

FAR NORTH DISTRICT COUNCIL



annual report  2013-2014



Vision and Mission

THE FAR NORTH

Te Taitokerau ki te Raki

FAR NORTH DISTRICT COUNCIL'S MISSION STATEMENT

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 the economic, social, environmental and cultural advancement of the Far North
Ki te whakatairanga nga whanaketanga putea, te taiao, me te hapai o nga tikanga a-Iwi o te Nota

THE TREATY OF WAITANGI

Te Tiriti O Waitangi

Council recognises the obligations and responsibilities of the Crown under the Treaty of Waitangi and its responsibility to take into account the key principles of partnership, protection, and participation. These are captured in legislation, particularly through the requirements of the Resource Management Act 1991 and the Local Government Act 2002. But fulfilment of Treaty obligations means more than simple adherence to statutory requirements. Council and its staff should be seen to be reflecting the spirit of the Treaty as part of business as usual.

E whakamahi ana te kaunihera ki te tū o te karauna ki te Tiriti o Waitangi me ana kawenga me nga matapono i raro i te Tiriti e pa ana ki te Whakahoā, Whakangungu, me te whai wahitanga mo te Iwi. Kua oti te mau enei kaupapa i raro te ture o te RMA 1991 me te Ture a Rohe 2002. E rangi me whakaaronuitia e hara kei te piri anake ki nga hiahia o te ture ki a whakatutuki nga whakaheinga o te Tiriti. Te kaunihera me ona kaimahi me whaiwhakaaro ki te hononutanga o te Tiriti e pa ana ki a ratou mahi.

VISION

The top place where talent wants to live work and invest.

This is about:

- Attracting more skills, talent and investment to the district.
- Retaining the skilled people already here and maintaining economic prosperity.
- Being competitive with other districts.

VALUES

To drive work across the organisation on behalf of the community:

- Enabling
- Enthusiasm
- Innovation



Introduction

The purpose of the Annual Report is to look at Council's accomplishments in the financial year from 1 July 2013 to 30 June 2014. The Annual Report is the primary means of advising the Far North community of Council's financial and non financial performance during the 2013/14 financial year against the objectives set out in the second year of the Council's Long Term Plan 2012/22. The Annual Report also outlines challenges which the Far North community has faced.

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:

Roading and Footpaths

Road Network • Footpaths

Stormwater Drainage

Stormwater drainage

Water Supply

Water Supply

Sewerage Treatment

Sewerage treatment

Waste Management

Refuse and • Recycling

District Facilities

Cemeteries • Civic and Community Buildings • Motor Camps • Housing for the Eldery • Recreation • Town Maintenance, Public Toilets, Car Parks and Amenity Lighting • Customer Services • i-SITES • Libraries

Environmental Management

Animal Control • Environmental Health • Monitoring and Enforcement • Liquor Licensing Agency • Parking Enforcement • Environmental Policy • Resource Consent Management • Building Consent Management

Governance and Strategy

Governance • Strategic Planning • Economic Development • Māori Engagement

More details about these activity groups are on pages 101 - 220



Message from the Mayor

GREETINGS AND KIA ORA KOUTOU

The emphasis across the board this year has been on rebuilding the organisation to provide a solid base on which to properly plan for the future and to shift the focus away from impulse decision-making to a more structured approach. This has involved strengthening our management team and re-evaluating some of the ways we do business to provide greater opportunities for communities to have a meaningful input into the democratic process. It has also meant structural changes to ensure that service delivery is not only maintained but also improved.

In the process of evaluating the way forward, it quickly became apparent that there was a huge backlog of basic infrastructural requirements in the areas of roading, water and wastewater. To address the issues will involve a comprehensive review of the way ahead and, in the short-term, will seriously restrict our ability to satisfy community aspirations for less essential services and new capital projects. The intention is to address what could be perceived as an infrastructural crisis in the

course of the pending review of the Long Term Plan. In the meantime, we have been forced to rethink the way we will need to approach a number of major projects, including the provision of an improved water supply for Kaitaia and the expansion and upgrading of wastewater treatment and discharge facilities in the Bay of Islands. After the close-off date for this report, the backlog of infrastructural needs was further aggravated by adverse weather events which caused havoc with the roading network. We are currently in negotiation with both the New Zealand Transport Agency and private parties including the logging industry on how best to address the reinstatement of the network.

The distractions associated with changes in direction, the rebuilding of a new strategic management team, the infrastructural challenges which have emerged, the uncertainties surrounding the Local Government Commission's review of the local government structure and the investigation initiated earlier this year by the Serious Fraud Office (SFO) have in combination forced the Council to adopt a very cautious approach before moving forward. The SFO inquiry is ongoing.



Some of the distractions have been reflected in a customer satisfaction survey carried out earlier this year. While there were positive improvements shown in a number of areas, the survey in particular noted high levels of dissatisfaction with the maintenance of the roading network. This is being addressed. This year, the survey specifically targeted aquatic facilities and the results reflected qualified demands from Kaitaia, Kaikohe and Kerikeri for major improvements to swimming pool complexes. This will be addressed in the review of the aquatic facilities policy currently underway. On a positive note, the ongoing dispute over the lease of the Hokianga i-SITE building to private enterprise has been resolved. The Council has asked Far North Holdings Ltd to build a replacement.

Essentially, the 2013/14 year has been one of consolidation and, in spite of the distractions, there has been good progress made towards regaining the confidence of the community and setting a platform for the future.

I would like to take this opportunity to thank councillors, community boards, management and staff for their commitment to making changes which will progress the district.

Nga mihi.

Handwritten signature of John Carter.

Hon John Carter QSO
Far North Mayor



Message from the Acting Chief Executive

GREETINGS AND KIA ORA KOUTOU

This has been a year of dramatic change with a new Council and a new direction designed to address a number of historical issues and provide a new platform on which to improve service levels and communications with our residents and ratepayers. The goal has been to re-establish both internal and consumer confidence in the Council and its operations. This includes a strong emphasis on engagement and building relationships with Iwi and hapu.

There has been an almost total change in personnel at a strategic management level and significant changes across the board in the way we do business. The new focus seeks to provide a more targeted approach and further advances in terms of cost-effective service delivery. Business plans are being developed to refocus the organisation on strategic priorities. It is fair to say the Council had been operating with resources which were below optimum levels and it is still in something of a recovery mode. One of the challenges has been to attract the right people to the right positions to ensure that strategy work and service delivery is more efficient. Most of the strategic appointments have now been made and we can look forward to getting on with the job.

There are two major capital projects forecast in the Annual Plan were not progressed for various reasons. The Kaitaia water scheme is under review and we are waiting for a report which we will take back to the community. We have agreed to take a staged approach to the Kerikeri sewerage project. Later this year, we will apply for resource consents to upgrade the treatment plant. We will also propose in the Long Term (10-Year) Plan to follow this work with an extension of the reticulation network to complete the servicing of the central Kerikeri area. It is anticipated that further network extensions will follow in subsequent years as funding becomes available.

From an administrative perspective, the extremely complex issues which have been raised and the changes which have been made have at times made it difficult to accurately measure movements in performance levels. We have, to a degree, relied on customer satisfaction surveys to provide a general picture of the trends which are emerging. I am pleased to report these are showing encouraging signs. This year's Resident Opinion Survey has shown improvements in satisfaction in areas such as footpaths, coastal access, refuse transfer station services, water and wastewater services, parks, reserves



and libraries. However, there was a disturbing fall in satisfaction levels for the roading network and ongoing concerns with high maintenance areas such as public toilets, cemeteries and stormwater management. Only 42% of those surveyed were satisfied with roading service levels and that was well below target. Deficits in the roading network will be specifically addressed over the next 12 months. The survey showed that, in general, our communication performance levels are improving and there is an increasingly higher satisfaction level for the customer and call centre services which are currently provided. Three-quarters of the customers making contact were either satisfied or very satisfied with their outcomes. While this is good news, it was still below target and the Far North lags behind similar districts against which the survey was peer-reviewed.

Because capital expenditure was below budget while changes were made internally and policy directions reviewed, we have finished the financial year in a reasonably satisfactory position. Public debt is down from \$89.6 million to \$71.6 million. However, in the next year, we will have to address significant outstanding infrastructure demands, which will require substantial investment.

I would like to thank Mayor John Carter, councillors and community boards for their support and assistance. Also, special thanks to our dedicated and skilled staff.

Nga mihi.

A handwritten signature in cursive script that reads "Colin Dale".

Colin Dale C.N.Z.M., J.P.
Acting Chief Executive



Our District

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 37.5% 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 largest Territorial Authority in terms of land area in the North Island. The only 2 areas that are larger are both Unitary Authorities: Auckland and Gisborne.

The district has 2,347 km'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 Kaitiāia 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 2013 had a 17,290 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 7,246 local businesses employing the 17,580 persons. The health and community sector employs the largest percentage of workers at 10.9%.

The 2013 census put the usual resident population of the Far North district at 55,731. In the 2013 census, 44.5% 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 14.9%. Between 2006 and 2013, the Far North's population has remained static; however, population growth is occurring in some areas to the East at the expense of others in the West. 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.

Couples with children make up 33% of all families in Far North District, while couples without children make up 44% of all families, and one parent families with children are the remaining 23%. In Far North District, 64.4 percent of households in occupied private dwellings owned the dwelling or held it in a family

trust. The average household size was 2.5 people, which is less than the national average of 2.7.

Major contributors to GDP in both 2012 and 2013 were the retail and wholesale trade, followed by agriculture (including forestry and horticulture). GDP for the year ending March 2014 was \$1,717 million.



Representation - Council

As at 30 June 2014



Hon John Carter QSO

Phone: 09 401 5210 Cell: 027 445 5754

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Appointments:

Mayor

Chair - Audit, Finance & Risk Committee

LGNZ/ Rural and Provincial Sectors

LGNZ Zone 1 - National Council

NRC / Mayoral Forum

District Strategy & Growth Committee

Far North Holdings Limited – shareholders representative



Tania McInnes

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Appointments:

Deputy Mayor

BOI - Whangaroa Councillor

Chair - District Strategy & Growth Committee

LGNZ/Rural and Provincial Sectors

LGNZ Zone 1

GMO Inter Council Working Party

NRC / Mayoral Forum



Sally Macauley

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Appointments:

Kaikohe-Hokianga Councillor

Chair – Community Services & Development Committee

Economic Development Committee

District Strategy & Growth Committee

Sister Cities Representative

NZ Historic Places Trust / Society for the Preservation

of the Kerikeri Stone Store Area

Kerikeri Civic Trust (The Centre)

Creative Communities Funding Assessment Committee

Disability Action Group



Willow-Jean Prime

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Appointments:

BOI-Whangaroa Councillor

Audit, Finance & Risk Committee

Regulatory & Environment Committee

Sport Northland / Regional Physical Activity Strategy

and other sporting activities / Northland Sport and

Physical Activity

Kerikeri Civic Trust (The Centre)

Kerikeri Waipapa River Liaison Group

Waitangi River Liaison Committee



Ann Court

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Appointments:

BOI-Whangaroa Councillor

Infrastructure Committee

Chair – Regulatory & Environment Committee

District Strategy & Growth Committee

Northland Road Safety Forum

LGNZ Zone 1

Northland Regional Transport Committee

NRC Environmental Management Committee and

Subcommittee (Regional Water and Soil Plan for

Northland Working Group)

Kerikeri Domain Trust

National Marine Park for Northland working group



Di Maxwell

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Appointments:

BOI-Whangaroa Councillor

Audit, Finance & Risk Committee

Chair - Economic Development Committee

District Strategy & Growth Committee

Northland Conservation Board / DOC liaison person

NRC Environmental Management Committee and

Subcommittee (Regional Water and Soil Plan for

Northland Working Group)

Kerikeri Waipapa River Liaison Group

Waitangi River Liaison Committee

Kaeo River Liaison Committee

Northland Economic Action Group



John Vujcich

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Appointments:

Kaikohe-Hokianga Councillor

Audit, Finance & Risk Committee

Chair - Infrastructure Committee

Economic Development Committee

Regulatory & Environment Committee

District Strategy & Growth Committee

Northland Civil Defence Emergency Management Group

Northland Road Safety Forum

Northland Regional Transport Committee

Northland Economic Action Group



David Collard

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Appointments:

Te Hiku Councillor

Infrastructure Committee

Economic Development Committee

Regulatory & Environment Committee

Te Ahu Trust

Creative Communities Funding Assessment Committee

Awanui River Liaison Committee

Doubtless Bay Harbour Catchment Group



Colin (Toss) Kitchen

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Appointments:

Te Hiku Councillor

Audit, Finance & Risk Committee

Community Services

& Development Committee

Northland Civil Defence Emergency

Management Group

Northland Conservation Board

/ DOC Liaison Person

National Marine Park for Northland

Working Group

Kaeo River Liaison Committee

Disability Action Group



Mate Radich

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Appointments:

Te Hiku Councillor

Infrastructure Committee

Community Services & Development Committee

Sport Northland/Regional Physical Activity Strategy

and other sporting activities/Northland Sport and

Physical Activity

Awanui River Liaison Committee

Doubtless Bay harbour Catchment Group

Representation - Community Boards

As at 30 June 2014



Lawrie Atkinson

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Appointments:

Chair - Te Hiku Community Board

District Strategy & Growth Committee

Community Services & Development Committee



David Senior

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Appointments:

Deputy Chair - Te Hiku Community Board



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Appointments:

Te Hiku Community Board Member



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Appointments:

Te Hiku Community Board Member



Adele Gardner

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Appointments:

Te Hiku Community Board Member



John Schollum

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Appointments:

Chair - Kaikohe-Hokianga Community Board

District Strategy & Growth Committee

Community Services & Development Committee



Pauline Evans

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Appointments:

Deputy Chair - Kaikohe - Hokianga Community Board



Kelly van Gaalen

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Appointments:

Kaikohe - Hokianga Community Board Member



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Appointments:

Kaikohe-Hokianga Community Board Member



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Appointments:

Kaikohe-Hokianga Community Board Member



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Appointments:

Kaikohe-Hokianga Community Board Member



Terry Greening

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Appointments:

*Chair - BOI-Whangaroa Community Board
District Strategy & Growth Committee
Community Services & Development Committee*



Belinda Ward

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Appointments:

Deputy Chair - BOI-Whangaroa Community Board



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Appointments:

BOI-Whangaroa Community Board Member



Florence Annison

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Appointments:

BOI-Whangaroa Community Board Member



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Appointments:

BOI-Whangaroa Community Board Member



Doug Turner

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Appointments:

BOI-Whangaroa Community Board Member



Bruce Mills

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Appointments:

BOI-Whangaroa Community Board Member

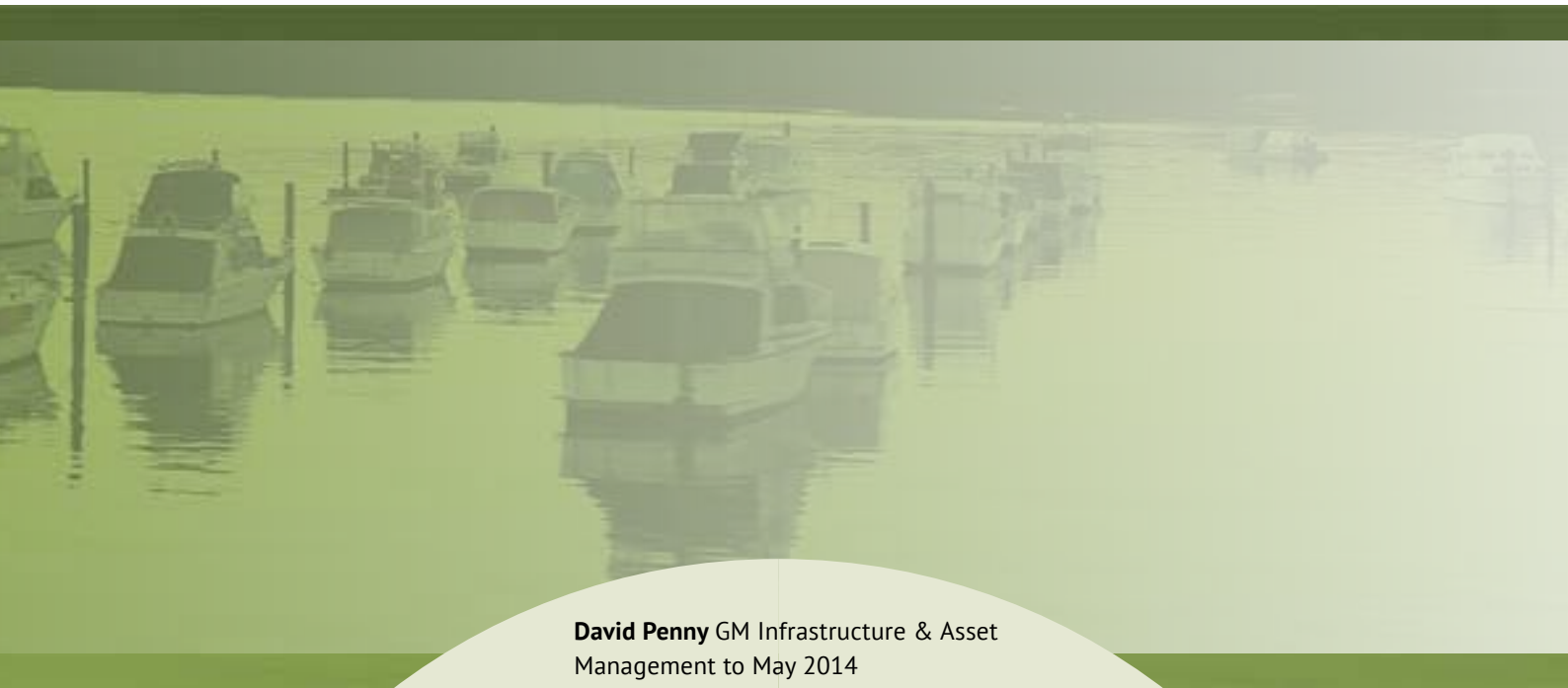


The Organisation

As At 30 June 2014

The Organisation Structure

The Senior Management Group (SMG) includes the Strategic Management Team and all department managers and direct reports to a GM. 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/direct reports within the SMG.



David Penny GM Infrastructure & Asset Management to May 2014
Ross Green Development Consents & Engineering Standards Manager
Tony Smith Contracts Manager
Wil Pille Roading Business Unit Team Leader
Bill Hutchinson Civil Defence Co-ordinator
Lorraine Brockliss Executive Assistant /Administration Team Leader
James Brooks – New Works & Asset Manager

Colin Dale – Acting Chief Executive

Murray McDonald
GM Environmental Management
Barry Webb Environmental Protection Manager
Paul Cook Building Manager
Vacant Resource Management Manager
Nicole Wooster
Executive Assistant
Jane Johnson Project Manager Growth Strategy

Bernard Murphy GM Corporate Services to March 2014.
Janice Smith Financial Controller
Cheryl Gavin-Young Revenue & Collections Manager
Chris Ellington Strategic & Policy Manager
Susan Thomas Council Advisory Services Manager
Robert Manuel Legal Services Manager
Bill Lee Community Development Analyst
Sue Hodge Community Policy Manager

Lesley Elliott
Human Resource Manager
Jacine Warmington
Community & Customer Services Manager
Victoria Begbie
Manager Business Performance & IT
Richard Edmondson
Communications Manager



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Independent Auditor's Report

For the year ended 30 June 2014

To the readers of Far North District Council and Group's Annual Report

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

- the financial statements of the District Council and group that comprise:
 - the statement of financial position as at 30 June 2014 on page 47;
 - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014 on pages 46, 48 and 49; and
 - the accounting policies on pages 33 to 45 and the notes to the financial statements that include other explanatory information about the financial statements on pages 50 to 84;
- the statement of service provision (referred to as statements of service performance) of the District Council and each group of activities carried out by the District Council on pages 103 to 212;
- the funding impact statements in relation to each group of activities of the District Council on pages 85 to 93;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council included as financial information on pages 103 to 219;
- the funding impact statement of the District Council on page 85; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 94 to 97.

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

- information about:
 - reserve funds on pages 98 and 99;
 - remuneration paid to the elected members and certain employees of the District Council on pages 74 to 78;
 - employee staffing levels and remuneration on page 78;
 - severance payments on page 78;
 - council controlled organisations on pages 215 to 220;
 - rating base units on page 50; and
 - insurance of assets on pages 99 - 100.



- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision making processes on pages 213 - 214; and
- a statement of compliance signed by the Mayor of the Council, and by the District Council and group's chief executive on page 25.

OPINION

Audited information

In our opinion:

- the financial statements of the District Council and group on pages 33 to 84:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2014; 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 on pages 103 to 212:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflect the District Council's levels of service for the year ended 30 June 2014, including:
 - the levels of service as measured against the intended levels of service adopted in the long term plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 85 to 93, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long term plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council included as financial information on pages 103 to 212, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long term plan or annual plan.
- the funding impact statement of the District Council on page 85, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- the disclosures on pages 94 to 97 represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information.



Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the District Council and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 30 October 2014. This is the date at which our opinion is expressed. The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

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

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the 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 Council;
- the adequacy of all disclosures in the information we audited;
- determining the appropriateness of the reported statements of service provision within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

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

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

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

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statements of service provision 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;
 - fairly reflect its service performance, including achievements compared to forecast;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long term plan or annual plan;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

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

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

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

In addition to this audit, which includes our report on the Other Requirements, we have carried out probity assurance over the procurement of information and communications technology (ICT) servers, which is compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the District Council or any of its subsidiaries.



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



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 2014.

Hon John Carter
QSO MAYOR
30th October 2014

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 2014 fairly reflect the financial position, performance and operations of the Far North District Council and Group.

Colin Dale
ACTING CHIEF EXECUTIVE
30th October 2014

Our Financial Highlights at a glance

Council has recorded a net deficit of \$2.3 million

The net deficit is calculated using the formula:

- Total income – total expenses = net deficit

The main factors contributing to the variance against budget of \$8.4 million are detailed in note 36 of the Annual Report.

Council budgeted for a surplus of \$6.2 million in the 2013/14 Annual Plan.

Understanding the Council's result for the year ended 30 June 2014

The underlying financial performance outlined below shows an adjusted surplus of \$5.0 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 2 items which have had an impact on the adjusted surplus for the year.

The first item reflects a reduction in valuations of land which saw a significant reduction over and above the revaluation reserves of \$4.5m. This was passed through the accounts as an expense in line with accounting standard requirements.

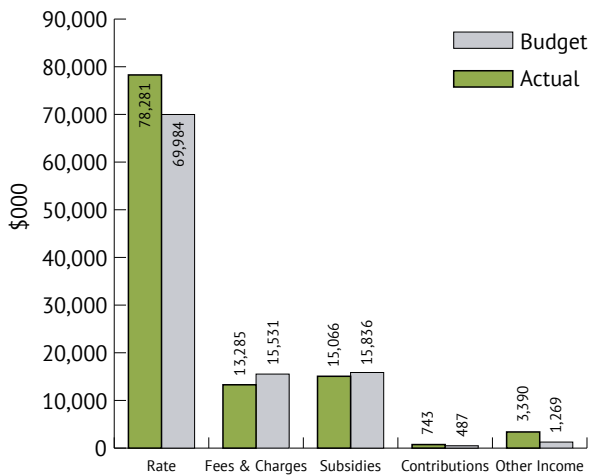
The second item was a loss on disposal of property, plant & equipment of \$2.8m. This item is not a cash item and is therefore added back to the recorded surplus.

	2014 \$000'S
Reported council deficit	(2,285)
1. Loss on valuation through surplus/(deficit)	4,455
2. Loss on disposal on property, plant & equipment	2,762
Adjusted surplus	4,932
Budgeted surplus	6,215
Movement in surplus/(deficit)	(1,283)



Our Financial Highlights at a glance

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 and targeted rates.

Fees & charges

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

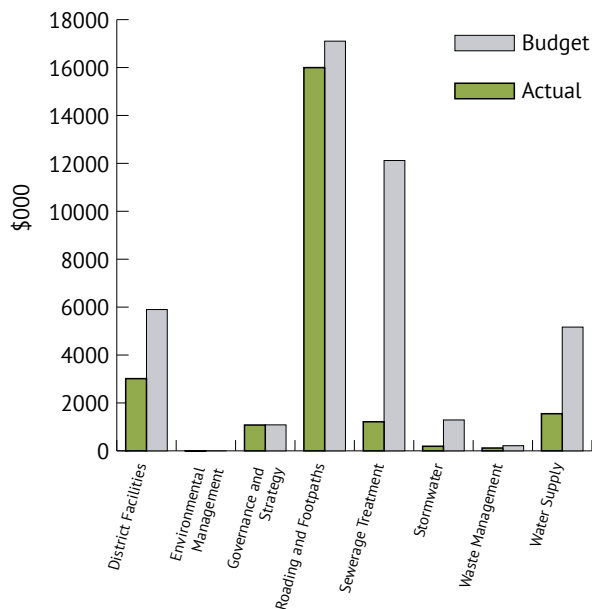
These are mainly development contributions but also include other minor contributions.

Other income

Other income relates mainly to recoveries and includes income received in relation to rural fire events and vested assets. Vested assets are items of infrastructure that are vested in Council by a developer and these are not budgeted for in any year. Dividends and petrol tax are also included in this group.



BUILDING OUR ASSETS (CAPITAL EXPENDITURE)



We spent \$19,709k less on capital projects than was budgeted. Our total expenditure for the year ended 30 June was \$23,164k compared to a budget of \$42,873k.

Groups under spent in capital expenditure were:

- District Facilities capital expenditure was under budget by \$2,884k. Projects were delayed in relation to halls, parks & reserves and community centres.
- Roading and footpaths were under budget by \$1,104k. This was mainly due to a reduction in the programme of work approved by NZTA.
- Wastewater capital expenditure was under budget by \$10,905k. This is mainly due to the delays in commencing major projects. Funds had been included for the BOIWW project and that has been delayed until 2014/15.
- Stormwater capital expenditure was under budget by \$1,099k. Projects were delayed during the year.
- Water supply capital expenditure was under budget by \$3,616k. Projects were delayed during the year.

More information is provided in the appropriate Statement of Service Performance on pages 105 - 212 of this report.



Financial Report

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 2.5% in 2013/14, to provide ongoing levels of service to the community within the constrained economic climate. The actual rate income for the year, as shown in the rates increase affordability benchmark, shows an increase of 4.67% as this includes increased penalty income.

The 2012/22 LTP 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

All of the financial data within this report is rounded to the nearest thousand dollars. This can lead to rounding differences in totaling some higher level numbers. The financial report shows how Council performed during the 2013/14 financial year and the overall position at the end of the financial year being 30 June 2014.

Council presents its report in accordance with NZIAS 1 Presentation of Financial Statements.

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;
- Statement of Accounting Policies and 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 4 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 4 main statements are included on the first few pages of the financial report. They are called Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows.

Statement of Comprehensive Income

The Statement of Comprehensive Income (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 Comprehensive Income is added or subtracted from Council's equity as shown in the Statement of Changes in Equity. The Statement of Comprehensive Income also 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.

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.



Financial Report continued...

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 surplus/(deficit) 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 Comprehensive Income because the Statement of Comprehensive Income 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.

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 4 main financial statements are established, details of Council's Accounting Policies can be found on page 33. 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 Auditors 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 2014

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 2014 and were authorised by Far North District Council for issue on 30th October 2014.

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 practice (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, investment property and certain financial instruments (including derivatives).

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 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.

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 have been developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. This means Council will transition to the new standards in preparing its 30 June 2015 financial statements. Council has not assessed 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.

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 intragroup balances, transactions, income and expenses are eliminated on consolidation.

Subsidiaries

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

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

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 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.

(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 the 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 recognized in the surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the surplus/(deficit) will be recognised first in the surplus/(deficit) 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 surplus/(deficit). 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 and roading formation, 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	25 - 100 yrs	1 - 4%
Motor vehicles	3 - 5 yrs	20 - 33%
Plant and machinery	1 - 40 yrs	2.5 - 100%
Wharves (concrete)	10 - 85 yrs	1.17 - 2%
Wharves (timber), moorings & ramps	10 - 50 yrs	2 - 10%
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)	5-50 yrs	2-20%
Pavement (base course) – sealed	35 yrs	2.85%
Culverts, cesspits	15 - 100 yrs	1 - 6.7%
Footpaths	25 - 60 yrs	1.6 - 4%
Kerbs	50 - 80 yrs	1.25 - 2%
Street lights	8 - 60 yrs	1.67 - 12.5%
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	40 - 100yrs	1 - 2.5%
Manholes	80 yrs	1.25%
Treatment plant	15 - 50 yrs	2 - 6.67%

Stormwater Systems

Pipes	40 - 120 yrs	0.83 - 2.5%
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 and electronic books 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. 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, excluding easements which are not amortised, are stated at cost less accumulated amortisation and impairment losses. The useful lives and associated amortisation classes of intangible assets have been estimated as follows:

Resource consents	5 - 30 years	3.33 - 20%
Software and electronic books	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 the expected life of the asset or the term of the contract rights.

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.

(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 surplus/(deficit). All revenues from harvesting are recognised in the Statement of Comprehensive Income 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.

Presentation of employee entitlements

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

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 equity 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. 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 equity reserves.

This reserve comprises the cumulative net change in the fair value through equity 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 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 and charges is recognised 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

The Statement of Comprehensive Income 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**

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

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 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 financial assets in the following categories for the purpose of measurement:

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 surplus/(deficit). 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) Fair value through equity financial assets

Fair value through equity 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.

(t) Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST. 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 surplus/(deficit).

(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 surplus/(deficit). 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 surplus/(deficit).

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 surplus/(deficit).

The discount rate used is a pre tax rate that reflects current market assessments of time value of money and risks specific to 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 subsidiaries invest 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 against the surplus or deficit 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 surplus/(deficit). Impairment losses on revalued assets offset any balance in the asset revaluation reserve, with any remaining impairment loss being posted to the surplus/(deficit).

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 surplus/(deficit), a reversal of the impairment loss is also recognised in the surplus/(deficit).

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the surplus/(deficit).

(aa) 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.

(ab) 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 21 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 Comprehensive Income.

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.

(ac) 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 surplus/ (deficit). 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.

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 surplus/(deficit).

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity will be reclassified into surplus/(deficit) in the same period or periods during which the asset acquired or liability assumed affects then surplus/(deficit). 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 surplus or deficit 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 nonfinancial 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 is reclassified from equity to the surplus/(deficit).

(ad) 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

Far North District Council 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.

