could include partnerships arrangements	Until the business case for this concept has been further developed, no major upgrades will be undertaken to the Kaikohe library, Kaikohe memorial hall, or the district office.
Even with increased maintenance the occupancy level in the Kohukohu pensioner complex has declined over recent years. The village has a very small population and 6 units may be over supply	Council consulted with the community about the future of the Kohukohu units and has decided to seek expressions of interest from community groups on how these may be managed in the future.
As Treaty Settlements are finalised, there may be an opportunity to work with iwi to explore options for divestment of the pensioner housing activity. This may offer a more sustainable future for the housing stock, while also safeguarding the interests of residents	As Council has no control over the Treaty Settlement process, it may need to be flexible with the timeframe for a long term solution so that iwi can be involved in investigating more sustainable approaches to managing pensioner housing.

Highlights of Performance



TPM = Total number of Performance Measures
 ⇔ Performance 2010/11 vs. 2011/12 - is neutral

Statement of Service Performance

For COMMUNITY CENTRES, HALLS, MUSEUMS and PENSIONER HOUSING the following pages detail:

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FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.

Symbols used to identify each measure contributing to community outcomes

SC Services that support Communities CH Culture and Heritage

Council initiatives Halls maintenance and renewal		Measure Completion of preventative and regular maintenance checks and remedial work within set timescale (2 days urgent, 5 days not urgent).		SC CH
Result 2010/11: 100%	Target 2011/12: 90%	Result 2011/12: 92.75 %	Achieved - Comments: In house maintenance staff have enabled Council to provide a more comprehensive maintenance schedule and are able to carry out remedial work in a more consistent and timely manner.	

Council initiatives Maintaining housing for the elderly units in good condition		Measure Reduction of RFS received annually.		SC
Result 2010/11: 6%	Target 2011/12: 5%	Result 2011/12: 3.5 %	Not Achieved - Comments: Customer demand for maintenance services has significantly increased due to there being awareness that their requests are now being actioned.	

Council initiatives Maintaining housing for the elderly units in good condition		Measure Percentage of faults responded to in set time (2 days urgent, 5 days non urgent).		SC
Result 2010/11: 96.33%	Target 2011/12: 91.5%	Result 2011/12: 95.78%	Achieved - Comments: Through the provision of in house maintenance staff who have been able to respond to faults in a timely and programmed manner.	



Community & Economic Development Strengthening Businesses & Communities



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At a Glance

Primary Services

- Community and economic development

Why We Do It

In relation to economic development, Council works to contribute to a strong, growing and sustainable district economy that makes a tangible and positive difference to the people of the Far North, with a particular focus on attracting investment to the district.

What Has Changed Since The LTCCP 2009/19?

There have been no significant changes to the community and economic development activities since the publication of the 2009/19 LTCCP.

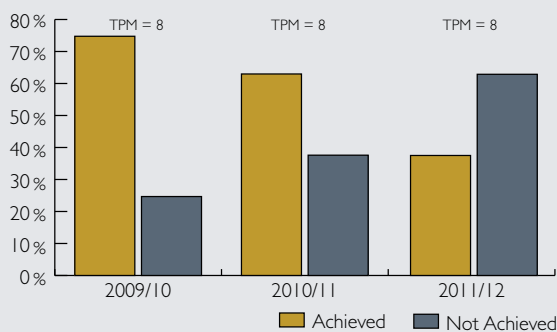
Priorities For 2011/12	What We Have / Haven't Achieved
Attracting inward investment to the district and making it easier for people who want to invest in the future of the district to do business with Council	Continued to offer a business navigation service through Council processes for potential inward investors.
Promoting the Far North as a tourist destination	Continued to fund Destination Northland on a project by project basis.
Supporting events that bring people to the district and creating opportunities for them to prolong their visit	Continued to fund events that bring economic benefit to the District e.g. State Ocean Swim Series.
Taking advantage of the unique opportunities offered by the RWC	Worked collaboratively with all the regions' councils, government agencies and the private sector to capture as many opportunities that arose from the RWC.
Working with local businesses to develop business improvement district	Worked collaboratively with Kaitaia Business Association to establish a Kaitaia Business improvement district.
Continuing the Far North Cycleway project and advising communities how to maximise its financial benefit.	Continued with the Far North Cycleway project and provided assistance where applicable that will enable communities to capitalise on potential benefits.
Working with communities in Kaikohe, Paihia, Omapere and Opononi, Kaitaia, Ahipara, Kawakawa and Doubtless Bay to develop community plans	Completed the Plans for Kaikohe, Omapere and Opononi, Kaitaia and Ahipara, with assistance being provided to Kawakawa. Work has not commenced the remaining plans as efforts were transferred to support the 30 year growth strategy.



Priorities For 2011/12	What We Have / Haven't Achieved
Implementing Council's Māori engagement action plan, with a focus on economic development projects	Continued to implement Council's Māori engagement action plan by supporting Māori organisations whose focus has been on economic development.
Implementing an aerial survey of Northland mineral resources by March 2011 with an estimated completion date by the end of this year.	Worked with regional stakeholders and the Ministry of Economic Development.
Exploring closer working relations between urban and rural fire authorities	Developed a sound relationship with both urban and rural fire authorities in the North by: <ul style="list-style-type: none"> Establishing an operational committee that meet on a regular basis; Provided training programmes; and Provided vital equipment.
Working with Northland Regional Council and other partners to implement the priorities set out in the Northland civil defence emergency management plan. There will be a particular focus in the Far North on developing and maintaining community response plans and raising public awareness (including initiatives through local schools)	Completed 26 community response plans. Public education has focused on civil defence awareness and emergency planning for early childcare centres.
Implementing Council's disability action plan	Painted and remarked 14 specific parking spaces for members of our disabled community and seeking external sponsorship for additional parking spaces.
Continuing to consider the needs of older people and identifying ways in which Council or other providers can best respond to those needs	Continued to lift the quality and standard of Council's housing stock by: <ul style="list-style-type: none"> Developing a building renewal programme; Replacing baths with walk in showers at a rate of 2 per year as funds permit; Installing security locks when units are refurbished; Working with District Health Board to make each unit smoke free; and Insulated 50% of the housing stock, and 25% over the next 3 consecutive years.
Continuing the Buy North campaign as a means of assisting local employment	Continued to support the Buy North campaign as a means of assisting local employment.

Future Issues / Challenges	Implications
<p>Increased competition to attract investment – due to both the state of the global and national economies and increased competition among regions:</p> <ul style="list-style-type: none"> More difficult to attract investment and achieve a growing local economy; Lifestyle positives of living in the Far North become of less relevance and attraction; Small businesses will struggle to expand; New businesses will be more difficult to set up without significant upfront capital; and Potential for businesses to relocate closer to major markets. 	<p>Need for promotion of district as a place to live, work and invest:</p> <ul style="list-style-type: none"> Awareness raising and establishment of a positive Far North profile; Effective communication with target markets; Efforts to overcome negative perceptions and perceived constraints to businesses relocating to the district; and Buy Far North message takes on greater importance.

Highlights of Performance



TPM = Total number of Performance Measures
 ↙ Performance 2010/11 vs. 2011/12 - needs improving

Statement of Service Performance

For COMMUNITY and ECONOMIC DEVELOPMENT the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.



Symbols used to identify each measure contributing to community outcomes

PS Public Safety EM Environment EB Education, Training and Business Opportunities SC Services that support Communities

Council initiatives Live work invest promotion		Measure Percentage of new visitors to live, work, invest website. <i>(Notes below 1 to 3 indicators relating to the live, work, invest and Buy Far North websites have been updated to give a better indication of the effectiveness of the initiatives).</i> 1. Percentage annual increase in "live, work, invest" website visitors. Target set in LTCCP was 5%.		EB
Result 2010/11: 86.85%	Target 2011/12: 80%	Result 2011/12: 80.91%	Achieved - Comments: Council has maintained the live, work, invest website.	

Council initiatives Buy Far North campaign		Measure Number of new businesses registered on Buy Far North website. 2. Number of businesses registered on Buy Far North website.		EB
Result 2010/11: 58	Target 2011/12: 450	Result 2011/12: 7	Not Achieved - Comments: This reflects economic conditions. Council has established an economic development working party that will address the strategic direction for economic development. As part of this strategic direction Council will look at reviewing and improving its inward investment tools.	

Council initiatives Buy Far North campaign		Measure Percentage of returning visitors to Buy Far North website 3. Number of website hits / month to Buy Far North website. Target set in LTCCP was 400.		EB
Result 2010/11: 35.65%	Target 2011/12: 50%	Result 2011/12: 9.80%	Not Achieved - Comments: This reflects economic conditions. Council has established an economic development working party that will address the strategic direction for economic development. As part of this strategic direction Council will look at reviewing and improving its inward investment tools.	

Council initiatives Event attraction		Measure Number of major high profile events attracted to the district.		EB
Result 2010/11: 0	Target 2011/12: 1	Result 2011/12: 0	Not Achieved - Comments: Council has not been successful in attracting high profile events to the district. However to compensate for this Council has been supporting events within the district that have the potential to become high profile. For example Captain Morgan Snapper Bonanza.	



Symbols used to identify each measure contributing to community outcomes

PS Public Safety EM Environment EB Education, Training and Business Opportunities SC Services that support Communities

Council initiatives Community plans		Measure Percentage community support for plan in each community.		PS SC
Result 2010/11: 92%	Target 2011/12: 75%	Result 2011/12: 90 %	Achieved - Comments: Council has successfully completed the Kaitaia, Ahipara community plans, with development assistance being provided for Kawakawa. Support by the community for this initiative was well received.	
Council initiatives Small town beautification projects		Measure Percentage community support for the outcome of each project.		EM SC
Result 2010/11: 92%	Target 2011/12: 75%	Result 2011/12: 0%	Not Achieved - Comments: Small town beautification program no longer exists. Efforts have been transferred to support the 30 year growth strategy.	
Council initiatives Pursuing inward investment		Measure Number of new projects benefiting from inward investment.		EB
Result 2010/11: 15	Target 2011/12: 10	Result 2011/12: 12	Achieved - Comments: Council has maintained a proactive business navigation service that supports inward investment.	
Council initiatives Supporting new business opportunities		Measure Number of new business opportunities assisted.		EB
Result 2010/11: 30	Target 2011/12: 35	Result 2011/12: 27	Not Achieved - Comments: Council has maintained a proactive business navigation service that supports new business initiatives. However, due to the restructure of the department, resources have been utilised to assist with the development of the growth strategy with the potential outcome of long term sustainability across the district.	



i-SITEs

Encourage Visitors to the Far North



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At a Glance

Primary Services

- i-SITEs

Why We Do It

The vision of Far North District Council i-SITEs is to encourage visitors to stay longer, enjoy more activities, and spend more money in the Far North by providing them with a positive image of our district. We do this through the provision of information services and facilities that are affordable, accessible, and contribute to the district's development needs.

Tourism New Zealand, i-SITE New Zealand, and Council have an agreement that recognises the importance of having an effective and high quality network of visitor information centres dedicated to delivering free, comprehensive, and objective information.

We provide information on destinations anywhere in New Zealand, offering the best advice on; where to go and what to see and do, in terms of accommodation, travel, activities, attractions, local information, and events. We also offer residents and ratepayers a place to do Council business.

What Has Changed Since The LTCCP 2009/19?

The Kaitaia i-SITE will be incorporated into Te Ahu.

Priorities For 2011/12	What We Have / Haven't Achieved
Working with the Hokianga community to develop a business model for the operation for the new Hokianga i-SITE	The i-SITEs have maintained a very good relationship with the Hokianga Tourism Association to enable increased opportunities for the Hokianga i-SITE.
Continuing to develop a joint initiative with local tourism operators, Te Roroa Hapu, Footprints Waipoua and the Hokianga Art Project at the Hokianga economic development centre and i-SITE	Council is still exploring the opportunity to develop a joint initiative with local tourism operators.
Working with Te Ahu to investigate and secure the ongoing use of the existing i-SITE building	To date Council has been unsuccessful at securing a tenant for the former Kaitaia i-SITE building and will continue to investigate potential options for its use.

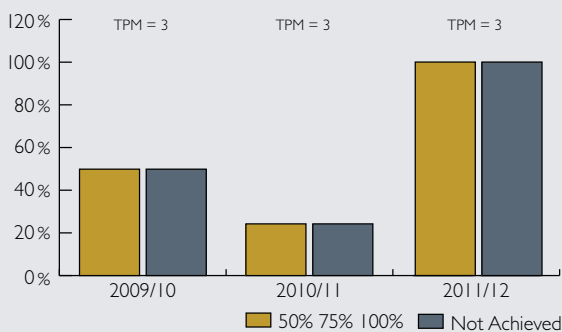




Priorities For 2011/12	What We Have / Haven't Achieved
Continuing to explore more cost effective options and locations for providing i-SITE services in the Bay of Islands - Whangaroa Ward	Council's preference is to maintain their current location at Paihia and is working with Far North Holdings Limited to secure ongoing tenancy.
Increasing the sale of retail products and introducing more revenue generating services	Hokianga and Kaitaia i-SITES have increased retail sales including ticket sales for events held at the Te Ahu centre.
Reviewing the current cost base of the i-SITES operation and exploring a volunteer based service	The Kaitaia i-SITE is developing a base of volunteers to use over the summer season.

Future Issues / Challenges	Implications
Achieving a cost neutral status for i-SITES, thereby reducing the ratepayer subsidy to nil	Review Council's level of involvement in the provision of i-SITES, and provide more support to volunteer based information centres.
Establishing and maintaining positive relationships with other agencies and tourism promoters in the region	Unable to make best use of resources, provide seamless service and offer a broader range of services.

Highlights of Performance



TPM = Total number of Performance Measures
 ↑ Performance 2010/11 vs. 2011/12 - has improved

Statement of Service Performance

For i-SITES the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.



Symbols used to identify each measure contributing to community outcomes

EB Education, Training and Business Opportunities **SC** Services that support Communities **CH** Culture and Heritage

Council initiatives Deliver a quality visitor experience		Measure Annual supplier satisfaction rating.		EB SC CH
Result 2010/11: 91%	Target 2011/12: 85%	Result 2011/12: 91%	Achieved - Comments: Continued effort to ensure staff has the opportunity to obtain the adequate knowledge to on sell supplier's products.	

Council initiatives Deliver a quality visitor experience		Measure Annual customer satisfaction rating.		EB SC CH
Result 2010/11: 98%	Target 2011/12: 98%	Result 2011/12: 98%	Achieved - Comments: Continued effort to ensure staff is well trained and equipped to deliver visitor information.	

Council initiatives Deliver a quality visitor experience		Measure Achieve annual visitor info network (VIN) accreditation.		EB SC CH
Result 2010/11: 100%	Target 2011/12: 100%	Result 2011/12: 100%	Achieved - Comments: Continued effort to retain accreditation.	



Libraries

Learning and Growing



At a Glance

Primary Services

- Libraries

Why We Do It

The library's vision is to contribute to the social, cultural and economic wellbeing of people in the Far North district by:

- providing leisure and learning opportunities with facilities and services that are accessible, and that meet the needs of the community providing best practice library and information services guided by LIANZA standards for public libraries; and
- providing responsive, affordable, and sustainable library and information services for our communities.

What Has Changed Since The LTCCP 2009/19?

There are no significant changes to the libraries activity since the publication of the 2009/19 LTCCP.

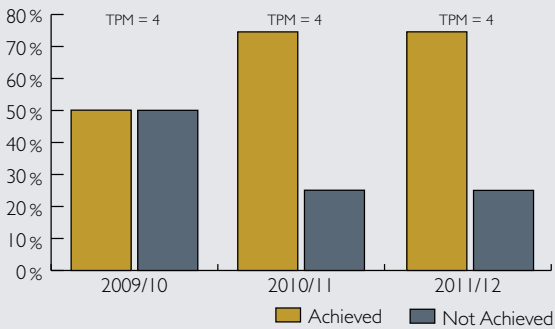
Priorities For 2011/12	What We Have / Haven't Achieved
Continuing to support the new archives facility completed at the Procter library showcasing the history of the Far North	Ongoing support for the archives facility at Procter library with new resources in place to assist with more efficient customer service delivery.
Commence incorporation of the Kaitaia library into Te Ahu centre	Successful transition into Te Ahu centre achieved ahead of schedule.
Investigate potential availability and usage of the existing Kaitaia library	Council is currently negotiating a lease with potential tenants.