Council and Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	CONSOLIDATED		ACTUAL 2014 \$000s	COUNCIL BUDGET 2014 \$000s	ACTUAL 2013 \$000s
		ACTUAL	ACTUAL			
		2014 \$000s	2013 \$000s			
OPERATIONS						
Income						
Rates income (excluding targeted water supply rates)	1	78,058	74,790	78,281	69,984	74,790
Fees, charges & targeted water supply rates	2	13,285	12,654	13,285	15,531	12,654
Development & financial contributions	2	743	1,779	743	487	1,779
Subsidies and grants	2	15,066	20,112	15,066	15,836	20,112
Other income	2	10,558	10,525	3,390	1,269	4,813
Other gains		174	2,818	0	0	0
Rental income from investment properties	2	2,123	2,116	0	0	0
Total operating income		120,007	124,794	110,765	103,108	114,149
Expenditure						
District facilities		23,406	30,459	23,141	20,730	30,451
Environmental management		12,895	9,030	12,895	9,780	9,030
Governance & strategy		18,791	17,662	10,702	9,107	9,133
Roading & footpaths		39,540	29,656	39,540	30,875	29,656
Sewerage treatment & disposal		11,446	11,337	11,446	11,101	11,337
Stormwater		1,715	2,091	1,718	2,268	2,091
Waste management		5,112	5,208	5,112	5,200	5,208
Water supply		8,496	9,794	8,496	7,835	9,794
Other expenditure		0	792	0	0	792
Total operating expenditure	4,5,6	121,402	116,029	113,050	96,893	107,492
Net operating surplus/(deficit) before tax		(1,395)	8,765	(2,285)	6,215	6,657
Tax expense/(benefit)	7	(7)	95	0	0	0
NET OPERATING SURPLUS/(DEFICIT)		(1,388)	8,670	(2,285)	6,215	6,657
Surplus attributable to:						
Far North District Council		(1,388)	8,670	(2,285)	6,215	6,657
Items that will be reclassified to surplus						
Financial assets at fair value through equity	24	(5)	10	(5)	0	10
Cash flow hedges	24	799	717	799	0	717
Items that will not be reclassified to surplus						
Gain/(loss) on asset revaluations	24	31,280	(17,763)	30,868	37,778	(18,131)
Change in other reserves	24		137	0	26,305	0
Tax on revaluation		(80)	(74)	0	0	0
Total other comprehensive income		31,994	(16,973)	31,662	64,083	(17,404)
Total comprehensive income		30,607	(8,303)	29,377	70,298	(10,747)

EXPENSES BY EXPENSE TYPE	ACTUAL 2014 \$000s	ACTUAL 2013 \$000s	ACTUAL 2014 \$000s	BUDGET 2014 \$000s	ACTUAL 2013 \$000s
Personnel costs	18,446	17,575	16,372	16,558	15,496
Depreciation and amortisation costs	28,467	27,946	27,579	27,771	26,986
Finance Costs	4,976	5,036	4,446	6,168	4,453
Other expenses	69,513	65,472	64,653	46,396	60,557
Total operating expenses	121,402	116,029	113,050	96,893	107,492

The Statement of Accounting Policies (pages 33 to 45) and the Notes to the Financial Statements (pages 50 to 84) form an integral part of these financial statements.



Council and Consolidated Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	CONSOLIDATED		ACTUAL	COUNCIL	ACTUAL
		ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL
		2014	2013	2014	2014	2013
		\$000s	\$000s	\$000s	\$000s	\$000s
PUBLIC EQUITY						
Other reserves	24	288,375	259,959	284,417	359,409	256,041
Restricted reserves	24	5,399	4,011	3,896	956	2,508
Retained earnings	24	1,324,424	1,323,621	1,298,086	1,363,740	1,298,473
Public equity		1,618,198	1,587,591	1,586,399	1,724,105	1,557,022
represented by:						
CURRENT ASSETS						
Cash & cash equivalents	8	418	4,117	181	3,574	3,738
Debtors & other receivables	9	33,301	38,422	32,715	34,334	37,728
Other financial assets	11	4,176	3,185	4,176	2,044	3,185
Properties available for sale	34	400	500	0	0	0
Inventories	10	203	171	135	67	101
Current assets		38,498	46,395	37,208	40,019	44,752
Less:						
CURRENT LIABILITIES						
Creditors & other payables	20	22,293	24,883	21,342	19,849	23,117
Borrowings	23	12,061	18,032	12,013	23,065	18,032
Provisions	21	46	46	46	24	46
Derivative financial instruments	35	63	53	63	0	53
Employee benefits	22	1,947	1,951	1,773	1,703	1,798
Current liabilities		36,410	44,965	35,238	44,641	43,046
Working capital		2,088	1,430	1,970	(4,622)	1,706
NON CURRENT ASSETS						
Other financial assets	11	256	261	256	96	261
Forestry assets	17	483	480	483	692	480
Intangible assets	13	5,922	7,581	13,997	12,601	14,922
Investment properties	18	38,686	36,085	0	0	0
Investments in subsidiaries	19	0	0	12,000	12,000	12,000
Derivative financial instruments	35	1,175	726	1,175	0	726
Property, plant & equipment	12	1,645,513	1,627,376	1,618,555	1,795,832	1,600,106
Non current assets		1,692,035	1,672,509	1,646,465	1,821,221	1,628,495
NON CURRENT LIABILITIES						
Borrowings	23	70,788	82,130	59,548	90,832	71,590
Creditors & other payables	20	1,110	1,163	0	0	0
Derivative financial instruments	35	25	324	25	731	324
Deferred tax liability	7	1,539	1,466	0	0	0
Provisions	21	2,464	1,265	2,464	932	1,265
Non current liabilities		75,926	86,348	62,037	92,495	73,179
Net assets		1,618,198	1,587,591	1,586,399	1,724,105	1,557,022

The Statement of Accounting Policies (pages 33 to 45) and the Notes to the Financial Statements (pages 50 to 84) form an integral part of these financial statements.

Council and Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	CONSOLIDATED			COUNCIL	
		ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL
		2014	2013	2014	2014	2013
		\$000s	\$000s	\$000s	\$000s	\$000s
OPENING BALANCE		1,587,591	1,595,893	1,557,022	1,653,804	1,567,769
Total comprehensive income		30,607	(8,303)	29,377	70,298	(10,747)
CLOSING BALANCE		1,618,198	1,587,591	1,586,399	1,724,105	1,557,022

Council and Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	CONSOLIDATED			COUNCIL	
		ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL
		2014	2013	2014	2014	2013
		\$000s	\$000s	\$000s	\$000s	\$000s
CASH FLOW FROM OPERATING ACTIVITIES						
Cash was provided from:						
Rates		76,299	78,014	76,299	77,304	78,014
Interest and dividends		4	323	406	60	509
Other income		42,589	35,238	34,223	24,939	26,930
		118,892	113,575	110,928	102,303	105,453
Cash was applied to:						
Payment for goods, services and employees		81,630	67,042	74,939	64,115	60,734
Interest paid		5,040	4,893	4,446	6,168	4,453
GST (net)		(7,199)	(3,214)	(7,184)	0	(3,234)
Income and fringe benefit tax paid		67	80	73	64	86
		79,538	68,881	72,274	70,347	62,039
Net cash inflows from operating activities (A)	25	39,356	44,774	38,655	31,956	43,413
CASH FLOW FROM FINANCING ACTIVITIES						
Cash was provided from:						
Borrowing		700	10,250	0	13,674	10,000
Sale of shares in associate		0	0	0	0	0
		700	10,250	0	13,674	10,000
Cash was applied to:						
Borrowing		18,056	21,094	18,056	4,673	21,094
Dividends paid		0	0	0	0	0
		18,056	21,094	18,056	4,673	21,094
Net cash inflows from financing activities (B)		(17,356)	(10,844)	(18,056)	9,001	(11,094)

The Statement of Accounting Policies (pages 33 to 45) and the Notes to the Financial Statements (pages 50 to 84) form an integral part of these financial statements.



Council and Consolidated Statement of Cash Flows continued...

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	CONSOLIDATED			COUNCIL	ACTUAL 2013 \$000s
		ACTUAL	ACTUAL	ACTUAL	BUDGET	
		2014 \$000s	2013 \$000s	2014 \$000s	2014 \$000s	
CASH FLOW FROM INVESTING ACTIVITIES						
Cash was provided from:						
Sale of property, plant and equipment, investment properties and properties intended for sale		18	3	0	0	0
Cash provided from maturing investments		3,185	2,314	3,185	0	1,995
Advances repaid		0	0	0	0	0
		3,203	2,317	3,185	0	1,995
Cash was applied to:						
Purchase & development of intangibles		0	3,000	0	0	3,300
Cash applied to replace investments		4,176	3,185	4,176	0	3,185
Purchase & development of property, plant and equipment		24,773	29,003	23,164	42,873	26,755
Net cash inflows / (outflows) from investing activities		28,949	35,188	27,340	42,873	33,240
Net (decrease) in cash flows (C)		(25,747)	(32,872)	(24,155)	(42,873)	(31,245)
NET CASH (=A+B+C)		(3,747)	1,058	(3,556)	(1,916)	1,074
Opening balances 1 July						
Cash & cash equivalents	8	4,116	3,058	3,738	5,490	2,665
		4,116	3,058	3,738	5,490	2,665
Less balances 30 June						
Cash & cash equivalents	8	369	4,116	181	3,574	3,738
		369	4,116	181	3,574	3,738
CASH MOVEMENTS FOR THE YEAR		(3,747)	1,058	(3,556)	(1,916)	1,074

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 33 to 45) and the Notes to the Financial Statements (pages 50 to 84) form an integral part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

1. RATES REVENUE	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Rates - general	47,390	46,342	47,603	46,342
Targeted rates attributable to activities				
-Drainage	629	539	629	539
-Roading	9	0	9	0
-Sewerage	10,792	9,844	10,792	9,844
-Water, excluding water supply rates	1,955	1,564	1,955	1,564
-District facilities	9,668	9,392	9,668	9,392
Rates - penalties	7,625	7,109	7,625	7,109
Total rates, excluding targeted water supply rates	78,058	74,790	78,281	74,790

Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other Local Authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of Council for the year ended 30 June 2014 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	COUNCIL	
	2014	2013
	\$000s	\$000s
Rates, excluding targeted water supply rates	78,281	74,790
Targeted water supply rates	6,036	5,621
Total annual rates income	84,317	80,411

Rates income is not adjusted for remissions of \$3,261,162 (2013 \$3,731,747). Rate remissions are shown as an expense within governance and strategy. Council's remission policies are designed to recognise the unique nature of the Far North with its significant areas of unoccupied Maori freehold land. Overall the policies address issues of financial hardship and the protection of areas of land with particular conservation or community values.

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.

The number of rating units at 30 June 2013 was 37,604.

The land value of these units was \$8,966,201,200 and the capital value was \$15,263,433,300.

2. INCOME ANALYSIS	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Fees and charges	13,285	12,654	13,285	12,654
Subsidies – operational	6,163	5,942	6,163	5,942
Subsidies – projects	8,903	14,171	8,903	14,171
Contributions	743	1,779	743	1,779
Interest & dividends	413	118	406	509
Vested and previously unrecognised assets	1,064	2,652	1,064	2,652
Rental income from investment properties	2,123	2,116	0	0
Other income	9,255	7,455	1,920	1,652
Total operating income	41,949	46,886	32,484	39,359

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



3. OTHER GAINS/(LOSSES)	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Net gain on forestry assets	3	0	3	0
Net gain on property, plant and equipment disposals	0	0	0	0
Net gain on sale of investment properties	0	2,818	0	0
Total gains	3	2,818	3	0
Net loss on property, plant & equipment disposals	(2,762)	(1,133)	(2,762)	(1,133)
Net loss on investment properties	0	0	0	0
Net loss on forestry assets	0	0	0	0
Total other gains / (losses)	(2,762)	(1,133)	(2,762)	(1,133)

4. PERSONNEL COSTS	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Salaries and wages	18,073	17,157	16,065	15,144
Kiwi saver contributions	376	245	332	217
Increase / (Decrease) in employee benefit liabilities	(3)	173	(25)	135
Total employee benefit expenses	18,446	17,575	16,372	15,496

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

5. OTHER EXPENSES	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Fees paid to the principal auditor				
Audit of financial statements	216	234	156	144
Audit recovery prior year	35	0	35	0
Audit payment re Te Ahu	9	0	9	0
Audit disbursements	19	24	12	18
Donations	39	36	0	0
Inventory expenses in year	2,439	2,388	34	3
Impairment of property, plant & equipment	618	0	617	0
Impairment of investment property	0	0	0	0
Impairment of receivables	28	(30)	0	0
Provision for impairment of rates	6,322	5,381	6,322	5,381
Provision for impairment of sundry debts	444	3	421	25
Devaluation of property, plant & equipment	4,629	13,341	4,455	10,546
Direct expenses from investment property	1,149	908	0	0
Minimum lease payments - operating leases	461	549	399	450
Other expenses	16,408	22,834	12,460	16,567

6. FINANCE COSTS	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Interest expense on borrowings	5,000	5,004	4,417	4,421
Interest unwind - landfill aftercare	29	32	29	32
Total finance costs	5,029	5,036	4,446	4,453

7. TAX	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Components of tax expense				
Deferred tax expense – continuing operations	(7)	95	0	0
Deferred tax expense – discontinued operations	0	0	0	0
Income tax expense	(7)	95	0	0
Relationship between tax expenses and accounting profit				
Continuing operations	(1,395)	8,765	(2,285)	6,657
Discontinued operations	0	0	0	0
Profit before taxation and share of profit of associate	(1,395)	8,765	(2,285)	6,657
Taxation at 28% (2013 -28%)	(391)	2,454	(640)	1,864
Plus (less) tax effect of				
Non taxable income	384	(2,359)	640	(1,864)
Group loss offset	0	0	0	0
Deferred tax adjustment	0	0	0	0
Taxation expense	(7)	95	0	0

CONSOLIDATED					
Deferred Tax	Property	Investment	Employee	Tax Losses	Total
	plant and	properties	entitlements		
	equipment				
	\$000s	\$000s	\$000s	\$000s	\$000s
Balance at 30 June 2012	961	1,084	(65)	(681)	1,297
Charged to Statement of Comprehensive Income	1	25	(9)	79	95
Charged to equity	74	0	0	0	74
Balance at 30 June 2013	1,036	1,109	(74)	(602)	1,466
Charged to Statement of Comprehensive Income	(26)	17	(3)	5	(7)
Charged to equity	80	0	0	0	80
Balance at 30 June 2014	1,090	1,126	(77)	(597)	1,539

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 \$539,462 (2013 \$841,175). Council has not recognised a deferred tax asset in relation to tax losses of \$2,170k (2013 \$2,152k). However, these losses have been recognised in the group accounts.

8. CASH & CASH EQUIVALENTS	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Cash at bank and in hand:				
Various (subsidiaries, community facilities, etc)	7	6	7	6
General fund (unsecured)	411	4,111	174	3,731
Total cash & cash equivalents	418	4,117	181	3,737

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	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Cash at bank and in hand	418	4,117	181	3,737
Bank overdrafts (Note 23)	(48)	0	0	0
	370	4,117	181	3,737

Council has an overdraft facility of \$3m (2013 \$3m).



9. DEBTORS & OTHER RECEIVABLES	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
Rates and penalties	53,521	46,836	53,521	46,836
Sundry debtors	5,805	12,629	5,287	12,085
Prepayments	354	319	335	300
Related party receivables	67	186	0	0
Gross debtors & other receivables	59,747	59,970	59,143	59,221
Less provision for impairment - rates	25,943	21,240	25,943	21,240
Less provision for impairment - sundry debts	503	308	485	252
Current debtors & other receivables	33,301	38,422	32,715	37,728

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 2014 and 2013, 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. The ageing profile of debtors and other receivables at year end is detailed below:

	2014			2013		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
Council						
Not past due	883	0	883	4,179	0	4,179
Past due 1 – 60 days	22,216	5,905	16,311	20,869	5,393	15,476
Past due 61 – 90 days	44	0	44	605	0	605
Past due over 90 days	36,000	20,523	15,477	33,569	16,099	17,470
Total	59,143	26,428	32,715	59,221	21,492	37,728
Group						
Not past due	1,259	0	1,259	4,559	0	4,559
Past due 1 – 60 days	22,272	5,905	16,367	21,024	5,394	15,630
Past due 61 – 90 days	70	0	70	631	2	629
Past due over 90 days	36,146	20,541	15,605	33,756	16,152	17,604
Total	59,747	26,446	33,301	59,970	21,548	38,422

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

	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Impairment of rates				
At July	21,240	17,374	21,240	17,374
Additional provisions made during the year	6,322	5,381	6,322	5,381
Receivables written off during period	(1,619)	(1,515)	(1,619)	(1,515)
At 30 June	25,943	21,240	25,943	21,240
Impairment of sundry debts				
At July	309	1,984	252	1,897
Additional provisions made during the year	444	3	421	25
Receivables written off during period	(250)	(1,678)	(188)	(1,670)
At 30 June	503	309	485	252

10. INVENTORIES	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Consumable stocks and materials	135	101	135	101
Marina berths	35	33	0	0
Chandlery and boatyard	33	37	0	0
Total inventories	203	171	135	101

There are no inventory items held for distribution.

11. OTHER FINANCIAL ASSETS	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Current portion				
<i>Loans and receivables</i>				
Short term deposits maturity 4 - 12 months	4,176	3,185	4,176	3,185
Total current portion	4,176	3,185	4,176	3,185
Non current portion				
<i>Fair value through equity</i>				
LGNZ Shares	96	101	96	101
LGFA Borrower notes at cost – May 2013	160	160	160	160
Total non current portion	256	261	256	261

There were no impairment provisions for other financial assets.

Council holds 85,440 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	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
<i>Loans and receivables</i>				
Short term loan 4 - 12 months	0	0	0	0
Short term deposits 4 - 12 months	4,176	3,185	4,176	3,185
Maturing within 4 - 12 months	4,176	3,185	4,176	3,185



12. PROPERTY, PLANT & EQUIPMENT – COUNCIL		Accumulated depreciation and impairment charges		Current year		Current year		Current year		Current year		Revaluation surplus/ (deficit)		Cost/ revaluation 30 June-14		Accumulated depreciation and impairment charges 30 June-14		Carrying amount 30 June-14	
		30-June-13		30-June-13		30-June-13		30-June-13		30-June-13		30-June-14		30-June-14		30-June-14		30-June-14	
		Cost / revaluation 30-June-13	Carrying amount 30-June-13	Current year additions	Current year vested assets	Current year disposals	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus/ (deficit)	Cost/ revaluation 30 June-14	Accumulated depreciation and impairment charges 30 June-14	Carrying amount 30 June-14						
Land		358,857	(1) 358,856	375	873	0	0	0	0	0	360,104	0	360,104						
Vehicles & plant		5,112	(1,248) 3,864	744	0	(178)	(617)	(274)	0	17	4,402	(845)	3,556						
Leasehold improvements		2,587	(1,443) 1,144	103	0	(357)	0	(141)	772	0	2,276	(755)	1,520						
Wharves, ramps, moorings		5,073	0 5,073	8	0	(10)	0	(431)	0	(57)	4,584	0	4,584						
F&F and office equipment		6,440	(751) 5,689	182	19	(102)	0	(748)	24	0	6,575	(1,511)	5,064						
Information systems		2,946	(2,355) 591	482	0	(20)	0	(191)	0	0	2,476	(1,614)	862						
*Work in progress		125	0 125	1,078	0	(1,166)	0	0	0	0	37	0	37						
Total operational assets		381,139	(5,797) 375,342	2,972	892	(1,833)	(617)	(1,785)	796	(40)	380,453	(4,725)	375,727						
Roading & footpaths		931,196	(668) 930,528	19,908	0	(1,793)	0	(15,720)	66	21,687	955,645	(970)	954,675						
Water – treatment plants & facilities		22,211	(1,061) 21,150	858	0	(82)	0	(1,134)	0	(671)	20,138	(18)	20,120						
Water - other		39,233	(1,172) 38,061	387	20	(24)	0	(1,187)	0	4,761	42,018	0	42,018						
Sewerage – treatment plants & facilities		31,242	(1,977) 29,265	6,443	0	(70)	0	(2,179)	5	445	33,907	0	33,907						
Sewerage - other		66,939	(1,419) 65,524	2,870	5	(85)	0	(1,428)	(41)	583	67,428	0	67,428						
Refuse		4,130	0 4,130	104	0	(16)	0	(454)	0	16	4,154	(374)	3,780						
Stormwater		48,495	0 48,495	183	0	0	0	(647)	0	0	48,678	(647)	48,031						
Community facilities		43,801	(498) 43,303	1,349	186	(163)	0	(3,078)	(802)	0	45,100	(4,305)	40,795						
Work in progress		18,306	0 18,306	21,022	0	(32,997)	0	0	(259)	0	6,072	0	6,072						
Total infrastructural assets		1,205,553	(6,794) 1,198,761	53,124	211	(35,230)	0	(25,826)	(1,031)	26,821	1,223,141	(6,315)	1,216,826						
Council restricted assets		26,004	0 26,004	0	0	0	0	0	0	0	26,004	0	26,004						
Total restricted assets		26,004	0 26,004	0	0	0	0	0	0	0	26,004	0	26,004						
Total property, plant & equipment		1,612,699	(12,590) 1,600,106	56,096	1,103	(37,063)	(617)	(27,611)	(235)	26,781	1,603,594	(11,040)	1,618,555						

12. PROPERTY, PLANT & EQUIPMENT – COUNCIL

2013

	Cost / revaluation 1-Jul-12	Accumulated depreciation and impairment charges 1-Jul-12	Carrying amount 1-Jul-12	Current year additions	Current year vested assets	Current year disposals	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus/ (deficit)	Cost/ revaluation 30 June-13	Accumulated depreciation and impairment charges 30 June-13	Carrying amount 30 June-13
Land	393,636	0	393,636	127	722	(20)	0	0	(1,526)	(34,082)	358,857	(1)	358,857
Vehicles & plant	5,180	(1,272)	3,908	385	84	(192)	0	(322)	0	0	5,112	(1,248)	3,864
Leasehold improvements	3,595	(1,376)	2,219	94	0	0	0	(387)	(1,123)	339	2,587	(1,443)	1,144
Wharves, ramps, moorings	4,805	0	4,805	341	0	(9)	0	(442)	0	377	5,073	0	5,073
F&F and office equipment	5,230	(1,453)	3,776	270	0	(20)	0	(457)	76	2,044	6,440	(751)	5,689
Information systems	3,019	(2,390)	629	190	0	0	0	(228)	0	0	2,946	(2,355)	591
*Work in progress	437	0	437	668	0	(979)	0	0	0	0	125	0	125
Total operational assets	415,902	(6,491)	409,409	2,075	806	(1,220)	0	(1,836)	(2,573)	(31,322)	381,139	(5,797)	375,342
Roading & footpaths	916,740	(999)	915,741	13,485	964	(164)	0	(15,639)	(38)	16,180	931,196	(669)	930,528
Water – treatment plants & facilities	21,271	(11)	21,259	976	0	(69)	0	(1,058)	41	0	22,211	(1,060)	21,150
Water - other	38,319	0	38,319	928	94	(100)	0	(1,180)	0	0	39,233	(1,171)	38,061
Sewerage – treatment plants & facilities	29,198	0	29,198	2,189	87	216)	0	(1,994)	0	0	31,242	(1,977)	29,263
Sewerage - other	66,467	0	66,467	188	344	(97)	0	(1,419)	39	0	66,939	(1,419)	65,523
Refuse	4,676	(479)	4,198	224	0	(14)	0	(549)	0	272	4,130	0	4,130
Stormwater	49,095	(1,248)	47,847	531	357	(54)	0	(659)	(42)	515	38,495	0	48,495
Community facilities	41,320	(3,171)	38,149	1,229	0	(324)	0	(2,783)	2,572	4,461	43,801	(499)	43,303
Work in progress	12,963	0	12,963	29,386	0	(23,479)	0	0	(566)	0	18,306	0	18,306
Total infrastructural assets	1,180,049	(5,908)	1,174,142	49,136	1,846	(24,517)	0	(25,282)	2,007	21,427	1,205,553	(6,794)	1,198,766
Council restricted assets													
Land	44,775	0	44,775	0	0	0	0	0	0	(18,771)	26,004	0	26,004
Total restricted assets	44,775	0	44,775	0	0	0	0	0	0	(18,771)	26,004	0	26,004
Total property, plant & equipment	1,640,726	(12,399)	1,628,325	51,211	2,652	(25,736)	0	(27,118)	(566)	(28,666)	1,612,699	(12,590)	1,600,106



2014

12. PROPERTY, PLANT & EQUIPMENT - CONSOLIDATED		Accumulated depreciation and impairment charges		Carrying amount		Cost / revaluation		Revaluation surplus/ (deficit)		Current year adjustments		Current year depreciation		Current year impairment charges		Current year disposals		Current year vested assets		Current year additions		Carrying amount		Accumulated depreciation and impairment charges		Carrying amount		
		30-June-13		30-June-13		30-June-13																30-June-14		30-June-14		30-June-14		
Land	365,499	(1)	365,498	375	873	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	366,735	0	366,735	
Buildings	12,568	0	12,568	43	0	0	0	(347)	189	0	0	(347)	0	0	0	0	0	0	0	0	0	0	0	(585)	12,454	(585)	12,454	
Vehicles & plant	6,017	(1,972)	4,045	810	0	(178)	(618)	(337)	17	0	0	(337)	0	0	0	0	0	0	0	0	0	0	0	(1,617)	3,739	(1,617)	3,739	
Leasehold improvements	2,659	(1,470)	1,189	103	0	(357)	0	(143)	0	772	0	(143)	0	0	0	0	0	0	0	0	0	0	0	(782)	1,564	(782)	1,564	
Wharves, ramps, moorings	6,460	(22)	6,438	315	0	(27)	0	(482)	(27)	(35)	0	(482)	0	0	0	0	0	0	0	0	0	0	0	(27)	6,182	(27)	6,182	
F & F and office equipment	9,950	(1,311)	8,639	205	19	(103)	1	(1,045)	0	23	0	(1,045)	0	0	0	0	0	0	0	0	0	0	0	(2,676)	7,740	(2,676)	7,740	
Information systems	2,946	(2,355)	591	482	0	(20)	0	(191)	0	0	0	(191)	0	0	0	0	0	0	0	0	0	0	0	(1,614)	862	(1,614)	862	
Runways	2,364	0	2,364	26	0	0	0	(99)	43	0	0	(99)	0	0	0	0	0	0	0	0	0	0	0	0	2,334	0	2,334	
Boat transporters	461	(106)	355	0	0	0	0	(24)	0	0	0	(24)	0	0	0	0	0	0	0	0	0	0	0	(118)	331	(118)	331	
Site works	21	0	21	0	0	0	0	(2)	0	0	0	(2)	0	0	0	0	0	0	0	0	0	0	0	(13)	19	(13)	19	
Heritage assets	778	0	778	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	799	0	799	
Work in progress	126	0	126	1,078	0	(1,166)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	38	0	38	
Total operational assets	409,849	(7,237)	402,612	3,458	892	(1,851)	(617)	(2,670)	210	761	(2,670)	(617)	(2,670)	210	761	(2,670)	(617)	(2,670)	210	761	(2,670)	(617)	(2,670)	(7,432)	402,797	(7,432)	402,797	
Roading & footpaths	931,196	(668)	930,528	19,908	0	(1,793)	0	(15,720)	21,687	56	0	(15,720)	0	0	0	0	0	0	0	0	0	0	0	(970)	945,665	(970)	945,665	
Water - treatment plants & facilities	22,211	(1,061)	21,150	858	0	(82)	0	(1,134)	(671)	0	0	(1,134)	0	0	0	0	0	0	0	0	0	0	0	(16)	20,120	(16)	20,120	
Water - other	39,233	(1,172)	38,061	387	20	(24)	0	(1,187)	4,761	0	0	(1,187)	0	0	0	0	0	0	0	0	0	0	0	0	42,018	0	42,018	
Sewerage - treatment plants & facilities	31,242	(1,977)	29,265	6,443	0	(70)	0	(2,179)	445	5	0	(2,179)	0	0	0	0	0	0	0	0	0	0	0	0	33,907	0	33,907	
Sewerage - other	66,939	(1,419)	65,520	2,870	5	(85)	0	(1,428)	583	(41)	0	(1,428)	0	0	0	0	0	0	0	0	0	0	0	0	67,428	0	67,428	
Refuse	4,130	0	4,130	104	0	(16)	0	(454)	16	0	0	(454)	0	0	0	0	0	0	0	0	0	0	0	(374)	3,780	(374)	3,780	
Stormwater	48,495	0	48,495	183	0	0	0	(647)	0	0	0	(647)	0	0	0	0	0	0	0	0	0	0	0	(647)	48,031	(647)	48,031	
Community facilities	43,801	(498)	43,303	1,349	186	(163)	0	(3,078)	0	(905)	0	(3,078)	0	0	0	0	0	0	0	0	0	0	0	(4,305)	40,692	(4,305)	40,692	
Work in progress	18,304	0	18,304	21,022	0	(32,977)	0	0	0	(259)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,072	0	6,072	
Total infrastructural assets	1,205,553	(6,793)	1,198,762	53,124	211	(35,230)	0	(25,826)	26,821	(1,144)	(25,826)	(617)	(25,826)	26,821	(1,144)	(25,826)	(617)	(25,826)	26,821	(1,144)	(25,826)	(617)	(6,314)	1,216,713	(6,314)	1,216,713		
Council restricted assets																												
Land	26,004	0	26,004	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	26,004	0	26,004
Total restricted assets	26,004	0	26,004	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	26,004	0	26,004	
Total property, plant & equipment	1,641,406	(14,030)	1,627,376	56,582	1,103	(37,081)	(617)	(28,496)	27,031	(383)	(28,496)	(617)	(28,496)	27,031	(383)	(28,496)	(617)	(28,496)	27,031	(383)	(28,496)	(617)	(13,746)	1,645,513	(13,746)	1,645,513		

12. PROPERTY, PLANT & EQUIPMENT – CONSOLIDATED											2013		
	Cost / revaluation 1-Jul-12	Accumulated depreciation and impairment charges 1-Jul-12	Carrying amount 1-Jul-12	Current year additions	Current year vested assets	Current year disposals	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surpluses/ (deficit)	Cost/ revaluation 30 June-13	Accumulated depreciation and impairment charges 30 June-13	Carrying amount 30 June-13
Land	400,149	0	400,149	849	0	(20)	0	0	(1,526)	(33,956)	365,497	(1)	365,496
Buildings	13,049	(113)	12,936	672	0	0	0	(342)	(830)	132	12,568	0	12,568
Vehicles & plant	6,031	(1,954)	4,077	550	0	(192)	0	(390)	0	0	6,017	(1,972)	4,045
Leasehold improvements	3,649	(1,400)	2,249	112	0	0	0	(388)	(1,123)	339	2,659	(1,470)	1,189
Wharves, ramps, moorings	6,228	(17)	6,211	358	0	(9)	0	(485)	0	363	6,460	(22)	6,438
F&F and office equipment	7,536	(2,025)	5,511	465	0	(20)	0	(755)	1,394	2,044	9,950	(1,311)	8,639
Information systems	3,019	(2,390)	629	190	0	0	0	(228)	0	0	2,946	(2,355)	591
Runways	2,463	0	2,463	0	0	0	0	(99)	0	0	2,364	0	2,364
Boat transporters	461	(82)	379	0	0	0	0	(24)	0	0	461	(106)	355
Site works	521	(10)	511	0	0	0	0	(1)	(489)	0	21	0	21
Heritage assets	717	0	717	61	0	0	0	0	0	0	778	0	778
Work in progress	437	0	437	668	0	(979)	0	0	0	0	126	0	126
Total operational assets	444,260	(7,991)	436,269	3,925	0	(1,220)	0	(2,712)	(2,574)	(31,078)	409,847	(7,237)	402,610
Roading & footpaths	916,740	(999)	915,741	13485	964	(164)	0	(15,639)	(38)	16,180	931,199	(669)	930,530
Water – treatment plants & facilities	21,271	(11)	21,260	976	0	(69)	0	(1,058)	41	0	22,210	(1,060)	21,150
Water - other	38,319	0	38,319	928	94	(100)	0	(1,180)	0	0	39,232	0	39,232
Sewerage – treatment plants & facilities	29,198	0	29,198	2,189	87	216	0	(1,994)	0	0	31,242	(1,977)	29,263
Sewerage - other	66,467	0	66,467	188	344	(97)	0	(1,419)	39	0	66,939	(1,419)	65,523
Refuse	4,676	(478)	4,198	224	0	(14)	0	(549)	0	272	4,130	0	4,130
Stormwater	49,095	(1,248)	47,847	888	0	(54)	0	(659)	(42)	515	48,495	0	48,495
Community facilities	41,320	(3,171)	38,149	1,229	0	(324)	0	(2,783)	2,572	4,461	43,803	(499)	43,304
Work in progress	12,963	0	12,963	29,386	0	(23,479)	0	0	(566)	0	18,304	0	18,304
Total infrastructural assets	1,180,049	(5,907)	1,174,142	50,983	1,846	(24,517)	0	(25,282)	2,007	21,427	1,205,555	(6,794)	1,198,761
Council restricted assets													
Land	44,775	0	44,775	0	0	0	0	0	0	(18,771)	26,004	0	26,004
Total restricted assets	44,775	0	44,775	0	0	0	0	0	0	(18,771)	26,004	0	26,004
Total property, plant & equipment	1,669,084	(13,897)	1,656,187	54,908	1,846	(25,737)	0	(27,993)	(568)	(28,421)	1,641,406	(14,030)	1,627,376



VALUATION

* Note to table 12, page 57 - Includes work in progress (WIP) for intangible assets \$0.255m (\$0.367m 2012/13)

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 2013. Plant Assets such as pool plant and the sewerage treatment assets at the Houhora camping ground were valued by AECOM as these were considered to be specialised in nature.