Future Issues / Challenges	Implications
Improving performance in tough economic times – doing more with less	Limited ability to grow the library service and invest in new projects.
Changing library environment around growing technology	Technological advances will create affordability issue.

Highlights of Performance



TPM = Total number of Performance Measures
 ⇄ Performance 2010/11 vs. 2011/12 - is neutral

Statement of Service Performance

For LIBRARIES the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.





Symbols used to identify each measure contributing to community outcomes

EB Education, Training and Business Opportunities **SC** Services that support Communities **CH** Culture and Heritage

Council initiatives Make libraries more accessible and able to meet the community's needs		Measure Percentage satisfaction of users (Communitrak Survey).		EB SC CH
Result 2010/11: 95%	Target 2011/12: 85%	Result 2011/12: 96%	Achieved - Comments: Increase in satisfaction as users have more faith in the level of customer service provided and become more accepting of borrower fees.	

Council initiatives Make libraries more accessible and able to meet the community's needs		Measure Percentage population who are borrowers.		EB SC CH
Result 2010/11: 18%	Target 2011/12: 33%	Result 2011/12: 16%	Not Achieved - Comments: Due to a clean up of active borrowers in the library management system, borrower numbers have reduced.	

Council initiatives Make libraries more accessible and able to meet the community's needs		Measure Issue rate per library borrower per annum.		EB SC CH
Result 2010/11: 47	Target 2011/12: 7	Result 2011/12: 53	Achieved - Comments: Previous year's results reflected the issue rate per capita per annum. It now accurately reflects issue rate per library borrower per annum.	

Council initiatives Make libraries more accessible and able to meet the community's needs		Measure Year on year percentage increase in door counts per annum over previous year's figure.		EB SC CH
Result 2010/11: 2.2%	Target 2011/12: 2%	Result 2011/12: 13 %	Achieved - Comments: Increase largely due to opening the library at Te Ahu in Kaitaia during February 2012 and the old post office centennial celebrations at Kaeo library March 2012.	



Lighting, Car parks and Footpaths Support Health & Safety



At a Glance

Primary Services

- Lighting, car parks and footpaths

Why We Do It

- Council provides a footpath network so that the community, especially children and older people, have safe routes to use as they move to and from places in their community and to encourage walking as a recreational activity.
- Council provides car parks so there are sufficient car parks for residents and visitors (both able and disabled) in commercial, recreational and business areas.
- Council provides amenity lighting in towns to make them feel safe and look attractive.

What Has Changed Since The LTCCP 2009/19?

There have been no significant changes to the lighting, car parks and footpath activities since the publication of the 2009/19 LTCCP.

Priorities For 2011/12

Continuing to carry out maintenance on Council owned and maintained car parks

Developing a district car parking strategy

All footpath renewal projects have been deferred as a revised condition assessment is being undertaken that may realign the renewal programme

What We Have / Haven't Achieved

Generally Council has achieved this priority by managing community expectations with the level of service that can be provided within existing budgets. One car park in Kaitaia that requires significant maintenance has been identified as surplus as it is no longer meets a public need.

Budgetary constraints have meant that completion of this priority has not been achieved this year.

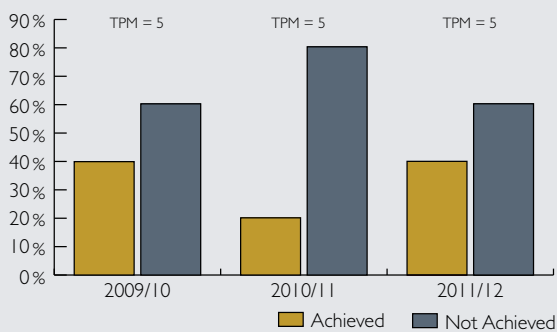
Council has undertaken the condition assessment review and the renewal programme in the 2012/22 Long Term Plan will reflect this new data.





Future Issues / Challenges	Implications
Ensuring sufficient number of car parks are available with adequate signs and markings	Requires monitoring of demand and supply during peak periods (i.e. weekends and summer peak period) and compliance with Council's engineering standards and guidelines. Council is also reviewing the need for parking enforcement throughout the year across the district.
Ensuring adequate number of disabled car parks are available, adequately signed and marked, and facilities for blind and vision impaired pedestrians	Requires compliance with the provisions in the District Plan, road & transport series 14 – guidelines for facilities for blind and vision impaired. Continued liaison with stakeholders from the disability forums.

Highlights of Performance



TPM = Total number of Performance Measures
 ↑ Performance 2010/11 vs. 2011/12 - has improved

Statement of Service Performance

For LIGHTING, CAR PARKS and FOOTPATHS the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.



Symbols used to identify each measure contributing to community outcomes

PS Public Safety EM Environment SC Services that support Communities

Council initiatives Maintain and extend the footpath network as resources permit		Measure Extend the footpath network by 1.5km per annum. <i>(Previous number reflected the length of footpath vested in Council from developers, however this has reduced drastically).</i>		PS SC EM
Result 2010/11: 1.2km	Target 2011/12: 1.5km	Result 2011/12: 1.1km	Not Achieved - Comments: New footpaths were constructed on 7sites which included Lake Road, Kaitaia North Road, Kaitaia (2), Inland Road, Whatuwihwi, Station Road, Kaikohe, Nisbet Road, Moerewa, Sydney Street, Kaikohe. Footpath maintenance was carried out to the limit of the available funding for repairs and maintenance.	

Council initiatives Maintain and extend the footpath network as resources permit		Measure Renew 2km of footpath per annum.		PS SC EM
Result 2010/11: 1.2km	Target 2011/12: 2.0km	Result 2011/12: 0.790km	Not Achieved - Comments: Council deferred the footpath renewal programme until a condition assessment of all footpaths was undertaken. A robust renewal programme will be included in the 2012/22 Long Term Plan.	

Council initiatives Maintain and extend the footpath network as resources permit		Measure Percentage of residents satisfied with footpath network (Communitrak Survey).		PS SC EM
Result 2010/11: 55%	Target 2011/12: 70%	Result 2011/12: 58%	Not Achieved - Comments: Although the percentage satisfied has increased it has not reached the stretch target of 70%. The reasons for dissatisfaction are the same as last survey and include not enough footpaths, more maintenance required and uneven footpaths.	

Council initiatives Ensure the footpath and car park network remains safe		Measure Percentage of complaints about maintenance of amenity lighting responded to within 48 hours.		PS
Result 2010/11: 87.5%	Target 2011/12: 77%	Result 2011/12: 90%	Achieved - Comments: Council has conducted an intense review of all lighting in the district due to the rapid rise in energy costs during the past year. A programme of replacing old technology with new energy efficient lighting will commence in the new financial year.	

Council initiatives Ensure the footpath and car park network remains safe		Measure Percentage of complaints about car park maintenance responded to within 3 days.		PS
Result 2010/11: 80%	Target 2011/12: 86%	Result 2011/12: 93%	Achieved - Comments: Balancing the expectations of the community with the level of service that can be provided within the existing budgets.	



Motor Camps

Access to our National Treasures



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At a Glance

Primary Services

- Motor Camps

Why We Do It

The high market value of coastal land makes it unprofitable for private enterprise to retain coastal property as camp grounds. Council's ownership of camp grounds ensures camping holidays are an option for residents and visitors. Council owns and leases for a commercial return camp grounds at Russell, Tauranga Bay and Houhora Heads. As a response to the growing demand for freedom camping and to comply with the requirements of the Freedom Camping Act 2011, Council has set aside some sites in remote areas that permit overnight camping for self contained camping vehicles. It is still Council's policy that for the protection of the environment and for visitor's personal safety they should stay in a registered camp ground.

What Has Changed Since The LTCCP 2009/19?

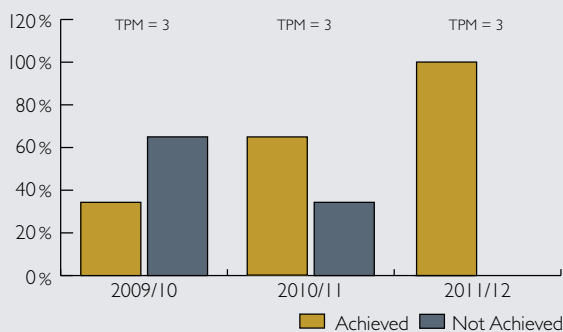
Council has adopted an amended Reserves Bylaw that allows Council, by public notice, to set aside areas for camping for certified camping vehicles within the district. Central government developed the Freedom Camping Act 2011 which provides transitional powers for managing freedom camping during the RWC 2011.



Priorities For 2011/12	What We Have / Haven't Achieved
Continuing to update the camping information pamphlet and promote licensed camping grounds within the district	Council has achieved this priority and has up dated the camping brochure and it is available on line and at service centres and i-SITES.
Working with Community Boards to determine what reserves, if any, should be set aside for use by self contained camping vehicles and developing a Freedom Camping policy in time for RWC visitors	Council has achieved this priority and has worked closely with community boards to determine what freedom camping opportunities should be provided for the RWC 2011 in their wards. Council has also adopted a freedom camping policy.
Continuing to monitor the provision of camping on the west coast of the district	Council has continued to monitor the camping opportunities on the west coast of the district.
Continuing to review the provision of camping at the peak period between December and January	Council has continued to work collaboratively with Holiday Parks New Zealand (HAPNZ) to monitor camping provision over the peak season.
Continuing to monitor illegal camping in known hot spots during the peak camping period	Monitoring the illegal hot spots during the peak camping periods continues to be a challenge for Council.
In line with Council's policy continue to improve coastal access as part of any coastal resource consent approved	Council has had limited opportunities to improve coastal access as part of any resource consent approved over the last year.

Future Issues / Challenges	Implications
Managing the demand from New Zealand Motor Caravan Association (NZMCA) for freedom camping sites	There is a growing number of grey nomads who wish to travel around New Zealand and enjoy our beaches, forests and lakes. They are proactively advocating for more freedom camping sites to be opened for self contained camping vehicles. However, as more sites are available it becomes harder to ensure visitors with non self contained vehicles are aware that they should stay at a camp ground.
Ensuring that Council does not create behaviour that has a negative effect on the economic viability of the district's camp ground operators while ensuring the district is still welcoming to visitors in camping vehicles	There is a growing trend towards the use of camping vehicles by visitors to New Zealand. Many of these vehicles are not self contained and can have a negative effect on our environment. The New Zealand Camping Forum is working to improve the negative effects of this industry. Council is seeking to create a policy that will control over night camping and support camp ground operators.
Ensuring rent levels for lessee of motor camps does not drive up the fee structure so that visitor numbers decline	Council wants to receive a fair return on its coastal land without driving up the fee structure for campers beyond the market rate.

Highlights of Performance



TPM = Total number of Performance Measures

↑ Performance 2010/11 vs. 2011/12 - has improved

Statement of Service Performance

For MOTOR CAMPS the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.

Symbols used to identify each measure contributing to community outcomes

PH Public Health EB Education, Training and Business Opportunities SC Services that support Communities

Council initiatives Formalise the occupation of esplanade reserves / legal roads by camping operators to enable sufficient camping capacity for the peak period		Measure Year on year percentage increase in camping numbers at registered motor camps		EB PH SC
Result 2010/11: 7.4%	Target 2011/12: 5%	Result 2011/12: 5.6%	Achieved - Comments: Result achieved based on figures from Holiday Parks Annual Report 2011 which indicated a 1.8% drop in numbers Northland wide.	
Council initiatives Formalise the occupation of esplanade reserves/ legal roads by camping operators to enable sufficient camping capacity for the peak period		Measure Community satisfaction with camping provision.		EB PH SC
Result 2010/11: 66%	Target 2011/12: 76%	Result 2011/12: 79%	Achieved - Comments: Council achieved this target however the Bay of Islands - Whangaroa Ward still has the highest dissatisfaction levels.	
Council initiatives Ensure sufficient camping capacity for the peak period		Measure Percentage of complaints about illegal camping responded to within 48 hours.		SC
Result 2010/11: 90.83%	Target 2011/12: 92%	Result 2011/12: 97.92 %	Achieved - Comments: Council has focused on taking action against campers' using illegal camping sites permanently.	



Community Activities - Recreation

Community Wellbeing



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At a Glance

Primary Services

- Community Activities - Recreation

Why We Do It

Council contributes to community development and the general health of the community through the provision and maintenance of recreational facilities, encouraging the use of these facilities and supporting events that will contribute to community wellbeing.

What Has Changed Since The LTCCP 2009/19?

There is an increased focus on working together with schools, sports clubs, the community, Sport Northland and other regional sports organisations to deliver better outcomes for sporting participation, better skill levels, and more sporting opportunities for school age children.

Council will also be focusing its resources on improving services and support to sport and recreation clubs that co locate and share facilities at recreation hubs.

Council has determined that the one off grants to improve access to the Northland College swimming pool and the Whangaroa community pool were successful and will continue. This will next be reviewed as part of the 2012/22 Long Term Plan process.

Council is continuing to work with the Kairoke community to develop a recreation hub for the town.



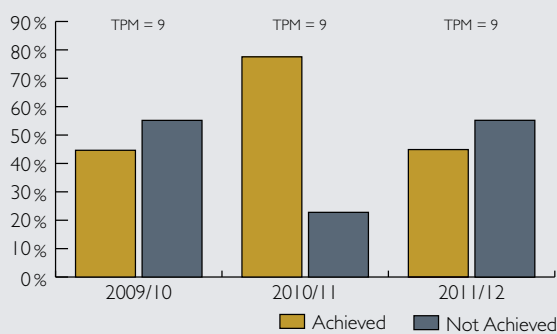


Priorities For 2011/12	What We Have / Haven't Achieved
<p>Developing a recreation strategy based on minimum standards approach rather than needs approach</p>	<p>Council have achieved this priority and a number of recreation projects have been deferred, with others included in the 2012/22 Long Term Plan based on the standards approach.</p>
<p>Working with Northland regional sporting partners on the best possible outcome for Far North sports in the allocation of regional partnership sports funding</p>	<p>This priority has been achieved and Council has worked together with Sport Northland to allocate central government funding to Far North sports.</p>
<p>Continuing with the development of the Kerikeri sports complex</p>	<p>The Kerikeri sports complex landscape plan has been implemented and no further capital work is now planned until Stage 3 – squash club relocation can be funded. Unfortunately Council has not been successful in attracting grant funds to facilitate this next stage.</p>
<p>Continuing to work with Kerikeri Domain Trust to develop the domain as a recreation centre</p>	<p>Council has achieved this priority and in partnership with the Kerikeri Domain Trust has finalised implementing the development plan for the domain. This has included completing the pavilion upgrade, security lighting and gates and tree planting.</p>
<p>Continuing to work with the Kaikohe community to develop a recreation hub for the town</p>	<p>Council is still working on this priority. The first step is to develop an organisation that represents all sport and recreation interests in Kaikohe to drive future hub development. Council and a working party have developed a final draft of this organisation structure and this is being reviewed by all interested clubs. Sport New Zealand has approved funding to continue with this project.</p>
<p>Continuing to contract Sport Northland to provide 3 district sports coordinators to increase physical activity, create stronger clubs, and ensure a variety of recreational events and sports are available in the district</p>	<p>Council has continued to support this priority. In partnership with Sport Northland key sports have been identified and these clubs will receive support to assist them to provide quality community sport opportunities in our district. Sport Northland continued to support a number of events across the district.</p>
<p>Reviewing the recreation & sport policy</p>	<p>This priority has been achieved and the recreation & sport policy has been reviewed.</p>
<p>Building netball courts as part of the Whatuwhiwhi recreation hub</p>	<p>The Whatuwhiwhi community have made good progress on this project and it is expected to be completed early in the next financial year.</p>
<p>Continuing the development of the Pukenui sports field within available funds.</p>	<p>Council has met all conditions of the resource consent and have undertaken pest control, weed control and continued to monitor on site water levels on the area surrounding the future sports field.</p>



Future Issues / Challenges	Implications
Increased demand from the community for access to more recreation programmes and facilities e.g. indoor recreation space and heated pools	The increased demand must be managed within available budgets by delivering agreed levels of service based on population size and agreed standard of provision. Council will also help communities to explore opportunities for partnering or innovation. Council is working with a number of sports and recreation groups to facilitate the development of improved governance structures (sportsville model) that will enable improved access to external funding sources to develop and manage recreation facilities without the need for increased ward rates.
Balancing the expectations of the community with the level of service that can be provided within existing budgets while ensuring best value is obtained from the funds that are available	Community expectations regarding the condition of assets, sometimes exceeds Council's ability to deliver. Managing these expectations, while ensuring assets are maintained to an acceptable and safe standard remains a challenge.
Increasing operational costs (power, fuel, chemicals, labour, electricity, water)	Increasing costs of the community services and maintenance contract may require decreased levels of service to remain within existing budgets. Council makes strenuous efforts in negotiations with suppliers and contractors to achieve maximum value for ratepayer dollars.
Climate change is increasing the incidence of erosions at coastal reserves	Council will work collaboratively with beach and river care groups, but will not under take works to protect coastal reserves from erosion, despite community expectations.
Improving access to the coast, particularly in the Bay of Islands area, is very important to the community	Council has been trying to improve public access to the coast by negotiating access by voluntary means as part of any resource consent process for coastal properties. Council will to continue to work collaboratively to achieve improved coastal access when it has the opportunity.
Trend towards freedom camping	The Freedom Camping Act 2011 prohibits Council from having no freedom camping sites in its district. Council has developed a freedom camping policy that permits camping at 3 remote locations. It is still Council's policy that for the protection of the environment and for personal safety, it is recommended that visitors to our district stay at a registered camp ground.