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 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.
- Economic lives have been adopted taking into consideration the Far North District Councils replacement / maintenance plans.

The Councils residential buildings (Housing for the elderly) has 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, refuse, 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 and water valuations (excluding land) have an effective date as at 30 June 2014. The stormwater valuations and some of the smaller roading asset classes have an effective date as at 30 June 2013. The larger roading asset classes such as pavement, drainage and bridges have an effective date as at 30 June 2014. Refuse is valued at depreciated replacement cost by Fraser Campbell of Campbell Consulting and SPM Consultants. Refuse valuations have an effective date as at 30 June 2013.

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.
- 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 2012.

Maritime assets:

Maritime assets were valued at depreciated replacement cost by Telfer Young (Northland) Ltd. The last valuation was effective as at 30 June 2014. 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.
- 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 and an updated condition report in May 2014. In addition work has been carried out by asset managers within FNDC and this advice has also been incorporated into the valuation.

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 March 2013.

Operational Assets:

Ferry assets were valued at depreciated replacement cost by emtech, engineering and marine consultants, effective as at 30 June 2014.

Rural Fire Appliances were valued by Turners Auctions as at 30 June 2011. These assets have subsequently been fully impaired as at 30 June 2014 as they are due to be transferred to the Northern Rural Fire Authority as at 1 September 2014.

Disposals

The majority of disposals were carried out during the year as part of the Council on-going renewal programmes. Other disposals include:

- The Hokianga i-Site as this has now been transferred to Far North Holdings Limited
- Awanui Sewerage Pump Stations and Treatment Plant as a result of the construction of a new low pressure sewer system
- Obsolete IT equipment as advised by the IT department following the desktop replacement program.

Work In Progress

The total amount of property, plant and equipment in the course of construction is \$6,098,396 (2013 \$18,391,000)



**TOTAL VALUE OF PROPERTY, PLANT & EQUIPMENT
- VALUED BY EACH VALUER**

	COUNCIL	
	2014 \$000s	2013 \$000s
Campbell Consulting Ltd	1,086,172	968,859
SPM Consulting (peer review)	0	2,675
Opus International Consultants Ltd	0	2,356
Telfer Young (Northland) Ltd	4,790	5,270
Emtech	2,500	0
Quotable Value	0	419,813

**TOTAL VALUE OF PROPERTY, PLANT & EQUIPMENT
- VALUED BY EACH VALUER**

	COUNCIL	
	2014 \$000s	2013 \$000s
Campbell Consulting Ltd	1,086,172	968,859
SPM Consulting (peer review)	0	2,675
Opus International Consultants Ltd	0	2,356
Telfer Young (Northland) Ltd	57,165	56,372
Emtech	2,500	0
Quotable Value	0	419,813

Category	Asset Class	Most recent estimate of replacement cost	Date of estimate
Roading & footpaths	Footpaths	13,253	30 June 2013
	Roading pavement, walls, drainage, bridges, traffic services.	923,479	30 June 2014
	Roading streetlights, quarries	4,771	30 June 2013
	Roading road marking	1,379	30 June 2012
Water – treatment plants & facilities		19,817	30 June 2014
Water – other		41,706	30 June 2014
Sewerage – treatment plants & facilities		33,765	30 June 2014
Sewerage – other		67,405	30 June 2014
Stormwater		48,257	30 June 2013

13. INTANGIBLE ASSETS	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Computer software				
Balance at 1 July				
Cost	5,251	4,892	5,221	4,862
Accumulated amortisation and impairment	(3,469)	(2,951)	(3,439)	(2,921)
Year ended 30 June	1,782	1,941	1,782	1,941
Opening carrying amount	1,782	1,941	1,782	1,941
Additions	162	399	39	399
Amortisation charges	(591)	(558)	(585)	(558)
Balance at 30 June	1,353	1,782	1,236	1,782
Resource consents / easements				
Balance at 1 July				
Cost	4,254	1,682	4,254	1,682
Accumulated amortisation and impairment	(383)	(241)	(383)	(241)
Year ended 30 June	3,871	1,441	3,871	1,441
Opening carrying amount	3,871	1,441	3,871	1,441
Additions	131	2,601	131	2,601
Amortisation charges	(257)	(161)	(257)	(161)
Disposals / adjustments	0	(10)	0	(10)
Balance at 30 June	3,745	3,871	3,745	3,871
Coastal permits & licences	0	1,028	0	0
Goodwill				
Balance 1 July	201	0	0	0
Additions	0	201	0	0
Balance 30 June	201	201	0	0
Public access rights				
Balance at 1 July				
Cost	1,071	1,071	9,641	9,341
Accumulated amortisation and impairment	(372)	(122)	(372)	(122)
Year ended 30 June	699	0	9,269	0
Opening carrying amount	699	949	9,269	9,219
Additions	0	0	0	300
Amortisation charges	(76)	(250)	(253)	(250)
Disposals / adjustments	0	0	0	0
Balance at 30 June	623	699	9,016	9,269
Total intangible assets	5,922	7,581	13,997	14,922

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.

For the year 2014, coastal permits and licences are no longer classified as intangible assets but are now included in the asset category to which the permit or licence applies.

Emissions Trading Scheme - Owners of pre-1990 forests may opt to join the Emissions Trading Scheme (ETS) and are allocated New Zealand Units (NZU's) based on the size of the forested area in tree tranches. Pre-1990 forests are forests that were established before 1 January 1990. NZU's cannot be earned for an increase in carbon stock (through forest growth) in a pre-1990 forest, but, provided that pre-1990 forests are re-established after harvesting (either by replanting or regeneration) there are no liabilities or obligations under ETS. However, land owners must surrender NZU's equivalent to the carbon emissions from any deforestation.

Far North District Council were allocated NZU's relating to 37.7 ha of forested land. These are deemed to have no value at this time.



14. DEPRECIATION & AMORTISATION EXPENSE BY ACTIVITY	COUNCIL	
	2014 \$'000s	2013 \$'000s
Directly attributable depreciation & amortisation by activity		
District facilities	4,360	4,030
Environmental management	52	48
Governance & strategy	4	8
Roading & footpaths	15,877	15,855
Sewerage treatment & disposal	3,776	3,522
Stormwater drainage	654	691
Waste management	455	549
Water supply	2,401	2,282
Total depreciation & amortisation attributable to activities	27,579	26,986

The figures shown in terms of depreciation and amortisation do not agree to the totals shown in notes 12 and 13 by \$1,126k as the depreciation on corporate activities is allocated directly to activities.

15. INTEREST EXPENSE BY ACTIVITY	COUNCIL	
	2014 \$'000s	2013 \$'000s
Directly attributable interest by activity		
District facilities	667	675
Environmental management	22	20
Governance & strategy	564	565
Roading & footpaths	700	673
Sewerage treatment & disposal	1,339	1,320
Stormwater drainage	246	263
Waste management	283	304
Water supply	626	633
Total interest attributable to activities	4,446	4,453

16. RECONCILIATION OF REVALUATION RESERVES	2014 \$'000s
Revaluation surplus reconciliation	
Reported in property, plant & equipment (note 12)	26,781
Reported in intangible assets (note 13)	0
Total reported revaluation reserves	26,781
Reported movement in revaluation reserves (note 24)	27,582
Difference in revaluation reserves reported	(801)
Reconciliation:	
Prior year adjustment	352
Loss on revaluation of roading bridges – directly to Statement of Comprehensive Income	(4,458)
Adjustment of revaluation reserves for disposal	3,305
Total reconciling items	(801)

17. FORESTRY ASSETS	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Balance at 1 July	480	480	480	480
Gains/(losses) arising from changes in value less attributable point of sales costs	3	0	3	0
Balance at 30 June	483	480	483	480

Far North District Council owns 57.4 hectares of forest which are in varying stages of maturity ranging from 2 years to 28 years. No forests have been harvested during the period (2013 - nil). Independent registered valuers, Chandler Fraser Keating Ltd have valued the forestry assets as at 30 June 2014. 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.

18. INVESTMENT PROPERTY	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Balance at 1 July	36,084	32,263	0	0
WIP additions	381	108	0	0
WIP transfers	(146)	0	0	0
Additions	1,793	1,057	0	0
Disposals	0	(162)	0	0
Donated asset	400	0	0	0
Fair value gains/(losses) on valuation	175	2,818	0	0
Balance at 30 June	38,687	36,084	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	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Rental income	2,123	2,116	0	0
Expenses from investment property generating income	1,149	908	0	0
Expenses from investment property not generating income	19	26	0	0



19. INVESTMENT IN SUBSIDIARIES	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$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.

20. CREDITORS & OTHER PAYABLES	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Current portion				
Creditors	3,509	6,398	2,625	4,868
Related party payables	96	236	0	0
Accruals	8,299	10,033	8,396	10,033
Deposits	7,162	5,375	7,162	5,375
Income in advance	3,227	2,841	3,159	2,841
Total current portion	22,293	24,883	21,342	23,117
Non current portion				
Income in advance	1,110	1,163	0	0
Total non current portion	1,110	1,163	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.

21. PROVISIONS	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Provision for weather-tight homes				
Current	0	0	0	0
Non current	2,010	875	2,010	875
Total provision weather-tight homes	2,010	875	2,010	875
Balance 1 July	875	910	875	910
Provision added	1,765	60	1,765	60
Provision unused	0	(5)	0	(5)
Provision utilised	(630)	(89)	(630)	(89)
Balance 30 June	2,010	875	2,010	875
Provision for building related claims				
Current	125	0	125	0
Non current	0	0	0	0
Total provision building related claims	125	0	125	0
Balance 1 July	0	0	0	0
Provision added	125	0	125	0
Provision unused	0	0	0	0
Provision utilised	0	0	0	0
Balance 30 June	125	0	125	0
Landfill aftercare liability				
Current provisions	46	46	46	46
Non current provisions	329	388	329	388
Total provisions	375	434	375	434
This is represented by:				
Ahipara				
Opening balance July 2012	219	229	229	229
Plus provision added	0	0	0	0
Less amount utilised	59	10	59	10
Closing balance June 2013	160	219	160	219
Kaikohe				
Opening balance July 2012	9	10	9	10
Less amount utilised	1	1	1	1
Closing balance June 2013	8	9	8	9
Russell				
Opening balance July 2012	186	186	186	186
Closing balance June 2013	186	186	186	186
Whangae				
Opening balance July 2012	22	23	22	23
Less amount utilised	0	1	0	1
Closing balance June 2013	22	22	22	22
Total landfill aftercare provisions	375	434	375	434
Total current provisions	46	46	46	46
Total non current provisions	2,464	1,263	2,464	1,263
Total provisions	2,510	1,309	2,510	1,309



Landfill Aftercare Provisions

Far North District Council gained resource consents to operate landfills at Ahipara, Russell, Whangae and Kaikohe. The 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 2 current sites as at 30 June 2014 are:

Ahipara – 4,000 cubic meters

Russell – 14,000 cubic meters

The estimated remaining lives are:

Ahipara – 1 years

Kaikohe – nil

Russell – 22 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 2013 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 \$2,010,036 (2013 - \$875,037) in response to 7 (2013 – 7) 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.

22. EMPLOYEE BENEFITS	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Accrued pay	436	481	380	436
Annual leave entitlement	1,338	1,282	1,220	1,174
Other entitlements	173	187	173	187
Total employee benefits	1,947	1,950	1,773	1,798
Comprising				
Current	1,947	1,950	1,773	1,798
Non current	0	0	0	0
Total employee benefits	1,947	1,950	1,773	1,798

23. BORROWINGS	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Current				
Bank overdraft	48	0	0	0
Secured loans	12,013	18,032	12,013	18,032
Finance lease liability	0	0	0	0
Total current borrowings	12,061	18,032	12,013	18,032
Non current				
Secured loans	70,788	82,130	59,548	71,590
Finance lease liability	0	0	0	0
Total non current borrowings	70,788	82,130	59,548	71,590

Council loans are secured over rating income. Far North Holdings Limited has loans of \$11,240,000 (2013 - \$10,350,000). Land and buildings to a value of \$23,855,000 (\$18,217,000 in 2013) have been given as security for the term loans. Far North District Council has an overdraft limit of \$3 million (2013 - \$3m) which is not secured.

Far North District Council has a short term loan facilities of \$30 million as at 30 June 2014 (2013- \$50 million).

Maturity periods

Payable no later than 1 year	12,061	18,032	12,013	18,032
Later than 1, not later than 2 years	16,249	22,565	5,008	12,025
Later than 2, not later than 5 years	38,039	43,065	38,039	43,065
Later than 5 years	16,500	16,500	16,500	16,500
	82,849	100,162	71,560	89,622

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	5.74%	6.29%
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Council's borrowing management policy is based on ratios and is calculated as follows:

Ratio	Target	Achievement 2013/14
Net debt as % total revenue	Debt not greater than 175% of revenue	72%
Gross annual interest to total revenue	Less than 20%	5%
Current ratio (liquidity ratio)	Equal or greater than 110%	1.46:1



24. EQUITY	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Retained earnings				
As at 1 July	1,323,621	1,314,292	1,298,473	1,291,886
Transfer to retained reserves	24,277	22,386	23,985	21,737
Transfer from retained reserves	(22,087)	(21,807)	(22,087)	(21,807)
Surplus / (deficit) for the year	(1,388)	8,750	(2,285)	6,657
Balance as at 30 June	1,324,424	1,323,621	1,298,086	1,298,473
Restricted reserves				
As at 1 July	4,011	2,975	2,508	1,472
Transfer to restricted reserves	36,249	39,355	34,745	37,852
Transfer from restricted reserves	(34,861)	(38,319)	(33,358)	(36,816)
Balance as at 30 June	5,399	4,011	3,896	2,508
Restricted reserves consists of:				
Community – district	(931)	(835)	(931)	(835)
Drainage	101	87	101	87
Stormwater separate rate	1,347	957	1,347	957
Sewerage	1,198	217	1,198	217
Water	(2,744)	(2,910)	(2,744)	(2,910)
Special funds	3,993	4,062	3,993	4,062
Kerikeri main street reserve	341	322	341	322
Economic development	10	10	10	10
Paihia central business district development	3	40	3	40
Kaitaia BID	14	0	14	0
Tanekaha Lane Improvements	6	0	6	0
BOI-Whangaroa community reserve	105	105	105	105
Te Hiku community reserve	72	72	72	72
Kaikohe-Hokianga community reserve	57	57	57	57
Carpark funds	324	324	324	324
Subsidiary assets	1,503	1,503	0	0
Total restricted reserves	5,399	4,011	3,896	2,508
Other reserves consist of:				
Asset revaluation reserves				
As at 1 July	259,917	279,312	253,302	272,399
Revaluation gains / (losses)	27,622	(19,361)	27,582	(19,097)
Balance as at 30 June	287,698	259,917	280,884	253,302
Asset revaluation reserve consists of:				
Maritime	2,762	2,820	2,762	2,820
Pensioner housing	1,602	1,631	1,602	1,631
Heritage	366	366	366	366
Halls	2,215	2,251	2,215	2,251
Swimming pools	175	175	175	175

24. EQUITY	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Parks & reserves	4,682	4,740	4,682	4,740
Cemeteries	219	224	219	224
Public toilets	391	420	391	420
Carparks	648	651	648	651
Camping grounds	309	310	309	310
Footpaths	1,817	1,676	1,817	1,826
Library buildings	2,154	2,221	2,154	2,221
Library books	1,041	1,332	1,041	1,332
Drainage	12,551	12,551	12,551	12,551
Roading	206,889	183,068	206,889	183,068
Refuse	1,860	1,855	1,860	1,855
Water	19,709	15,762	19,709	15,762
Wastewater	21,494	21,099	21,494	21,099
Subsidiary assets	6,655	6,615	0	0
Total asset revaluation reserve	287,539	259,917	280,884	253,302
Fair value through equity reserve LGNZ shares revaluation movements				
As at 1 July	56	46	56	46
Fair value gains/(losses)	(5)	10	(5)	10
Total LGNZ shares valuation reserve	51	56	51	56
Cash flow hedge equity reserve				
As at 1 July	(14)	(731)	(14)	(731)
Fair value gains/(losses)	799	717	799	717
Balance 30 June	785	(14)	785	(14)
Capital reserve				
As at 1 July	0	0	2,697	2,697
Balance as at 30 June	0	0	2,697	2,697
Total other reserves	288,375	259,949	284,417	256,041

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.



25. CASH FLOW RECONCILIATION	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Reported surplus / (deficit)	(1,388)	4,156	(2,285)	7,087
Add non cash items				
Depreciation and amortisation	29,609	28,541	28,716	28,087
Vested assets	(1,464)	(2,652)	(1,064)	(2,652)
Change in deferred taxation	73	15	0	0
Loss on property, plant & equipment	2,762	1,133	2,762	1,133
Unrealised revaluation and devaluation	4,629	13,341	4,455	10,546
Impairment of capital assets	717	0	617	0
Add/(less) movements in other working capital items				
(Increase) / decrease in debtors & other receivables	5,121	(5,551)	5,013	(5,260)
(Increase) / decrease in inventories	(32)	3	(34)	(3)
Increase / (decrease) in provisions	1,199	(56)	1,199	(56)
Increase / (decrease) in employee benefits	(4)	174	(25)	135
Increase / (decrease) in trade & other payables	(2,590)	5,311	(1,775)	4,672
Increase / (decrease) in derivative financial instruments	10	0	10	0
Items classed as investing activities	714	359	1,066	(279)
Net operating cash flows	39,356	44,774	38,655	43,413

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

26. CAPITAL COMMITMENTS	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Capital commitments approved and contracted				
Roading	0	23	0	23
Sewerage	0	434	0	434
Water (Sweetwater land)	0	250	0	250
Governance and Strategy	0	678	0	678
Community facilities	23	0	23	0
Total capital commitments	23	1,385	23	1,385

There are no Rooding commitments attracting subsidy in 2013/14 (2013 - \$13k).

NON-CANCELLABLE OPERATING LEASE COMMITMENTS

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

	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Operating leases				
Lease payments made:	461	487	399	450
Lease payments due:				
Not later than 1 year	358	359	284	282
Later than 1 year and not later than 2 years	228	244	174	170
Later than 2 years and not later than 5 years	392	242	296	126
Later than 5 years	641	791	127	219
Total operating leases	1,619	1,636	881	797

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	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Non-cancellable operating leases lessor				
Not later than 1 year	1,812	1,753	233	248
Later than 1 and not later than 5 years	2,957	4,979	709	777
Later than 5 years	1,886	2,618	1,608	1,764
Total non cancellable operating leases	6,655	9,350	2,550	2,790

27. CONTINGENCIES

	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Building Act claims	30	0	30	0
Weather-tight home calls – Riskpool	150	0	150	0
Other legal proceedings	147	122	147	122
Roading legalisation claims	50	50	50	50
Total contingent liabilities	377	172	377	172

Litigation

There are 16 claims involving possible future costs totalling an estimated value of \$377,000 exist. These claims are contingent and have not been accrued in the financial statements. (Last year there were 11 possible claims at an estimated value of \$172,000).

The Council is subject to some claims in respect of repair costs for weather-tight homes. As at the date of this report, the Weather-tight Homes Resolution Service advises that it is actioning 3 claims in relation to Far North District Council. Council has recognized a provision for these of \$2,010,000 refer to Note 21. 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.

Guarantees

Far North District Council has guaranteed a bank loan for the Civic Centre Trust for \$1,632,246 (2013 \$1,709,603), Hohoura Big Game Sports & Fishing Club \$50,000 (2013 \$50,000) and the Kawakawa Bowling Club of \$40,000 (2013 \$40,000).



28. 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			
	2014	2013	2014	2013
	Expenditure \$000s	\$000s	Revenue \$000s	\$000s
Cllr Kitchen/Macauley – Northland District Health Board	295	295	0	0
Cllr Macauley – Kaikohe & District Historical & Mechanical Society	37	37	0	0
Cllr Macauley/Member Davis – Kawakawa Hundertwasser Centre	20	53	0	0
Cllr Macauley – Palmer Macauley Lawyers	14	14	0	0
Cllr Knight – Kaitaia Business Association	12	50	1	0
Cllr Knight/Cllr Macauley – The Turner Centre	78	3	0	0
Cllr McNally – The Rintoul Group	59	283	1	0
Cllr McNally – Twin Coast Valuations	0	2	0	0
Cllr Court – Top Energy Consumer Trust	668	337	0	0
Member Lugnet – Doubtless Bay Information Centre	10	10	0	0
Member Ward – Paihia Business Incorporated	13	4	0	0
Member Senior – Tiaho Trust	2	0	1	0
Member Clarke – Rawene Community Hall	4	0	0	0
Member Toorenburg – Hokianga Tourism Association	2	0	0	0
Cllr Macauley – Bay of Islands Arts Festival	15	0	0	0
Cllr Kitchen – NZ Fire Service	3	0	13	0
Member Davis – BOI Vintage Railway Trust	40	23	0	0

No other Councillors or senior management have entered into related party transactions with the group.

At reporting date, the sum of \$ 176k was owed to Top Energy, \$0.3k was owed to Paihia Business Association and \$0.7k was owed to The Centre.

KEY MANAGEMENT PERSONNEL COMPENSATION

	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Council – salaries	1,698	1,674	1,698	1,674
Termination benefits	248	0	248	0
Subsidiary - salaries	408	381	0	0
Total salaries - key management personnel	2,354	2,055	1,946	1,674

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 WITH SUBSIDIARIES	COUNCIL	
	2014 \$000s	2013 \$000s
Far North Holdings Ltd		
Services received from Council	366	247
Services provided to Council	934	988
Donated asset	400	0
Amounts receivable from the Council	67	186
Amounts payable to the Council	96	236
Te Ahu Charitable Trust		
Contribution to Te Ahu Charitable Trust.	0	300
Services provided by Te Ahu	31	0
Amounts payable to Council	3	51

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2013 \$nil).

Council has 3 CCOs – 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 \$116k (\$130k June 2013) 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.

29. REMUNERATION	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$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 to December 2013				
Salary	431	291	431	291
Vehicle	7	11	7	11
Acting CEO from January 2014				
Salary	141	0	141	0
Total CEO costs	579	304	579	304



29. REMUNERATION	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Elected representatives:				
Mayor Brown - salary	31	108	31	108
Mayor Brown - vehicle	4	11	4	11
Mayor Carter – salary	86	0	86	0
Mayor Carter - mileage	13	0	13	0
Other elected representatives				
Baker T – salary	12	41	12	41
Baker T – mileage & other expenses	1	2	1	2
Court A– salary	50	52	50	52
Court A– mileage & other expenses	5	5	5	5
Dalton T – salary	12	41	12	41
Dalton T – mileage & other expenses	0	1	0	1
Macauley S – salary	47	42	47	42
Macauley S – mileage & other expenses	1	1	1	1
Kitchen C – salary	41	41	41	41
Kitchen C – mileage & other expenses	3	1	3	1
Maxwell D – salary	47	42	47	42
Maxwell D – mileage & other expenses	5	2	5	2
McNally S – salary	12	41	12	41
McNally S – mileage & other expenses	0	2	0	2
Knight M – salary	12	41	12	41
Knight M – mileage & other expenses	2	5	2	5
Radich M – salary	41	41	41	41
Radich M – mileage & other expenses	5	4	5	4
Prime WJ – salary	28	0	28	0
Prime WJ – mileage & other expenses	1	0	1	0
McInnes T – salary	40	0	40	0
McInnes T – mileage & other expenses	3	0	3	0
Vujcich J – salary	35	0	35	0
Vujcich J – mileage & other expenses	2	0	2	0
Collard D – salary	28	0	28	0
Collard D – mileage & other expenses	4	0	4	0
Total elected representatives	568	524	568	524

29. REMUNERATION	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Elected members				
Te Hiku Community Board				
Alvrez I – salary	7	0	7	0
Bowman D - salary	5	19	5	19
Bowman D – mileage & other expenses	1	3	1	3
Lugnet C - salary	3	10	3	10
Lugnet C – mileage & other expenses	1	2	1	2
Van Der Sluis W – salary	3	10	3	10
Van Der Sluis W– mileage & other expenses	0	1	0	1
Atkinson S – salary	18	14	18	14
Atkinson S – mileage & other expenses	4	2	4	2
Senior D - salary	10	10	10	10
Senior D – mileage & other expenses	2	2	2	2
Smith Y - salary	3	10	3	10
Smith Y – mileage & other expenses	1	2	1	2
Gardner K – salary	7	0	7	0
Gardner K – mileage & other expenses	2	0	2	0
Rae M – salary	4	0	4	0
Rae M – mileage & other expenses	1	0	1	0
Ward M – salary	7	0	7	0
Ward M – mileage & other expenses	1	0	1	0
Kaikohe-Hokianga Community Board				
Stephens W – salary	12	19	12	19
Stephens W – mileage & other expenses	2	4	2	4
Anderson M - salary	0	5	0	5
Anderson M – mileage & other expenses	0	1	0	1
Gundry W - salary	3	10	3	10
Pakai L – salary	3	10	3	10
Pakai L mileage & other expenses	0	1	0	1



29. REMUNERATION	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Cherrington J – salary	3	10	3	10
Cherrington J – mileage & other expenses	0	2	0	2
Schollum J – salary	17	14	17	14
Schollum J – mileage & other expenses	3	2	3	2
Clarke G – salary	10	3	10	3
Clarke G – mileage & other expenses	2	1	2	1
Evans P – salary	7	0	7	0
Evans P – mileage & other expenses	1	0	1	0
Van Gaalen K – salary	7	0	7	0
Toorenborg L – salary	7	0	7	0
Toorenborg L – mileage & other expenses	2	0	2	0
Bay of Islands-Whangaroa Community Board				
Annison F – salary	13	19	13	19
Annison F – mileage & other expenses	1	1	1	1
Brown H - salary	3	10	3	10
Brown H – mileage & other expenses	1	1	1	1
Davis J - salary	3	10	3	10
Davis J – mileage & other expenses	0	1	0	1
Greening T – salary	17	10	17	10
Greening T – mileage & other expenses	3	2	3	2
Mills B – salary	10	10	10	10
Mills B – mileage & other expenses	2	3	2	3
Turner D - salary	10	10	10	10
Turner D – mileage & other expenses	2	2	2	2
Ward B - salary	12	14	12	14
Ward B – mileage & other expenses	2	1	2	1
Robinson M – salary	7	0	7	0
Waikaire M – salary	7	0	7	0
Waikaire M – mileage & other expenses	1	0	1	0
Total community board costs	253	261	253	261
Total remuneration costs	1,400	1,089	1,400	1,089

COUNCIL
2013
\$000s

Total annual remuneration by band of employee as at 30 June

< \$60,000	139
\$60,000 to \$79,999	65
\$80,000 to \$99,999	22
\$100,000 to \$119,999	12
\$120,000 to \$139,999	7
\$140,000 to \$280,000	4
Total employees	249

COUNCIL
2014
\$000s

Total annual remuneration by band of employee as at 30 June

< \$60,000	153
\$60,000 to \$79,999	60
\$80,000 to \$99,999	28
\$100,000 to \$119,999	9
\$120,000 to \$139,999	8
\$140,000 to \$320,000	3
Total employees	261

Total remuneration includes non-financial benefits provided to employees

At balance date, the Council employed 215 (2012/13 - 218) full time employees, with the balance of staff representing 22.355 (2012/13 - 22.7) full time equivalent employees. A full time employee is determined on the basis of a 40 hour week.

30. SEVERANCE PAYMENTS

There were three severance payments made in 2013/14, \$193,846, \$53,504 and \$16,577 (2012/13 - nil).

31. EVENTS AFTER BALANCE SHEET DATE

A weather event occurred in the Far North in early July 2014. This resulted in significant damage to the roading network and the creation of a Mayoral Relief Fund for those affected by flooding and power outages. Far North District Council subsidiaries did not have any events occurring after the balance sheet date that require disclosure in these financial statements (2013 - nil).



32. FINANCIAL INSTRUMENT RISK

	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
32a Financial instrument categories	\$'000s	\$'000s	\$'000s	\$'000s
FINANCIAL ASSETS				
Derivatives that are cash flow hedge accounted				
Derivative financial instrument assets	1,175	726	1,175	726
Total derivatives that are in a cash flow hedge relationship	1,175	726	1,175	726
Loans and receivables				
Cash and cash equivalents	418	4,117	181	3,738
Other financial assets				
Short term deposits	4,176	3,185	4,176	3,185
Debtors and other receivables (excluding prepayments)	32,912	38,422	32,380	37,728
Total loans and receivables	37,506	45,725	36,737	44,652
Fair value through equity				
LGNZ shares	96	101	96	101
LGFA borrower notes	160	160	160	160
Total fair value through equity	256	261	256	261
FINANCIAL LIABILITIES				
Derivatives that are cash flow hedge accounted				
Derivative financial instrument liabilities				
Current	63	53	63	53
Non-current	25	324	25	324
Total derivatives that are in a cash flow hedge relationship	88	377	88	377
Financial liabilities at amortised cost				
Creditors and other payables	17,426	24,883	15,865	23,117
Borrowings				
Bank overdraft	48	0	0	0
Secured loans	82,800	100,163	71,566	89,622
Total financial liabilities at amortised cost	100,274	125,046	87,431	112,739

32B FINANCIAL INSTRUMENT RISKS

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 23. There are 9 interest rate swap agreement in place at 30 June 2014 (2013 - 12). 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 Maori 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.

	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
Maximum exposure to credit risk	\$000s	\$000s	\$000s	\$000s
Cash at bank and term deposits	418	4,117	181	3,738
Debtors and other receivables	32,912	38,422	32,380	37,728
Other financial assets	4,176	3,185	4,176	3,185
LGNZ shares	96	101	96	101
LGFA borrower notes	160	160	160	160
Total credit risk	37,762	45,986	36,993	44,913



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	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and term deposits				
AA-	418	4,117	181	3,738
Total cash at bank and term deposits	418	4,117	181	3,738
Derivative financial assets				
Derivative financial instruments				
AA-	1,087	349	1,087	349
Total Derivative financial assets	1,087	349	10,87	349
Fair value through equity				
A+	256	261	256	261
Total fair value through equity	256	261	256	261

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 Maori 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 (2013- \$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 2014						
Creditors and other payables	15,865	15,865	15,865	0	0	0
Bank overdraft	0	0	0	0	0	0
Net settled derivative liabilities	785	785	0	0	785	0
Secured loans	71,566	83,353	12,309	5,389	43,886	21,769
Finance leases	0	0	0	0	0	0
Total	88,216	100,003	28,174	5,389	44,671	21,769
Group 2014						
Creditors and other payables	17,426	17,426	17,426	0	0	0
Bank overdraft	48	48	48	0	0	0
Net settled derivative liabilities	785	785	0	0	785	0
Secured loans	82,800	94,599	12,313	16,629	43,888	21,769
Finance leases	0	0	0	0	0	0
Total	101,059	112,858	29,787	16,629	44,673	21,769
Council 2013						
Creditors and other payables	23,117	23,117	23,117	0	0	0
Bank overdraft	0	0	0	0	0	0
Net settled derivative liabilities	(14)	(14)	0	0	(14)	0
Secured loans	89,622	106,970	8,330	13,189	62,817	22,634
Finance leases	0	0	0	0	0	0
Total	112,725	130,073	31,447	13,189	62,803	22,634
Group 2013						
Creditors and other payables	24,883	24,883	24,883	0	0	0
Bank overdraft	0	0	0	0	0	0
Net settled derivative liabilities	(14)	(14)	0	0	(14)	0
Secured loans	100,162	117,510	8,330	23,729	62,817	22,634
Finance leases	0	0	0	0	0	0
Total	125,031	142,379	33,213	23,729	62,803	22,634

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	2014	2014	2013	2013
	\$000s	\$000s	\$000s	\$000s
COUNCIL	Profit – 100 bps	Profit + 100 bps	Profit – 100 bps	Profit + 100 bps
Financial assets				
Cash and cash equivalents	6	(6)	2	(2)
Derivative financial assets				
Derivative financial instruments	(1,413)	1,337	(2,363)	2,219
Financial liabilities				
Borrowings				
Credit lines	(51)	51	(51)	51
Total sensitivity to interest rate risk	(1,458)	1,382	(2,412)	2,268

Explanation Of Sensitivity Analysis

1. Cash and cash equivalents

Cash and cash equivalents are \$181,000 (2013 \$3,738,000) which are at a floating rate. A movement of plus or minus 1% has an effect on interest income of \$5,706 (2013 \$2,175)

2. Credit lines

The balance on the credit lines was nil at 30 June (2013 \$10,000,000) at a floating rate. A movement in interest rates of plus or minus 1% has an effect on interest payable of \$51,094 (2013 \$50,659)

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

33. 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.

34. PROPERTY AVAILABLE FOR SALE

Far North District Council has 4 (2013 – 4) parcels of land that will be transferred under an Office of Treaty Settlement agreement at a value of \$610,000. There are an additional 5 (2013 – 3) parcels that have been declared surplus to requirement and marketed for sale and have a market value of \$604,000. Directors of Far North Holdings Limited have initiated a plan to sell 1 property with a total value of \$400,000 (2013 – 1 property \$500,000).

35. DERIVATIVE FINANCIAL INSTRUMENTS	COUNCIL	
	2014 \$000s	2013 \$000s
Non-current asset – cash flow hedge	1,175	726
Current liability – cash flow hedge	(63)	(53)
Non-current liability - cash flow hedge	(25)	(324)
Total derivative financial instrument liabilities	1,087	349

Fair Value

The fair value of the interest rate swap has been determined using discounted cash flow valuation based on quoted market rates. Derivative financial assets and liabilities are valued using valuation techniques using observable inputs, being level two per the fair value hierarchy.

Interest Rate Swap

The notional principal amount of the outstanding interest rate swap contracts with Council was \$45,000,000 (June 2013 \$60,000,000). At June 30 the fixed interest rates of the cash flow hedges ranged from 2.89% to 7.1% with maturity dates ranging from February 2015 to March 2022 (2013 – 2.89% to 7.1%) There was a loss of \$61k recognised in the Statement of Comprehensive Income (2013 gain \$362k).

36. VARIANCES TO ANNUAL PLAN	COUNCIL
	2014 \$000s
Statement of Comprehensive Income	
Annual Plan surplus	6,215
Annual Report surplus	(2,285)
Net operating surplus variance	(8,500)
Variance represented by:	
Variance area	
Rates	8,297
Other	(239)
Total income variance	8,058
District facilities (*)	(2,411)
Environmental management (*)	(3,116)
Governance & strategy (*)	(1,596)
Roading & footpaths (*)	(9,066)
Sewerage treatment & disposal	(345)
Stormwater drainage	550
Waste management	88
Water supply	(661)
Total expenditure variance	(16,557)
Net operating surplus variance	(8,500)

(*) See individual Statement of Service Performance for explanation of each group's variance to Annual Plan.

The variance in rate income of \$8.297m is significantly due to increased penalty rate income that is not budgeted for of \$5.625m. The remaining variance is due to a change in policy concerning Separately Used and Inhabitable Parts (SUIP's) and a budget error concerning water by meter charges, which are now disclosed as fees and charges income.

Council's asset revaluation reserves have increased by \$28 million during the year.



37. FUNDING IMPACT STATEMENT

	Annual plan 2012/13	Actual 2012/13	Annual plan 2013/14	Actual 2013/14
Whole of Council	\$000s	\$000s	\$000s	\$000s
Sources of operational funding				
General rates, uniform annual general charges, rates penalties	45,817	53,451	45,242	51,172
Targeted rates (excluding water supply rates)	22,801	21,339	26,633	27,224
Subsidies and grants for operating purposes	5,621	6,051	5,720	6,278
Fees, charges and targeted water supply rates	15,492	13,063	14,049	13,592
Interest and dividends from investments	399	939	295	821
Local authority fuel tax, fines, infringement fees and other receipts	954	1,214	1,014	1,947
Total operating funding (A)	91,084	96,057	92,952	101,033
Applications of operating funding				
Payments to staff and suppliers	61,152	62,707	61,746	72,279
Finance costs	7,120	5,171	6,579	5,109
Internal charges and overheads applied	0	13	0	0
Total applications of operating funding (B)	68,272	67,891	68,324	77,389
Surplus/(deficit of operating funding (A-B))	22,811	28,166	24,628	23,644
Sources of capital funding				
Subsidies and grants for capital expenditure	16,075	14,256	10,257	8,905
Development and financial contributions	484	1,780	487	743
Increase (decrease) in debt	10,762	(11,094)	9,001	(18,061)
Total sources of capital funding (C)	27,321	4,942	19,745	(8,413)
Applications of capital funding				
Capital expenditure to meet:				
-Additional demand	902	413	1,585	660
-Improved levels of service	26,482	16,237	19,693	5,808
-Replacement of existing assets	24,038	14,401	21,595	16,695
Increase (decrease) in reserves	(1,290)	2,057	1,499	(7,933)
Total applications of capital funding (D)	50,132	33,108	44,373	15,230
Surplus/(deficit) of capital funding (C-D)	(22,811)	(28,166)	(24,628)	(23,644)
Funding balance ((A-B) + (C-D))	0	0	0	0

37. FUNDING IMPACT STATEMENT

	LTP 2012/13 \$000s	LTP 2013/14 \$000s	Actual 2013/14 \$000s
District facilities			
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	9,652	9,937	11,229
Targeted rates (excluding water supply rates)	8,334	8,732	8,621
Subsidies and grants for operating purposes	110	115	110
Fees, charges and targeted water supply rates	2,108	2,176	1,933
Internal charges and overheads recovered	13	13	663
Local authority fuel tax, fines, infringement fees and other receipts	157	162	186
Total operating funding (A)	20,374	21,135	22,742
Applications of operating funding			
Payments to staff and suppliers	11,593	11,869	13,295
Finance costs	1,200	1,243	673
Internal charges and overheads applied	4,177	4,246	3,525
Total applications of operating funding (B)	16,970	17,358	17,493
Surplus/(deficit of operating funding (A-B))	3,404	3,777	5,249
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	45
Development and financial contributions	113	113	339
Increase (decrease) in debt	714	893	(668)
Total sources of capital funding (C)	827	1,006	(302)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	170	422	138
- Improved levels of service	825	813	1,445
- Replacement of existing assets	5,954	6,086	1,431
Increase (decrease) in reserves	(2,718)	(2,538)	1,933
Total applications of capital funding (D)	4,232	4,783	4,947
Surplus/(deficit) of capital funding (C-D)	(3,404)	(3,777)	(5,249)
Funding balance ((A-B) + (C-D))	0	0	0



37. FUNDING IMPACT STATEMENT

	I TP 2012/13 \$000s	L TP 2013/14 \$000s	Actual 2013/14 \$000s
Environmental management			
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	7,211	7,195	7,273
Targeted rates (excluding water supply rates)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted water supply rates	3,160	3,261	3,392
Internal charges and overheads recovered	4	4	163
Local authority fuel tax, fines, infringement fees and other receipts	92	95	81
Total operating funding (A)	10,467	10,556	10,908
Applications of operating funding			
Payments to staff and suppliers	7,774	7,874	10,513
Finance costs	177	176	22
Internal charges and overheads applied	2,352	2,347	2,252
Total applications of operating funding (B)	10,303	10,397	12,788
Surplus/(deficit of operating funding (A-B))	164	159	(1,879)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(23)	(23)	(23)
Total sources of capital funding (C)	(23)	(23)	(23)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	0	0	0
- Improved levels of service	10	0	3
- Replacement of existing assets	0	0	0
Increase (decrease) in reserves	131	136	(1,859)
Total applications of capital funding (D)	141	136	(1,856)
Surplus/(deficit) of capital funding (C-D)	(164)	(159)	1,879
Funding balance ((A-B) + (C-D))	0	0	0

37. FUNDING IMPACT STATEMENT			
	I TP 2012/13 \$000s	L TP 2013/14 \$000s	Actual 2013/14 \$000s
Governance and strategy			
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	10,087	10,309	12,146
Targeted rates (excluding water supply rates)	0	0	0
Subsidies and grants for operating purposes	32	25	5
Fees, charges and targeted water supply rates	528	544	640
Internal charges and overheads recovered	13	102	123
Local authority fuel tax, fines, infringement fees and other receipts	280	289	664
Total operating funding (A)	10,940	11,269	13,578
Applications of operating funding			
Payments to staff and suppliers	15,822	16,187	17,948
Finance costs	1,435	1,438	1,228
Internal charges and overheads applied	(10,072)	(10,222)	(8,681)
Total applications of operating funding (B)	7,185	7,403	10,495
Surplus/(deficit of operating funding (A-B))	3,755	3,866	3,083
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	2
Development and financial contributions	371	379	0
Increase (decrease) in debt	54	(35)	(12,990)
Total sources of capital funding (C)	425	345	(12,988)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	0	0	0
- Improved levels of service	585	439	90
- Replacement of existing assets	1,285	258	988
Increase (decrease) in reserves	2,310	3,514	(10,981)
Increase (decrease) in investments	0	0	(2)
Total applications of capital funding (D)	4,180	4,210	(9,905)
Surplus/(deficit) of capital funding (C-D)	(3,755)	(3,866)	(3,083)
Funding balance ((A-B) + (C-D))	0	0	0



37. FUNDING IMPACT STATEMENT

	LTP 2012/13 \$000s	LTP 2013/14 \$000s	Actual 2013/14 \$000s
Roads and footpaths			
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	11,558	11,517	10,992
Targeted rates (excluding water supply rates)	4,026	4,084	5,227
Subsidies and grants for operating purposes	5,479	6,144	6,163
Fees, charges and targeted water supply rates	792	818	652
Internal charges and overheads recovered	27	28	109
Local authority fuel tax, fines, infringement fees and other receipts	597	616	580
Total operating funding (A)	22,479	23,206	23,723
Applications of operating funding			
Payments to staff and suppliers	14,667	14,862	16,048
Finance costs	961	1,101	700
Internal charges and overheads applied	(199)	(208)	663
Total applications of operating funding (B)	15,428	15,754	17,410
Surplus/(deficit of operating funding (A-B))	7,050	7,452	6,312
Sources of capital funding			
Subsidies and grants for capital expenditure	9,904	7,541	8,675
Development and financial contributions	0	0	245
Increase (decrease) in debt	2,332	776	(816)
Total sources of capital funding (C)	12,237	8,317	8,104
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	732	1,139	522
- Improved levels of service	6,195	3,510	3,119
- Replacement of existing assets	12,274	10,128	12,355
Increase (decrease) in reserves	86	992	(1,580)
Total applications of capital funding (D)	19,287	15,769	14,416
Surplus/(deficit) of capital funding (C-D)	(7,050)	(7,452)	(6,312)
Funding balance ((A-B) + (C-D))	0	0	0

37. FUNDING IMPACT STATEMENT

	LTP 2012/13 \$000s	LTP 2013/14 \$000s	Actual 2013/14 \$000s
Sewerage treatment and disposal			
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	762	776	1,639
Targeted rates (excluding water supply rates)	9,925	10,896	10,792
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted water supply rates	231	334	155
Internal charges and overheads recovered	4	4	10
Local authority fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	10,923	12,010	12,597
Applications of operating funding			
Payments to staff and suppliers	4,234	4,454	5,387
Finance costs	1,711	2,101	1,339
Internal charges and overheads applied	981	1,006	789
Total applications of operating funding (B)	6,926	7,561	7,515
Surplus/(deficit of operating funding (A-B))	3,996	4,448	5,081
Sources of capital funding			
Subsidies and grants for capital expenditure	5,757	4,301	93
Development and financial contributions	0	0	122
Increase (decrease) in debt	7,028	7,711	(2,078)
Total sources of capital funding (C)	12,785	12,012	(1,863)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	0	0	0
- Improved levels of service	15,750	15,758	432
- Replacement of existing assets	2,021	258	781
Increase (decrease) in reserves	(990)	444	2,005
Total applications of capital funding (D)	16,782	16,460	3,218
Surplus/(deficit) of capital funding (C-D)	(3,996)	(4,448)	(5,081)
Funding balance ((A-B) + (C-D))	0	0	0



37. FUNDING IMPACT STATEMENT

	I TP 2012/13 \$000s	L TP 2013/14 \$000s	Actual 2013/14 \$000s
Stormwater Drainage			
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	2,125	2,225	2,393
Targeted rates (excluding water supply rates)	517	520	629
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted water supply rates	0	0	0
Internal charges and overheads recovered	0	0	4
Local authority fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	2,642	2,745	3,026
Applications of operating funding			
Payments to staff and suppliers	899	927	521
Finance costs	339	356	246
Internal charges and overheads applied	298	303	297
Total applications of operating funding (B)	1,535	1,585	1,064
Surplus/(deficit of operating funding (A-B))	1,107	1,159	1,962
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	6
Increase (decrease) in debt	286	251	(330)
Total sources of capital funding (C)	286	251	(323)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	0	0	0
- Improved levels of service	1,095	980	172
- Replacement of existing assets	300	310	19
Increase (decrease) in reserves	(2)	120	1,448
Total applications of capital funding (D)	1,393	1,410	1,639
Surplus/(deficit) of capital funding (C-D)	(1,107)	(1,159)	(1,962)
Funding balance ((A-B) + (C-D))	0	0	0

37. FUNDING IMPACT STATEMENT

	I TP 2012/13 \$000s	L TP 2013/14 \$000s	Actual 2013/14 \$000s
Waste management			
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	4,216	4,273	4,577
Targeted rates (excluding water supply rates)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted water supply rates	916	946	793
Internal charges and overheads recovered	0	0	4
Local authority fuel tax, fines, infringement fees and other receipts	166	166	180
Total operating funding (A)	5,297	5,385	5,554
Applications of operating funding			
Payments to staff and suppliers	3,829	3,901	3,996
Finance costs	394	380	283
Internal charges and overheads applied	491	503	363
Total applications of operating funding (B)	4,714	4,783	4,641
Surplus/(deficit of operating funding (A-B))	583	602	912
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(227)	(367)	(358)
Total sources of capital funding (C)	(227)	(367)	(358)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	0	0	0
- Improved levels of service	215	36	48
- Replacement of existing assets	217	245	70
Increase (decrease) in reserves	(76)	(46)	437
Total applications of capital funding (D)	356	235	555
Surplus/(deficit) of capital funding (C-D)	(583)	(602)	(912)
Funding balance ((A-B) + (C-D))	0	0	0



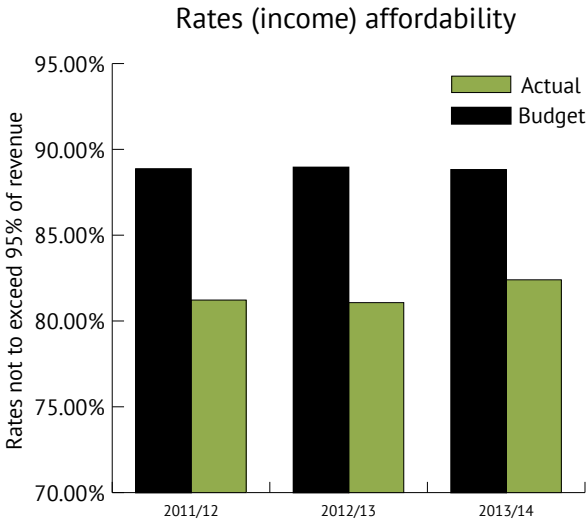
37. FUNDING IMPACT STATEMENT

	LTP 2012/13 \$000s	LTP 2013/14 \$000s	Actual 2013/14 \$000s
Water supply			
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	206	212	924
Targeted rates (excluding water supply rates)	0	0	1,955
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted water supply rates	7,756	9,068	6,026
Internal charges and overheads recovered	0	0	0
Local authority fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	7,962	9,280	8,905
Applications of operating funding			
Payments to staff and suppliers	3,470	4,505	4,571
Finance costs	903	937	626
Internal charges and overheads applied	837	855	792
Total applications of operating funding (B)	5,211	6,298	5,989
Surplus/(deficit of operating funding (A-B))	2,751	2,982	2,916
Sources of capital funding			
Subsidies and grants for capital expenditure	413	184	90
Development and financial contributions	0	0	30
Increase (decrease) in debt	597	137	(776)
Total sources of capital funding (C)	1,010	321	(656)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	0	0	0
- Improved levels of service	1,808	1,290	499
- Replacement of existing assets	1,985	2,408	1,051
Increase (decrease) in reserves	(32)	(394)	710
Total applications of capital funding (D)	3,761	3,304	2,260
Surplus/(deficit) of capital funding (C-D)	(2,751)	(2,982)	(2,916)
Funding balance ((A-B) + (C-D))	0	0	0

BENCHMARKS

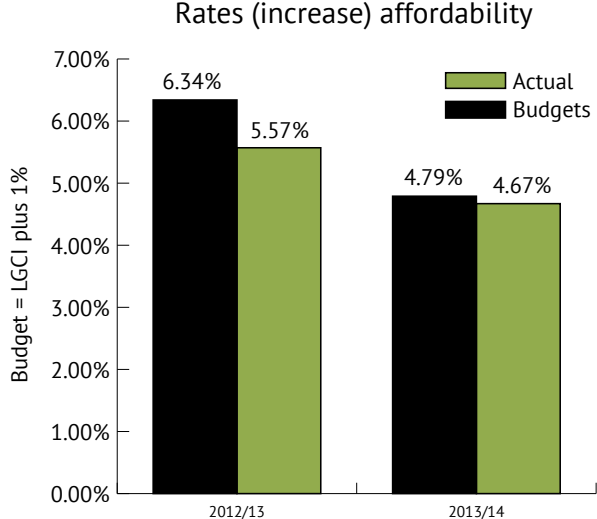
Rates (income) affordability

The following graph compares the council's actual rates income with the quantified limit on rates contained in the financial strategy included in the council's long term plan 2012/22. The quantified limit is that rates income will not exceed 95% of total revenue (excluding subsidies and contributions) in any year. The graph shows the budgeted rates proportion of revenue measured against the actual proportion achieved. Council has achieved this benchmark.



Rates (increases) affordability

The following graph compares the council's actual rate increases with the quantified limit on rates increases included in the financial strategy included in the council's long term plan 2012/22. The quantified limit is that total rates income will not increase by more than LGCI (Local Government Cost Index) plus 1% in any year. The graph shows the actual rate increase percentages measured against the predicted rates increases. Council has achieved this benchmark.

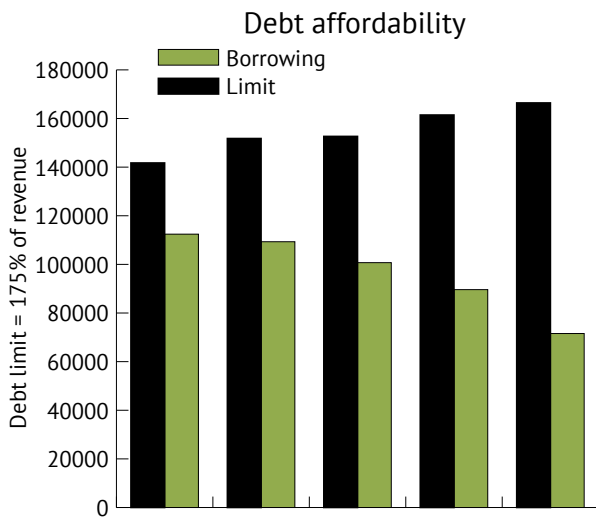




Debt affordability

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

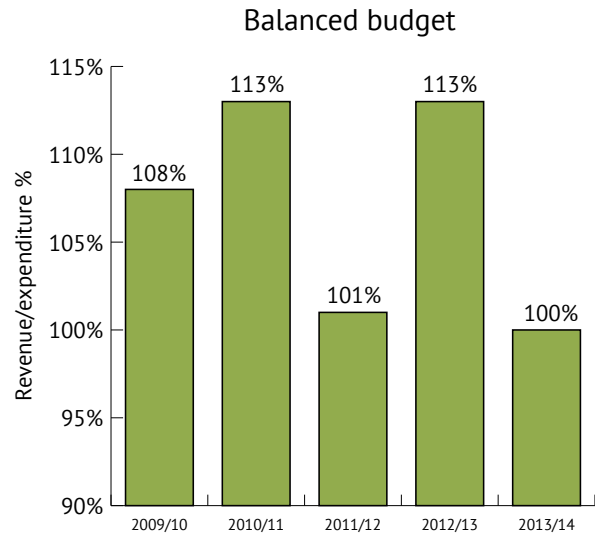
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan 2012/22. The quantified limit is that borrowing is not to exceed 175% of revenue (excluding subsidies and contributions) in any year. The following graph shows the maximum borrowing permitted under the limit and the actual borrowing achieved. The graph is measured in \$000's Council has achieved this benchmark.



Balanced budget

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

Council meets this benchmark if it's revenue equals or is greater than it's operating expenses. Council has achieved this benchmark.

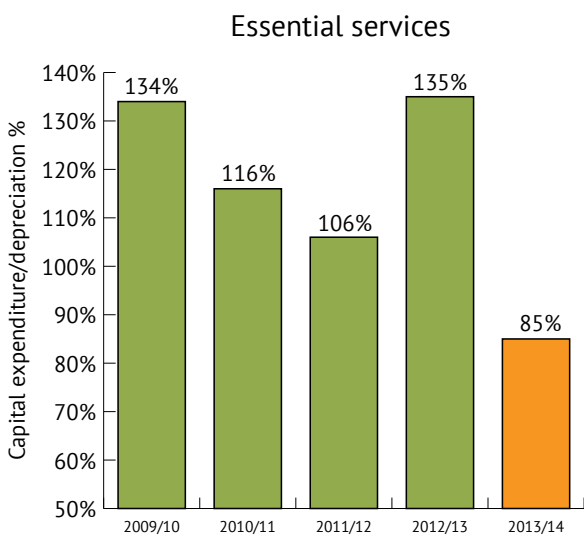


Essential services

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. Network services are defined as:

- Water supply
- Sewerage and treatment and disposal of sewage,
- Stormwater drainage
- The provision of roads and footpaths

Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Council has achieved this benchmark in all years except 2013/14. The 2013/14 result is due to non-completion of the capital programme for the year. This was a result of a lack of resources both within Council and the wider supplier community.

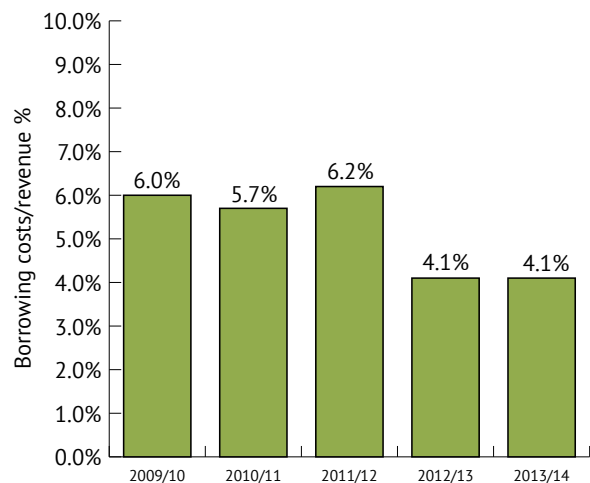


Debt servicing

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

Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or less than 10% of its revenue. Council has achieved this benchmark.

Debt servicing



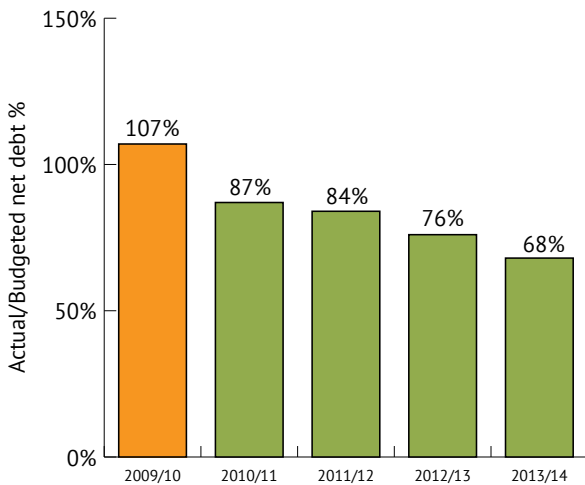


Debt control

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

Council meets the debt control benchmark if its actual net debt is equal or is less than its planned net debt. In the year that this benchmark was not met, the current portion of external borrowings exceeded that anticipated at the planning stage.

Debt control



Operations control

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

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. In the years that council failed to meet this benchmark, actual income (other than rates) was lower than predicted. In 2009/10 this was predominantly focused on the waste management and roading areas (reduced subsidies)

Operations control



RESERVES REPORT

The LGA, Schedule 10, requires the Annual Report to include information on each reserve fund set aside by Council. The Annual Report must identify the purpose of the fund, the activity it relates to and the amount expected to be in the fund as well as indicating the amounts that were allocated to and from the reserves during the year. The following tables identify the reserves Council maintains.

Reserve balance purposes

Other reserves:

Revaluation reserves

These reserves represent the movement in the valuation of Council's assets.

Fair value through equity reserve, capital reserve, cash flow hedge reserve.

These reserves are all balance sheet reserves used for accounting purposes only.

Restricted Reserves:

Community services fund

Funds are generated by way of targeted rates and are intended for the use of maintenance of community infrastructure such as parks and reserves, public toilets, cemeteries, swimming pools, footpaths, halls etc., and the maintenance of central town areas such as street cleaning and rubbish collection. Funds were maintained at ward level but as the rating policy has changed over time, funds are now maintained as a district wide reserve

General separate funds (drainage, stormwater separate rate, water, wastewater)

These are restricted reserves that are restricted for specific purposes and are not available for general expenditure.

Special funds

Funds received under the RMA that are ring fenced for specific works relating to the aspect of the RMA under which they were contributed.

General separate funds (Kerikeri mainstreet, economic dev't, CBD reserves, car park funds)

These are restricted reserves that are restricted for specific purposes and are not available for general expenditure.

General separate funds (Community footpath reserves)

These are restricted reserves that are restricted for specific purposes and are not available for general expenditure.

Retained earnings

General funds retained by Council arising from the accumulation of prior year's surpluses or deficits from general rate funded operations.

Development contributions

Contributions received in line with Council's Development Contributions Policy. As the policy has changed over time, funds are required to be kept at both district wide and ward levels to provide an account of the contributions received under each policy and their use.

Open spaces development contributions

Contributions received in line with Council's Development Contributions Policy. As the policy has changed over time, funds are required to be kept at both district wide and ward levels to provide an account of the contributions received under each policy and their use.

Depreciation reserves

Council is required to fund depreciation on assets that it is intending to renew at a future date. The depreciation charges generated are held by asset/activity area so that funds are available for future replacement.

Emergency event reserve

Specific funds earmarked for the recovery requirements of future weather related events.

Property disposal reserve

Net sale proceeds arising from surplus property for use to fund future strategic needs within communities. The funds are held at activity and ward levels. The funding decisions are made by Council either at the time of sale or at a future date.

Mineral Survey Reserve

Reserve to investigate the mineral potential of the Northland Region.

NOTE: Where a reserve balance is shown in brackets it means the reserve is overdrawn.



RESERVES				
	Opening Balance 2013/14 \$000s	Additions 2013/14 \$000s	Withdrawals 2013/14 \$000s	Closing Balance 2013/14 \$000s
Other reserves				
Revaluation reserves	253,302	41,985	(14,403)	280,884
LGNZ Share valuation reserve	56	0	(5)	51
Cash flow hedge reserve	(14)	799	0	785
Capital reserve	2,697	0	0	2,697
Total other reserves	256,041	42,784	(14,408)	284,417
Restricted reserves				
Community services reserves	(835)	12,193	(12,289)	(931)
General separate funds (drainage, stormwater, water, wastewater)	(1,649)	22,213	(20,661)	(97)
Special funds	4,062	169	(238)	3,993
General separate funds (Kerikeri mainstreet, economic development, CBD rates, car parks)	696	171	(170)	697
General separate funds (footpaths)	234	0	0	234
Total restricted reserves	2,508	34,746	(33,358)	3,896
Retained Earnings				
Retained earnings	1,277,148	0	(2,837)	1,274,311
Development contributions	(17,664)	543	(929)	(18,051)
Open spaces development contributions	(4,142)	182	(75)	(4,036)
Depreciation reserves	42,140	28,705	(26,114)	44,731
Emergency event reserve	587	1,580	(1,332)	835
Property disposal reserve	395	0	(149)	246
Mineral survey reserve	50	0	0	50
Total retained earnings	1,298,514	31,010	(31,436)	1,298,086

INSURANCE ON ASSETS

Water, wastewater and drainage assets

These assets have a total asset value for insurance purposes of \$73,078,353. The net book value of these assets at 30 June 2014 was \$47,264,950. The insurance cover in this group relates to over ground assets. Council's underground assets are not insured. Council has undertaken a risk assessment for insurance purposes and this has shown that these assets are not at significant risk from earthquake. No provision to self insure these assets has been made.

Roading and footpath assets

The vehicle ferry, Kohu Ra and the 100% NZTA subsidy funded footbridge in Kerikeri are specifically insured with an asset value of \$8,088,719. The net book value of these assets is \$3,589,227. The remaining \$951,085,773 of assets within this group are considered to be uninsured. No provision has been made to self insure these assets as they are deemed to be subject to NZTA subsidy support of at least 55%

Waste management assets

These assets have a total asset value for insurance purposes of \$3,205,724. The net book value of these assets at 30 June 2014 was \$1,980,706. The remaining assets valued at \$1,799,294 are considered to be uninsured. No provision is made to self insure these assets.

Heritage assets

These assets have a total value for insurance purposes of \$4,585,138. The net book value of these assets was \$2,142,948 at 30 June 2014. There are no uninsured assets in this group.

Community assets

These assets have a total asset value for insurance purposes of \$84,689,588. The net book value of these assets at 30 June 2014 was \$22,418,736. The remaining assets valued at \$16,233,316 are considered to be uninsured. No provision is made to self insure these assets. Of the insured assets, the largest values are held within Community Centres and Housing for the Elderly with an insurance value of \$58,536,140 and a net book value of \$10,365,347.

Leasehold improvements, plant & equipment and vehicle assets

These assets have a total asset value for insurance purposes of \$12,335,840. The net book value of these assets at 30 June 2014 was \$6,693,345. The remaining assets valued at \$8,929,655 are considered to be uninsured. No provision is made to self insure these assets.

Council's excess for material damage insurance claims resulting from flood or storm is \$250,000 per claim. This reflects the opinion that the Far North is at risk from weather type events including possible Tsunami. Council rates to cover 1 claim per annum arising from weather events and in years where significant claims are not made, this funding is used to support any additional funding requirements on Roading arising from weather related emergency works.

The following table is not subject to Audit review and is not included in the Audit Opinion on pages 21 to 24.