Highlights of Performance



TPM = Total number of Performance Measures
 ↓ Performance 2010/11 vs. 2011/12 - needs improving

Statement of Service Performance

For COMMUNITY ACTIVITIES - RECREATION the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.



Symbols used to identify each measure contributing to community outcomes

PS Public Safety **EB** Education, Training and Business Opportunities **SC** Services that support Communities

Council initiatives Provision of parks and reserves		Measure Percentage of users satisfied with parks and reserves (Communitrak Survey).		PS SC
Result 2010/11: 92%	Target 2011/12: 80%	Result 2011/12: 92%	Achieved - Comments: This result has again remained above the target KPI It is pleasing to note that dissatisfaction because of the level of maintenance or rubbish / tagging has decreased.	

Council initiatives Development of hub facilities capable of hosting national, regional, district and community events		Measure Year on year percentage increase in the number of district / regional events held at Kerikeri domain, Kerikeri sports complex or Bay Sport. <i>(The target was incorrectly measured as a percentage in the LTCCP 2009/119).</i>		EB PS SC
Result 2010/11: Achieved	Target 2011/12: 5%	Result 2011/12: Achieved	Achieved - Comments: As part of RWC 2011, 6 training sessions were held on the Kerikeri domain and these sessions attracted many spectators from schools and the general public.	

Council initiatives Improve access to aquatic facilities		Measure Resident satisfaction with swimming pools (Communitrak Survey).		PS SC
Result 2010/11: 32%	Target 2011/12: 60%	Result 2011/12: 59%	Not Achieved - Comments: Although the KPI was not achieved it has improved significantly. Another positive note is the number of people who have used a swimming pool in the last year has increased.	

Council initiatives Improve access to aquatic facilities		Measure PoolSafe accreditation.		PS SC
Result 2010/11: 100%	Target 2011/12: 66%	Result 2011/12: 100%	Achieved - Comments: Council's swimming pool contractor has maintained PoolSafe accreditation at the 3 Council maintained pools.	

Council initiatives Improve access to aquatic facilities		Measure Increase in pool usage.		PS SC
Result 2010/11: 262%	Target 2011/12: 10%	Result 2011/12: 3%	Not Achieved - Comments: Kerikeri pool swim numbers were down by 15% for the 2011/12 season and static for the Kaitaia pool due to the particularly poor summer resulting in late opening and an early season closure. However, the Kawakawa pool had a 17% increase also due to the poor summer and the attraction of a heated pool. Overall only a 3% increase in use was achieved.	



Symbols used to identify each measure contributing to community outcomes

PS Public Safety EB Education, Training and Business Opportunities SC Services that support Communities

Council initiatives Provision of playgrounds		Measure Percentage of playground's safety audited each month and any safety issues resolved within 1 month.		PS SC
Result 2010/11: 100%	Target 2011/12: 100%	Result 2011/12: 100%	Achieved - Comments: Compliance will continue to be achieved if the audit requirement remains in the community and town services contract.	

Council initiatives Provision of playgrounds		Measure Percentage satisfaction with playgrounds (Communitrak Survey).		PS SC
Result 2010/11: 88%	Target 2011/12: 80%	Result 2011/12: 76%	Not Achieved - Comments: Although the KPI has not been achieved a positive note is that user satisfaction is 84% and there has been an increase in the number of residents who have visited a playground in the last year.	

Council initiatives Service delivery for parks and reserves		Measure Percentage of urgent requests for service resolved within 3 hours and non urgent within 5 days.		SC
Result 2010/11: 95.36%	Target 2011/12: 95%	Result 2011/12: 92.14%	Not Achieved - Comments: The stretch target has not been achieved and Council and the contractor will continue to work collaboratively to improve this result.	

Council initiatives Service delivery for parks and reserves		Measure The number of financial deductions from the contractor for non performance.		SC
Result 2010/11: 1%	Target 2011/12: 0%	Result 2011/12: 1%	Not Achieved - Comments: A small value for the spraying of Remembrance Park Kaitiaia was deducted from the contract payment in March 2012.	



Financial Information District Facilities

FINANCIAL SUMMARY FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	ACTUAL 2012 \$000s	COUNCIL BUDGET 2012 \$000s	VARIANCE \$000s
Income				
Rates Income	1	13,988	13,206	792
Other Income	2	4,288	2,307	1,789
Total Operating Income		18,286	15,513	2,773
Expenditure				
Direct Costs	3	12,496	9,860	(2,636)
Indirect Costs	4	730	1,314	584
Activity Expenditure		13,226	11,174	(2,052)
Depreciation	5	4,407	3,995	(412)
Interest Payable		487	757	270
Total Operating Expenditure		18,120	15,926	(2,194)
Net Operating Surplus/(Deficit)		166	(413)	579
Capital Statement				
Net Operating Surplus		166	(413)	579
Loans		569	62	507
Other Funding		1,167	1,389	(222)
Total Funding		1,902	1,038	864
New Work	6	1,157	100	(1,057)
Renewal Works	6	633	612	(21)
Loan Repayments		910	325	(585)
Total Capital Expenditure		2,700	1,038	(1,663)
NET SURPLUS/(DEFICIT)		(798)	0	(798)

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VARIANCE TO THE ANNUAL PLAN 2011/12

1. Rates income is showing a favourable variance of \$792k predominantly due to:
 - a. An increase in penalty rate income of \$724k; and
 - b. General and targeted rates are showing a favourable variance of \$62k.
2. Other income is showing a favourable variance of \$1,789k predominantly due to:
 - a. Rural fires recoveries \$1,503k and subsidy income of \$170k not budgeted in the Annual Plan;
 - b. Vested asset additions have been identified totaling \$234k which was not budgeted in the Annual Plan;
 - c. Development contributions income is below budget by \$320k due to a reduction in applications during the year;
 - d. A lottery grant of \$59k was received during the year that was not budgeted;
 - e. Additional rental income for pensioner housing was received during the year of \$65k; and
 - f. Special fund interest was ahead of budget by \$31k.
3. Direct costs are showing an unfavourable variance of \$2,636k predominantly due to:
 - a. Expenditure on contractor & professional fees are above budget by \$1,325k mainly due to costs associated with rural fire events;
 - b. Loss on disposal of property, plant & equipment of \$738k; and
 - c. Bad debt provisions exceed budget by \$451k due to an increase in penalty charges.
4. Indirect costs are below budget \$584k due to:
 - a. Decrease in corporate allocations \$584k.
5. Depreciation is showing an unfavourable variance of \$411k due to delays in the commencement of capital projects.
6. Capital expenditure is showing an unfavourable variance of \$1,078k predominantly due to the completion of projects brought forward from the prior year.



KEY CAPITAL PROJECTS

FOR THE YEAR ENDED 30 JUNE 2012

	ACTUAL 2012 \$000s	COUNCIL BUDGET 2012 \$000s	VARIANCE \$000s
New Works			
Airports	64	0	(64)
Amenity lighting	0	0	0
Carparks	150	0	(150)
Maritime facilities	353	0	(353)
Motor camps	19	0	(19)
Footpaths	147	0	(147)
Pensioner housing	27	0	(27)
Public toilets	20	50	30
Civil defence	44	0	(44)
Rural fires	41	0	(41)
Libraries	11	0	(11)
Town maintenance	82	0	(82)
Parks & reserves	199	50	(149)
Total New Works	1,157	100	(1,057)
Renewals			
Cemeteries	4	5	1
Footpaths	22	0	(22)
Halls	6	0	(6)
Maritime facilities	0	65	65
Motor camps	0	96	96
Pensioner housing	164	87	(77)
Public toilets	(4)	0	4
Parks & reserves	45	113	68
Rural fires	157	0	(157)
Libraries	238	247	9
Total Renewals	633	612	(21)

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SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS FOR 2011/12

The Local Government Act 2002 requires Councils to provide information regarding any significant assets acquired or replaced during the year. Council's Significance Policy does not specify a value but does identify the following assets as significant:

FOOTPATHS, TOWN MAINTENANCE, PARKS & RESERVES, INFORMATION CENTRES	BUDGET 2012 \$000s	ACTUAL 2012 \$000s
Car Parks – Kaitaia This project supplements the car parking provision for the Te Ahu centre	0	150
Russell Wharf This is a community partnership project	0	353
Parks & Reserves – northern renewals	113	45

VARIANCE TO THE ANNUAL PLAN 2011/12

- Car Parks Kaitaia
This project provides additional parking for the Te Ahu centre which was completed in February 2012.
- Russell Wharf
This is a community partnership project.



Development Consents *Sustaining our Environment*



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At a Glance

Primary Services

- Development consents

Why We Do It

Council is required to under take the activity of resource consents under Section 31 of the Resource Management Act 1991.

In addition to the legislative requirements, the activity has the ability to contribute to the wellbeing of the community and the sustainable development of the district by:

- The promotion of community confidence and trust in the resource consent procedures and decisions;
- The provision of expertise to ensure that all relevant issues are considered;
- The application of equity and fairness when considering resource consent applications; and
- The enabling of the community to undertake activities.

What Has Changed Since The LTCCP 2009/19?

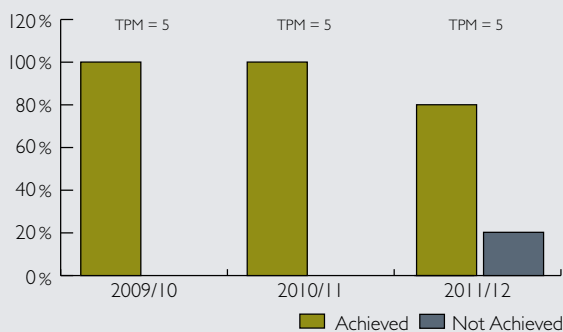
Insurance cover for weather-tight homes liability has been removed. An assistance package is being proposed by central government with guaranteed inputs from both central and local government. Council has opted to remain outside this programme at this point in time and will review this decision periodically.



Priorities For 2011/12	What We Have / Haven't Achieved
Establishing a plan to ensure when growth resumes Council is able to recruit and retain the necessary specialist resources	Successful scholarship programme ongoing for planning staff. No cadet consideration has taken place for building consents.
Continuing implementing process improvements for consent processing	Process improvement projects continuing in both resource and building consent areas, with the latter's various improvements logged in the council wide continuous improvement register.
Continuing technical training programmes aiming to ensure all technical officers are formally qualified by 2013	Ongoing training has taken place on a monthly basis in addition with the adoption of the national framework for competency the technical training has been verified by an external moderator.
Providing educational programmes with the development industry on the building and RMA processes and District Plan requirements	Regular practitioner meetings have been held on a quarterly basis that discusses both building and RMA aspects. Have also held an educational workshop with sector groups for example the real estate, banking and building surveyors, local planning and survey firms.
Continuing cooperation with all agencies in the Far North Liquor Accord, (N.Z. Police, Fire Service, and Northland Health) to promote compliance and responsible attitudes to the liquor licensing process	Far North District Council remains an active member of the FNAT group, represented by the district liquor licensing officer and the manager, environmental protection. The acting general manager of environmental management is on the steering committee.

Future Issues / Challenges	Implications
Economic growth leading to increasing resource consent numbers will challenge Council's ability to retain and recruit professional staff	Potential reliance on consultants and / or a reduction in the current compliance levels with statutory timeframes.
Rising corporate costs and overheads challenge the ability to provide the resource consent service to applicants at an affordable level	May discourage development or result in activities being under taken without consent.
Inaccurate advice given by inexperienced staff may have detrimental effects on key community outcomes, public health, public safety, and / or the environment	Continue professional development of staff through internal and external training opportunities.
Electronic and IT advancement (applications, processing, inspection and certification)	Paper based and traditional methods are costly and more time consuming. They create electronic and hard copy storage issues.
The Building Act Amendment Bill No. 3 has not been enacted by the Governor General.	The licensed building practitioners' scheme will be effective from 1 st March 2012 and will require applications to have all restricted building work certified (memoranda / certificate of design record of work) by the practitioners. However, because of delays in finalising the legislation, no technical or guidance notes are available, (at time of compilation of this document) therefore, the exact effect of these changes is currently unknown. Guidance has now been given from the DBH as to what is required.

Highlights of Performance



TPM = Total number of Performance Measures
 ↓ Performance 2010/11 vs. 2011/12 - needs improving

Statement of Service Performance

For DEVELOPMENT CONSENTS the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.

Symbols used to identify each measure contributing to community outcomes

PS Public Safety TS Transport SC Services that support Communities

Council initiatives Continue to improve consents processing		Measure Level of satisfaction with planning, building or inspection services (Communitrak Survey). <i>Further more, in 2012, satisfaction rating for building and resource consent was asked only to residents who have applied for a building or resource consent in the past 12 months.</i>		PH PS EM
Result 2010/11: 61% for consent applications and 71% for inspections	Target 2011/12: 45%	Result 2011/12: 66% for consent applications and 74% for inspections	Achieved - Comments: Have continued to exceed the target in part due to process improvements, and quicker processing times.	
Council initiatives Continue to improve consents processing		Measure Average number of days to process building consents excluding time on hold.		PH PS EM
Result 2010/11: 8	Target 2011/12: 12	Result 2011/12: 10	Achieved - Comments: Standard of applications have improved with the implementation of the licensed building practitioner scheme.	
Council initiatives Continue to improve consents processing		Measure Percentage of non notified resource consents completed within statutory timeframes (20 days).		PH PS EM
Result 2010/11: 97%	Target 2011/12: 90%	Result 2011/12: 98%	Achieved - Comments: Have continued to exceed the target in part due to process improvements, and quicker processing times.	
Council initiatives Continue to improve consents processing		Measure Average number of days to process subdivision consents excluding time on hold.		PH PS EM
Result 2010/11: 17	Target 2011/12: 40	Result 2011/12: 18	Achieved - Comments: Have continued to exceed the target in part due to process improvements, and quicker processing times.	
Council initiatives Improve the delivery of liquor licensing services		Measure Percentage of liquor licensed premises visited to promote good host responsibility.		PH PS
Result 2010/11: 20%	Target 2011/12: 25%	Result 2011/12: 24.41%	Not Achieved - Comments: Number of premises was just below target. Additional resources are made available for 2012/13 to ensure target is met.	



District Plan and Structure Planning

Striving for Appropriate Development



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At a Glance

Primary Services

- District Plan
- Structure planning
- Sustainable environment

Why We Do It

Council is required to have a District Plan for the district under the provisions of the Resource Management Act 1991. However, the overall vision and purpose of the activity is to provide for planned growth and development in the Far North district to ensure that our natural and physical resources are managed in a sustainable manner, providing opportunities for our communities and future generations to prosper socially, economically, and culturally. A key tool for achieving this is the District Plan.

What Has Changed Since The LTCCP 2009/19?