CAPITAL STATEMENT	CONSOLIDATED		COUNCIL		
	Actual	Actual	Actual	Budget	Actual
	2014	2013	2014	2014	2013
	\$000s	\$000s	\$000s	\$000s	\$000s
Capital Statement					
Net Operating surplus	(1,385)	8,670	(2,285)	6,215	6,657
Depreciation funding	26,115	19,073	26,115	29,273	19,073
Loans	3,192	5,669	3,192	13,674	5,669
Development funding	1,005	899	1,005	1,446	899
Reserve funding	534	81	534	415	81
Reserve appropriations	(2,451)	(2,163)	(2,451)	(6,208)	(2,163)
Retained profit funding	26	32	26	2,731	32
Other funding	0	0	0	0	0
Total Funding	27,033	32,261	26,136	47,546	30,247
New work	7,685	17,608	7,294	20,908	17,608
Renewal works	15,732	15,099	15,870	21,965	15,099
Total Capital Works	23,417	32,707	23,164	42,873	32,707
Loan repayments	8,061	7,094	8,061	4,673	7,094
Total Debt	8,061	7,094	8,061	4,673	7,094
Total Capital Expenditure	31,478	39,801	31,226	27,546	39,801
NET SURPLUS/(DEFICIT)	(4,445)	(7,540)	(5,090)	0	(9,554)



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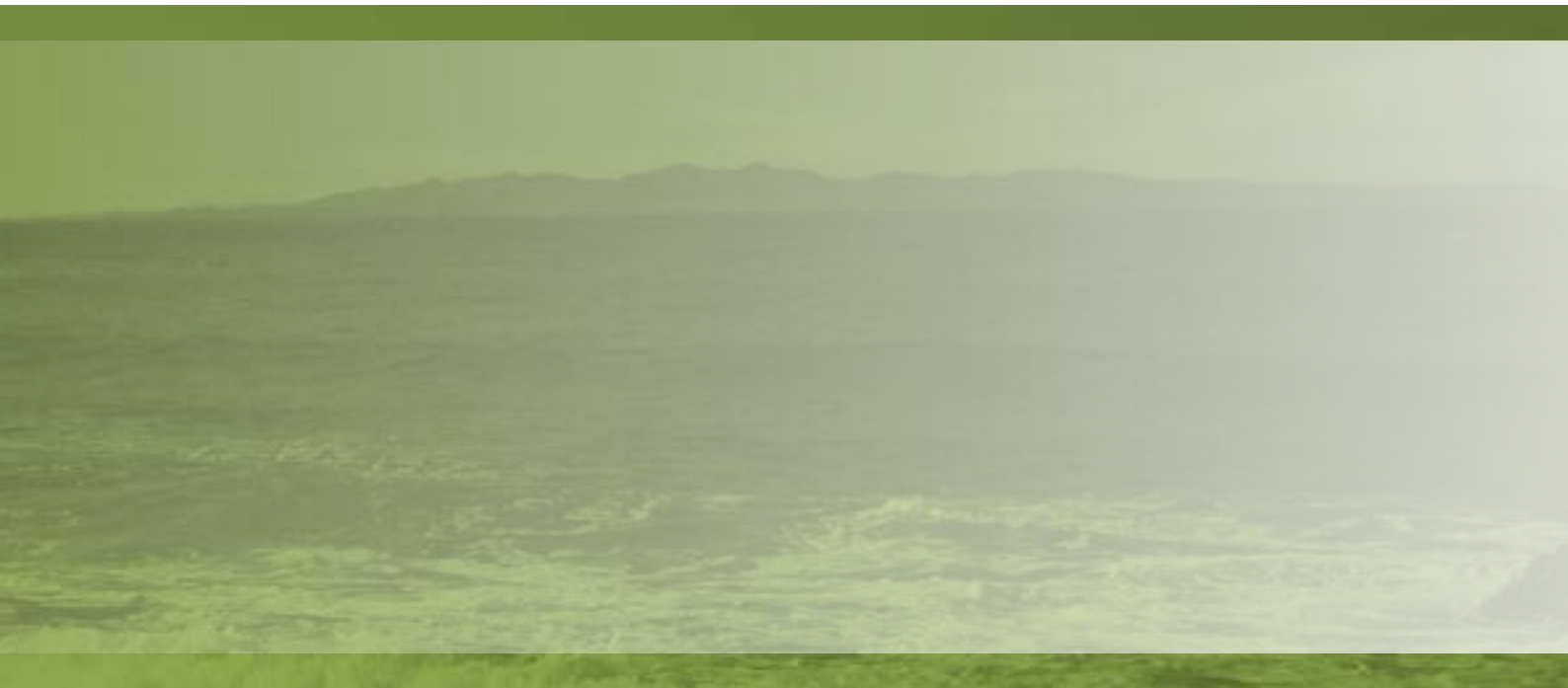
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Performance Overview

Introduction

This section of the report measures Council's performance against what we said we would do in our Annual Plan 2013/14. The Annual Plan sets out the vision for the Far North District as well as priorities and service delivery for Council to follow. In particular it provides the financial framework for delivering all the everyday services and facilities that the community enjoys and expects from their local Council.

Why does Council have performance as part of the Annual Report?

As well as meeting this statutory requirement to include non-financial information on Council activities service levels and performance, Council also sees this as a vital tool to keep residents, businesses, employees, community groups and organisations informed about its performance and future direction.

What you have told us

Council conducted a residential opinion survey in July 2014 and residents were asked to rate their satisfaction on use of a selection of Council services and facilities. This is a snapshot of our results below, the shaded area is where Council has achieved or exceeded the target.

COUNCIL ACTIVITIES		
	Result 2013/14	Target 2013/14
Roading	42%	57%
Footpaths	61%	58%
Urban Stormwater	40%	64%
Recycling	78%	83%
Refuse	74%	83%
Cemeteries	59%	62%
Cemeteries (users)	88%	80%
Park and Facilities	88%	77%
Swimming Pools (users)	68%	80%
Coastal Access	77%	70%
Cleanliness of public toilets	53%	64%
Contacting Council	75%	75%
Library (users)	94%	85%
Well informed about the District Plan	49%	40%
Resource Consent Management	60%	50%
Building Consent Management	56%	50%
Building Inspection Services	68%	50%
Aware of their Community Board	65%	73%
Informed about what Council is doing	86%	60%
Ease of Access to Council information	50%	60%

Research Methodology for the Residential Opinion Survey 2014

Method

This section outlines the research approach taken for this project, techniques used and processes followed. A quantitative telephone survey of 513 Far North District residents and 92 of the peer Council residents (30 of Thames-Coromandel District residents, 30 of Opotiki District residents and 32 of Gisborne District residents) was completed between the 7th and 30th of July 2014.

The average duration of the survey conducted with Far North residents was 16 minutes; while the average duration of the survey conducted with the residents of peer Council Districts was 5 minutes.

Sample

Telephone numbers for the interviewing were supplied by KMS data, a sample supply company who provide privacy compliant phone numbers from the Telecom White Pages connections. KMS randomly select data cases that fit within the specified sample frame, i.e., people living within the Far North District, via SQL random code.

Quotas

Sample quotas were applied to wards to ensure that the final sample was proportionately representative to the district overall.

Weighting

Weighting ensured that specific demographic groups were not under or over-represented in the final data set and that each group was represented as it would be in the population.

Weighting gave greater confidence that the final results were representative of the Far North District population overall and were not skewed by a particular demographic group. The proportions used for the gender and age weights were taken from the 2013 Census data (Statistics New Zealand).

Questionnaire

The questionnaire for the 2014 Resident Opinion Survey was focused on improving service delivery, only those residents who were dissatisfied with a service were spoken to in more depth to uncover the reasons for their dissatisfaction. This was done to ensure that areas which required targeting were covered in sufficient

detail in this research. As such, the questionnaire focused largely on understanding the reasons why residents were dissatisfied rather than elaborating on the reasons they were satisfied.

The peer group questionnaire consisted of key questions focusing on the activity performance indicators set in the Annual Plan 2013/2014.

Analysis - MOE

Margin of error (MOE) is a statistic used to express the amount of random sampling error there is in a survey's results. The MOE is particularly relevant when analysing a subset of the data as smaller sample sizes incur a greater MOE.

To help you find your way through the next section of the report.

Please find below an introduction to Council's activity pages:

Council Activity

- Detailing the name of activity and what it is responsible for

Community Outcomes

- How the activity contributes to the 3 community outcomes.

Council's Strategic Priority – In Action

- These projects are the largest and included in Council's capital expenditure programme within the Annual Plan 2013/14.

Key Projects – Development So Far

- These projects support the priorities identified in the Annual Plan 2013/14. An update on progress and what's planned in 2014/15 has been provided.

What We Have Achieved In 2013/14

- Completed projects in during the year.

Where Are We Now?

- Challenges and disappointments experienced during the year.

Thinking Ahead

- Key priorities planned for 2014/15

Activity Performance Indicators

This includes:

- How residents rated their satisfaction on use of a selection of Council services and facilities;
- The activity service and performance results; and
- A peer review comparison with three Councils (Thames-Coromandel District Council (TCDC), Opotiki District Council (ODC) and Gisborne District Council (GDC) looking primarily at customer satisfaction with Council's facilities and services.

Useful Information

Community Outcomes

This section shows the link between community aspirations, district vision, organisational objectives and community outcomes and how these drive the Long-Term Plan process, as well as the delivery of services to community.

<http://www.fndc.govt.nz/your-council/strategic-planning/ltp-2012-2022-far-north-long-term-plan/volume-1/LTP1222-V1-08-Community-Outcomes.pdf>

Long-Term Plan 2012/22

The Far North District Council's Long-Term Plan (LTP) for 2012-22 is the most important document Council produces. It sets out Council's thinking on the major issues facing the Far North District and the priorities for the next 10 years.

<http://www.fndc.govt.nz/your-council/strategic-planning/ltp-2012-2022-far-north-long-term-plan>

Annual Plan 2013/14

The Local Government Act requires local authorities to prepare and consult on a 10-year plan every three years and annual plans in the intervening years. This Annual Plan represents year three of the Long-Term Plan 2012-22 Council adopted in 2012. It shows what work Council plans to undertake between 1 July 2013 and 30 June 2014 to achieve objectives in the Long-Term Plan, how it plans to fund this work and how it will monitor progress.

<http://www.fndc.govt.nz/your-council/strategic-planning/annual-plan-2013-14>

Annual Plan 2014/15

The Local Government Act requires local authorities to prepare and consult on a 10-year plan every three years and annual plans in the intervening years. This Annual Plan represents year three of the Long-Term Plan 2012-22 Council adopted in 2012. It shows what work Council plans to undertake between 1 July 2014 and 30 June 2015 to achieve objectives in the Long-Term Plan, how it plans to fund this work and how it will monitor progress.

<http://www.fndc.govt.nz/your-council/strategic-planning/annual-plan-2014-15>

Resident Opinion Survey Report 2014

The main goals of the survey were to report against specific performance measures determined by Council regarding infrastructure and asset management, community and customer services, environmental management, Council communication and governance.

<http://www.fndc.govt.nz/>



Roading and Footpaths Group



Community Outcome
A Safe and Healthy District

Roading

Council maintains and manages the local roading network including roads, street lighting and signage.

ROADING CONTRIBUTES BY

- Developing and maintaining a safe and affordable transport network to enable access, to from and within the district.

COUNCIL'S STRATEGIC PRIORITY

– in action –

Pou Herenga Tai - Twin Coast Cycle Trail

What we said we would do in 2013/14

Discussions with the Bay of Islands Vintage Railway Trust to access a connection from Kawakawa to Opuā.

What we did in 2013/14

Discussion with Bay of Islands Vintage Railway Trust to establish use of the Taumarere to Opuā section as a cycle track. Construction of this section completed pending Long Bridge decking. Construction completed for the Okaihau to Utakura 14km section. Negotiations in progress for the Utakura to Horeke sections.

What we plan to do in 2014/15

Completion of the section between Kawakawa and Kaikohe.



KEY PROJECT

– development so far –

Upgrading Intersection, SH10

What we said we would do in 2013/14

Continuing to work with New Zealand Transport Agency (NZTA) towards upgrading the intersection of State Highway 10 (Waipapa Road / Waipapa Loop Road) to a roundabout and at the same time complete the link road between Kahikatearoa Road and Waipapa Loop Road (Klinac Lane).

What we did in 2013/14

Continued lobbying of NZTA to promote localized issues in support of the project.

What we plan to do in 2014/15

Continuing to work with NZTA towards upgrading the intersection of State Highway 10 (Waipapa Road/ Waipapa Loop Road) to a roundabout and at the same time complete the link road between Kahikatearoa Road and Waipapa Loop Road (Klinac Lane). Council is considering a left turn lane from Waipapa Road to State Highway 10 as an initial initiative to relieve congestion until funding from NZTA is available to complete the roundabout.

COMPLETED

– what we have achieved in 2013/14 –

Pavement Rehabilitation

We have completed approximately 8.5 kilometres of sealed road pavement rehabilitation.

Tau Henare Drive

Maintenance carried out.

Safety improvements

Target improvements were exceeded.

Safer Driving

The community programmes have been implemented as planned.

CHALLENGES AND DISAPPOINTMENTS

– where are we now? –

- Due to increased costs of routine maintenance, Council did not achieve the targeted renewals programme, 1.3% (approximately 11 km of sealed road pavement rehabilitation) and 9% (approximately 80 km of reseals in 2013-14).



- The NZTA has not raised its priority ranking of the Waipapa State Highway/Loop Road roundabout proposal.
- Increased costs associated with the unsealed metalling budget causing under investment in pavement rehabs and reseals.
- The increased maintenance costs due to high intensity weather events September 2013.
- There is a shortfall in funding available to complete the Pou Herenga Tai - Twin Coast Cycle Trail. Council is to put a case before the Government for additional funding in 2014. Currently estimates of that cost are being prepared and will form part of Council's case for more funding.

THINKING AHEAD¹

- key priorities planned for 2014/15 -

Transport Strategy and Advocacy Plan

Given the significance of the road network for the district and the impact on economic and social development, a transport strategy will be developed to explore all opportunities to access funding streams. FNDC needs to have the ability to make a comprehensive and compelling case to government, given the impact of proposed changes to the financial assistance rate, National Roads of Significance, National Roads Hierarchy and the impact of heavier vehicles on the network.



Forest Impact Study

Forest Impact Study - The study is being undertaken with the intent to develop a clear strategy for managing the forestry impacts on Far North roads. In addition, the study will identify any funding shortfall that exists in maintaining forestry roads for inclusion in the 2015 – 2025 Long-Term Plan. The study has three phases:

- Data collection, demand modelling and asset strength assessment
- Estimation of maintenance program and associated cost
- A funding strategy

The information collected will be shared with the New Zealand Transport Agency (NZTA) with a view to obtaining additional subsidy.

Route between Butler Road and Clarke Road, Kerikeri

Complete investigations and consultation relating to designating the route between Butler Road and Clarke Road, Kerikeri and completing the preliminary work required prior to construction.

NZTA Funding

Ensuring Council completes a strong submission to proposed changes to funding assistance arrangements with NZTA through a Transport Strategy and Advocacy Plan explained above.

¹ Please refer to the Roding and Footpaths section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities

Activity Performance Indicators

The information below includes:

- How residents rated their satisfaction on use of a selection of Council services and facilities;
- The activity service and performance results; and
- A peer review comparison with three Councils (Thames-Coromandel District Council (TCDC), Opotiki District Council (ODC) and Gisborne District Council (GDC) looking primarily at customer satisfaction with Council's facilities and services.

2013/14 results

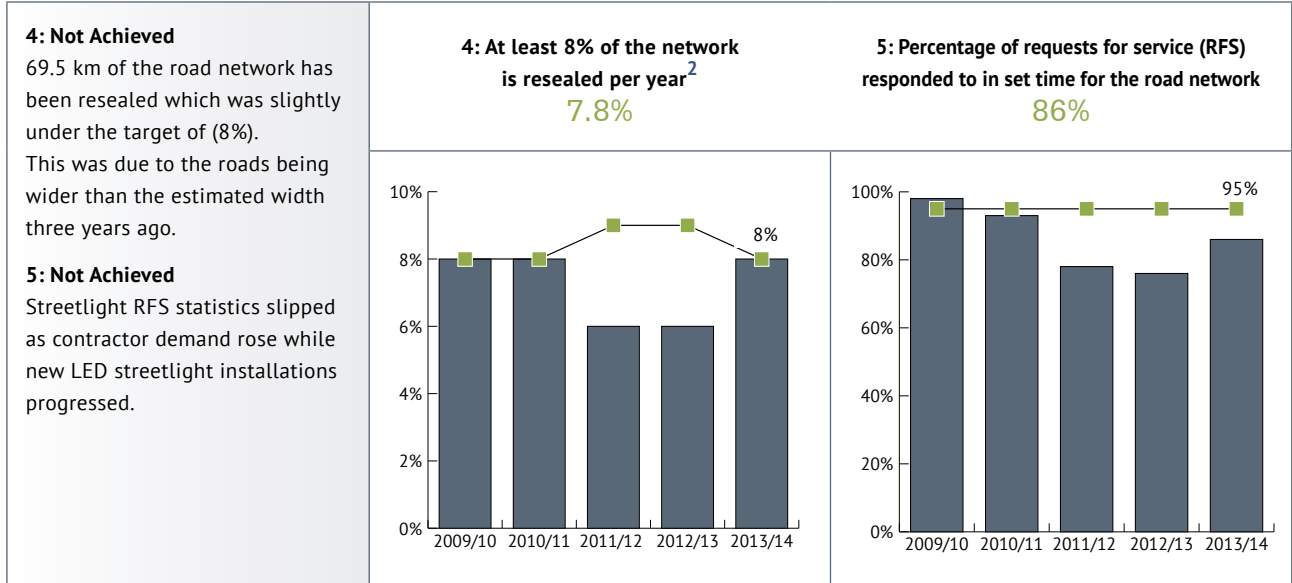
Result Target

<p>1: Not Achieved Combined satisfaction with the roading network continued to decline with 42% of Far North residents very satisfied (3%) or satisfied (39%) with the roading network.</p> <p>Potholes (33%) and a lack of maintenance (26%) remained the main contributing factors to residents' dissatisfaction with the roading network.</p> <p>Peer Group Comparison Combined satisfaction with the roading network was 61% for peer Councils.</p>	<p>1: Percentage satisfied with the roading network 42%</p>	<p>Peer Group Average 61%</p> <table border="1"> <thead> <tr> <th>COUNCILS</th> <th>2014</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td>TCDC</td> <td>67%</td> <td>73%</td> </tr> <tr> <td>ODC</td> <td>70%</td> <td>70%</td> </tr> <tr> <td>GDC</td> <td>47%</td> <td>73%</td> </tr> </tbody> </table>	COUNCILS	2014	2012	TCDC	67%	73%	ODC	70%	70%	GDC	47%	73%
COUNCILS	2014	2012												
TCDC	67%	73%												
ODC	70%	70%												
GDC	47%	73%												
<p>2: Achieved No service related delays or disruptions. Ferry ran in accordance with timetable plus special sailings.</p> <p>3: Achieved Maintenance contractors performing services satisfactorily due to long periods of dry weather.</p>	<p>2: The ferry service will run in accordance with the advertised timetable 99%</p>	<p>3: Roads are accessible all year round or access restored within response times 100%</p>												



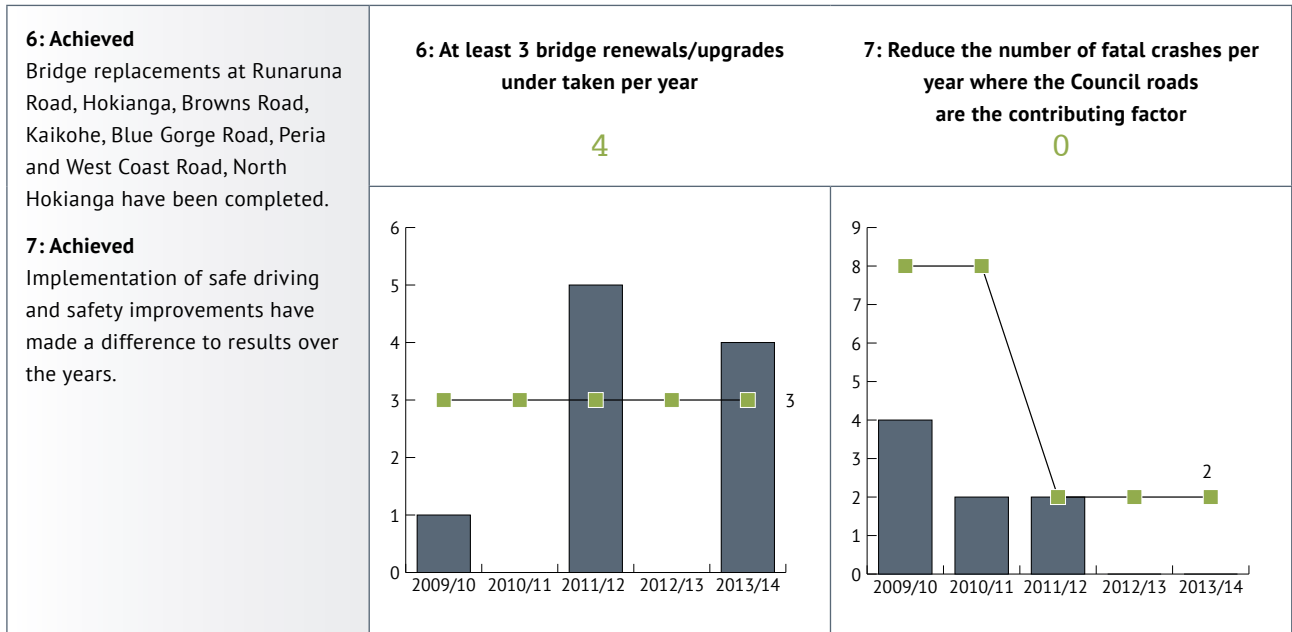
2013/14 results

Result Target



2013/14 results

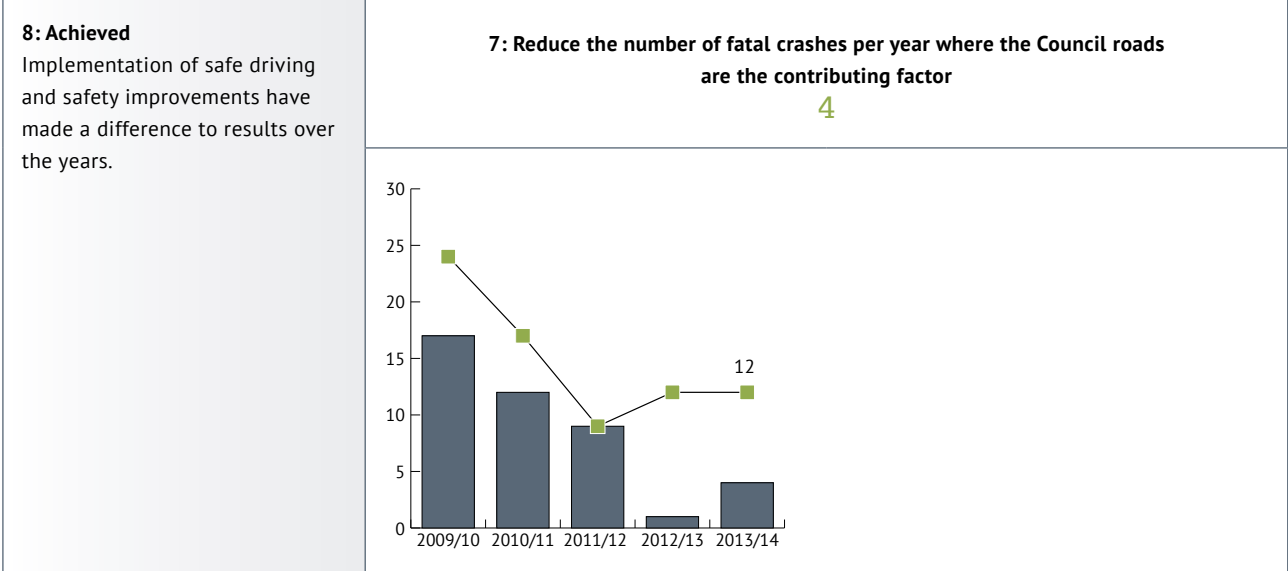
Result Target



² Amended target (as part of the 2013/14 Annual Plan adoption) due to increased costs of routine maintenance, the new target reflects available funds.

2013/14 results

Result Target





Roading and Footpaths Group



Community Outcome
A Safe and Healthy District

Footpaths

Council manages and maintains the local footpath network including footpaths that run parallel to the state highways.

FOOTPATH CONTRIBUTES BY

- Ensuring all footpaths are safe and functional

THINKING AHEAD

– key priorities planned for 2014/15 –

Footpath New/Renewals

Undertake 3 km of footpath renewals across the district.

Footpath Maintenance

Undertake 3 km of footpath renewals across the district.



Activity Performance Indicators
2013/14 results

Result Target

<p>1: Achieved A significantly greater proportion of residents were satisfied (54%) or very satisfied (7%) with the footpaths in the Far North District. This result exceeded the target set (58%)</p> <p>Peer Group Comparison Combined satisfaction with the Footpaths was 66% for peer Councils.</p>	<p>1: Percentage satisfied with footpaths 61%</p>	<p>Peer Group Average 66%</p>																													
	<table border="1"> <caption>Percentage satisfied with footpaths (2009/10 - 2012/14)</caption> <thead> <tr> <th>Year</th> <th>Result (%)</th> <th>Target (%)</th> </tr> </thead> <tbody> <tr> <td>2009/10</td> <td>63</td> <td>70</td> </tr> <tr> <td>2010/11</td> <td>55</td> <td>70</td> </tr> <tr> <td>2011/12</td> <td>58</td> <td>70</td> </tr> <tr> <td>2012/13</td> <td>53</td> <td>58</td> </tr> <tr> <td>2012/14</td> <td>61</td> <td>58</td> </tr> </tbody> </table>	Year	Result (%)	Target (%)	2009/10	63	70	2010/11	55	70	2011/12	58	70	2012/13	53	58	2012/14	61	58	<table border="1"> <thead> <tr> <th>COUNCILS</th> <th>2014</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td>TCDC</td> <td>70%</td> <td>67%</td> </tr> <tr> <td>ODC</td> <td>57%</td> <td>43%</td> </tr> <tr> <td>GDC</td> <td>72%</td> <td>67%</td> </tr> </tbody> </table>	COUNCILS	2014	2012	TCDC	70%	67%	ODC	57%	43%	GDC	72%
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2012/14	61	58																													
COUNCILS	2014	2012																													
TCDC	70%	67%																													
ODC	57%	43%																													
GDC	72%	67%																													



2013/14 results

■ Result —■— Target

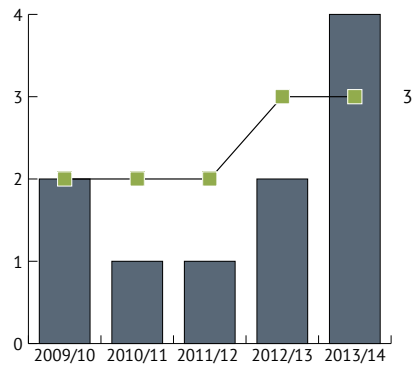
2: Achieved

A total of 1,039 km renewal work completed for footpaths.

A total of 3,257 km new work completed for footpaths.

2: Renew footpath network by 3km per annum

4,295km



Roading and Footpaths Group

Financial Information

Financial Summary

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	ACTUAL 2014 \$000s	COUNCIL BUDGET 2014 \$000s	VARIANCE \$000s
INCOME				
Rates income (excluding targeted water supply rates)	1	16,219	15,700	519
Fees, charges & targeted water supply rates	2	652	731	(79)
Development & financial contributions	3	245	0	245
Subsidies & grants	4	14,838	14,157	681
Other income	5	689	644	45
Total operating income		32,643	31,232	1,411
EXPENDITURE				
Direct costs	6	22,345	13,394	(8,951)
Indirect costs	7	618	700	82
Activity expenditure		22,963	14,094	(8,869)
Depreciation		15,877	15,907	31
Interest expense		700	872	172
Total operating expenditure		39,540	30,875	(8,666)
Net operating surplus/(deficit)		(6,897)	357	(7,254)
CAPITAL STATEMENT				
Net operating surplus		(6,897)	357	(7,254)
Loans		1,435	1,385	50
Other funding		19,111	16,052	3,059
Total funding		13,649	17,795	(4,145)
New work	8	3,884	3,637	(247)
Renewal works	8	12,113	13,464	1,351
Loan repayments		816	694	(122)
Total capital expenditure		16,813	17,795	982
NET SURPLUS/(DEFICIT)		(3,164)	0	(3,164)

NOTE:

A favourable variance is shown as a positive number and an unfavourable variance is shown as a negative number.

The direct and indirect budgets shown in the table do not individually agree to those published in the LTP due to a difference in allocation. The total activity expenditure, however, does agree to the total published in the LTP.



Variance To The Annual Plan 2013/14

1. Rates income is showing a favourable variance of \$519k predominantly due to:
 - a. An increase in penalty rate income of \$1,221k; and
 - b. General rates are showing an unfavourable variance of \$702k.
2. Fees and charges are showing a unfavourable variance of \$79k predominantly due to:
 - a. A shortfall in fees associated with the ferry of \$53k;
 - b. A shortfall in rent income of \$24k.
3. Development and financial contributions are showing a favourable variance due to:
 - a. Development contribution income of \$244k was received.
4. Subsidies and grants are showing a favourable variance of \$681k largely due to:
 - a. Increased operational subsidy of \$535k relating to emergency works \$355k and ferry operations \$157k
 - b. Increased new works subsidy of \$380k. This is a combination of increased subsidy for the cycleway \$876, increased subsidy for emergency works \$292k and decreased subsidy for roading network projects of \$798k
5. Other income is showing a favourable variance of \$45k predominantly due to increased petrol tax income.
6. Direct costs are showing a unfavourable variance of \$8,951k predominantly due to:
 - a. Salary related costs have exceeded budget by \$56k due to a change in allocation of time for the cycleway and the payment of outstanding leave balances upon resignation of staff;
 - b. Expenditure on external services is showing an unfavourable variance of \$1,386k predominantly due to increased expenditure on network maintenance;
 - c. Expenditure on contract work annual is showing an unfavourable variance of \$97k due to increased ferry costs;
 - d. The roading professional services unit under recovered \$105k against budget
 - e. Loss on disposal on property, plant & equipment of \$1,795k;
 - f. Loss on valuation of land under roading assets \$4,458k;
 - g. Bad debt provisions exceeded budget by \$1,078k due to increased penalty charges.
7. Indirect costs are under budget \$82k due to a decrease in corporate allocations.
8. Capital expenditure is showing a favourable variance of \$982k predominantly due to a reduced roading programme.

Key Capital Projects

FOR THE YEAR ENDED 30 JUNE 2014

	ACTUAL 2014 \$000s	COUNCIL BUDGET 2014 \$000s	VARIANCE \$000s
NEW WORKS			
Footpaths	418	525	107
Roading operations	2,852	2,584	(268)
Emergency works	51	0	(51)
Ferries	158	0	(158)
Roads	57	44	(13)
Safety services	350	485	135
Total new works	3,884	3,637	(247)
RENEWALS			
Footpaths	192	491	299
Roading operations	11,007	12,550	1,543
Emergency works	32	0	(32)
Ferries	13	100	87
Safety services	869	323	(546)
Total renewals	12,113	13,464	1,351

Significant Acquisitions or Replacements of Assets for 2013/14

The Local Government Act 2002 requires councils to provide information regarding any significant assets acquired or replaced during the year.

	BUDGET 2014 \$000s	ACTUAL 2014 \$000s
ROADING NETWORK		
Sealed road resurfacing - Ongoing replacement of the top surface of an existing road base	3,471	3,197
Unsealed road metalling - Renewal of metal on unsealed roads	3,169	3,764
Pavement rehabilitation - Repairing and replacing road base course and replacing top surface	3,588	2,361
Footpath renewals	492	192

Variance To The Annual Plan 2013/14

- Pavement rehabilitation, unsealed road metalling and sealed road resurfacing:
The work completed was in line with the programme and the subsidy levels agreed with NZTA. Some modifications were made to the work schedules as a result of unplanned work required as a result of damage made to the network by the increased number of logging trucks.
- Footpath renewals – a range of footpath projects were not completed during the year. These were all small value projects across all three wards.



Stormwater Drainage Group



Community Outcome
A Safe and Healthy District and
A Sustainable and Livable
Environment

Stormwater Drainage

Council manages the removal and disposal of stormwater runoff in defined urban areas. The activity predominantly relates to the urban environment and paved areas where natural soakage does not exist.

STORMWATER DRAINAGE CONTRIBUTES BY

- Ensuring drainage systems support and promote safe and healthy conditions and
- Drainage systems do not adversely effect the environment

KEY PROJECTS

– *development so far* –

Foreshore Road, Ahipara

What we said we would do in 2013/14

Investigate options to address network deficiencies identified by Stormwater Catchment Management Plan capacity studies.

What we did in 2013/14

Three sub catchment's evaluated and progressing with schemes in two sub-catchment's. Tasman Heights, Ahipara project design completed and draft tender documentation is being prepared. Reef View Rd, Ahipara project preliminary design and budget estimates determined.

¹ Please refer to the Stormwater Drainage section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities



What we plan to do in 2014/15

Continue to investigate options to address network deficiencies identified by Stormwater Catchment Management Plan capacity studies.

Stormwater Options Study

What we said we would do in 2013/14

Investigate options to address network deficiencies identified by Stormwater Catchment Management Plan capacity studies.

What we did in 2013/14

Current focus for 2013/14 is directed to alleviate issues identified at Ahipara. No significant issues have arisen as a result of the Catchment Management Plans.

What we plan to do in 2014/15

Continue with stormwater improvements and understanding of network response in changing climate conditions.

Beach Outlets

What we said we would do in 2013/14

Undertake improvements to make high profile beach outlets in areas of high tourist numbers more aesthetically pleasing.

What we did in 2013/14

Investigations have identified a number of functionality issues which are deemed to have higher priority than aesthetics. These issues will be addressed in the 2014/15 year.

What we plan to do in 2014/15

Undertake improvements to make high profile beach outlets more aesthetically pleasing as well as functional, with less blockages.

THINKING AHEAD¹

– key priorities planned for 2014/15 –

Emergency Response

District wide emergency response plans to address unplanned works that arise as a result of storm events.

Community Consultation

Increased engagement and consultation with Iwi and the wider community in order to achieve mutually acceptable solutions, that benefit the district.

Stakeholder Relationships

Work closely with Regional Council initiatives identified as a result of more comprehensive modelling of stormwater catchments.

Motutangi Drainage Scheme

Increase the Motutangi Drainage Scheme rate to enable sufficient available funds to cover annual operational costs.

Northern Drainage Area Management Plan

Develop and adopt a Northern Drainage Area Management Plan incorporating the Waiharara, Motutangi and Kaikino Drainage Districts.



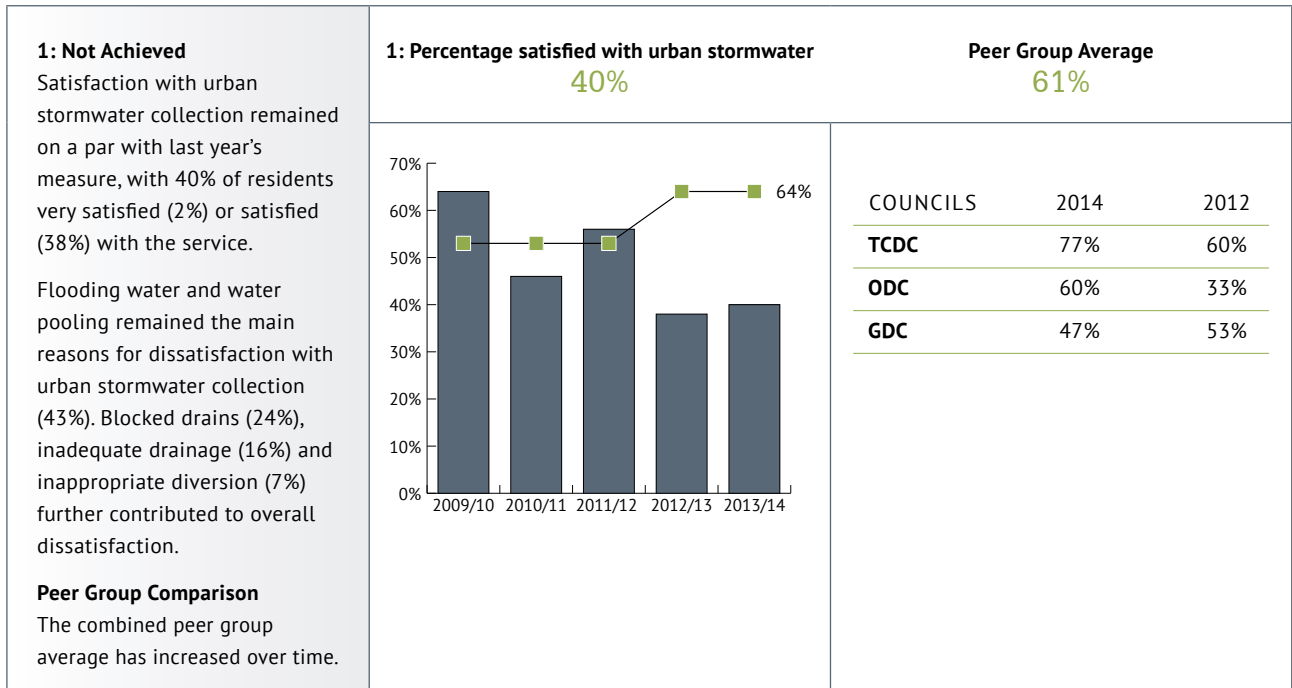
Activity Performance Indicators

The information below includes:

- How residents rated their satisfaction on use of a selection of Council services and facilities;
- The activity service and performance results; and
- A peer review comparison with three Councils (Thames-Coromandel District Council (TCDC), Opotiki District Council (ODC) and Gisborne District Council (GDC) looking primarily at customer satisfaction with Council's facilities and services.

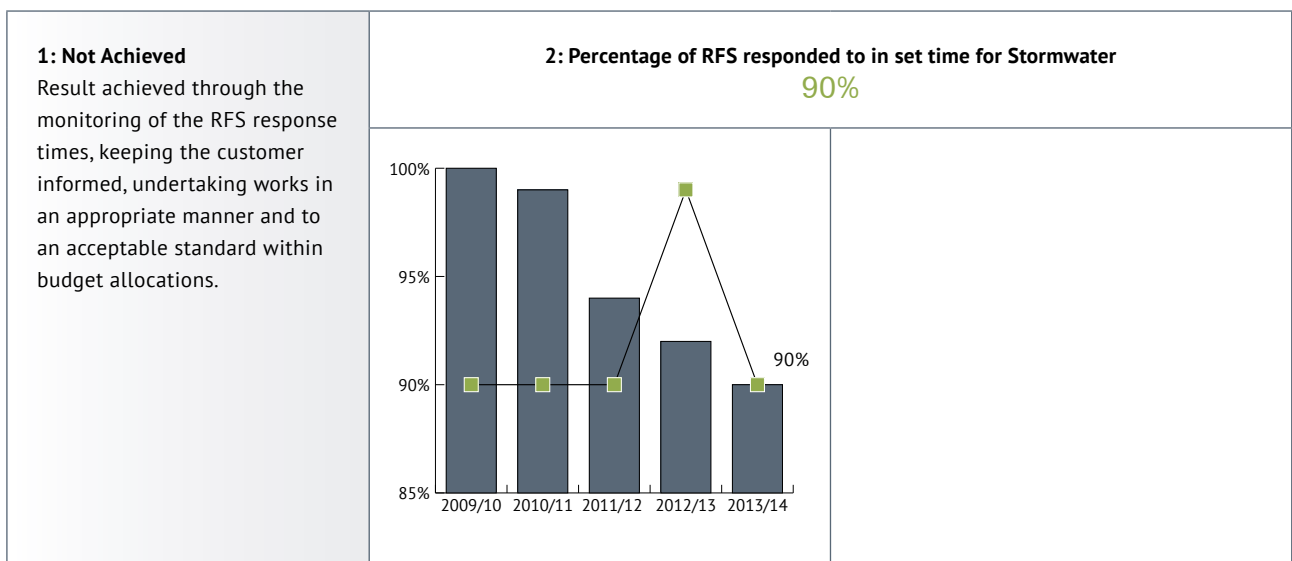
2013/14 results

Result Target



2013/14 results

Result Target



Stormwater Drainage Group

Financial Information

Financial Summary

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	ACTUAL 2014 \$000s	COUNCIL BUDGET 2014 \$000s	VARIANCE \$000s
INCOME				
Rates income	1	3,022	2,688	335
Development & financial contributions		6	0	6
Other income		4	0	4
Total operating income		3,032	2,688	345
EXPENDITURE				
Direct costs	2	690	1,096	406
Indirect costs		128	150	22
Activity expenditure		818	1,246	428
Depreciation		654	720	66
Interest expense		246	301	55
Total operating expenditure		1,718	2,268	550
Net operating surplus/(deficit)		1,315	420	895
CAPITAL STATEMENT				
Net operating surplus		1,315	420	895
Loans		2	619	(617)
Other funding		(74)	584	(658)
Total funding		1,243	1,623	(380)
New work	3	174	980	607
Renewal works	3	17	310	292
Loan repayments		331	333	2
Total capital expenditure		522	1,623	1,101
NET SURPLUS/(DEFICIT)		721	0	721

NOTE:

A favourable variance is shown as a positive number and an unfavourable variance is shown as a negative number. The direct and indirect budgets shown in the table do not individually agree to those published in the LTP due to a difference in allocation. The total activity expenditure, however, does agree to the total published in the LTP.



Variance To The Annual Plan 2013/14

1. Rates income is showing a favourable variance of \$335k predominantly due to:
 - a. An increase in penalty rate income of \$167k; and
 - b. An increase in general rates of \$59k.
 - c. An increase in service rates of \$109k.
2. Direct costs are showing a favourable variance of \$406k predominantly due to:
 - a. No expenditure in relation to contract professional fees was incurred during the year against a budget of \$294k;
 - b. External services showing a favourable variance of \$188k.
 - c. Bad debt provisions exceeded budget by \$147k due to increased penalty charges
3. Capital expenditure is showing a favourable variance of \$380k predominantly due to delays in the commencement of projects.

Key Capital Projects

FOR THE YEAR ENDED 30 JUNE 2014

	ACTUAL 2014 \$000s	COUNCIL BUDGET 2014 \$000s	VARIANCE \$000s
NEW WORKS			
Urban stormwater	174	980	807
Total new works	174	980	807
RENEWALS			
Urban stormwater	17	310	202
Total renewals	17	310	202

Significant Acquisitions or Replacements of Assets for 2013/14

The Local Government Act 2002 requires councils to provide information regarding any significant assets acquired or replaced during the year. Council carried out no works of a significant level for this activity during the year.



Water Supply Group



Community Outcome
A Safe and Healthy District and
A Sustainable and Livable
Environment

Water Supply

Council meets the need for high quality drinking water and ensures fire-fighting requirements are met within the defined water supply areas.

WATER SUPPLY CONTRIBUTES BY ENSURING

- Treated drinking water supplies conform to established public health standards and
- Water treatment does not adversely effect the environment

COUNCIL'S STRATEGIC PRIORITIES

– in action –

District wide asbestos cement water pipe replacement

What we said we would do in 2013/14

Complete an investigation and condition assessment of asbestos cement water pipe network, and then implement a programme of works to target critical areas over succeeding years.

What we did in 2013/14

Kaitaia area scoped and prioritised. Replacement piping completed as planned.

What we plan to do in 2014/15

Investigation and condition assessment continues across the Kaikohe water supply scheme.



Kaitaia new Sweetwater source

What we said we would do in 2013/14

Commissioning of a new water source for Kaitaia.

What we did in 2013/14

Work on the Sweetwater project was limited to further testing of the effect of pumping the bore on other bores in the area. As of the end of June 2014 progress on the original project concept has been deferred pending an independent engineering review of alternative water supply options.

What we plan to do in 2014/15

Work to identify a new water source for Kaitaia will continue and will be dependent upon on outcomes from the current engineering review.

KEY PROJECTS

– *development so far* –

Omanaia Water Supply

What we said we would do in 2013/14

Progress water supply issues in Omanaia.

What we did in 2013/14

A capital subsidy application to the Ministry of Health was submitted but was viewed as uneconomic and rejected. Work to investigate and develop an area wide solution has commenced and will include the Omanaia water supply issues.

What we plan to do in 2014/15

Progress resolution of water supply issues for Omanaia.

Management Planning

What we said we would do in 2013/14

Gain approval for Water Safety Plans (WSP's were formerly called PHRMP's Public Health Risk Management Plans).

What we did in 2013/14

Approval for 7 of 8 water supplies granted.

What we plan to do in 2014/15

Kerikeri scheme approval in progress.

Fire Fighting Capacity Study & Remedials

What we said we would do in 2013/14

Assessment of fire-fighting performance, i.e. Identifying improvements that compliment local fire-fighting operational strategies.

What we did in 2013/14

Improvements to Russell infrastructure completed. Further physical works will depend on outcomes from modelling exercise studies.

What we plan to do in 2014/15

Implement identified improvements following assessment of fire-fighting performance, within the capacity of the supply.

COMPLETED

– *what we have achieved in 2013/14* –

- Water reticulation extended to provide drinking water supply to Waitangi Trust and Copthorne Hotel.
- Re-roofing of timber tank reservoir at Te Houmi.
- Upgrade works at Paihia water treatment plant has increased capacity of supplies.

CHALLENGES AND DISAPPOINTMENTS

– *where are we now?* –

- Water supply from the Petaka Stream that feeds Rawene experienced a significant slip early June 2014 that affected the quality of raw water available for treatment. A remedial works plan will be proposed to Northland Regional Council and Department of Conservation for approval.
- Summer drought affecting Opononi, Rawene and Kaikohe water supplies led to water restrictions and conservation measures.

THINKING AHEAD¹

– *key priorities planned for 2014/15* –

- Progress investigations into supplementary water sources for Opononi, Rawene and Te Kao.
- Increased engagement and consultation with Iwi and the wider community in order to achieve mutually acceptable solutions that benefit the district.

¹ Please refer to the Water Supply section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities

² For more information on Public Health Grading of Water Supplies please refer to the Ministry of Health website: <http://www.drinkingwater.esr.cri.nz/general/grading.asp>

³ Compliance with the Drinking Water Standards for New Zealand has changed. Significant funds will now be required to meet the revised (2008) standard (not budgeted for in 2013-14).

Activity Performance Indicators

The activity service and performance results in 2013/14 is detailed below:

2013/14 results

Result Target

<p>1: Not Achieved The programme for checking / calibrating flowmeters has been extended to include all essential flowmeters. Program in place district wide to replace old imperial water meters.</p> <p>2: Achieved Water takes all within consent limits. Only one recorded in October 2013 at Opononi WTP which breached compliance due to low chlorine levels in reservoir.</p>	<p>1: Percentage of non revenue water measured (losses) 29%</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Result (%)</th> <th>Target (%)</th> </tr> </thead> <tbody> <tr> <td>2009/10</td> <td>27</td> <td>27</td> </tr> <tr> <td>2010/11</td> <td>28</td> <td>26</td> </tr> <tr> <td>2011/12</td> <td>29</td> <td>25</td> </tr> <tr> <td>2012/13</td> <td>27</td> <td>26</td> </tr> <tr> <td>2013/14</td> <td>29</td> <td>25</td> </tr> </tbody> </table>	Year	Result (%)	Target (%)	2009/10	27	27	2010/11	28	26	2011/12	29	25	2012/13	27	26	2013/14	29	25	<p>2: Compliance with consented water take limits, maximum number of fails per month 1</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Result</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2009/10</td> <td>0</td> <td>0</td> </tr> <tr> <td>2010/11</td> <td>0</td> <td>0</td> </tr> <tr> <td>2011/12</td> <td>0</td> <td>0</td> </tr> <tr> <td>2012/13</td> <td>1</td> <td>5</td> </tr> <tr> <td>2013/14</td> <td>1</td> <td>4</td> </tr> </tbody> </table>	Year	Result	Target	2009/10	0	0	2010/11	0	0	2011/12	0	0	2012/13	1	5	2013/14	1	4
Year	Result (%)	Target (%)																																				
2009/10	27	27																																				
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2010/11	0	0																																				
2011/12	0	0																																				
2012/13	1	5																																				
2013/14	1	4																																				
<p>3: Not Achieved The following systems are currently compliant and exceeding the KPI grade of Bb: Kaitaia - Ab, Kawakawa - Ab, Kerikeri - Ab, Paihia - Ae. Equipment upgrades are required to achieve compliance with remaining schemes.</p> <p>4: Achieved All 7 schemes currently compliant with DWSNZ 2008.</p>	<p>3: Number of systems achieving grade Bb² 4</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Result</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2009/10</td> <td>2</td> <td>0</td> </tr> <tr> <td>2010/11</td> <td>2</td> <td>1</td> </tr> <tr> <td>2011/12</td> <td>2</td> <td>2</td> </tr> <tr> <td>2012/13</td> <td>4</td> <td>4</td> </tr> <tr> <td>2013/14</td> <td>4</td> <td>6</td> </tr> </tbody> </table>	Year	Result	Target	2009/10	2	0	2010/11	2	1	2011/12	2	2	2012/13	4	4	2013/14	4	6	<p>2: All systems fully compliant with the DWSNZ standards³ 7</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Result</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2012/13</td> <td>6</td> <td>8</td> </tr> <tr> <td>2013/14</td> <td>7</td> <td>7</td> </tr> </tbody> </table>	Year	Result	Target	2012/13	6	8	2013/14	7	7									
Year	Result	Target																																				
2009/10	2	0																																				
2010/11	2	1																																				
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2013/14	4	6																																				
Year	Result	Target																																				
2012/13	6	8																																				
2013/14	7	7																																				
<p>5: Achieved This has been achieved by the replacement of ageing assets using a risk based renewal programme.</p> <p>6: Achieved Proactive management of the alliance contract and the implementation of routine maintenance programs assisted in maintaining the standards.</p>	<p>3: 5: Maintain number of mains breaks per km of pipe 11</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Result</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2009/10</td> <td>1</td> <td>1</td> </tr> <tr> <td>2010/11</td> <td>1</td> <td>1</td> </tr> <tr> <td>2011/12</td> <td>1</td> <td>1</td> </tr> <tr> <td>2012/13</td> <td>19</td> <td>16</td> </tr> <tr> <td>2013/14</td> <td>11</td> <td>16</td> </tr> </tbody> </table>	Year	Result	Target	2009/10	1	1	2010/11	1	1	2011/12	1	1	2012/13	19	16	2013/14	11	16	<p>6: Percentage of urgent RFS (4 hours) responded within timeframe 96%</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Result (%)</th> <th>Target (%)</th> </tr> </thead> <tbody> <tr> <td>2009/10</td> <td>98</td> <td>91</td> </tr> <tr> <td>2010/11</td> <td>96</td> <td>91</td> </tr> <tr> <td>2011/12</td> <td>97</td> <td>92</td> </tr> <tr> <td>2012/13</td> <td>95</td> <td>93</td> </tr> <tr> <td>2013/14</td> <td>96</td> <td>93</td> </tr> </tbody> </table>	Year	Result (%)	Target (%)	2009/10	98	91	2010/11	96	91	2011/12	97	92	2012/13	95	93	2013/14	96	93
Year	Result	Target																																				
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Water Supply Group Financial Information

Financial Summary

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	ACTUAL 2014 \$000s	COUNCIL BUDGET 2014 \$000s	VARIANCE \$000s
INCOME				
Rates income (excluding targeted water supply rates)	1	2,764	2,099	665
Fees, charges & targeted water supply rates	2	6,142	6,326	(184)
Development & financial contributions	3	30	0	30
Subsidies & grants	4	90	184	(94)
Other income		20	0	20
Total operating income		9,046	8,609	437
EXPENDITURE				
Direct costs	5	5,158	4,122	(1,035)
Indirect costs		311	353	42
Activity expenditure		5,469	4,475	(994)
Depreciation		2,401	2,450	49
Interest expense		626	910	284
Total operating expenditure		8,496	7,835	(660)
Net operating surplus/(deficit)		550	774	(224)
CAPITAL STATEMENT				
Net operating surplus		550	774	(224)
Loans		651	3,685	(3,034)
Other funding		1,324	1,560	(236)
Total funding		2,525	6,018	3,493
New work	6	499	4,190	3,692
Renewal works	6	1,051	975	(75)
Loan repayments		776	853	77
Total capital expenditure		2,325	6,018	3,694
NET SURPLUS/(DEFICIT)		200	0	200

NOTE:

A favourable variance is shown as a positive number and an unfavourable variance is shown as a negative number. The direct and indirect budgets shown in the table do not individually agree to those published in the LTP due to a difference in allocation. The total activity expenditure, however, does agree to the total published in the LTP.

Variance To The Annual Plan 2013/14

1. Rates income is showing a favourable variance of \$665k predominantly due to:
 - a. An increase in penalty rate income of \$597k; and
 - b. Water service fees are showing a favourable variance of \$68k.
2. Fees, charges and targeted supply rates are showing an unfavourable variance of \$184k predominantly due to:
 - a. A decrease in water by meter charges of \$314k;
 - b. An increase in water by meter penalty income of \$115k.
3. Development and financial contributions are showing a favourable variance of \$30k predominantly due to a receipt of development contributions that were unbudgeted.
4. Subsidies and grants are showing an unfavourable variance of \$94k predominantly due to:
 - a. Changes in the proposed scheme for Rawene/Omania.
 - b. Repayment of subsidy of \$116k to the Ministry of Health in relation to fluoridation. \$232k had been previously accrued for this subsidy.
5. Direct costs are showing an unfavourable variance of \$1,035k predominantly due to:
 - a. Salary savings of \$114k due to vacancies during the year.
 - b. External services and contract work annual are showing a combined unfavourable variance of \$550k,
 - c. Bad debt provisions exceeded budget by \$617k due to increased penalty charges.
6. Capital expenditure is showing a favourable variance of \$3,617k predominantly due to delays in the commencement of projects.

Key Capital Projects

FOR THE YEAR ENDED 30 JUNE 2014

	ACTUAL 2014 \$000s	COUNCIL BUDGET 2014 \$000s	VARIANCE \$000s
NEW WORKS			
Water schemes	499	4,190	3,692
Total new works	499	4,190	3,692
RENEWALS			
Water schemes	1,051	975	(75)
Total renewals	1,051	975	(75)

Significant Acquisitions or Replacements of Assets for 2013/14

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:

WATER TREATMENT, STORAGE AND SUPPLY NETWORK	BUDGET 2014 \$000s	ACTUAL 2014 \$000s
WATER SCHEMES		
Kaitaia new source		
Proposed new water source for Kaitaia – Sweetwater project	3,000	2
Kaitaia AC pipe replacement	300	325
Opononi Raw Water Main Replacement	208	0
Kaikohe Taraire Dam	208	0

Variance To The Annual Plan 2013/14

- Kaitaia new source.
Progressing significant work on the Sweetwater project was deferred pending the outcome of an investigation into contractual arrangements. Subsequently, certain matters were referred by Council to the Serious Fraud Office and the outcome of that investigation is not yet known.



Sewerage Treatment Group



Community Outcome
A Safe and Healthy District and
A Sustainable and Livable
Environment

Sewerage Treatment

The wastewater system carries liquid wastes from households, businesses and community facilities. It treats and disposes the effluent to minimise the risk to the environment and public health.

SEWERAGE TREATMENT CONTRIBUTES BY

- Ensuring wastewater systems support and promote safe and healthy conditions and
- Sewerage treatment does not adversely effect the environment.

COUNCIL'S STRATEGIC PRIORITIES¹

– in action –

East Coast Wastewater

What we said we would do in 2013/14

Work to commence for the East Coast Scheme which services the Mangonui/Cable Bay/Coopers Beach and Taipa areas.



What we did in 2013/14

Renewal of the resource consent for discharge from the treatment plant is in progress. A number of options have been considered as a way of reducing discharge to water together with an ecological study on the existing receiving environment to assist with progressing the consenting process.

What we plan to do in 2014/15

Continue to progress resource consent renewal and planning for treatment plant upgrade if required.

Bay of Islands Wastewater Treatment Scheme

What we said we would do in 2013/14

Council to complete an intensive consultation with ratepayers in July 2013.

What we did in 2013/14

The response to the campaign titled "Let's Talk Crap" drew more than 600 responses from the community. The campaign considered three options which were: 1) Ratepayers retaining personal responsibility for owning and managing sewage treatment onsite. 2) Council managing onsite treatment systems. 3) The "flush and forget" option which supported reticulating

specific suburbs. Taking into account the Auditor General's report on Kaipara and its Mangawhai project, Council resolved to adopt a staged approach to ensure affordability to ratepayers, and to separately address compliance issues at the Paihia wastewater plant.

What we plan to do in 2014/15

Progress works to upgrade the Paihia wastewater treatment plant to meet new resource consent standards. Carry out a more detailed public consultation on proposals for the Kerikeri wastewater scheme to include submissions under the LTP process.

KEY PROJECTS

– *development so far* –

Sewer Inflow And Infiltration Studies

What we said we would do in 2013/14

Prioritise and commence district wide inflow and infiltration assessment works.

What we did in 2013/14

Carried out a high level review which lead to prioritisation of the Kaitaia wastewater scheme. Hydraulic modelling to establish scale and potential cost impact.

¹ Please refer to the Sewerage Treatment section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities



Plan established to progress detailed investigations and identify solutions in 2014/15 for remediation program as part of the LTP.

What we plan to do in 2014/15

Continue district wide inflow and infiltration assessment works and implement remedial works. Focus on the Kaitaia sewerage network as a priority to identify solutions and budgets for approval under the LTP.

Kaikohe STP Upgrade

What we said we would do in 2013/14

Commence the Kaikohe Sewerage Treatment Plant (STP) upgrade.

What we did in 2013/14

Reviewed extent of current compliance issues and held discussions with Northland Regional Council regarding potential for resource consent modification. Agreed to undertake environmental assessment and submit proposals for a do nothing recommendation. Assessments commenced.

What we plan to do in 2014/15

Complete the Kaikohe Treatment Plant upgrade to meet the resource consent. Final outcomes will reflect environmental assessment study and review of compliance standards with regional council.

Sludge Management Project

What we said we would do in 2013/14

Creation of sludge drying facility at Kaitaia Sewerage Treatment Pond.

What we did in 2013/14

Sludge survey on all pond systems completed. Tender preparation for sludge removal at Kaitaia STP in progress. Consultant engaged to carry out bund design for Kaitaia sludge storage in progress. Discussion entered with external sludge recycling operator on potential options for waste material.

What we plan to do in 2014/15

Complete sludge removal from ponds at Kaitaia, Kaikohe and Kawakawa

COMPLETED

– what we have achieved in 2013/14 –

- Council installed a new low pressure sewer system in Opuia and connected this to the Paihia scheme. Failing septic systems in this area were causing pollution in the Bay of Islands. During 2012/13 the contract was tendered, awarded, and construction has been completed.
- Awanui had an ageing effluent disposal scheme with failing septic tanks, leaking infrastructure, prone to flooding, and a deteriorating treatment plant. The proposed solution was to replace it with a low pressure system and transfer effluent to the Kaitaia sewerage treatment plant. A contract was tendered and awarded in 2012/13 with construction completed during 2013/14.

CHALLENGES AND DISAPPOINTMENTS

– where are we now? –

- The resource consenting process for East Coast did not progress as speedily as expected, therefore delaying a decision on any capital upgrade works.
- The need to ensure an affordable solution for the proposed Bay of Islands wastewater scheme has been a challenge leading to review of scoping and options, while attempting to retain government subsidy.
- The sewer infiltration and inflow high level study has identified significant issues in the Kaitaia network and will pose a challenge in achieving an affordable solution.

² Please note: No significant changes have occurred to levels of service. However, Council has active projects to reticulate Opuia and Awanui, where evidence of failed reticulation and septic systems indicates that a new reticulation is the most cost effective solution. As part of the investigations into options for the Bay of Islands Wastewater Treatment Project Council is investigating the future reticulation of areas in Kerikeri where failure of septic systems and drainage fields may be posing a threat to nearby water bodies. The intent will be to engage in a consultative procedure with the affected communities before physical construction is undertaken.

Activity Key Performance Indicators²

- The activity service and performance results in 2013/14 is detailed below:

2013/14 results

Result Target

<p>1: Achieved Council achieved this by a risk analysis of facilities most likely to cause spillage, and focusing attention and resources to manage those risks appropriately.</p> <p>2: Achieved Most of the incidents were resolved within the timeframe. One response in March 2014 was late due to location of the leak which has since been rectified.</p>	<p>1: Number of sewage spills to water</p> <p style="text-align: center; color: green; font-size: 24px;">2</p> <table border="1"> <caption>Number of sewage spills to water</caption> <thead> <tr> <th>Year</th> <th>Result</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2009/10</td> <td>4</td> <td>11</td> </tr> <tr> <td>2010/11</td> <td>11</td> <td>10</td> </tr> <tr> <td>2011/12</td> <td>8</td> <td>9</td> </tr> <tr> <td>2012/13</td> <td>8</td> <td>10</td> </tr> <tr> <td>2013/14</td> <td>2</td> <td>9</td> </tr> </tbody> </table>	Year	Result	Target	2009/10	4	11	2010/11	11	10	2011/12	8	9	2012/13	8	10	2013/14	2	9	<p>2: Percentage of Requests for Service (RFS) responded to in set time for sewerage</p> <p style="text-align: center; color: green; font-size: 24px;">99%</p> <table border="1"> <caption>Percentage of Requests for Service (RFS) responded to in set time for sewerage</caption> <thead> <tr> <th>Year</th> <th>Result</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2009/10</td> <td>99%</td> <td>92%</td> </tr> <tr> <td>2010/11</td> <td>99%</td> <td>95%</td> </tr> <tr> <td>2011/12</td> <td>99%</td> <td>95%</td> </tr> <tr> <td>2012/13</td> <td>98%</td> <td>95%</td> </tr> <tr> <td>2013/14</td> <td>99%</td> <td>95%</td> </tr> </tbody> </table>	Year	Result	Target	2009/10	99%	92%	2010/11	99%	95%	2011/12	99%	95%	2012/13	98%	95%	2013/14	99%	95%
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<p>3: Achieved The contract target for the flow limit compliance – 2013/14 has been met by Transfield Services Limited who are responsible for monitoring effluent (final) discharges from all wastewater schemes. Monitoring data is supplied to the Northland Regional Council as required for each schemes' resource consent.</p> <p>4: Not Achieved Breaches of consent limits at Paihia, Kaitaia, Kawakawa, Whatuwhiwhi, Kerikeri and Rawene. A series of localised improvement plans are underway, Council working with Northland Regional Council on variations to the current discharge consents quality limits.</p>	<p>3: Percentage compliance with resource consents discharge flow limits</p> <p style="text-align: center; color: green; font-size: 24px;">99%</p> <table border="1"> <caption>Percentage compliance with resource consents discharge flow limits</caption> <thead> <tr> <th>Year</th> <th>Result</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2012/13</td> <td>96%</td> <td>95%</td> </tr> <tr> <td>2013/14</td> <td>99%</td> <td>95%</td> </tr> </tbody> </table>	Year	Result	Target	2012/13	96%	95%	2013/14	99%	95%	<p>4: Percentage compliance with consented discharge quality limits</p> <p style="text-align: center; color: green; font-size: 24px;">91%</p> <table border="1"> <caption>Percentage compliance with consented discharge quality limits</caption> <thead> <tr> <th>Year</th> <th>Result</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2012/13</td> <td>96%</td> <td>95%</td> </tr> <tr> <td>2013/14</td> <td>91%</td> <td>95%</td> </tr> </tbody> </table>	Year	Result	Target	2012/13	96%	95%	2013/14	91%	95%																		
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Sewerage Treatment Group Financial Information

Financial Summary

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	ACTUAL 2014 \$000s	COUNCIL BUDGET 2014 \$000s	VARIANCE \$000s
INCOME				
Rates income (excluding targeted water supply rates)	1	12,431	11,402	1,029
Fees, charges & targeted water supply rates		155	282	(126)
Development & financial contributions	2	122	0	122
Subsidies & grants	3	93	1,495	(1,402)
Other income		(24)	4	(28)
Total operating income		12,777	13,183	(406)
EXPENDITURE				
Direct costs	4	5,908	5,148	(760)
Indirect costs		423	483	60
Activity expenditure		6,331	5,631	(700)
Depreciation		3,776	3,789	13
Interest expense		1,339	1,681	342
Total operating expenditure		11,446	11,101	(345)
Net operating surplus/(deficit)		1,332	2,082	(750)
Capital statement				
Net operating surplus		1,332	2,082	(750)
Loans		767	6,583	(5,816)
Other funding		2,286	5,130	(2,844)
Total funding		4,385	13,795	(9,410)
New work	5	424	10,467	10,033
Renewal works	5	789	1,652	863
Loan repayments		2,078	1,676	(402)
Total capital expenditure		3,291	13,795	10,504
NET SURPLUS/(DEFICIT)		1,094	0	1,094

NOTE:

A favourable variance is shown as a positive number and an unfavourable variance is shown as a negative number.