There are no significant changes to District Plan, structure planning and sustainable environment priorities since the publication of the 2009/19 LTCCP.





District Planning Priorities For 2011/12	What We Have / Haven't Achieved
<p>Continuing technical training programmes aiming to ensure all technical officers are formally qualified by 2013</p>	<p>Ongoing training has taken place on a monthly basis in addition with the adoption of the national framework for competency the technical training has been verified by an external moderator.</p>
<p>Providing educational programmes with the development industry on the building and RMA processes and District Plan requirements</p>	<p>Regular practitioner meetings have been held on a quarterly basis that discusses both building and RMA aspects. Have also held an educational workshop with sector groups for example the real estate, banking and building surveyors, local planning and survey firms.</p>
<p>Continuing cooperation with all agencies in the Far North Liquor Accord, (N.Z. Police, Fire Service, and Northland Health) to promote compliance and responsible attitudes to the liquor licensing process</p>	<p>Far North District Council remains an active member of the FNAT group, represented by the district liquor licensing officer and the manager; environmental protection. The Acting General Manager Environmental Management is on the steering committee.</p>

Structure Planning Priorities For 2011/12	What We Have / Haven't Achieved
<p>Continuing to progress the implementation of the Kerikeri - Waipapa Structure Plan changes including the rezoning of land in line with the strategic provision of Council infrastructure</p>	<p>No plan changes implemented directly related to the Kerikeri - Waipapa structure plan. Plan Change 8, which gave effect to part of the structure plan, was withdrawn following the recommendation of the Hearing Commissioners.</p>
<p>Supporting the development and implementation of community development plans where projects are identified and resourced in the Annual Plan</p>	<p>A target of 4 community plans was achieved.</p>



Sustainable Development Priorities For 2011/12

What We Have / Haven't Achieved

Continuing to develop the Climate Change Strategy	Draft has been completed and was presented to GMT for comment.
Continuing to develop and implement an awareness programme around the District Plan, renewable energy & energy efficiency and sustainability	While no formal awareness programme in place, staff continue to provide advice, attend public meetings and promote awareness of the District Plan, renewable energy and efficiency when opportunities arise. We have also updated web page information, and held education workshops with sector groups such as real estate, planning professionals, engineers and surveyors.
Investigating and advocating (with regional and national government) for research into natural hazards affecting the Far North	Flood modelling information being worked on by Northland Regional Council technical staff, and coastal hazard information being reviewed. This work is part of the revision of the regional policy statement for Northland. Council has had representation at both political and staff level in the regional policy statement review process.
Continuing to work through compliance issues raised through the Inter - Council Working Group on GMOs	Staff and elected representatives have actively participated in the working group. Council also committed funding towards the development of the section 32 report.
Working to fully understand the implications of the Government's new coastal policy statement and Fresh Water Policy for the district's communities.	Have identified those policies within the NZCPS that will impact the most on the Far North district's communities. Have also identified where the revised regional policy statement's coastal policies and methods will impact greatest on Far North communities.

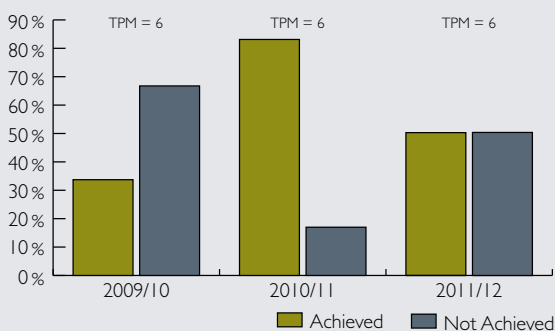
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Future Issues / Challenges

Implications

Lack of robust natural hazard information available and the high cost of obtaining such data	Need to ensure that priority is given to hazard research and information at central and regional government levels.
Financial restraints limiting the amount of work that can be done on the District Plan along with increasing amount of work required due to central and regional government planning documents	The prioritisation of plan changes to the District Plan requires careful consideration along with the commencement of a rolling review as opposed to one large proposed District Plan project.
Climate change may present significant challenges for the district, particularly over the long term. Key impacts predicted include temperature warming, higher intensity storm events, reduced annual rainfall and sea level rise	The predicted impacts of climate change would have far reaching consequences for the district, from increased flood risk, coastal inundation and related erosion hazard, to reduced water availability for urban water supply.
Sustainable growth and development of the district	Review of parts of the District Plan required ensuring that sustainable growth is occurring particularly in the rural zones.

Highlights of Performance



TPM = Total number of Performance Measures
 ↓ Performance 2010/11 vs. 2011/12 - needs improving

Statement of Service Performance

For DISTRICT PLAN and STRUCTURE PLANNING the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.

Symbols used to identify each measure contributing to community outcomes

EM Environment SC Services that support Communities CH Culture and Heritage

Council initiatives District Plan Monitoring Strategy and Plan changes		Measure Percentage of District Plan monitoring strategy indicators currently being measured.		EM
Result 2010/11: 30%	Target 2011/12: 40%	Result 2011/12: 50 %	Achieved - Comments: This result was due to allocating additional resource within the team to dedicate more time to the monitoring strategy than in previous years.	

Council initiatives District Plan Monitoring Strategy and Plan changes		Measure Percentage of residents who feel either very well informed or well informed about the District Plan (Communitrak Survey).		EM
Result 2010/11: 32%	Target 2011/12: 52%	Result 2011/12: 38%	Not Achieved - Comments: Further work is required on District Plan education and advocacy. The development of the awareness programme would assist. There have been some initiatives such as educational workshops with sector groups and updates to the web page.	

Council initiatives District Plan Monitoring Strategy and Plan changes		Measure Percentage of solutions identified within the year for issues identified via the monitoring strategy.		EM
Result 2010/11: 0%	Target 2011/12: 60%	Result 2011/12: 100%	Achieved - Comments: There were no issues identified through the monitoring strategy that needed to be resolved.	

Council initiatives Complete Structure Plans for key parts of the district by 2012		Measure Number of structure / community plans in place. <i>(Due to the financial cost and timelines associated with developing and implementing Structure Plans, Council determined that revamped Community Plans (that include infrastructure) would suffice at this stage as per the Annual Plan 2011/12).</i>		CH SC
Result 2010/11: 3	Target 2011/12: 4	Result 2011/12: 4	Achieved - Comments: New approach offering a hybrid between community planning and structure planning to enable plans to be produced for key parts of the district by 2011. We have completed community plans for Omapere / Opononi, Kaikohe, Whangaroa and Taipa.	

Council initiatives Investigate and advocate for research into natural hazards affecting the Far North		Measure Number of communities with robust hazard information or number of hazard research projects completed.		CH
Result 2010/11: 3	Target 2011/12: 6	Result 2011/12: 0	Not Achieved - Comments: This has been outside of the Far North District Council's control as the Far North District Council is reliant to a large degree on NRC providing hazard information for communities within the Far North. NRC have progressed work on various catchments within its priority rivers' project but some modelling has yet to be finalised. It is not known how many communities have hazard information.	



Symbols used to identify each measure contributing to community outcomes

EM Environment SC Services that support Communities CH Culture and Heritage

Council initiatives		Measure	
Develop guidelines on how to take Hapu / Iwi management plans into account when developing Council plans and policy		Number of Hapu / Iwi management plans taken into account by Council.	
Result 2010/11: 100%	Target 2011/12: 100%	Result 2011/12: 95%	<p>Not Achieved - Comments:</p> <p>The following Iwi management plans were reviewed in the last 12 months 1) Ngati Kuta 2) Ngati Rehia 3) Te Roroa 4) Ngati Wai.</p> <p>In the process of reviewing these documents both Iwi and Council have utilised the opportunity to align and identified ways in which the aspirations of Iwi can be better reflected as part of Council's planning processes and how this might be delivered in order to achieve a better outcome.</p> <p>Due to the complexities and timeframes associated with the action plan requirements, this is work in progress with much of the constraints focused on capacity of the Iwi to process key areas in order to get better traction for engagement with Council and what these processes work and what they mean.</p>



Financial Information Sustainable Environment and Consents

FINANCIAL SUMMARY FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	ACTUAL 2012 \$000s	COUNCIL BUDGET 2012 \$000s	VARIANCE \$000s
Income				
Rates Income	1	6,370	5,981	389
Other Income	2	2,501	3,210	(701)
Total Operating Income		8,871	9,182	(311)
Expenditure				
Direct Costs	3	6,425	7,514	1,089
Indirect Costs	4	918	1,564	646
Activity Expenditure		7,343	9,078	1,735
Depreciation	5	44	96	52
Interest Payable		20	8	(12)
Total Operating Expenditure		7,407	9,182	1,775
Net Operating Surplus/(Deficit)		1,465	0	1,465
Capital Statement				
Net Operating Surplus		1,465	0	1,465
Other Funding		7	7	0
Total Funding		1,472	7	1,465
Loan Repayments		70	7	(63)
Total Capital Expenditure		70	7	(63)
NET SURPLUS/(DEFICIT)		1,402	0	1,402

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VARIANCE TO THE ANNUAL PLAN 2011/12

1. Rates income is showing a favourable variance due to:
 - a. An increase in penalty rate income of \$331k; and
 - b. An increase in general rate income of \$58k.
2. Other income is showing an unfavourable variance of \$701k predominantly due to:
 - a. Regulatory service fees & charges are below budget by \$650k as a result of the current economic downturn; and
 - b. Other income of \$37k is due to a rejected prior year insurance claim which was unbudgeted for.
3. Direct costs are showing a favourable variance of \$1,089k predominantly due to:
 - a. Personnel costs are below budget by \$478k due to staff vacancies not being filled as a result of the current economic downturn;
 - b. Insurance costs are below budget by \$401k due to earlier estimates of potential liability for weather-tight homes has been reduced;
 - c. Expenditure on contractor and professional fees are below budget by \$449k as a result of the current economic downturn; and
 - d. Bad debt provisions exceeded budget by \$206k due to increased penalty charges.
4. Indirect costs are below budget \$646k due to:
 - a. Decrease in corporate allocations \$646k.
5. Depreciation is showing a favourable variance of \$52k due to delays in the commencement of capital projects.



Customer Services

Best Value for our Residents



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At a Glance

Primary Services

- Customer services

Why We Do It

The role that Council plays in the delivery of customer services is to act as first point of contact for residents, ratepayers, and visitors to our district. It is an essential role that enables people to do business with Council.

What Has Changed Since The LTCCP 2009/19?

Hours of operation at the Rawene service centre have been reduced with the new Hokianga i-SITE offering more services.

Priorities For 2011/12	What We Have / Haven't Achieved
Continuing to develop appropriate service standards and quality controls	A customer services charter has been developed. The charter provides clear and concise information about Council services, facilities and delivery standards.
Reviewing processes and procedures to ensure maximum efficiency	A large number of customer service processes and procedures have been reviewed and is ongoing.
Continuing to train and multi skill staff to enable them to deal effectively with and address a wider range of issues and tasks at first point of contact	All customer facing staff are part of a multi-skilling training plan, a number of which are now able to offer services across front counters, libraries, i-SITEs and cinema.
Working with the Te Ahu centre to develop a new service delivery model incorporating all the services and functions provided by the Kaitaia service centre, i-SITE, library, museum and Far North community centre	All services were successfully relocated to the new Te Ahu centre in February 2012. Training is ongoing to enable staff to work across the various services including the service centre, i-SITE, library, museum and community centre.
Continuing to attract and develop skilled and knowledgeable staff that work with purpose and enthusiasm	Attractive advertising and job descriptions have been developed and an effective recruiting process is in place.
Focusing on providing personalised, fast, reliable, convenient, cost effective and customer focused service	Increased instance of first point of contact resolution by staff avoiding unnecessary transfers to operational units thus, making customer contacts more efficient and effective.

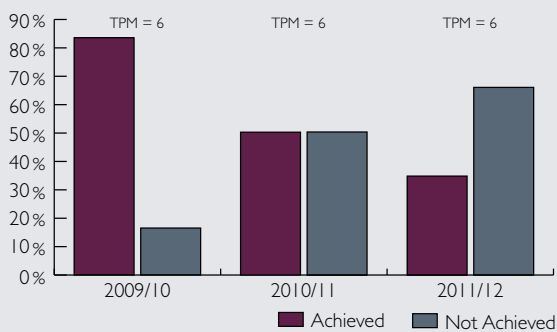




Priorities For 2011/12	What We Have / Haven't Achieved
Implementing and promoting the key customer focused messages across the organisation	Increased customer focus across Council and receiving less customer complaints as a result.
Completing the restructure to ensure Council becomes a lean organisation focused on delivering customer satisfaction	Increased number of staff are multi-skilled thus being able to deliver a more efficient and effective service without increasing resources.

Future Issues / Challenges	Implications
Understanding how our customers want to do business with Council	Offer the most suitable contact channels for customers that suit both customer and Council needs.
Keeping up with rapidly changing technology	Ability to provide accurate and consistent information to customers and the ability to communicate with customers by their preferred method.

Highlights of Performance



TPM = Total number of Performance Measures
 ↓ Performance 2010/11 vs. 2011/12 - needs improving

Statement of Service Performance

- For CUSTOMER SERVICES the following pages detail:
1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
 2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.



Symbols used to identify each measure contributing to community outcomes

PH Public Health PS Public Safety TS Transport EM Environment EB Education, Training and Business Opportunities

SC Services that support Communities CH Culture and Heritage

Council initiatives Continue to improve customer service standards		Measure Satisfaction when contacting the Council by telephone (Communitrak Survey).		SC
Result 2010/11: 70%	Target 2011/12: 73%	Result 2011/12: 71%	Not Achieved - Comments: While there has been improvement on the previous year result, this was not significant enough to meet target. Staff have recognised the value in customer contact by phone, however, progress has been slower than envisaged. An ongoing commitment to promoting Council's key customer focused messages across the organisation is required.	

Council initiatives Continue to improve customer service standards		Measure Satisfaction when contacting the Council in writing (Communitrak Survey).		SC
Result 2010/11: 62%	Target 2011/12: 54%	Result 2011/12: 82%	Achieved - Comments: Council has made a concerted effort to improve responses to written communication with customers including audits of correspondence (quality) and closer monitoring of request for service that ensures letters etc. are responded to in a timely manner.	

Council initiatives Continue to improve customer service standards		Measure Satisfaction when contacting the Council in writing (Communitrak Survey).		SC
Result 2010/11: 62%	Target 2011/12: 54%	Result 2011/12: 82%	Achieved - Comments: Council has made a concerted effort to improve responses to written communication with customers including audits of correspondence (quality) and closer monitoring of request for service that ensures letters etc. are responded to in a timely manner.	

Council initiatives Continue to improve customer service standards		Measure Percentage of calls answered in 20 seconds.		SC
Result 2010/11: 78.87%	Target 2011/12: 84%	Result 2011/12: 68.44%	Not Achieved - Comments: Low staffing numbers in the contact centre impacted on this result. New staff have now been secured and completed induction programme in June 2012.	
In 2010/11 Council advised: The implementation of industry training will increase staff competency to effectively deliver on Council's key messages.				

Council initiatives Continue to improve customer service standards		Measure Percentage of abandoned calls.		SC
Result 2010/11: 4.49%	Target 2011/12: 5%	Result 2011/12: 9.15%	Not Achieved - Comments: Low staffing numbers in the contact centre impacted on this result. New staff are now been secured and completed an induction programme in June 2012.	

Council initiatives Continue to improve customer service standards		Measure Percentage of calls answered at first point of contact.		SC
Result 2010/11: 67.59%	Target 2011/12: 70%	Result 2011/12: 70.07%	Achieved - Comments: Sustained effort to ensure the organisation is providing clear and accurate information to enable first point of contact service delivery.	



Field Services Safeguard the Far North



At a Glance

Primary Services

- Field services

Why We Do It

Council is responsible for complying with legislation designed to safeguard public health and welfare, minimise environmental risk and protection of cultural interests; such as the Resource Management Act 1991, Litter Act 1979, Local Government Act 1974 and 2002.

What Has Changed Since The LTCCP 2009/19?

New liquor licensing and food legislation bringing about changes to administration and inspector roles. These changes to legislation have not taken place at this time, but are expected to soon. As a member of the New Zealand Food Safety Authorities voluntary implementation program Council has begun auditing and assessing food control plans for voluntary food premises.