The direct and indirect budgets shown in the table do not individually agree to those published in the LTP due to a difference in allocation. The total activity expenditure, however, does agree to the total published in the LTP.

Variance To The Annual Plan 2013/14

1. Rates income is showing a favourable variance of \$1,029k predominantly due to:
 - a. An increase in penalty rate income of \$850k.
 - b. An increase in service rates of \$156k
2. Development and financial contributions are showing a favourable variance of \$122k:
 - a. A reduction in assets for the Kohukohu scheme to reflect pipe diameters;
 - b. Development contributions of \$118k were received and were unbudgeted..
3. Subsidies and grants are showing an unfavourable variance of \$1,402k predominantly due to delays in progressing the Awanui reticulation project.
4. Direct costs are showing an unfavourable variance of \$760k predominantly due to:
 - a. External services are showing a favourable variance of \$159k;
 - b. Loss on disposal of property, plant & equipment of \$154k;
 - c. Bad debt provisions exceeded budget by \$759k due to increased penalty charges.
5. Capital expenditure is showing a favourable variance of \$10,896k predominantly due to delays in the commencement of projects.

Key Capital Projects

FOR THE YEAR ENDED 30 JUNE 2014

	ACTUAL 2014 \$000s	COUNCIL BUDGET 2014 \$000s	VARIANCE \$000s
NEW WORKS			
Wastewater schemes	424	10,467	10,003
Total new works	424	10,467	10,003
Renewals			
Wastewater schemes	789	1,652	863
Total renewals	789	1,652	863



Significant Acquisitions Or Replacements Of Assets For 2013/14

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:

	BUDGET 2014 \$000s	ACTUAL 2014 \$000s
WASTEWATER NETWORKS AND TREATMENT		
Wastewater schemes		
Hihi treatment plant	600	25
Whatuwhiwhi treatment plant upgrade	978	104
Paihia treatment plant	1,500	18
Awanui reticulation subsidy scheme	1,500	182
Awanui reactive renewals	434	0
Rawene treatment plant upgrade	1,032	0
East Coast treatment plant upgrade	1,378	0
Sludge management	1,048	16
Kaikohe treatment plant upgrade	722	0

Variance To The Annual Plan 2013/14

- **Hihi treatment plant upgrade**

In order to provide an affordable solution the original project scope for a complete plant upgrade was reviewed and staged so that upgrade works to meet new resource consent standards could be completed in advance, and any necessary renewal requirements could be justified by more detailed investigation. Those intrusive investigations have required plant shutdown with timing being essential to maintain compliance. As a result the inspections were delayed but have now been carried out with design now underway and construction planned for 2014/15.

- **Whatuwhiwhi treatment plant upgrade**

During concept design it was identified that provision of UV treatment to meet resource consent standards could be implemented while achieving considerable savings on the original budget. Further potential savings were identified through alternative compliance monitoring proposals which were subject to discussion with Regional Council. Ongoing discussions with NRC proved inconclusive and other alternative options to re utilize redundant plant from the recently decommissioned Awanui STP were proposed. The works are currently in progress and although the project is behind schedule significant savings are anticipated.

- **Paihia treatment plant**

The Paihia treatment plant upgrade project originally formed part of the wider Bay of Islands project. The project was separated and included in the 2013/14 plan in order to meet compliance deadlines set by the Regional Council. With the arrival of a new Council in October 2013 it became necessary to reestablish a Council mandate for this high profile significant project, requiring deferral of construction into the 2014/15 year. Regional compliance deadlines have been extended to align with current program.

- **Awanui subsidy reticulation**

Significant savings on the overall project budget were realized at tender stage. Annual budgets were aligned to expected construction activities with remaining surplus deferred to 2014 to ensure final plant decommissioning costs could be met. With decommissioning now well progressed it is anticipated significant savings will be made.

- **Rawene treatment plant upgrade**

Budgets were originally planned to reflect the need for expected upgrade works as a result of the treatment plant resource consent renewal, which are usually accompanied by a raising of required treatment standards. A condition of the new resource consent is to reach agreement with the community on the specific nature of plant upgrade. As community discussion continues the funding is likely to be further deferred as part of the LTP.

- **East Coast treatment plant upgrade**

Budgets were originally planned to reflect the need for expected upgrade works as a result of the treatment plant resource consent renewal, which are usually accompanied by a raising of required treatment standards. Public consultation has been ongoing with requests for Council to review options for land disposal. A current study of surrounding waterways will lead to further consultation resulting in formal consent issue from NRC. Budgets will be deferred further as part of the LTP.

- **Sludge management**

The planned project was for removal of sludge from the Kaitaia STP pond system. Delays occurred due to a review of options available to ensure sustainability and efficient spend of both operational and capital expenditure. With bund design now completed it is expected construction will commence during 2014/15.

- **Kaikohe treatment plant upgrade**

Budgets were originally planned to reflect the need for expected upgrade works as a result of the treatment plant resource consent renewal. Formal project design was deferred while alternative low cost options are pursued with the Regional council through a risk management approach. A detailed ecological study is underway and will help to direct discussions with NRC and reach a final outcome during 2014/15.



Waste Management Group



Community Outcome
A Sustainable and Livable
Environment

Waste Management

The Waste Management Group provides facilities for the disposal of refuse balanced with the provision of recycling and other waste minimisation facilities to minimise the risk to the environment and public health. Refuse collection services, are undertaken by private contractors.

WASTE MANAGEMENT CONTRIBUTES BY ENSURING

- Recycling and waste management is encouraged and supported.

COUNCIL'S STRATEGIC PRIORITY – in action –

Converting Waste to Fuel

What we said we would do in 2013/14

Continue to monitor the development of the technology and direction lead by Government.

What we did in 2013/14

Discussions have been held with the Waste Industry to explore opportunities to process non-recyclable plastics into a fuel oil.



What we plan to do in 2014/15

Council has deferred becoming involved with this technology due to larger scale investigations by Central Government agencies. Recent studies recommended that only larger scale resource processing facilities could be cost effective.

KEY PROJECTS

– development so far –

Waste Minimisation Plan

What we said we would do in 2013/14

- Continuing to work towards meeting long-term waste disposal needs by exploring alternative options to landfill for waste disposal while aiming for a goal of zero waste to landfill.
- Education and promotion
- Bylaws Reviews

What we did in 2013/14

- Clothing bins for recovery were introduced at Whitehills and Whangae RTS.
- Business Green Star Award underway. Encouraging waste minimisation in businesses - 1st award made to Kleen & Press, Kerikeri.
- Consideration to Bylaw change to reinforce recycling behaviour.

What we plan to do in 2014/15

- Expand Green Star Award Initiative.
- Review solid waste bylaws to integrate into one bylaw.

Provide Community Stations And Recycling Bins

What we said we would do in 2013/14

Increase waste recycling by improving access to recycling services across the district.

What we did in 2013/14

- New recycling station in place on Rangiahua Rd as alternative to Horeke Molok.
- Investigation of new community recycling site Mangamuka.
- Investigation underway for community recycling station at Pawarenga.
- Maromaku community recycling station set up on existing site. Molok removed in June 2013.

What we plan to do in 2014/15

- Increase waste recycling by improving access to recycling services across the district.
- Continuing investigation for Mangamuka Recycling.
- Commence operation of Recycling Station at Pawarenga.



Promotional & Educational Programme

What we said we would do in 2013/14

Continuing to encourage environmental awareness and waste minimisation through education programmes in Schools.

What we did in 2013/14

689 lessons delivered since July 2012.

What we plan to do in 2014/15

- Continuing to encourage environmental awareness and Waste minimisation through education programmes in schools.
- New contract to commence in January 2015.

CHALLENGES AND DISAPPOINTMENTS

– *where are we now?* –

Waste Minimisation Plan

- Only a few businesses have taken up the challenge for Green Star Award.

Recycling

- Lack of funding has slowed progress for more access to recycling.

Greenwaste

- Processing is currently dealt with by private enterprise and the refuse transfer station contractors, without the need for further input from Council. Therefore greenwaste education has been removed from the Plan. Council will continue to encourage home composting.

THINKING AHEAD¹

– *key priority planned for 2014/15* –

Waste Minimisation

Council will review where additional facilities can be provided. These reviews will potentially lead to additional facilities being provided and funded for in the LTP 2015/25.

Activity Performance Indicators

The information below includes:

- How residents rated their satisfaction on use of a selection of Council services and facilities;
- The activity service and performance results; and
- A peer review comparison with three Councils (Thames-Coromandel District Council (TCDC), Opotiki District Council (ODC) and Gisborne District Council (GDC) looking primarily at customer satisfaction with Council's facilities and services.

¹ Please refer to the Waste Management section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities

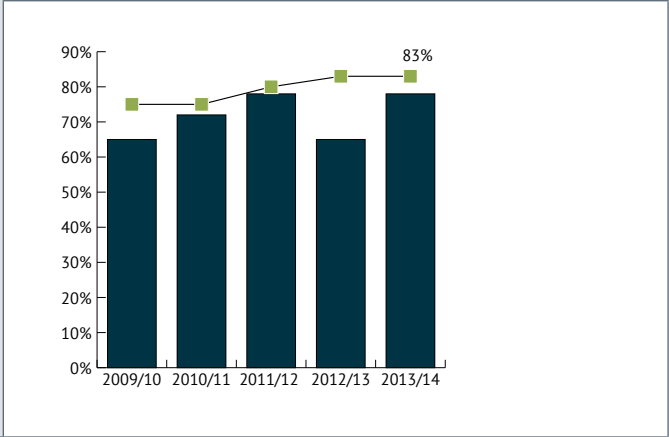
2013/14 results

Result Target

1: Not Achieved
 78% of residents were very satisfied (21%) or satisfied (57%) with the recycling stations, This is an increase in satisfaction compared to last year.

Expense and the user-pays system were the main reasons for dissatisfaction with recycling services at the transfer stations (39%). For some areas the lack of services was the greatest reason for dissatisfaction (33%).

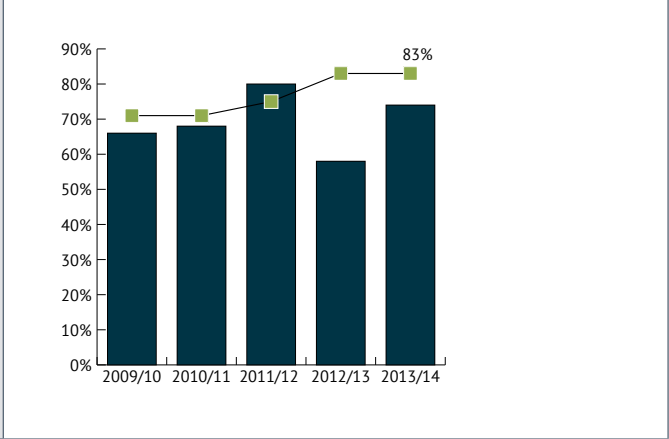
2: Percentage of Requests for Service (RFS) responded to in set time for sewerage
 78%



2: Not Achieved
 Residents' satisfaction with refuse transfer station services increased with a significantly greater proportion of the population satisfied (58%) or very satisfied (16%) with the services.

Residents who were not very satisfied with the refuse transfer services felt the expense or the additional cost on top of rates (35%) was uncalled for. In some areas the lack of facilities (16%) drove dissatisfaction, with a lack of policy regarding bigger refuse items and green waste (9%) contributing to overall dissatisfaction with services.

2: Percentage of Requests for Service (RFS) responded to in set time for sewerage
 74%





<p>Peer Group Comparison Combined satisfaction with the recycling was 80% for peer Councils.</p> <p>Combined satisfaction with the refuse was 71% for peer Councils.</p>	<p>Peer Group Average for Recycling 80%</p>			<p>Peer Group Average for Refuse 71%</p>																					
	<table border="1"> <thead> <tr> <th>COUNCILS</th> <th>2014</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td>TCDC</td> <td>87%</td> <td>90%</td> </tr> <tr> <td>ODC</td> <td>83%</td> <td>70%</td> </tr> <tr> <td>GDC</td> <td>69%</td> <td>93%</td> </tr> </tbody> </table>	COUNCILS	2014	2012	TCDC	87%	90%	ODC	83%	70%	GDC	69%	93%	<table border="1"> <thead> <tr> <th>COUNCILS</th> <th>2014</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td>TCDC</td> <td>86%</td> <td>90%</td> </tr> <tr> <td>ODC</td> <td>67%</td> <td>64%</td> </tr> <tr> <td>GDC</td> <td>60%</td> <td>90%</td> </tr> </tbody> </table>	COUNCILS	2014	2012	TCDC	86%	90%	ODC	67%	64%	GDC	60%
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2013/14 results

Result — Target

<p>3: Achieved Education and contractors performance is a contributing factor to meeting Council's levels of service requirements.</p> <p>4: Not achieved KPI was based upon exceptional growth indications in parallel with large reduction in waste to landfill.</p> <p>The general public and businesses have not made a material change to reduce waste to landfill although recycling has increased.</p> <p>Businesses were effectively discouraged from recycling through higher charges to recycle in some areas.</p>	<p>3: Percentage by tonnage of waste from refuse transfer station that is recycled/reused 63%</p> <table border="1"> <caption>Percentage by tonnage of waste from refuse transfer station that is recycled/reused</caption> <thead> <tr> <th>Year</th> <th>Result (%)</th> <th>Target (%)</th> </tr> </thead> <tbody> <tr> <td>2009/10</td> <td>50%</td> <td>63%</td> </tr> <tr> <td>2010/11</td> <td>55%</td> <td>63%</td> </tr> <tr> <td>2011/12</td> <td>55%</td> <td>63%</td> </tr> <tr> <td>2012/13</td> <td>58%</td> <td>63%</td> </tr> <tr> <td>2013/14</td> <td>56%</td> <td>63%</td> </tr> </tbody> </table>	Year	Result (%)	Target (%)	2009/10	50%	63%	2010/11	55%	63%	2011/12	55%	63%	2012/13	58%	63%	2013/14	56%	63%	<p>4: Per capita kilograms of refuse from district disposed of at landfills² 285</p> <table border="1"> <caption>Per capita kilograms of refuse from district disposed of at landfills</caption> <thead> <tr> <th>Year</th> <th>Result (kg)</th> <th>Target (kg)</th> </tr> </thead> <tbody> <tr> <td>2012/13</td> <td>270</td> <td>285</td> </tr> <tr> <td>2013/14</td> <td>200</td> <td>285</td> </tr> </tbody> </table>	Year	Result (kg)	Target (kg)	2012/13	270	285	2013/14	200	285
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Year	Result (kg)	Target (kg)																											
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² Amended KPI focus (as part of the 2013/14 Annual Plan adoption) due to improved Refuse volumes from district disposed of in landfills.

Waste Management Group

Financial Information

Financial Summary

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	ACTUAL 2014 \$000s	COUNCIL BUDGET 2014 \$000s	VARIANCE \$000s
INCOME				
Rates income	1	4,577	4,150	427
Fees, charges & targeted water supply rates		796	922	(126)
Other income		182	165	17
Total operating income		5,554	5,236	317
Expenditure				
Direct costs	2	4,187	4,093	(94)
Indirect costs		188	216	29
Activity expenditure		4,375	4,309	(64)
Depreciation		455	552	97
Interest expense		283	339	56
Total operating expenditure		5,112	5,200	88
Net operating surplus/(deficit)		442	36	405
Capital statement				
Net operating surplus		442	36	405
Loans		3	0	3
Other funding		417	538	(121)
Total funding		862	574	288
New work	3	96	36	(60)
Renewal works	3	22	177	155
Loan repayments		361	361	0
Total capital expenditure		478	574	95
NET SURPLUS/(DEFICIT)		384	0	384

NOTE:

A favourable variance is shown as a positive number and an unfavourable variance is shown as a negative number. The direct and indirect budgets shown in the table do not individually agree to those published in the LTP due to a difference in allocation. The total activity expenditure, however, does agree to the total published in the LTP.



Variance To The Annual Plan 2013/14

1. Rates income is showing a favourable variance of \$427k predominantly due to:
 - a. An increase in penalty rate income of \$314k; and
 - b. An increase in general rates of \$113k predominantly relating to transfer stations.
2. Direct costs are showing an unfavourable variance of \$94k predominantly due to:
 - a. External services and professional fees is below budget by \$117k due to efficiencies being made by the main contractor;
 - b. Loss on disposal of property, plant & equipment of \$16k;
 - c. Bad debt provisions exceeded budget by \$277k due to increased penalty charges.
3. Capital expenditure is showing a favourable variance of \$95k predominantly due to delays in the commencement of projects.

Key Capital Projects

For the year ended 30 June 2014

	ACTUAL 2014 \$000s	COUNCIL BUDGET 2014 \$000s	VARIANCE \$000s
NEW WORKS			
Transfer stations	80	31	(49)
Landfills	11	0	(11)
Recycling	5	5	0
Total new works	96	36	(60)
RENEWALS			
Transfer stations	22	141	119
Landfills	0	36	36
Total renewals	22	177	155

Significant Acquisitions Or Replacements Of Assets For 2013/14

The Local Government Act 2002 requires Councils to provide information regarding any significant assets acquired or replaced during the year. Council did not have any projects that would be classed as significant in this activity.



District Facilities Group



Community Outcome A Safe and Healthy District

The District Facilities Group is made up of a broad collection of separate functions and activities, descriptions of each follow:

¹ Please refer to the Cemeteries section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities

Cemeteries

Council owns a number of cemeteries that compliment the wider provision in the district.

CEMETERIES CONTRIBUTES BY

- Maintaining cemetery services to ensure community has access to quality facilities.

KEY PROJECT¹

– *Development so far* –

Cemetery Sanitary Assessment

What we said we would do in 2013/14

Cemetery Sanitary Assessment - Review the sanitary services assessment required by the Ministry of Health.

What we did in 2013/14

Establish scope and needs for the sanitary services assessment. Review outcomes of historic sanitary assessments.

What we plan to do in 2014/15

Seek proposals from appropriate consultants to undertake the assessment. Develop a programme of work to address issues and potential risks identified in the sanitary services assessment.



COMPLETED

– what we have achieved in 2013/14 –

- Fencing, vehicle access and landscaping improvements at Kaikohe cemetery.
- Assessment of safety issues at three cemeteries that have high ground water tables (Kaitaia, Kaikohe & Kerikeri).
- Review of future capacity and drainage issues at Kaitaia cemetery.

CHALLENGES AND DISAPPOINTMENTS

– where are we now? –

- Expansion requirements to be considered as part of the Kaitaia cemetery drainage upgrade.

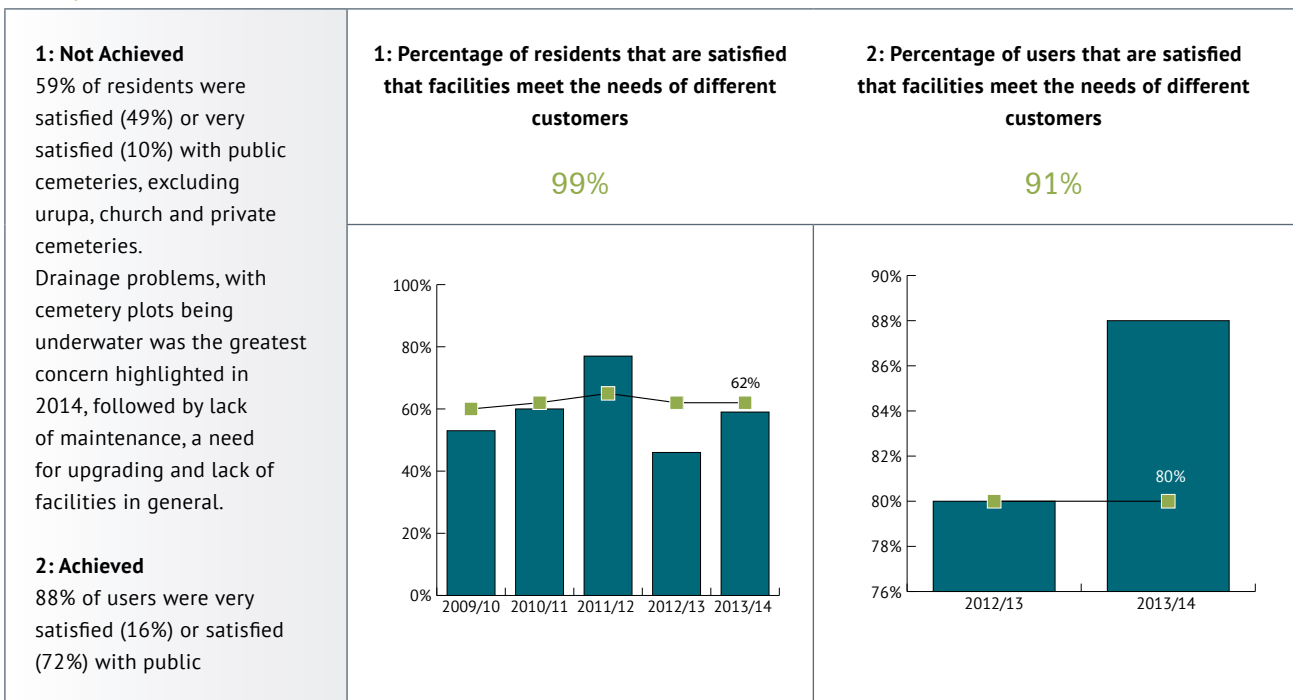
Activity Performance Indicators

The information below includes:

- How residents rated their satisfaction on use of a selection of Council services and facilities;
- The activity service and performance results; and
- A peer review comparison with three Councils (Thames-Coromandel District Council (TCDC), Opotiki District Council (ODC) and Gisborne District Council (GDC) looking primarily at customer satisfaction with Council's facilities and services.

2013/14 results

Result Target



<p>Peer Group Comparison Combined satisfaction with the cemeteries was 63% for peer Councils.</p>	<p>Peer Group Average</p> <p>63%</p>		
	COUNCILS	2014	2012
	TCDC	50%	83%
	ODC	70%	76%
	GDC	69%	73%



District Facilities Group



Community Outcome
A Safe and Healthy District

Civic and Community Buildings

Council provides and supports a range of accessible, affordable, safe, and well maintained community and civic buildings strategically located around the district.

CIVIC AND COMMUNITY BUILDINGS CONTRIBUTES TO

- Maintain and provide a safe gathering place for the community to meet, exchange information and hold events.

KEY PROJECTS

– development so far –

Consider Future Demand For Community Facilities

What we said we would do in 2013/14

Identify community facilities needs and recognise that those deemed non essential could be divested to community groups.



What we did in 2013/14

Council has identified two facilities that may be divested to the community.

What we plan to do in 2014/15

Continuing to work with the communities involved to progress divestment.

Disability Access Improvement

What we said we would do in 2013/14

Consider site specific needs to raise disability access to compliance level for key facilities.

What we did in 2013/14

Projects to improve disability access disability improvements were put on hold while consideration of potential divestment was considered.

What we plan to do in 2014/15

Improve disability access for key facilities.

Upgrade Kaikohe Civic Buildings

What we said we would do in 2013/14

Investigate the rationalisation and proposed re-development of all Kaikohe based Council buildings and facilities.

What we did in 2013/14

The initial concept was approved by Council, but was deferred until the details of the draft proposal for Local Government re-organisation is more clear.

What we plan to do in 2014/15

Complete assessment of needs and potential rationalisation of civil buildings, potentially involving co-locating library services.

COMPLETED

– what we have achieved in 2013/14 –

- Completed the renewal programme for community halls that included works at Kohukohu, Maromaku, Mangonui and Herekino

CHALLENGES AND DISAPPOINTMENTS

– where are we now? –

- Projects to improve key facilities for compliant disability improvements were put on hold while consideration of potential divestment was considered.

THINKING AHEAD¹

– key priorities planned for 2014/15 –

- Negotiate a Contract for Services with, and funding arrangements for, the Turner Centre.
- Agree on the governance, management and funding arrangements for Te Ahu Centre.

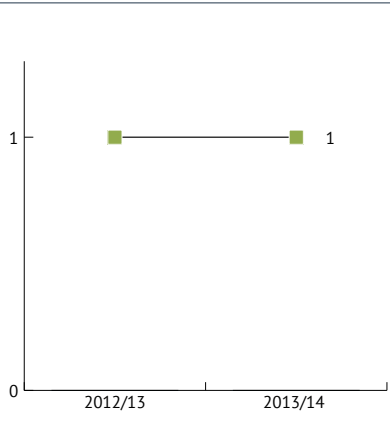
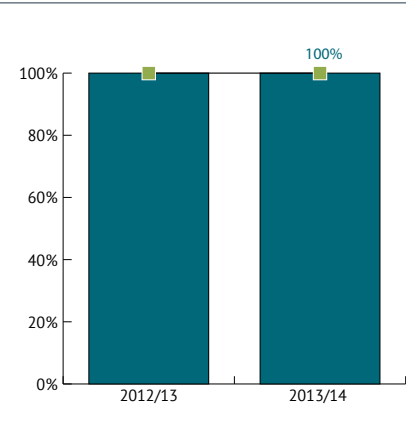
¹ Please refer to the Civic and Community Buildings section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities

Activity Performance Indicators

- The activity service and performance results for 2013/14 is detailed below:

2013/14 results

Result Target

<p>1: Not Achieved Council is currently undertaking a full review of the community halls policy prior to bringing the halls up to the required disability standards.</p> <p>2: Achieved As notifications are received, inspections are undertaken by the District Facilities Building Technical Officer and any compliance requirements are attended to within the required timeframe. Also there is regular communication between the District Facilities Building Technical Officer and IQP (Wormald).</p>	<p>1: Minimum 1 hall per year modified to meet disability standards</p> <p>*Amended target (as part of the 2013/14 Annual Plan adoption) because of funding and financial constraints, the number of halls to be modified in one year has been reduced</p> <p style="text-align: center;">0%</p> 	<p>2: Buildings requiring a warrant of fitness hold a current certificate and are maintained in accordance with the warrant</p> <p style="text-align: center;">100%</p> 
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District Facilities Group



Community Outcome
A Safe and Healthy district

Motor Camps

Council owns three motor camps (in Russell, Tauranga Bay and Houhora Heads) that compliment the wider provision of camping opportunities in the district.

MOTOR CAMPS CONTRIBUTES BY ENSURING

- Recreation and leisure facilities are maintained and that the community has access to quality facilities and opportunities for developing new facilities are investigated

KEY PROJECT

– *development so far* –

Facility Bookings

What we said we would do in 2013/14

Appointing reserve wardens through out the district to help deter illegal camping around the district.

What we did in 2013/14

Appointed five reserve wardens to monitor reserves at Kaimaumu, Whatuwhiwhi and Te Wahapu.

What we plan to do in 2014/15

Continue the appointment of reserve wardens to help deter illegal camping around the district, and working together with Department of Conservation on a common policy and strategy for managing this activity.

¹ Please refer to the Motor Camp section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities



COMPLETED

– *what we have achieved in 2013/14* –

- Appointed and trained five reserve wardens.

CHALLENGES AND DISAPPOINTMENTS

– *where are we now?*–

- There was a low response generally to this initiative and it is hoped that over time more wardens will be appointed across the District.

THINKING AHEAD¹

– *key priority planned for 2014/15* –

- Continue to encourage visitors to our district to use registered camp grounds.

Activity Performance Indicators

- The activity service and performance results in 2013/14 is detailed below:

2013/14 results

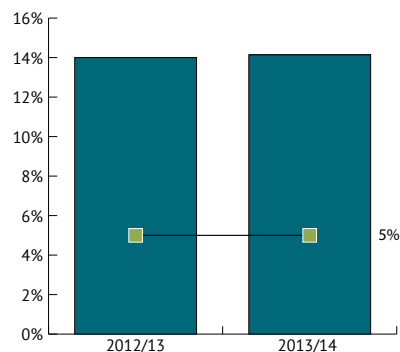
Result Target

1: Achieved

- Northland Occupancy for holiday parks was 14.14% up 2.5%.
- Northland Occupancy for all accommodation was 23.86% up 2%.
- Northland guest nights for all accommodation increased by 4.8% and guest nights for holiday parks increased by 8.3%.

1: Percentage increase in occupancy rate at camp grounds

14.14%





District Facilities Group



Community Outcome
A Safe and Healthy District

Housing for the Elderly

Council provides affordable housing for the elderly and disabled of modest means.

HOUSING FOR THE ELDERLY CONTRIBUTES BY ENSURING

- The district's elderly and disabled citizens are valued.

KEY PROJECT

– development so far –

Housing For The Elderly Divestment (Kohukohu)

What we said we would do in 2013/14

Continue to investigate alternative management of the Kohukohu units.

What we did in 2013/14

Council agreed that Iwi treaty settlements would enable Iwi to forward proposals for management of some facilities. Iwi are not yet ready for these discussions.

What we plan to do in 2014/15

To be open to any alternative management proposals that may be presented.



COMPLETED

– what we have achieved in 2013/14 –

Delivered the renewal programme that included works at all complexes.

THINKING AHEAD¹

– key priorities planned for 2014/15

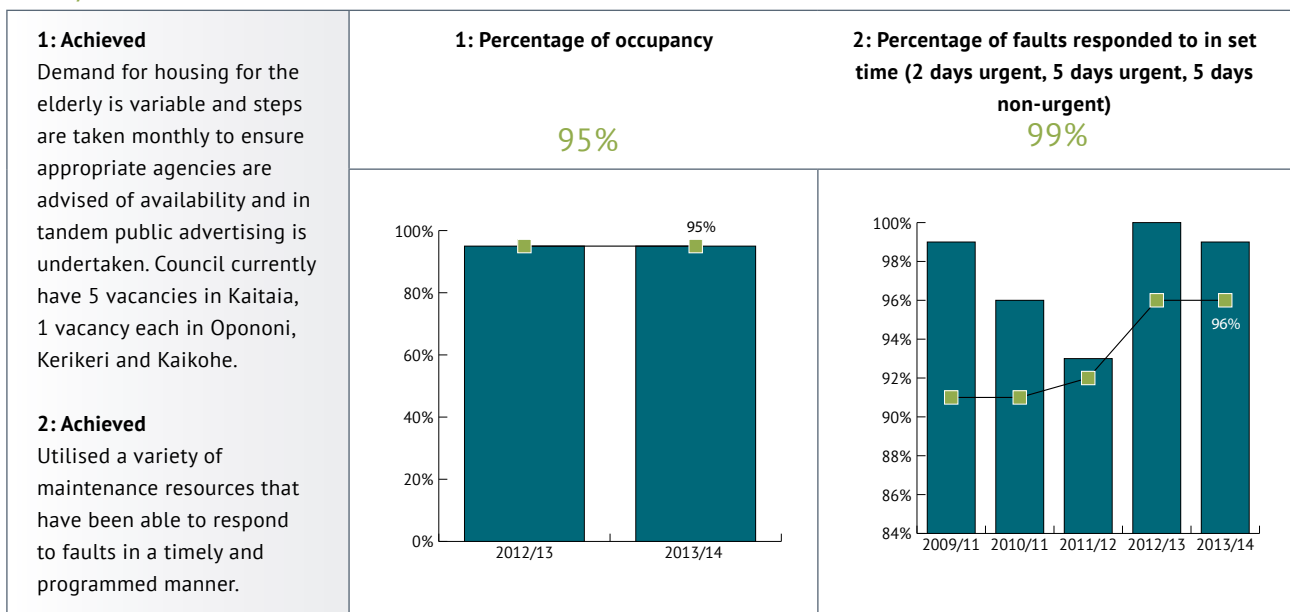
- Continue to manage the housing for the elderly stock to achieve 95% occupancy and maintain rents through annual adjustments by Consumer Price Index.
- Improve the security of tenants through the installation of security doors and windows.