Priorities For 2011/12	What We Have / Haven't Achieved
Actively progressing the review of the regulatory bylaws and policies to completion	All bylaws requiring review have been completed. The latest, Chapter 13, Keeping of Animal, Poultry and Bees has completed public consultation stage and will be completed within the required time, by the end of 2012.
Increasing dog registration	The number of dogs registered and the number of known dogs not registered dropped by approximately 400, even though a project of carrying out property checks was in place. For 2012/13 a new practice has been implement, starting with follow ups on returned mail for the 2012/13 registration year, to identify previously registered dogs that have not been registered, or reported as dead or left the district.
Improving response times	Responses to Request for Services (RFS) have consistently been above the KPI target of 90% responses on time, and is averaging between 95 - 98%.



Priorities For 2011/12	What We Have / Haven't Achieved
Targeting problems associated with wandering stock	A number of ongoing problematic locations have been resolved by working with stock owners. One such case resulted in the stock owner selling off the majority of stock, which were roaming wild in bush, and getting out onto roads due to poor fencing.
Targeting problems associated with illegal dumping of rubbish	Council is working with contractors, such as the contractor response for emptying the street litter bins, to identify and infringe persons using those bins to dispose of household and business rubbish. This has increased the number of infringement notices issued.

Future Issues / Challenges	Implications
To identify and reduce the number of unregistered dogs	The identification of unregistered dogs is a perpetual problem requiring much officer time in registering dogs. Many dogs are in remote locations, requiring long periods of travel and time, and some are found to belong to difficult owners.
The introduction of new legislation for the control of food premises will require considerable changes to the way in which officers carry out their duties	Dual systems will need to be managed during the transition period when the new legislation is passed.
Increase dumping of illegal rubbish in some areas	Increase cost to the ratepayer in cleaning up and disposing of rubbish. By targeting these areas, the aim is to infringe or prosecute identified offenders; and therefore reduce the level of illegal dumping.
Increased incidents of emergency events due to climatic change; such as flooding, and conversely, dry weather events such as fire risk	Increase cost on the ratepayer in dealing with emergency events and risk of damage to proper ties and utilities.
Anticipated changes to liquor licensing legislation are expected to give the agency more powers and responsibilities	Possible need to review resources and processes.
Reduction of parking service	Apart from the enforcement of the instant infringement offences by the monitoring team, there has been seasonal coverage in Paihia (Labour weekend to Easter weekend included), and full coverage in Kerikeri during the summer season, and 2 days per week in the off peak season.

Highlights of Performance



TPM = Total number of Performance Measures
 ↓ Performance 2010/11 vs. 2011/12 - needs improving

Statement of Service Performance

For FIELD SERVICES the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.

Symbols used to identify each measure contributing to community outcomes

PH Public Health PS Public Safety SC Services that support Communities CH Culture and Heritage

Council initiatives		Measure		PS
Dog registration		Percentage of known dogs currently registered.		
Result 2010/11: 90%	Target 2011/12: 95%	Result 2011/12: 86.06%	Not Achieved - Comments: Efforts to trace unregistered dogs have been successful in urban areas. However, tracing dogs in rural areas has proven more problematic. For the forthcoming 2012/13 year the division will investigate alternative ways to target the rural area, with staff actioning door to door checks much earlier within the registration period.	

Council initiatives		Measure		PS
Responding to complaints relating to dogs		Percentage of requests for services (RFS) relating to dogs responded in required time.		
Result 2010/11: 84%	Target 2011/12: 95%	Result 2011/12: 93%	Not Achieved - Comments: Response times have improved considerably, from 89% in 2010/11, to the present 93% for 2011/12. Although this is still 2% below the target of 95%, other process improvements are being implemented to further improve results for 2012/13. One such improvement is the way in which after hours call outs are converted into RFS's the following working day, and sometimes later, which causes the RFS to escalate without the duty officer having the opportunity to update it.	

Council initiatives		Measure		PS
Increased action to address wandering stock		Number of wandering stock related RFS.		
Result 2010/11: 384	Target 2011/12: 360	Result 2011/12: 327	Achieved – Comments: The number of wandering stock incidents continues to fall. Some success has been achieved working with stock owners who were the cause of frequent incidents around the district.	

Council initiatives		Measure		SC PS
Continue to provide effective stock and dog control services		Percentage of residents satisfied with the district's animal control (Communitrak Survey).		
Result 2010/11: 54%	Target 2011/12: 69%	Result 2011/12: 67%	Not Achieved - Comments: For 2012 there has been significant improvement of 13% in public satisfaction, however, leaving a 2% shortfall in meeting the target. Some big gains have been made in dealing with ongoing stock problems, working with stock owners where fences are allowing stock to wander onto roads. An increased emphasis on identifying unregistered dogs is to be implemented for 2012/13 to improve on this area.	

Council initiatives		Measure		PH
Assessment and audit of food safety plans		Percentage of food control plans assessed and audited annually.		
Result 2010/11: 100%	Target 2011/12: 98%	Result 2011/12: 100%	Achieved - Comments: All plans were successfully assessed and audited in the required time frames.	



Symbols used to identify each measure contributing to community outcomes

PH Public Health PS Public Safety SC Services that support Communities CH Culture and Heritage

Council initiatives Respond to complaints regarding land use (District Plan, bylaws and RMA)		Measure Percentage of requests for services responded in required time (response to complaints regarding land use).		SC
Result 2010/11: 85%	Target 2011/12: 90%	Result 2011/12: 89.5 %	Not Achieved - Comments: Of 29 incidents report 26 were completed within the required time period.	
Council initiatives Complete review of regulatory bylaws and policies		Measure Number of outstanding bylaws to be reviewed.		SC
Result 2010/11: 2	Target 2011/12: 1	Result 2011/12: 1	Achieved - Comments: The only bylaw requiring review has been successfully through a public consultation process and will be put to Council before its expiry time, being the end of 2012.	
Council initiatives Responding to noise complaints		Measure Percentage of noise complaints responded to in required time.		SC
Result 2010/11: 98%	Target 2011/12: 98%	Result 2011/12: 96%	Not Achieved - Comments: There has been an increase in 'rural' complaints, requiring resources to travel further and be unavailable for increased periods of time in urban areas, resulting in a 2% shortfall in meeting the targeted 98%.	



Finance and Business Performance *Accountability and Transparency*



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At a Glance

Primary Services

- Finance and business performance

Why We Do It

Our vision is to achieve maximum efficiency and effectiveness in supporting each of Council's activity areas to deliver better services to their customers. We aim to do this by:

- Managing the Council's financial affairs and ensuring effective planning, budgeting, accounting, monitoring and reporting arrangements are in place.
- Assessing and collecting rates and other charges.
- Developing and administering key financial policies e.g. rates remissions and postponement, development contributions, and treasury policy.
- Leading Council's work on long term strategic planning and performance management.
- Undertaking risk analysis and internal audit work, as well as maintaining Council's insurance arrangements.
- Managing Council's records and archives.
- Issuing Land Information Memoranda (LIMs).
- Developing information policy and strategy.
- Providing information systems (IS) and information technology (IT), along with onsite IT support, and website management and maintenance.
- Managing Council's vehicle fleet.
- Running Council's in house publications unit.

What Has Changed Since The LTCCP 2009/19?

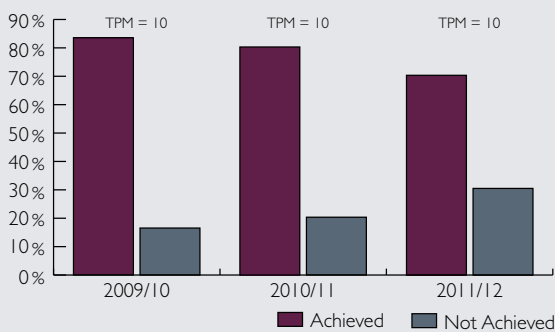
There have been no significant changes to the finance and business performance activity since the 2009/19 LTCCP was published.



Priorities For 2011/12	What We Have / Haven't Achieved
Identify reduced charges from suppliers and improve standards of service	During 2011/12 Council became eligible to join contracts for the supply of goods and services that had been agreed by the Ministry of Economic Development. Council took advantage of the contracts for vehicle purchases and office consumables.
Continuing to identify opportunities for savings and efficiencies in operating costs	Value of efficiencies (savings \$1,859,809) achieved through improved (non project based) procurement. Area of Savings: 1. Telecommunications; 2. Employment related costs; 3. Training and course conference; 4. Contractors and professional fees; 5. Cleaning and security; and 6. General administration
Reviewing rating policies in the light of consultation feedback	Review of policies completed prior to LTP through the consultation deliberations and hearings alteration to wording of criteria for Maori freehold land policies. Further policy review will be completed through the Annual Plan process.
Increasing recovery of rates	Providing effective advice, assistance and solutions to customers to remedy outstanding debt owed to Council.
Completing the implementation of an Electronic Document and Records Management System (EDRMS) to improve efficiency	EDRMS implemented. Work well underway to digitise paper based property information which will result in time efficiencies in accessing information required to complete the consenting process and provision of property information to the public.
Continuing to dispose of surplus properties to provide funding for other projects	There has been no further activity in this area during the year.

Future Issues / Challenges	Implications
Legislative requirements and changes - much of the work of this division is driven by legislative requirements. Often these can result in complex documents. The challenge is to produce plans that are understandable and informative to the readers	If plans are not readable, the community will not be able to fully participate in the consultative processes.
The accounting standards that are applicable to Council are due to change from July 2014. This will require council staff to fully understand the changes and be able to provide comparative data for the reports produced	This will require careful analysis of the standards to ensure that Council is fully compliant.

Highlights of Performance



TPM = Total number of Performance Measures
 ↓ Performance 2010/11 vs. 2011/12 - needs improving

Statement of Service Performance

- For CUSTOMER SERVICES the following pages detail:
1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
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Symbols used to identify each measure contributing to community outcomes

PH Public Health PS Public Safety SC Services that support Communities CH Culture and Heritage

Council initiatives Make best use of IS / IT to improve efficiency		Measure Percentage of responses to rates / water queries within 10 days.		SC
Result 2010/11: 98%	Target 2011/12: 95%	Result 2011/12: 95%	Achieved - Comments: This was achieved despite the 36% increase in enquiries due largely to the rating review. Continued improvement of processes and procedures will maintain this standard.	

Council initiatives Make best use of IS/IT to improve efficiency		Measure Percentage of property files electronically stored within the EDRMS. <i>(Amended indicator as FNDC adopted scanning on demand and will not be back scanning. Target set in LTCCP was 50%).</i>		SC
Result 2010/11: 25%	Target 2011/12: 25%	Result 2011/12: 0%	Not Achieved - Comments: Result in 2010/11 was incorrect, the result should have been 0%. This was not achievable given budget and resource constraints. However, completed prototype e property file and scanning several files a week for feedback from internal customers. Need to ensure redesign of business processes are completed to gain efficiencies and enable scanning on demand for internal users in the first instance.	

Council initiatives Make best use of IS/IT to improve efficiency		Measure Average days to produce a LIM. <i>(Amended indicator as this target is still well within the legal requirement. Target set in LTCCP was 4 days).</i>		SC
Result 2010/11: 4.4	Target 2011/12: 5	Result 2011/12: 4.4	Achieved - Comments: The processing of LIMS for 10 months of the year was well within target of 5 days turnaround to the customer. A combination of high volumes and new team members undergoing training led to 2 months being over the 5 day turnaround time, however all LIMS were completed within the 10 day statutory timeframes.	

Council initiatives Make best use of IS / IT to improve efficiency		Measure Number of days after the month end to produce financial reports.		SC
Result 2010/11: 5	Target 2011/12: 5	Result 2011/12: 5	Achieved - Comments: Systems have been refined to allow the production of the report in a much tighter timeframe. The process is continuously reviewed.	

Council initiatives Reduce levels of rates debt		Measure Rates outstanding as percentage of rates billed.		SC
Result 2010/11: 16.63%	Target 2011/12: 11%	Result 2011/12: 16.34%	Not Achieved - Comments: As reported in 2010/11 Annual Plan the 2009/10 result was inaccurately reported due to system source error; therefore the result achieved should have been reported as 15.6%. The continued impact of rates arrears penalties reflect in this performance result.	



Symbols used to identify each measure contributing to community outcomes

PH Public Health PS Public Safety SC Services that support Communities CH Culture and Heritage

Council initiatives Improve Information Management		Measure Percentage of requests to helpdesk resolved within timescales. <i>(Amended Indicator is based on reduction in staffing levels. Target set in LTCCP was 90%).</i>		SC
Result 2010/11: 75.16%	Target 2011/12: 75%	Result 2011/12: 78.41%	Achieved - Comments: Target was achieved despite resource constraints. Target has been amended back to 90% with organisational structural change for 2012/13.	

Council initiatives Improve Information Management		Measure Percentage of requests resolved at point of call (Gen-i).		SC
Result 2010/11: 38.27%	Target 2011/12: 35%	Result 2011/12: 35.52%	Achieved - Comments: Target of 35% achieved. Metric being revised for 2012/13.	

Council initiatives Upgrade Council's system to keep abreast of new technological developments		Measure Availability of software and servers <i>(Amended Indicator is based on implementation of DR/business continuity solution. Target set in LTCCP was 98%)</i>		SC
Result 2010/11: 98.67%	Target 2011/12: 99%	Result 2011/12: 98.34%	Not Achieved - Comments: This metric is vague and does not distinguish between planned and unplanned outages and outages during and not during working hours. The capturing of outage information has improved from a manual process (and not often captured) to automatic process as part of the implementation of monitoring and reporting systems in 2011/12. Metric has been changed for 2012/13 to align with business requirements for system and network uptime.	

Council initiatives Deliver value for Far North Ratepayers		Measure Monitoring public debt to revenue ratio over borrowing as per policy.		SC
Result 2010/11: 0.99:1	Target 2011/12: 2:1	Result 2011/12: 0.95:1	Achieved - Comments: External borrowing continues to reduce in line with Councils expectations.	

Council initiatives Deliver value for Far North Ratepayers		Measure Level of debt (within 10%) of plan (\$ms).		SC
Result 2010/11: \$109.323m	Target 2011/12: \$154.781m	Result 2011/12: \$100.716m	Achieved - Comments: External borrowing continues to reduce in line with Councils expectations.	



Governance *Sustaining our Environment*



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At a Glance

Primary Services

- Governance

Why We Do It

- The Elected Members of the district are the community's representatives, making decisions on behalf of and in the interests of, the community;
- Democratic services oversee the election and induction processes and provide support to Elected Members throughout the triennium. Local government impacts everyone so it is important for Council to communicate with people about what it does, what is planned, and how it may impact the district; and
- Local Government administers over 150 legislative Acts, regulations and rules. Legal services ensure Council administers these correctly.

What Has Changed Since The LTCCP 2009/19?

There have been no significant changes to the governance activity since the 2009/19 LTCCP was published.



Priorities For 2011/12	What We Have / Haven't Achieved
Continuing to support the Council, its committees and Community Board meetings	We have provided the support required by the Elected Members and their meetings.
Pursuing a continued reduction in Council's legal costs	Legal fees expenditure exceeded, partly due to the greater use of external lawyers whilst the position of In House Counsel was vacant. The additional legal fees expenditure was offset by under expenditure on legal staff salaries.
Encouraging greater use of online agendas and minutes by the public and staff	The use of online meeting records has not increased to any great extent since the previous Annual Plan.
Finalising the review of the Council's bylaws	The final bylaw requiring to be reviewed has been dealt with.
Ensuring residents and ratepayers are kept well informed about what the Council is doing using the most efficient means	Council's presence in the news media has increased over the last 12 months.
Supporting the implementation of Council's Māori engagement action plan with a focus on Māori representation	The Action Plan aims to encourage Māori input to, and participation in, Council decision making processes, as well as improving the ways in which Council works with Māori at a number of different levels. Key actions are reflected within the Māori development priorities. <i>Please refer to page 183 for more information on priorities.</i>
Continuing reviews of Council bylaws	The Council will be working to ensure that the bylaws remain up to date.

Future Issues / Challenges	Implications
Unitary authority status	Requires development of a compelling case to convince government and the Local Government Commission.
Managing community expectations of local government during an uncertain economic outlook	Requires Council to find an acceptable balance between competing pressures – demand for better infrastructure / services against the need to keep rates rises down.
Legal compliance	Central government has increasingly devolved functions and responsibilities to local government but has not yet developed alternative funding methods to support these. The costs of legal compliance need to be understood by Council.

Highlights of Performance



TPM = Total number of Performance Measures
 ⇔ Performance 2010/11 vs. 2011/12 - is neutral

Statement of Service Performance

For GOVERNANCE the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
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Symbols used to identify each measure contributing to community outcomes

SC Services that support Communities

Council initiatives Maintain and develop quality standards		Measure Percentage of positive feedback in annual Councillor satisfaction survey.		SC
Result 2010/11: 94%	Target 2011/12: 100%	Result 2011/12: 86 %	Not Achieved - Comments: Service levels have been difficult to maintain with limited resources.	
Council initiatives Enhance community involvement in local government		Measure Percentage of residents aware of their Community Board (Communitrak Survey).		SC
Result 2010/11: 50%	Target 2011/12: 74.5%	Result 2011/12: 43%	Not Achieved - Comments: The community's interest in the Community Boards is expected to drop off once the elections are over. We anticipate that this will increase again in the 2013/14 year after the next election.	
Council initiatives Enhance community knowledge about the council		Measure Percentage of residents who feel they know a great deal / a fair amount about Council (Communitrak Survey).		SC
Result 2010/11: 54%	Target 2011/12: 60%	Result 2011/12: 57%	Not Achieved - Comments: Although it is an improvement over the 2010/11 survey there is still work to be done to improve residents understanding of the Council and its services.	
Council initiatives Keep people better informed about what the council does		Measure Percentage of residents who feel well informed about what Council is doing (Communitrak Survey).		SC
Result 2010/11: 53%	Target 2011/12: 47%	Result 2011/12: 54%	Achieved - Comments: Council's presence in the news media has increased over the last 12 months.	
Council initiatives Maintain and develop quality standards		Measure Percentage of agendas sent out in 5 days before meetings.		SC
Result 2010/11: 98.33%	Target 2011/12: 90%	Result 2011/12: 100%	Achieved - Comments: Staff have focussed on ensuring that Elected Members receive the meeting information on time.	
Council initiatives Maintain and develop quality standards		Measure Percentage of minutes sent out in 5 days after meetings.		SC
Result 2010/11: 94.58%	Target 2011/12: 100%	Result 2011/12: 93.25 %	Not Achieved - Comments: Conflicting priorities with limited resources have lead to this target not being attained; however, the result is similar to last year.	



Symbols used to identify each measure contributing to community outcomes

SC Services that support Communities

Council initiatives Keep people better informed about what the council does		Measure Website hits for agendas & minutes. <i>(Amended indicator to provide a better indication of progress. Target set in LTCCP was 100%).</i>		SC
Result 2010/11: 5,381	Target 2011/12: 8,000	Result 2011/12: 39,642	Achieved - Comments: In 2010 Council developed the website to analyse website hits in more detail. Previously we could only count the people accessing the web page, now we can capture people accessing PDF documents for agenda and minutes. Result reported in 2010/11 should have read 39,092.	

Council initiatives Improve public access to council information and services		Measure Percentage of residents satisfied with ease of access to Council information (Communitrak Survey).		SC
Result 2010/11: 41%	Target 2011/12: 69%	Result 2011/12: 43 %	Not Achieved - Comments: Some improvement but increased use of electronic media can be a challenge for some people in the North.	



Human Resources

Responsibility Managing our Resources



At a Glance

Primary Services

- Human resources

Why We Do It

Council's aim is to recruit and develop high quality staff capable of providing excellent services to the people of the Far North. Key functions undertaken include:

- Recruitment and selection.
- Development and management of HR policies and processes.
- Staff training and development.
- Management and administration of performance systems.
- Monitoring and reporting of staff numbers and costs.

What Has Changed Since The LTCCP 2009/19?

There have been no significant changes to the human resources activity since the 2009/19 LTCCP was published.

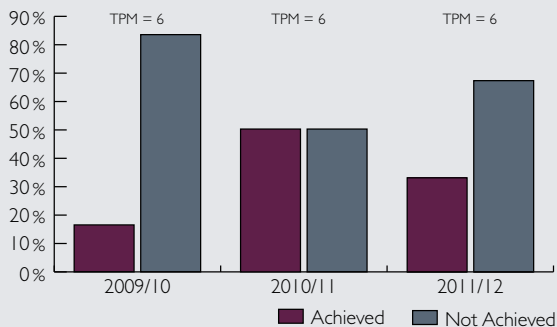
Priorities For 2011/12	What We Have / Haven't Achieved
Completing the restructure to ensure Council becomes a lean organisation focused on delivering customer satisfaction	The major restructuring of Far North District Council has been completed. Some minor tweaks will be ongoing until the new structure settles in. FTE's have reduced by 15% since 2008.
Continuing to ensure Council is able to retain key skills and organisational knowledge	We have lost a few engineering staff to Australia as is the trend nationwide. Otherwise turnover in key skill areas has been minimal, primarily due to economic factors.
Stabilising the implementation of the new talent management system to increase accountability and lift performance	We have achieved a 98% compliance rate in completion of goal setting and appraisals in the past year. This is a significant achievement for the business. Goal setting is become more robust, as are achievements.



Priorities For 2011/12	What We Have / Haven't Achieved
Enhancing the new HR information system to improve management reporting	Post implementation of our new payroll system in May 2012, and the integration of our HRIMS with it, management reporting improvements are starting to be realised.
Increasing the focus on Health & Safety both within Council and for council contractors to provide a safer workplace and reduce lost time and associated costs	Lost time due to OHS incidents has been negligible.
Capitalising on the findings from Project Opportunity to drive culture change in council by improving work practices, efficiency and effectiveness	Alignment of strategic priorities and key result areas from the LTCCP / Annual Plan process to individual goal setting, led to organisation working in the same direction. Continuous improvement culture being encouraged through staff initiated continuous improvement ideas. Staff numbers continuously monitored with like roles and sharing of resources across the organisation. Debt collection team in place, with managed debt recovery programme in place targeting all outstanding rating and sundry debt.
Ensuring staff job satisfaction and increased focus on customer service	A satisfaction survey is planned for 2013 to measure staff and job satisfaction levels.

Future Issues / Challenges	Implications
Developing a performance culture	Managing performance.
Improving human resource information management system (HRIMS)	A new HRIMS is improving the reporting efficiency reporting capability. We are to maximise capability for line manager use.
Implementation of shared service functions across council, by improving processes and gaining efficiencies	Duplication of resources leading to less effectiveness to deliver consistent service.
Far North District Council resources need to be managed whilst still delivering an effective and efficient service to the community that meets the communities' expectation	Costs may increase or service delivery may suffer whilst council has resourcing constrictions.

Highlights of Performance



TPM = Total number of Performance Measures
 ↓ Performance 2010/11 vs. 2011/12 - needs improving

Statement of Service Performance

- For HUMAN RESOURCES the following pages detail:
1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
 2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.



Symbols used to identify each measure contributing to community outcomes

SC Services that support Communities

Council initiatives Culture change, staff training and development		Measure Staff satisfaction.		SC
Result 2010/11: 0%	Target 2011/12: 69%	Result 2011/12: 0%	Not Achieved - Comments: Changes as a result of organisational restructuring need to be bedded in before a survey is undertaken. A survey is planned for 2013.	

Council initiatives Culture change, staff training and development		Measure Percentage variation from benchmark for staff engagement.		SC
Result 2010/11: 0%	Target 2011/12: Nil	Result 2011/12: 0%	Not Achieved - Comments: Changes as a result of organisational restructuring need to be bedded in before a survey is undertaken. A survey is planned for 2013.	

Council initiatives Culture change, staff training and development		Measure Staff sense of belonging.		SC
Result 2010/11: 0%	Target 2011/12: 67%	Result 2011/12: 0%	Not Achieved - Comments: Changes as a result of organisational restructuring need to be bedded in before a survey is undertaken. A survey is planned for 2013.	

Council initiatives Staff recruitment and retention		Measure Cumulative reduction in contract and casual staff. <i>(Casual staff reduction has reached the bare minimum pool of trained staff required for use in frontline customer service positions during sickness, annual leave and peak periods. Target set in the LTCCP was 15%).</i>		SC
Result 2010/11: Achieved	Target 2011/12: 5%	Result 2011/12: 100%	Achieved - Comments: Cost of casual staff has plateaued. Casual staff services are utilised primarily in front line customer services areas to cover leave and absenteeism due to sickness.	

Council initiatives Staff recruitment and retention		Measure Percentage of staff turnover. <i>(Poor economic conditions and economic forecasts indicate that staff turnover will continue to stay low due to decreased job opportunities; unemployment in the Far North is the highest in the country. Target set in the LTCCP was 16%).</i>		SC
Result 2010/11: 12.25%	Target 2011/12: 5%	Result 2011/12: 7%	Not Achieved - Comments: This result is based on voluntary resignations in 2011/12.	

Council initiatives Reduce sickness absence		Measure Percentage of absenteeism. <i>(Health trends and benchmarking information for other Councils indicate the Far North District Council will not be able to reduce sickness absence much lower than 4%. Target set in the LTCCP was 3%).</i>		SC
Result 2010/11: 3.36%	Target 2011/12: 4%	Result 2011/12: 4%	Achieved - Comments: By closely monitoring and reporting absenteeism to the general management team (GMT).	



Māori Development *Responsibility Managing our Resources*



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At a Glance

Primary Services

- Māori Development

Why We Do It

Council has a number and range of statutory functions that require recognition and respect of the Crown's responsibility to take account of the principles of the Treaty of Waitangi as well as improving opportunities for Māori to participate in Council's decision making processes. The opportunity and ability for Māori to participate enables them to provide for their wellbeing while recognising and providing for the relationship of Māori, their culture and traditions, with their ancestral lands, water, sites wahi tapu and other taonga.

As part of their function, the Māori development activity is tasked with facilitating and liaising with Iwi / Hapu to give effect to Council's responsibilities.

What Has Changed Since The LTCCP 2009/19?

At its October 2009 meeting, Council approved a comprehensive Māori development and engagement action plan subject to the development of appropriate budgets. This builds on key objectives included in the LTCCP. The action plan aims to encourage Māori input to, and participation in, Council decision making processes, as well as improving the ways in which Council works with Māori at a number of different levels. Key actions are reflected in the priorities below.

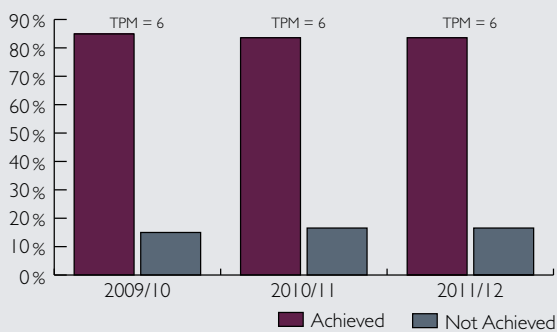
Priorities For 2011/12	What We Have / Haven't Achieved
Reflecting Council's commitment to the principles of the Treaty of Waitangi in key documents and publications	We have included a clear statement of Council's commitment to the principles of the Treaty of Waitangi in key documents and publications.
Implementing Māori engagement operating protocols to guide Council's day to day work with Māori on a range of issues	Developed Māori engagement operating protocols to guide Council's day to day work with Māori on a range of issues and provided staff time to assist on a case by case basis.
Developing Memoranda of Understanding (MOU) to underpin Council's relationships with Iwi	We haven't developed a MOU to underpin Council's relationship with Iwi.



Priorities For 2011/12	What We Have / Haven't Achieved
Building on structural mechanisms to enhance Māori consultation (i.e. Mayor and Iwi Chairs' meetings, Iwi and Council CEO's meetings, and Iwi / Hapu practitioners)	Established a working relationship with Maori through the Mayor and Iwi Leaders forum, Iwi and Council CEO engagements and the Iwi / Hapu practitioners.
Ensuring Māori issues are properly understood and addressed in resource consent processes	Provided opportunities for both Council staff and tāngata whenua to workshop issues that are important to Māori through the reviews process of the Iwi / Hapu management plans.
Incorporating relevant points from Iwi / Hapu management plans in Council decision making	Incorporated relevant points from Iwi / Hapu management plans into Council's decision making processes.
Enhancing Māori representation via 3 ward based Māori representative groups	Agreed in principle for having dedicated Māori seats under a Unitary Authority and resolve to investigate non electoral options for the engagement and involvement of Māori in decision making.
Promoting Māori economic development, including pursuing joint projects where opportunities arise	Identified opportunities for joint work on economic development initiatives.
Supporting the work of other key bodies, such as Housing New Zealand and the Ministry of Social Development, towards Māori social development	Contributed to Iwi / Hapu social development projects.
Training Council staff and Elected Members to raise awareness of Māori issues	Provided specialist one on one training for Council staff and Elected Members to raise awareness of Māori issues.
Exploring incentive schemes and other opportunities to improve collection of Māori land rates	Continued to engage and build sound relationships with Māori shareholders in an effort to explore incentive schemes and other development opportunities to improve collection of rates on Māori land.
Working with Māori on key infrastructure projects of mutual interest (e.g. those affecting water quality within the district)	Provided cultural advice on key infrastructure projects of mutual interest within the district.

Future Issues / Challenges	Implications
Increasing Council's knowledge and understanding of Māori issues and aspirations	Requires internal capacity building focusing on: <ul style="list-style-type: none"> • Treaty based relationship mechanisms; • Māori governance and operational structures; • Iwi & Hapu tribal authorities; and • Māori interests and aspirations in respect of environmental management, social and economic development.
Putting processes in place that enables effective Māori input and participation	Requires external capacity building with a focus on: <ul style="list-style-type: none"> • Both electoral and non electoral representation processes; and • Capacity building workshops with Māori.
Developing good consultation processes	Requires internal capacity building workshops that focus on Māori engagement mechanisms and processes.

Highlights of Performance



TPM = Total number of Performance Measures
↔ Performance 2010/11 vs. 2011/12 - is neutral

Statement of Service Performance

For MAORI DEVELOPMENT the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.



Symbols used to identify each measure contributing to community outcomes

EB Education, Training and Business Opportunities **SC** Services that support Communities **CH** Education, Training and Business Opportunities

Council initiatives		Measure		EB SC CH
Facilitating 1 on 1 housing workshops on Papakainga land between agencies and Māori		Increase in Papakainga and / or individual housing contracts		
Result 2010/11: 3	Target 2011/12: 3	Result 2011/12: 3	Achieved - Comments: This has been achieved by building a relationship with Māori shareholders, the Māori Land Court liaison officers and our debt management team. This has meant that we are able to assist with any existing or new activities on these blocks and apply our Māori freehold land policies more effectively through manageable payment arrangements.	

Council initiatives		Measure		EB SC CH
Contributing to Māori workshops regarding business and educational opportunities		Increase in number of Māori development projects.		
Result 2010/11: 3	Target 2011/12: 3	Result 2011/12: 3	Achieved - Comments: Māori development projects have targeted strategic planning and capacity building opportunities at the marae level.	

Council initiatives		Measure		EB SC CH
To enhance Māori engagement strategies and programmes		Increase in the number of new economic development projects with Iwi Māori.		
Result 2010/11: 3	Target 2011/12: 4	Result 2011/12: 4	Achieved - Comments: New economic development opportunities have evolved from previous projects (e.g.) the opportunity to develop co operatives as an entity of providing better leverage and rates of return from Māori assets.	

Council initiatives		Measure		EB SC CH
To enhance Māori engagement strategies and programmes		Increase in the number of capacity building workshops to enable Māori participation to occur.		
Result 2010/11: 2	Target 2011/12: 3	Result 2011/12: 5	Achieved - Comments: Capacity building workshops have occurred around Māori representation, Iwi management plans, Māori reference groups and on a case by case basis.	

Council initiatives		Measure		EB
Workshops with Māori land owners on matters of ownership, rates, road access, consents, funding access		Number of rateable occupations occurring on Māori freehold land blocks. <i>Increase in percentage of owners wishing to occupy or develop their blocks of land (Amended indicator to provide a better indication of progress) Target set in LTCCP 3%.</i>		
Result 2010/11: 93	Target 2011/12: 49	Result 2011/12: 91	Achieved - Comments: This has been achieved by developing a relationship with the Māori Land Court liaison officers and our debt management team to be able to identify Trust's, administrators or owners to Māori freehold land blocks. This has meant that we are able to engage with any existing or new activities within the blocks and use our Māori freehold land policies effectively with manageable payment arrangements. The measure in 2009 was changed from percentage to a number for it to become more visible.	

Council initiatives		Measure		SC CH
Maintaining te reo and tikanga Māori programmes in Council		Increase in number of bi cultural programmes.		
Result 2010/11: 0	Target 2011/12: 3	Result 2011/12: 0	Not Achieved - Comments: A decision was taken to run bicultural programmes every 2 years. The Treaty Of Waitangi programme was run in 2010 for staff and Councillors and a further 2 day programme is being run in September 2012, followed by a one day local tikanga programme which is new to the organisation.	



Māori Engagement *Statement of Intent* *A reflection of our Bi-Cultural Community*

Māori Engagement

Māori development, in collaboration with other departments, will play a key role in addressing the following areas:

- Māori representation;
- Māori economic & social development;
- Internal capacity building; and
- External engagement.

The above emphasis is twofold:

- Council's has obligations under the Local Government Act 2002, to establish processes to give Māori the opportunity to contribute to decision making and to consider ways to foster Māori development and capacity through better engagement; and
- Develop a more strategic alignment with Iwi Māori through greater engagement, programmes & / or initiatives. This was a major input into the LTP through the submission process.

In view of Council's intention to become a Unitary Authority, it has signalled its support in principle for having dedicated Māori seats once the status has been achieved. Council has also shown its commitment by resolving to investigate non electoral options for engagement and involvement of Māori in its decision making.

In relation to developing Māori freehold land, Council is changing the emphasis by providing more development opportunities by enabling those that are willing and able to build & / or develop on Māori freehold land. Whilst Council only administers a small component of Māori freehold land development this will require greater collaboration with other primary agencies including the Māori Land Court, Te Puni Kōkiri, Housing New Zealand, other central government social and development agencies and Iwi authorities. These development opportunities will be project driven with a number of capacity building workshops (e.g.) Council may facilitate papakainga development workshops to outline what provisions there are within the District Plan and how they relate to papakainga or other housing purposes.

With regards to the internal capacity building, the waiata roopu continually provides consistent support and has participated at a range of council functions, including pōwhiri / welcoming ceremonies, poroporoakī / farewells and civic functions like citizenship ceremonies.

External Engagement

With regards to external engagement forums, Council is in the process of canvassing strategic and collaborative relationships with central government agencies and Iwi authorities within the district. This relationship building process seeks to align Māori social and development outcomes so that there are clearer opportunities and efficiencies when providing for the social, cultural, environmental and economic development and wellbeing of Māori within the Far North.



Financial Information Governance and Corporate

FINANCIAL SUMMARY FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	ACTUAL 2012 \$000s	COUNCIL BUDGET 2012 \$000s	VARIANCE \$000s
Income				
Rates Income	1	16,098	15,073	1,025
Other Income	2	806	869	(63)
Total Operating Income		16,904	15,942	962
Expenditure				
Direct Costs	3	12,009	10,767	(1,242)
Indirect Costs	4	1,007	1,795	788
Activity Expenditure		13,017	12,562	(454)
Depreciation	5	18	88	70
Interest Payable		1,081	1,288	207
Total Operating Expenditure		14,116	13,939	(177)
Net Operating Surplus / (Deficit)		2,788	2,003	785
Capital Statement				
Net Operating Surplus		2,788	2,003	785
Loans		12,287	1,616	10,671
Other Funding		(153)	(23)	(130)
Total Funding		14,922	3,596	11,326
New Work	6	2,393	1,616	(777)
Renewal Works	6	380	676	296
Loan Repayments		2,923	1,304	(1,619)
Total Capital Expenditure		5,696	3,596	(2,100)
NET SURPLUS / (DEFICIT)		9,226	0	9,226

VARIANCE TO THE ANNUAL PLAN 2011/12

- Rates income is showing a favourable variance of \$1,025k predominantly due to:
 - An increase in penalty rate income of \$878k and an increase in general rate income of \$147k.
- Other income is showing an unfavourable variance of \$63k predominantly due to:
 - Dividend received from FNHL of \$271k not budgeted in the LTCCP; and
 - Development contributions income is below budget by \$316k due to a reduction in applications during the year.
- Direct costs are showing an unfavourable variance of \$1,258k predominantly due to:
 - Salaries are under budget by \$295k due to unfilled vacancies;
 - Grants and donations of \$275k are below budget;
 - Remission of rates and penalties are \$1,769k more than budget;
 - Direct allocations are showing a favourable variance of \$385k to budget;
 - Training, stationery, public notices and copying have combined to a favourable variance of \$194k;
 - Contract work and professional fees are showing a favourable variance of \$128k; and
 - Bad debt provisions exceeded budget by \$548k due to increased penalty charges.
- Indirect costs are under budget \$788k due to:
 - Decrease in corporate allocations \$788k.
- Depreciation is showing a favourable variance of \$70k.
- Capital expenditure is showing an unfavourable variance of \$481k predominantly due to delays in the commencement of projects.



KEY CAPITAL PROJECTS
FOR THE YEAR ENDED 30 JUNE 2012

	ACTUAL 2012 \$000s	COUNCIL BUDGET 2012 \$000s	VARIANCE \$000s
New Works			
Accounting services	4	0	(4)
Administration services	26	0	(26)
Information management	366	116	(250)
Building services	12	0	(12)
Community special projects	1,985	1,500	(485)
Total New Works	2,393	1,616	(777)
Renewals			
Administration services	264	576	312
Information management	117	100	(17)
Total Renewals	381	676	295

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SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS FOR 2011/12

The Local Government Act 2002 requires Councils to provide information regarding any significant assets acquired or replaced during the year. Council's Significance Policy does not specify a value but does identify the following assets as significant:

CORPORATE AND GOVERNANCE PROJECTS	BUDGET 2012 \$000s	ACTUAL 2012 \$000s
Te Ahu centre Construction of Te Ahu started in 2010/11 and the building was occupied in February 2012	1,500	1,985

VARIANCE TO THE ANNUAL PLAN 2011/12

- Te Ahu centre
The construction of the Te Ahu centre is completed and occupancy of the building took place in February 2012.



Council Controlled Organisation *Far North Holdings Limited*



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At a Glance

Primary Services

Council established Far North Holdings Limited (FNHL) to act as a vehicle for delivery of Council's commercial activities. The reason for establishing a holding company is to create a structure that delivers services in the most efficient and cost effective manner. The establishment of a separate commercial entity provides advantages to Council in:

- Providing efficient corporate governance and commercial direction.
- Rationalising operating activities and cost structures;
- Maximising commercial skills.
- Providing the right tax structures for operations; and
- Providing better communications between shareholders and operating subsidiaries.

Why We Do It

The main purpose of FNHL is to invest in, develop, operate and where appropriate divest strategic businesses, being businesses / assets that create high priority infrastructure needed by the Far North district, which are not being created in any substantial way by the private sector, and which deliver value to FNHL's shareholder (and therefore ratepayers) in the form of either new or improved facilities.

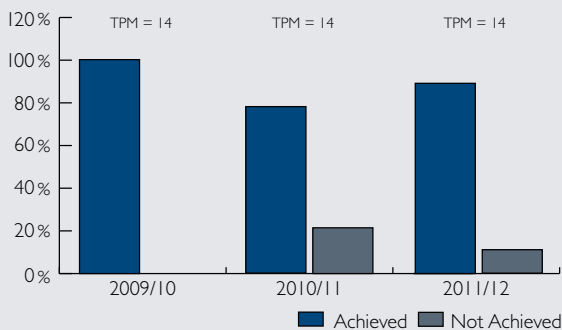




Priorities For 2011/12	What We Have / Haven't Achieved
FNHL will continue to focus on managing resources and activities efficiently to provide income for Council plus the ability for further reinvestment in commercial opportunities that may arise	FNHL continued with its development of tenanted properties, and a purchase of a commercial jetty. It also invested in the upgrade of its facilities at Ashby's boat yard to improve environmental performance, and invested in a new approach light system at Kerikeri airport. FNHL traded profitably, resulting in a dividend to Council of \$256,302 for the year; and increased shareholders funds by a further \$0.58million.
FNHL will continue to pursue options for the redevelopment of various under utilised commercial / maritime facilities and economic development opportunities for the district	FNHL continued its investigations into improving its return from Kerikeri airport, both in terms of the airport operation, and the investment that is held in the land holdings. Work has also continued with further investigation into the development of Stage II of the Opua marina.
FNHL plans to return its non strategic and community assets to Far North District Council and become an investor in only strategic and commercial assets, with a view to maximising its dividend to the community	During the financial year, the company completed the necessary documentation and processes to transfer the \$5.2 million of special dividend assets back to Council, as recorded in the June 2011 accounts. No further assets were transferred back in the financial year 2011/12.

Future Issues / Challenges	Implications
It is anticipated that demands on the Kerikeri airport infrastructure will continue and the company will work with Council to explore options for meeting these with appropriate developments. There is further work required at Kaitaia airport to sustain and enhance the facility and position for continued growth in activity. FNHL will continue to negotiate with the Crown for security of tenure of the airport lease to ensure investments are retained.	FNHL worked with both the Council and other local and government agencies to try and obtain essential funding to meet the capital requirements of Kerikeri airport, and these are ongoing. Without this funding the ability to carry out longer term maintenance issues will be of serious concern. For Kaitaia airport we await the outcome of the ongoing negotiations with the Crown and their Waitangi Treaty settlements.

Highlights of Performance



TPM = Total number of Performance Measures
 ↑ Performance 2010/11 vs. 2011/12 - has improved

Statement of Service Performance

For FAR NORTH HOLDINGS LTD the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.



Symbols used to identify each measure contributing to community outcomes

SC Services that support Communities

Council controlled organisation initiatives Engage in successful commercial transactions		Measure Growth in value of FNHL to the shareholder.		SC
Result 2010/11: Not achieved	Target 2011/12: Annual increase	Result 2011/12: Achieved	Achieved - Comments: Shareholders funds increase by \$0.58m, after payment of a \$0.256m dividend.	
Council controlled organisation initiatives New Measure: Engage in successful commercial transactions		Measure To return funds to the community.		SC
Result 2010/11: Dividend amount \$0.521m	Target 2011/12: Dividend amount \$0.250m	Result 2011/12: Dividend amount \$0.256m	Achieved - Comments: Achieved dividend requirement.	
Council controlled organisation initiatives Maximise availability of assets		Measure Number of days closed attributable to FNHL.		SC
Result 2010/11: 0	Target 2011/12: 0	Result 2011/12: 0	Achieved Achieved, no facilities closed due to FNHL.	
Council controlled organisation initiatives Effective financial management		Measure Clean audit sign off each year.		SC
Result 2010/11: Achieved	Target 2011/12: Achieve clean sign off	Result 2011/12: Achieved	Achieved - Comments: Clean audit achieved.	
Council controlled organisation initiatives Improve water quality adjacent to maritime facilities (note: no agreed water quality measure currently available)		Measure No NRC abatement notices for water quality.		SC
Result 2010/11: 0	Target 2011/12: 0	Result 2011/12: 0	Achieved - Comments: Achieved.	
Council controlled organisation initiatives Maintain a safe workplace		Measure Reportable staff OHS incidents.		SC
Result 2010/11: 0	Target 2011/12: 0	Result 2011/12: 0	Achieved - Comments: No reportable staff OHS incidents.	
Council controlled organisation initiatives Develop and improve Bay of Islands airport		Measure CAA Certification		SC
Result 2010/11: Achieved	Target 2011/12: Maintain certification	Result 2011/12: Certification maintained	Achieved - Comments: Achieved during year; also emergency drill undertaken.	

Symbols used to identify each measure contributing to community outcomes

SC Services that support Communities

Council controlled organisation initiatives Effective financial management		Measure Annual operating profit to exceed \$500,000.		SC
Result 2010/11: \$1.043m	Target 2011/12: \$0.500m	Result 2011/12: \$0.512 m	Achieved - Comments: Achieved on reduced assets following special dividend transfer.	
Council controlled organisation initiatives To return funds to the Community		Measure 50% of operating profits distributed to shareholders.		SC
Result 2010/11: 50% Dividend amount \$0.521m	Target 2011/12: Dividend amount \$0.250m	Result 2011/12: 50% Dividend amount \$0.256m	Achieved - Comments: Achieved target on reduced income producing assets following special dividend asset transfer.	
Council controlled organisation initiatives To grow communities equity in the business		Measure Shareholders equity >\$32.0m.		SC
Result 2010/11: \$31.7m	Target 2011/12: \$32.0m	Result 2011/12: \$32.3m	Achieved - Comments: Achieved.	
Council controlled organisation initiatives To achieve a return on funds invested		Measure Return on investment (ROI) is higher than cost of borrowing; Average cost of borrowings.		SC
Result 2010/11: 6.59%	Target 2011/12: 5.3%	Result 2011/12: 5.39%	Achieved - Comments: Achieved better cost of borrowing than forecast.	
Council controlled organisation initiatives To achieve a return on funds invested		Measure Return on investment (ROI): On shareholder equity (as calculated per the Statement of Intent).		SC
Result 2010/11: 7.98%	Target 2011/12: 5.3%	Result 2011/12: 5.38 %	Achieved - Comments: Return on investment achieved ahead of forecast.	
Council controlled organisation initiatives Asset growth and development		Measure Capital expenditure.		SC
Result 2010/11: \$1.901m	Target 2011/12: \$0.569	Result 2011/12: \$1.070 m	Achieved - Comments: Capital expenditure over initial target due to purchase of a jetty at Opuā marina.	
Council controlled organisation initiatives Maximise availability of assets		Measure Divest non strategic business and assets.		SC
Comments: During the 2011/12 year there were no further assets disposed off, nor agreements entered into disposing off any other assets.				

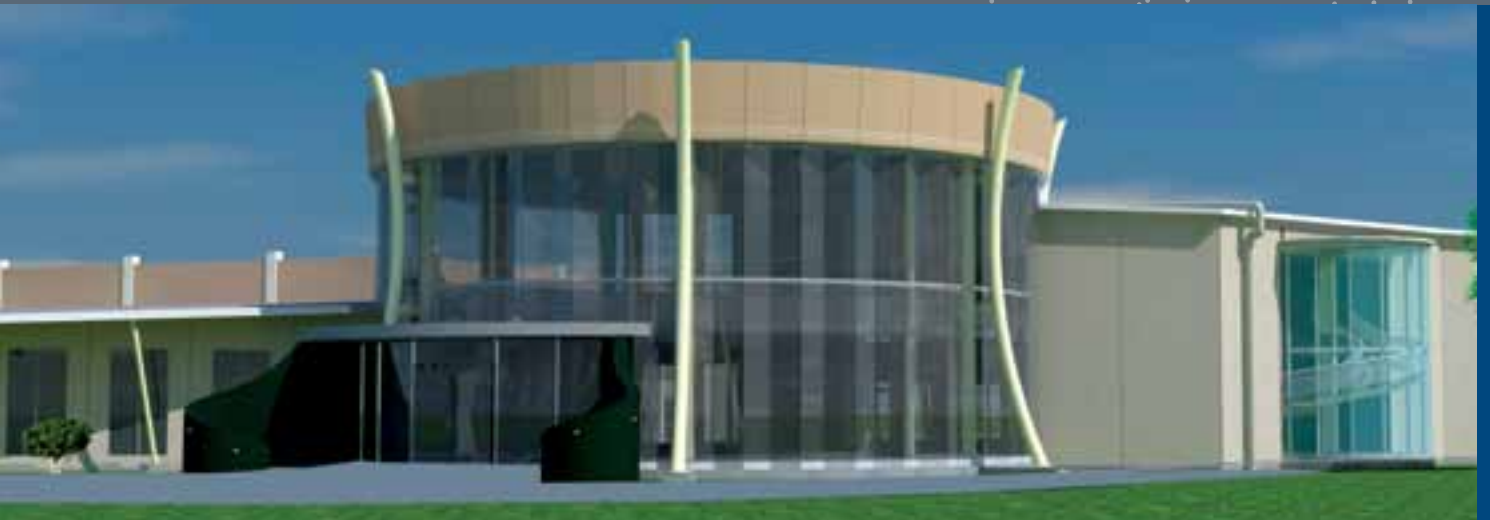


Symbols used to identify each measure contributing to community outcomes

SC Services that support Communities

Council controlled organisation initiatives Develop and improve airports		Measure Kerikeri airport – passenger numbers from scheduled aircraft landings.		SC
Result 2010/11: 65,074 passenger numbers (pax)	Target 2011/12: 62,000 passenger numbers (pax)	Result 2011/12: 60,874 passenger numbers (pax)	Not Achieved - Comments: Number of passengers down on previous year.	
Council controlled organisation initiatives Develop and improve airports		Measure Kaitaia airport – passenger numbers from scheduled aircraft landings.		SC
Result 2010/11: 14,850 pax	Target 2011/12: 14,000 pax	Result 2011/12: 14,483 pax	Achieved - Comments: Achieved.	
Council controlled organisation initiatives Operate maritime facilities		Measure Number of cruise vessels, passengers and crew visiting Bay of Islands.		SC
Result 2010/11: 34 vessels	Target 2011/12: 50 vessels	Result 2011/12: 45 vessels	Not Achieved - Comments: Not achieved, as 5 vessels were unable to call due to weather and other circumstances.	
Result 2010/11: 43,000 pax	Target 2011/12: 75,000 pax	Result 2011/12: 71,800 pax	Not Achieved - Comments: 5 vessels did not arrive due to weather and other circumstances.	
Result 2010/11: 20,000 pax	Target 2011/12: 34,000 pax	Result 2011/12: 30,000 pax	Not Achieved - Comments: 5 vessels did not arrive due to weather and other circumstances.	
Council controlled organisation initiatives Operate maritime facilities		Measure Number of overseas yachts and port of entry.		SC
Result 2010/11: 443	Target 2011/12: 400	Result 2011/12: 421	Achieved - Comments: Achieved, but reduced numbers over previous years due to global financial crisis.	

Council Controlled Organisation *Te Ahu Charitable Trust (TACT)*



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At a Glance

Primary Services

- **A multi purpose community facility including a local museum, public library, visitor information centre and / or gallery and art display areas.**

Achievements

A year of milestones that stands taller than any others in Te Ahu Charitable Trust's 5 year history. TACT will remember 2012 as the year it completed Te Ahu centre. Like Sydney's opera house and the Eiffel Tower in Paris, Te Ahu initially suffered from controversy and there were engineering challenges along the way. The \$14 million civic centre we have today is therefore a triumph of vision, perseverance and ingenuity over inertia, adversity and the laws of physics. TACT completed construction of new build areas of Te Ahu in late January 2012 after receiving a code compliance certificate for the refurbished cinema and little theatre in December 2012. A soft opening of Te Ahu after a blessing by Iwi on 10th February 2012 allowed Far North District Council to begin offering library, i-SITE and customer services at the centre on 13th February 2012. Tiny tweaks were needed in a few places, but Te Ahu otherwise passed its first week in business with flying colours.

Why We Do It

Provide, maintain, resource and manage a multi purpose community facility building located in Kaitaia and to house a local museum, public library, visitor information centre and / or gallery and art display areas, for the benefit, use and enjoyment of the Kaitaia and surrounding communities.

Comments about Te Ahu by 114 visitors surveyed by a Massey University research team during the Te Ahu's first week of operation were overwhelmingly positive. People were generally very impressed with the facilities, commented on the beauty of the building's interior and expressed a great deal of pride in having this facility in the community. A report by researchers Dr Avril Bell (Massey University) and Professor Eva Mackey (visiting from Carleton University in Canada) made for gratifying reading, given the years of hard work many people had put into making Te Ahu a reality. TACT spent the next 11 weeks readying Te Ahu for an official opening on April 28 2012. This work mainly involved landscaping the site to a design by Kaeo landscape architect Paul Quinlan, finishing access paths and working with the Far North Regional Museum to complete exhibition space in Te Ahu.



TACT was privileged to have New Zealand's top official and distinguished entertainers at the opening which was attended by about 250 people. Council hosted a visit by Governor General, Sir Jerry Mateparae in February to open Te Ahu. Trustee Monty Knight, was able to use his connections in the music industry to persuade music legends Tina Cross ONZM and Ray Woolf to perform at a celebration dinner and cabaret after the opening ceremony which included a 3 cannon salute. Sir Jerry Mateparae praised TACT for underwriting a magnificent venture that had resulted in a remarkable building built without government support and funded by ratepayers across the district. Te Ahu represented quintessentially kiwi qualities: volunteering, hard work, ingenuity and a can do attitude, he said. The opening was not just a culmination of years of planning and hard work by TACT and others in the Kaitia community. It was also a major milestone in race relations.

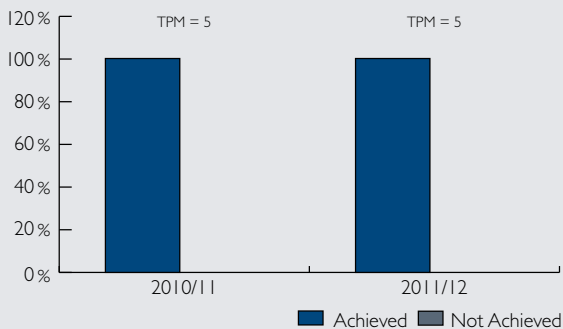
Most people are aware that Te Ahu is built on land owned by the Council and Te Rarawa, but many don't know that 61 chiefs signed the Treaty of Waitangi on the site in 1840. It seemed fitting therefore to hold the opening on the 172nd anniversary of the signing. Trustees also elected to fly the New Zealand and Maori Tino

Rangatiratanga flags from Te Ahu's flagpole on opening day. The large numbers of Maori and pakeha who attended the opening showed that TACT had fulfilled its goal of creating a place where cultures intersect. Te Runanga o Te Rarawa chairman Haami Piripi said Te Ahu represented a dream of Maori, pakeha and dalmatian forebears who wanted to co exist peacefully and work together to achieve common goals.

It has taken a relatively short 5 years for TACT to raise funds for and build Te Ahu. The district can pride itself in a first class facility that was designed and built almost entirely by local firms, including Arcline Design, Beard Parsonson Architecture and KPH Construction. A national best use of glass award recently won by Kaitia Glass and Aluminium, which created the joinery for the atrium's two storey pleated glass wall, shows how high we raised the bar. Trustees are pleased to have delivered a multi function centre as planned and within budget. They are now turning their attention to TACT's post construction role, its relationship with the community, stakeholders and the Far North District Council and how the centre should be run to best effect moving forward.

Future Issues / Challenges	Implications
Maximise the opportunities that are presented to the community	Under utilised facilities

Highlights of Performance



TPM = Total number of Performance Measures
 ⇔ Performance 2010/11 vs. 2011/12 - is neutral

Statement of Service Performance

For TE AHU CHARITABLE TRUST the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.



Symbols used to identify each measure contributing to community outcomes

SC Services that support Communities

Council Controlled Organisation initiatives To ensure that the financial targets and strategic direction of TACT are in line with the requirements of Far North District Council.		Measure A draft SOI for TACT will be submitted for approval to Far North District Council by 1 March each year.		SC
Result 2010/11: N/A	Target 2011/12: Achieved	Result 2011/12: Achieved	Achieved - Comments: The draft SOI was submitted to Council on 27 February 2012 and was approved at the Council meeting of 26 April 2012.	

Council Controlled Organisation initiatives To ensure that the financial targets and strategic direction of TACT are in line with the requirements of Far North District Council.		Measure A completed SOI will be submitted to Far North District Council by 30 June each year.		SC
Result 2010/11: N/A	Target 2011/12: Achieved	Result 2011/12: Achieved	Achieved - Comments: The final SOI was approved by the Trust on 17 May and presented to Council subsequent to that.	

Council Controlled Organisation initiatives To ensure that Far North District Council is kept informed of all significant matters relating to its subsidiaries.		Measure At least 2 progress reports be made to Far North District Council in the financial year (in addition to reporting on specific issues), with at least 1 presentation be made to Councillors.		SC
Result 2010/11: N/A	Target 2011/12:	Result 2011/12: Achieved	Achieved - Comments: Financial updates were presented to Council for the months February to May 2012. Updates on the physical progress are made by the Mayor in his role as Chair of TACT.	

Council Controlled Organisation initiatives To ensure that TACT Trustees add value to TACT and that their conduct is according to generally accepted standards.		Measure TACT will review the training needs of individual Trustees, and ensure training is provided where required		SC
Result 2010/11: N/A	Target 2011/12: Achieved	Result 2011/12: N/A	Comments: No training needs were identified during the year.	

Council Controlled Organisation initiatives To ensure that TACT performs within budget and provides additional funding from external funding sources to supplement the funds provided by Far North District Council.		Measure TACT will remain within budget.		SC
Result 2010/11: N/A	Target 2011/12: Achieved	Result 2011/12: Achieved	Achieved - Comments: TACT is within the agreed budget of \$15m in total. Of this sum, Far North District Council contributed \$9.5m.	



Glossary

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Activity

A good or service provided by or on behalf of a local authority.

Annual Plan

A plan produced by Council every year that sets out what it plans to do for the following year and into the future), how much it will cost and how Council plans to fund it. Every third year it is part of the LTCCP.

Annual Report

A document that Council prepares each year to provide the public with information on the performance of the local authority during the past year (both in financial and non-financial terms).

ASRB

Accounting Standards Review Board.

Authority

Power, responsibility.

Capacity

Council's ability to deliver a service. For some services, Council may not have legal or budgetary control and may only be able to act as an advocate or facilitator.

Capital Value

The value of land plus any additions like buildings, driveways and fences.

Capital Expenditure (CAPEX)

Capital expenditure is additions, improvements or renewals to fixed assets. That have or will be built or purchased by the Council, where the benefit will be reflected over more than one financial year.

Chief Executive

The person in charge of managing the Council organisation and the principal adviser to Council and employer of staff.

Community

A network of people and organisations linked together by common factors. This might refer to a network of people linked by place (that is, a geographic community), common interest or identity (for example, a hapu, voluntary organisations or society), or an administrative community (such as a district).

Community Board

A local elected body within a community to advise a district council on issues affecting the community and to carry out functions delegated to it by the Council.

Community Outcomes

The future a community wants to achieve. These outcomes set the direction for Council plans and help in the coordination of activities.

Council Controlled Organisation (CCO)

An organisation which Council has 50% or more of the voting rights.





Consultation

Listening to what people think about an issue.

Council

A territorial authority, being an elected group of people that by democratic process have the mandate of the community they represent to make decisions and provide local governance. In the context of this document, 'Council' refers to the Far North District Council, while 'council' refers to all territorial authorities generally.

Councillor

A person elected to be on the Council.

Decision

A resolution or agreement to follow a particular course of action, including an agreement not to take an action in respect of a particular matter.

Democracy

Community participation in decision making.

Development Contributions

A mechanism provided under the Local Government Act 2002 to fund capital expenditure needed to meet extra demand placed on utilities by development and to ensure the cost of providing services to and within subdivisions and developments, or upgrading of services as a result of subdivision, are met by the developer / subdivider.

Depreciation

The loss in value of an asset over time. This is an accounting device to ensure that an appropriate amount of capital expenditure is spread as an expense in each year and matched against the income of the Council (including rates) in the Statement of Financial Performance.

Fees and Charges

Fees and charges are charges for a Council service that must be met by the user of the service (e.g. entrance fee to swimming pools, fees for dumping waste at tips etc).

IFRS

International Financial Reporting Standards.

FRS

Financial Reporting Standards.

FRSB

Financial Reporting Standards Board.

Grant

Money given to a group for a particular purpose.

Hearing

Meeting to enable members of the public to speak about a particular issue.

Infrastructure

The systems that help a district function such as roads, public water supply, refuse and effluent disposal.



NZTA

Government land transport funding body. Formerly Land Transport New Zealand.

Long Term Council Community Plan (LTCCP)

A plan covering at least ten years adopted under section 93 of the Local Government Act 2002 that describes the activities the Council will engage in over the life of the plan, why the Council plans to engage in those activities and how those activities will be funded.

LTCCP

Abbreviation for Long Term Council Community Plan (see definition above).

Long Term Plan (LTP)

A plan covering at least ten years adopted under section 93 of the Local Government Act 2002 that describes the activities the Council will engage in over the life of the plan, why the Council plans to engage in those activities and how those activities will be funded.

LTP

Abbreviation for Long Term Plan

Mayor

The leader of Council, elected from across the district.

NZ GAPP

New Zealand Generally Accepted Accounting Practices.

NZIAS

New Zealand International Accounting Standards.

NZ IFRS

New Zealand International Financial Reporting Standards.

Outcomes

Outcomes are the future that a community wants to achieve. There is often a relationship between a community outcome and a specific service or facility that Council provides.

Rates

Money that property owners pay to District and Regional Council for the provision of assets and services.

Refuse

Rubbish, garbage and waste management.

Regional Council

A Council that represents a regional community and manages natural resources and deals with issues that affect the environment. Our regional council is the Northland Regional Council.

Regulatory

A function of local government concerning legal (usually bylaw) enforcement.

Reserve Contribution

A contribution made either in money or land (at Council's discretion) to the district's reserves, payable for any subdivision in which the number of lots is increased, or for any significant development of land.

Resource Consent

Special permission from Council for an activity related to land.

Service Levels

The defined service parameters or requirements for a particular activity or service against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.

Subsidies

Money to help pay for a particular service, activity or infrastructure; usually paid by central government.

Sustainable Development

Sustainable development has many definitions. Most interpretations share the fundamental idea that it is development that maintains or enhances economic opportunity and community wellbeing while protecting and restoring the natural environment upon which people and economies depend. Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs.

Trust

Money or property looked after by an organisation.

Utilities (Utility Assets)

Utilities are network infrastructures that provide mechanisms for the delivery of services. In a local government context, utilities are commonly public water supply, wastewater, sewerage and solid waste.

Ward

An area within the district administered by Council.



Contact Details

Service Centres

Council service centres can be found in the following locations:

Headquarters - Kaikohe

Memorial Avenue
Kaikohe
Tel: 0800 920 029
Tel: 09 401 5200
Fax: 09 401 2137
Monday - Friday
8:00am - 5:00pm

Kaitaia

Te Ahu
Kaitaia
Tel: 0800 920 029
Tel:
Fax:
Monday - Friday
8:00am - 5:00pm

Kaeo

Leigh Street
Kaeo
Tel: 0800 920 029
Fax: 09 405 0379
Monday - Friday
8:00am - 4:30pm
(closed 12:30pm - 1:00pm)

Kerikeri John Butler Centre

60 Kerikeri Road
Kerikeri
Tel: 0800 920 029
Tel: 09 407 0400
Fax: 09 407 0419
Monday - Friday
8:00am - 5:00pm

Procter Library, Kerikeri

Procter Library
Cobham Road
Kerikeri
Tel: 0800 920 029
Fax: 09 407 7127
Monday - Friday
8:00am - 5:00pm

Kawakawa

Gillies Street
Kawakawa
Tel: 0800 920 029
Fax: 09 404 3054
Monday - Friday
8:00am - 4:30pm

Rawene

Parnell Street
Rawene
Tel: 0800 920 029
Fax: 09 405 7828
Tuesdays and Thursdays
8:00am - 4:30pm
(closed 12:30pm - 1:00pm)

Hokianga

i-SITE Visitor Information Centre
29 - 31 State Highway 12
Opononi
Tel: 09 405 8869
Fax: 09 405 8317
Open 7 days (except Christmas Day)
8:30am - 5:00pm

All correspondence should be directed to: Private Bag 752, Kaikohe 0440 or via Council's website at <http://www.fndc.govt.nz/contact/email-us>

Customer Enquiries

Customers can access a full range of services at any of our Service Centres or by contacting our Call Centre on 0800 920 029 or 09 401 5200. You can contact a representative by telephone 24 hours a day, 7 days a week on our service number 0800 920 029 or on 09 401 5200. Outside of normal working hours, an after hours answering service will log and escalate any urgent requests.

Facsimile 09 401 2137, or visit our website: www.fndc.govt.nz/contact/email-us