Activity Performance Indicators

The activity service and performance results in 2013/14 is detailed below:

Result Target

2013/14 results





District Facilities Group



Community Outcome
A Safe and Healthy District and
A Vibrant and Thriving Economy

Recreation

Council provides a range of parks, recreational facilities, and other activities which contribute to the health of the community. These activities include sporting and recreational events that gather people together and sometimes draw large crowds to the Far North. Swimming pools provide a range of opportunities from competitive swimming to casual recreational use.

To achieve its outcomes, Council's parks include a diverse range of community assets such as local playgrounds, court space, sports fields, through to large un-spoilt wilderness areas acquired to protect the environment. Of particular importance to the district is the provision of easily available access to the coast, including strategically located maritime facilities.

RECREATION CONTRIBUTES TO

- Recreation and leisure facilities are maintained to ensure the community has access to quality facilities and opportunities for developing new facilities are investigated.
- The district encourages a wide range of sporting, cultural and community activities and local events



COUNCIL'S STRATEGIC PRIORITY

– in action –

Aquatic Strategy

What we did in 2013/14

Council has received a strong community-driven desire for better swimming pools. Council, in partnership with Sport New Zealand, has developed a draft Aquatic Strategy. Community Boards and stakeholders have had an opportunity to comment on the draft Strategy. Council and the community will continue to work together to finalise the strategy and will look to having a more informed position in the LTP 2015/25.

What we plan to do in 2014/15

The strategy will be finalised and options will be included in the LTP 2015/25 for public submissions.

KEY PROJECTS

– development so far –

Kawakawa Swimming Pool

What we said we would do in 2013/14

Improve changing facilities at Kawakawa swimming pool.

What we did in 2013/14

In partnership with the local community the changing facilities were up-graded as well as re-roofing the pool building and improving the pool ventilation system.

What we plan to do in 2014/15

Develop with the community suitable governance and management arrangements for the recreation centre including the pool.

Recreation Hubs

What we said we would do in 2013/14

Support the development of recreation hubs in Kaikohe and Kaitaia.

What we did in 2013/14

Council and Kaikohe & District Sportsville Inc. started early discussions around how each party will work together to progress the Kaikohe recreation hub.

What we plan to do in 2014/15

Continue support of the development of recreation hubs in Kaikohe and Kaitaia including the development of reserve management plans.



Ministry Of Education

What we said we would do in 2013/14

Continue to work with Ministry of Education to develop community access agreements to increase public access to a range of recreation facilities on school land.

What we did in 2013/14

Council has participated in discussion with the community to ensure public access to recreation facilities on school grounds at Bay of Islands and Northland Colleges.

What we plan to do in 2014/15

Continue to work with Ministry of Education to develop community access agreements to increase public access to a range of recreation facilities on school grounds.

COMPLETED

– what we have achieved in 2013/14 –

- Up-graded the changing facilities at Bay of Islands Recreation Centre.
- Developed netball courts at Whatuwhiwhi as a community project.
- Developed State of Play reports for each Board that demonstrates the value proposition from Sport Northland and regional sports organisations.
- Completed park improvements at Two Ponga, Okaihau and Kowhai Park, Kaikohe.
- Completed the renewal programme that included footbridges in Rawene and park furniture across the District.

CHALLENGES AND DISAPPOINTMENTS

– where are we now?–

- Balancing the expectations of the community with the level of service that can be provided within existing budgets.
- Managing the demand from some of the community for improved facilities e.g. heated swimming pools with what the wider community is willing to fund.

THINKING AHEAD¹

– key priorities planned for 2014/15 –

- Continue to work with regional partners to develop a Regional Sports Facility Plan.
- Develop a formal relationship with Kaikohe & District Sportville Inc. and together improve sport and recreation opportunities in Kaikohe.
- Continue to support development of Waipapa sports ground as outlined in the reserve management plan.

¹ Please refer to the Recreation section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities

Activity Performance Indicators

The information below includes:

- How residents rated their satisfaction on use of a selection of Council services and facilities;
- The activity service and performance results; and
- A peer review comparison with three Councils (Thames-Coromandel District Council (TCDC), Opatiki District Council (ODC) and Gisborne District Council (GDC) looking primarily at customer satisfaction with Council's facilities and services.

2013/14 results

Result Target

<p>1: Achieved 88% of users were very satisfied (20%) or satisfied (68%) with the facilities, exceeding the target set.</p> <p>Peer Group Comparison On average 89% of peer group residents were satisfied or very satisfied with the parks and reserves, excluding playgrounds in their district.</p>	<p>1: Percentage of the user community is satisfied with the range of parks and facilities available</p> <p>*Amended target (as part of the 2013/14 Annual Plan adoption) because of financial constraints the target is not achievable and has been reduced</p> <p style="text-align: center;">88%</p>	<p style="text-align: center;">Peer Group Average</p> <p style="text-align: center;">89%</p>																										
	<table border="1"> <thead> <tr> <th>Year</th> <th>Result (%)</th> <th>Target (%)</th> </tr> </thead> <tbody> <tr> <td>2009/10</td> <td>75</td> <td>80</td> </tr> <tr> <td>2010/11</td> <td>90</td> <td>80</td> </tr> <tr> <td>2011/12</td> <td>90</td> <td>80</td> </tr> <tr> <td>2012/13</td> <td>82</td> <td>77</td> </tr> <tr> <td>2013/14</td> <td>88</td> <td>77</td> </tr> </tbody> </table>	Year	Result (%)	Target (%)	2009/10	75	80	2010/11	90	80	2011/12	90	80	2012/13	82	77	2013/14	88	77	<table border="1"> <thead> <tr> <th>COUNCILS</th> <th>2014</th> </tr> </thead> <tbody> <tr> <td>TCDC</td> <td>96%</td> </tr> <tr> <td>ODC</td> <td>90%</td> </tr> <tr> <td>GDC</td> <td>95%</td> </tr> </tbody> </table>	COUNCILS	2014	TCDC	96%	ODC	90%	GDC	95%
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<p>2: Not Achieved Sixty-eight per cent of users were satisfied (59%) or very satisfied (9%) with the facilities.</p> <p>The lack of public swimming pool facilities (31%) and the need to upgrade the current swimming pool facilities (27%) remained the main reasons for dissatisfaction.</p> <p>Peer Group Comparison On average 76% of peer group users were satisfied or very satisfied with the swimming pools in their district.</p>	<p>2: Percentage of users are satisfied that swimming pool facilities meet their needs</p> <p>*Amended target (as part of the 2013/14 Annual Plan adoption) because of financial constraints the target is not achievable and has been reduced</p> <p style="text-align: center;">68%</p>	<p style="text-align: center;">Peer Group Average</p> <p style="text-align: center;">76%</p>																										
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2013/14 results

Result Target

<p>3: Achieved 77% of residents were satisfied (61%) or very satisfied (16%) with access to the beaches in the district. This was a significant increase on last year's measure, and exceeds the target set.</p> <p>Overtime Council facilities at public beaches have been upgraded e.g. public toilets, picnic tables etc so families can enjoy the day at a beach. Also Council is in the process of buying land where possible to increase access to public beaches for e.g. Kerikeri</p> <p>Peer Group Comparison The combined peer group average remained at high levels.</p>	<p>3: Percentage of the community satisfied with coastal access</p> <p>*Amended target (as part of the 2013/14 Annual Plan adoption) because of financial constraints the target is not achievable and has been reduced</p> <p style="text-align: center; font-size: 24px; color: green;">77%</p> <table border="1"> <thead> <tr> <th>COUNCILS</th> <th>2014</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td>TCDC</td> <td>90%</td> <td>90%</td> </tr> <tr> <td>ODC</td> <td>90%</td> <td>83%</td> </tr> <tr> <td>GDC</td> <td>100%</td> <td>97%</td> </tr> </tbody> </table>	COUNCILS	2014	2012	TCDC	90%	90%	ODC	90%	83%	GDC	100%	97%	<p style="text-align: center;">Peer Group Average</p> <p style="text-align: center; font-size: 24px; color: green;">94%</p>
COUNCILS	2014	2012												
TCDC	90%	90%												
ODC	90%	83%												
GDC	100%	97%												

<p>4: Not Achieved Enhancement projects have commenced in Two Ponga Park, Okaihau and Kowhai Park, Kaikohe. At this stage the projects have been placed on hold until consultations and feedback are received and finalised from the Community Boards and Community groups.</p>	<p style="text-align: center;">Number of enhancements to park facilities and playgrounds facilities</p> <p style="text-align: center; font-size: 24px; color: green;">0</p>
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District Facilities Group



Community Outcome
A Safe and Healthy District

Town Maintenance, Public Toilets, Car Parks & Amenity Lighting

Council provides public toilets and car parks that are strategically located to meet the needs of visitors and the travelling public. Council undertakes town maintenance and provides amenity lighting to ensure town centres are tidy, safe and attractive to visitors.

TOWN MAINTENANCE, PUBLIC TOILETS, CAR PARKS AND AMENITY LIGHTING CONTRIBUTES BY ENSURING

- Public buildings and car parks are safe, maintained and accessible by all.

KEY PROJECT¹

– *development so far* –

Focus Paihia

What we said we would do in 2013/14

Continue to work with Focus Paihia to implement their Town Centre Plan.



What we did in 2013/14

Worked collaboratively with Focus Paihia and provided technical advice as required.

What we plan to do in 2014/15

Continue to work with Focus Paihia to implement their Town Centre Plan.

COMPLETED

– what we have achieved in 2013/14–

- Up-graded public toilets at Whangaroa and Rangiputa.
- Installation of cycle racks in Kaikohe to support the cycleway.

CHALLENGES AND DISAPPOINTMENTS

– where are we now?–

- Greater involvement of the community in the development and design of these facilities has increased the timeframes prior to works commencing. The positive being, the community has greater input into the future of amenities and facilities for the district.
- Reviewing the Community Services and Town maintenance contract to ensure it delivers the appropriate service during the tourist and cruise ship peak season.

Activity Performance Indicators

The information below includes:

- How residents rated their satisfaction on use of a selection of Council services and facilities;
- The activity service and performance results; and
- A peer review comparison with three Councils (Thames-Coromandel District Council (TCDC), Opotiki District Council (ODC) and Gisborne District Council (GDC) looking primarily at customer satisfaction with Council's facilities and services.

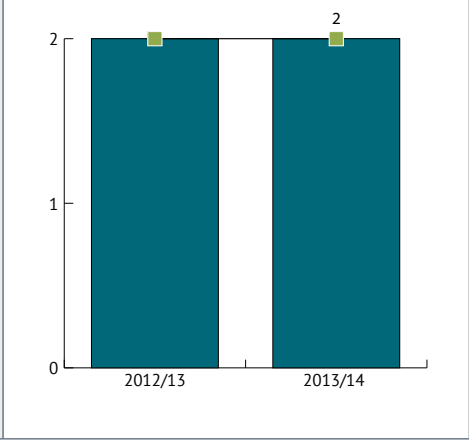
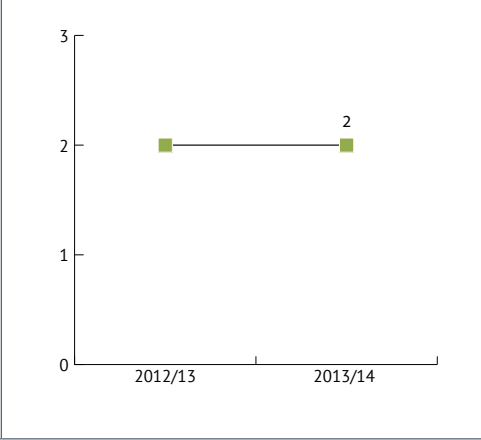
2013/14 results

■ Result ■ Target

<p>1: Not Achieved 53% of residents were very satisfied (6%) or satisfied (47%) with the cleanliness of public toilets.</p> <p>Dissatisfaction with the cleanliness of public toilets mainly stemmed from dirty facilities that need to be cleaned (54%). More specifically the smell (16%) and poor condition (11%) were mentioned.</p> <p>Peer Group Comparison The combined peer group average declined, largely due to a significant decline in satisfaction .</p>	<p>1: Percentage of people are satisfied with cleanliness of public toilets</p> <p style="text-align: center;">53%</p>	<p>Peer Group Average</p> <p style="text-align: center;">46%</p>													
		<table border="1"> <thead> <tr> <th>COUNCILS</th> <th>2014</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td>TCDC</td> <td>63%</td> <td>57%</td> </tr> <tr> <td>ODC</td> <td>53%</td> <td>67%</td> </tr> <tr> <td>GDC</td> <td>22%</td> <td>50%</td> </tr> </tbody> </table>			COUNCILS	2014	2012	TCDC	63%	57%	ODC	53%	67%	GDC	22%
COUNCILS	2014	2012													
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GDC	22%	50%													

2013/14 results

Result Target

<p>2: Achieved The two projects for a replacement toilet with disabled access have been completed.</p> <p>3: Achieved All performance issues addressed satisfactorily within agreed timeframes.</p>	<p>2: Increase the number of public toilets with disabled access per annum</p> <p style="text-align: center;">2</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Result</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2012/13</td> <td>2</td> <td>2</td> </tr> <tr> <td>2013/14</td> <td>2</td> <td>2</td> </tr> </tbody> </table>	Year	Result	Target	2012/13	2	2	2013/14	2	2	<p>3: Less than 2 non-compliance notifications per month</p> <p style="text-align: center;">0</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Result</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2012/13</td> <td>2</td> <td>0</td> </tr> <tr> <td>2013/14</td> <td>2</td> <td>0</td> </tr> </tbody> </table>	Year	Result	Target	2012/13	2	0	2013/14	2	0
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¹ Please refer to the Town Maintenance, Public Toilets, Car Parks and Amenity Lighting section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities



District Facilities Group



Community Outcome
Services That Support a Sustainable
And Livable Environment and
A Vibrant And Thriving Economy.

Customer Services

Customer Services delivers essential functions for Council. To act as first point of contact: face to face via the contact centre, and the Far North District Council website. To handle customer requests for information and service. To receive and process payments. To liaise with all departments throughout the organisation for our customers. To value our diverse lifestyles and unique environment. Far North District Council ensures customer service is aligned with Council's Vision and Mission Statements, Key Performance Indicators, and other measures as required.

CUSTOMER SERVICES CONTRIBUTES BY

- Providing information on Council services and assist members of the community in doing business with Council.

KEY PROJECTS

– *development so far* –

Facility Bookings

What we said we would do in 2013/14

- Increase revenue opportunities by maximising the use of venues and equipment for hire.
- Deliver a quality hirer and visitor experience by providing a welcoming, knowledgeable and professional service.



- Establish and continue to review Council's booking procedures.

What we did in 2013/14

- Maintained regular hirers at all venues, new hirers increased at most venues.
- Completed Process and Procedures Manual and conducting regular reviews.

Te Ahu Cinema

What we said we would do in 2013/14

- Increase revenue opportunities by facilitating special cinema screenings.
- Deliver a quality experience by providing a welcoming, friendly and professional operation and service.

What we did in 2013/14

- Increased the number of special screenings.
- More focused training for Cinema staff provided.

Te Ahu Museum And Heritage

What we said we would do in 2013/14

- Develop a Revenue Management Strategy with a view to increase revenue opportunities.
- Continue to build key relationships with the Far North Regional Museum Trust, local community representatives including Iwi, Hapu, Dalmatian and the wider community, as well as other museum and archival providers.

- Increase the pool of experienced and skilled volunteers and other such personnel that enables the Museum to operate seven days a week.
- Deliver a quality visitor experience by providing a welcoming, knowledgeable and professional service.

What we did in 2013/14

- Cadet employed through the Te Hiku Cadetship programme for a placement with the Te Ahu Museum was successful.

COMPLETED

– what we have achieved in 2013/14 –

- Made the Council 0800 free-phone number available to all NZ landlines and mobiles
- Completed bookings manual
- Initiated feedback surveys through the Contact Centre, for customers who had logged Requests for Service.



CHALLENGES AND DISAPPOINTMENTS

– where are we now? –

- Ensure staff receive the training required to deliver a higher quality service for facility bookings.
- A review of the governance and funding structure of Te Ahu has been initiated and due to be completed prior to Council's next Long-Term Plan.
- Volunteer numbers did not increase despite best efforts to recruit, people looking for paid employment. Challenge continues to recruit volunteers, as people are looking to secure paid employment, rather than volunteer support.

THINKING AHEAD¹

– key priorities planned for 2014/15 –

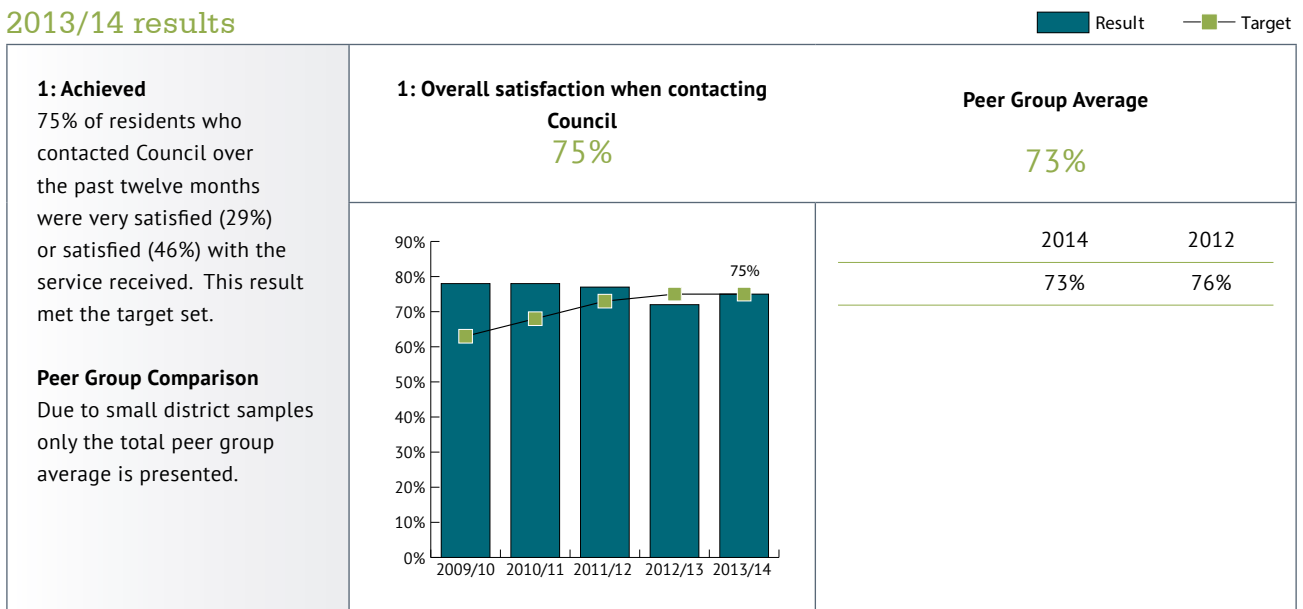
- Continue to look for opportunities to increase revenue streams from facility bookings and cinema screenings.
- Continue to investigate provision of service offered through the Contact Centre, online/social media, Mobile Service, and other channels, as an alternative to service centres at Council's smaller locations.

Activity Performance Indicators

The information below includes:

- How residents rated their satisfaction on use of a selection of Council services and facilities;
- The activity service and performance results; and
- A peer review comparison with three Councils (Thames-Coromandel District Council (TCDC), Opatiki District Council (ODC) and Gisborne District Council (GDC) looking primarily at customer satisfaction with Council's facilities and services.

2013/14 results



¹ Please refer to the Town Maintenance, Public Toilets, Car Parks and Amenity Lighting section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities

2013/14 results

Result Target

<p>2: Achieved Contact Centre is adequately resourced with staff that are able to meet customer expectations.</p> <p>3: Achieved Contact Centre resourcing has improved with multi-skilled staff that have the ability to resolve customer enquiries at first point of contact.</p>	<p>2: Percentage of calls answered in 20 seconds 87%</p> 	<p>3: Percentage of calls resolved at first point of contact 72%</p> 
<p>4: Not Achieved Movies being screened not attracting viewers.</p> <p>5: Achieved This is tracking well in terms of year end compared to previous 12 months.</p>	<p>4: Increase admit numbers *As part of the 2013/14 Annual Plan adoption Council introduced new measures to increase the usage of the Te Ahu Centre and improve its financial targets. 1.12%</p> 	<p>5: Increase sale of goods, hire of venues and equipment *As part of the 2013/14 Annual Plan adoption Council introduced new measures to increase the usage of the Te Ahu Centre and improve its financial targets. 4.03%</p> 



District Facilities Group



Community Outcome
A Vibrant and Thriving Economy

i-SITEs

Council operates and maintains 3 visitor information centres (i-SITEs):

Bay of Islands located in Paihia, Far North located at Te Ahu in Kaitia and Hokianga located in Opononi.

I-SITES CONTRIBUTION TO

- Tourism to the district is acknowledged



COUNCIL'S STRATEGIC PRIORITY¹

– in action –

Hokianga i-SITE

What we did in 2013/14

A long term lease has been entered into with Opononi Four Square operators at the Hokianga Economic Development Centre (HEDC) building in Opononi. This follows on from the Four Square being temporarily located in the HEDC after a fire destroyed their previous premises in July 2013.

Community consultation has been undertaken and an alternative option for accommodating the Hokianga i-SITE agreed.

What we plan to do in 2014

Far North Holdings Limited have purchased the property and will be developing it further, including a new building for the Hokianga i-SITE, located on the upper car park. It is anticipated the facility will be open for business this Summer.

CHALLENGES AND DISAPPOINTMENTS

– where are we now? –

- Hokianga i-SITE located in Four Square building reduced retail and visitor numbers.
- The financial crisis has affected visitor numbers and spend.

¹ Please refer to the i-SITEs section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities



Activity Performance Indicators

- The activity service and performance results in 2013/14 is detailed below:

2013/14 results

Result Target

<p>1: Achieved Improved layout of premises and selling retail has encouraged visitors to use Council i-SITES.</p> <p>2: Achieved Continued effort to ensure staff are well trained and equipped to deliver visitor information.</p>	<p>1: Increased door count 295,775</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Result</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2012/13</td> <td>~390,000</td> <td>~265,000</td> </tr> <tr> <td>2013/14</td> <td>265,000</td> <td>~265,000</td> </tr> </tbody> </table>	Year	Result	Target	2012/13	~390,000	~265,000	2013/14	265,000	~265,000	<p>2: Annual customer satisfaction rating 98%</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Result</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2009/10</td> <td>~98%</td> <td>~98%</td> </tr> <tr> <td>2010/11</td> <td>~98%</td> <td>~98%</td> </tr> <tr> <td>2011/12</td> <td>~98%</td> <td>~98%</td> </tr> <tr> <td>2012/13</td> <td>~99%</td> <td>~98%</td> </tr> <tr> <td>2013/14</td> <td>98%</td> <td>~98%</td> </tr> </tbody> </table>	Year	Result	Target	2009/10	~98%	~98%	2010/11	~98%	~98%	2011/12	~98%	~98%	2012/13	~99%	~98%	2013/14	98%	~98%
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2013/14	98%	~98%																											
<p>3: Achieved Continued effort to retain accreditation.</p> <p>4: Not Achieved The lease to Opononi Four Square has had a direct impact on retail sales which have declined.</p>	<p>3: Retain VIN Accreditation 100%</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Result</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2009/10</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>2010/11</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>2011/12</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>2012/13</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>2013/14</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>	Year	Result	Target	2009/10	100%	100%	2010/11	100%	100%	2011/12	100%	100%	2012/13	100%	100%	2013/14	100%	100%	<p>4: Increase sale of goods 1.24%</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Result</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2012/13</td> <td>2%</td> <td>2%</td> </tr> <tr> <td>2013/14</td> <td>1.24%</td> <td>2%</td> </tr> </tbody> </table>	Year	Result	Target	2012/13	2%	2%	2013/14	1.24%	2%
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District Facilities Group



Community Outcome
 Services That Support a Sustainable
 and Livable Environment and
 A Vibrant And Thriving Economy.

Libraries

This activity provides library services at a number of locations throughout the district. These are located in Kaikohe, Proctor Library Kerikeri, Te Ahu Library Kaitaia, Kawakawa, Williams House Paihia and Kaeo.

LIBRARIES CONTRIBUTES TO

- Engage, inspire and inform communities by providing recreational, educational and life-long learning, as well as cultural enrichment through the provision of library services and facilities that are affordable, accessible and meet community needs

KEY PROJECTS

– *development so far* –

Library Accessibility

What we said we would do in 2013/14

Make libraries more accessible and able to meet the community's needs by:

- Providing a common library card to public and community libraries
- Developing library services that reach beyond buildings using available and future technologies to offer an expanded and enhanced service to more communities.



What we did in 2013/14

- A common library card was developed and offered to members of community libraries. It has been taken up by many of their members
- E-Books in both written and talking formats made available for library customers. The popularity of E-Books continues to increase
- Library customers are able to have their notices sent via email, logging into their accounts remotely and controlling their own borrowing to a greater extent
- Library opening hours and days are under review and will form part of the library strategy due for completion in 2014.

Develop Libraries

What we said we would do in 2013/14

Develop libraries that support our communities by:

- Celebrating culture, heritage and the arts
- Establishing specialised library support services
- Reviewing opening days/hours.

What we did in 2013/14

- The Archives room at Procter Library is gathering more material from the community and making it available to a wide audience
- Working with schools to provide holiday programmes.

Business Efficiencies

What we said we would do in 2013/14

Provide Libraries that are current and relevant by:

- Maintaining relationships with stakeholders and the community
- Reducing costs and maximising use of volunteers.

What we did in 2013/14

- Established a weekly story time session at Kaikohe Library.

Activity Performance Indicators

The information below includes:

- How residents rated their satisfaction on use of a selection of Council services and facilities;
- The activity service and performance results; and
- A peer review comparison with three Councils (Thames-Coromandel District Council (TCDC), Opotiki District Council (ODC) and Gisborne District Council (GDC) looking primarily at customer satisfaction with Council's facilities and services.

- Hosted the Northland Storylines family day at Te Ahu Library – a great success.
- FNDC libraries offer a library service to retirement villages.
- The libraries are providing a venue for groups such as JPs, Senior Net and Citizens Advice Bureau to offer services to the public.
- Volunteers continue to work in the libraries and we have 2 volunteers who have given their time for over 40 years.

COMPLETED

– *what we have achieved in 2013/14* –

- A common library card was developed and offered to members of community libraries. It has been taken up by many of their members.

CHALLENGES AND DISAPPOINTMENTS

– *where are we now?* –

- The continuing decline of new borrowers / physical visits to our libraries however this has been matched by the increasing popularity of e-Books.

THINKING AHEAD¹

– *key priorities planned for 2014/15* –

- Council's Library Strategy is currently being reviewed, including a review of the library opening days/hours. The strategy will be made to align with the Public Libraries of New Zealand strategic framework 2012/17.
- Investigate a pick-up / drop off service between Te Ahu Library and Mangonui Community Library.

¹ Please refer to the Libraries section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities

2013/14 results

Result Target

1: Achieved
 94% of library users were very satisfied (45%) or satisfied (49%) with the facilities. This result exceeds the target set (85%). A wide range of books are now available for all ages since Council introduced audio and e-books. Also having the ability to download the audio and e-book to a tablet or iPad or mobile phone or android adds to the increase in users.

Peer Group Comparison
 The combined peer group average remained relatively stable at 76%.

1: Percentage satisfaction of users
 94%

COUNCILS	2014	2012
TDCD	80%	90%
ODC	63%	77%
GDC	85%	76%

Peer Group Average
 76%

2: Not Achieved
 The increase of new borrowers is still in decline. New people are visiting the libraries and using all free services but choose not to sign up.

3: Not Achieved
 The issue rate has stayed the same as the previous year. Patrons take more items out in one visit and then renew online to keep longer. E-Book downloads have doubled but is not counted in the issue rate at this time.

2: Net increase of new borrowers
 12%

3: Issue rate per library borrower per annum
 34

4: Achieved
 The continuing popularity of E-Books means more patrons are accessing online services and not physically visiting the library.

4: Number of online borrower log-ins
 65,004



District Facilities Group Financial Information

Financial Summary

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	ACTUAL 2014 \$000s	COUNCIL BUDGET 2014 \$000s	VARIANCE \$000s
INCOME				
Rates income (excluding targeted water supply rates)	1	19,849	18,061	1,788
Fees, charges & targeted water supply rates	2	1,962	2,136	(174)
Development & financial contributions	3	339	113	226
Subsidies & grants		45	0	45
Other income	4	2,008	134	1,874
Total Operating Income		24,203	20,444	3,759
Expenditure				
Direct Costs	5	15,628	13,242	(2,386)
Indirect Costs	6	1,869	2,286	417
Activity Expenditure		17,497	15,528	(1,969)
Depreciation	7	4,977	4,177	(800)
Interest expense		667	1,025	358
Total Operating Expenditure		23,141	20,730	(2,411)
Net Operating Surplus/(Deficit)		1,062	(286)	1,348
Capital Statement				
Net Operating Surplus		1,062	(286)	1,348
Loans		243	1,143	(900)
Other Funding		2,128	5,322	(3,194)
Total Funding		3,433	6,180	(2,747)
New Work	8	2,033	1,339	(694)
Renewal Works	8	981	4,559	3,578
Loan Repayments		686	282	(404)
Total Capital Expenditure		3,700	6,180	2,480
NET SURPLUS/(DEFICIT)		(267)	0	(267)

NOTE:

A favourable variance is shown as a positive number and an unfavourable variance is shown as a negative number.

The direct and indirect budgets shown in the table do not individually agree to those published in the LTP due to a difference in allocation. The total activity expenditure, however, does agree to the total published in the LTP.

Variance To The Annual Plan 2013/14

1. Rates Income is showing a favourable variance of \$1,788k predominantly due to:
 - a. An increase in penalty rate income of \$1,317k; and
 - b. General and targeted rates are showing a favourable variance of \$462k.
2. Fees and charges are showing an unfavourable variance of \$174k predominantly due to:
 - a. Admission fees for the Te Ahu cinema are showing an unfavourable variance of \$43k;
 - b. Admission fees for the Museum are showing an unfavourable variance of \$23k;
 - c. Information centre sales are showing an unfavourable variance of \$112k;
 - d. Hire charges for community spaces are showing an unfavourable variance of \$10k;
 - e. Maritime fees are showing an unfavourable variance of \$24k;
 - f. Housing for the Elderly is showing a favourable variance of \$70k due to increased occupancy.
3. Development and financial contributions are showing a favourable variance due to the receipt of development contributions of \$214k that were unbudgeted
4. Other income is showing a favourable variance of \$1,874k predominantly due to:
 - a. Vested asset additions have been identified totaling \$1,078k which was not budgeted;
 - b. Recoveries in relation to rural fires were \$613k and were not budgeted;
 - c. Recoveries for the Opononi i-SITE were \$33k and were not budgeted;
 - d. Special fund interest was ahead of budget by \$156k.
5. Direct costs are showing an unfavourable variance of \$2,386k due to:
 - a. Loss on disposal of property, plant & equipment of \$634k;
 - b. Increased provision for doubtful debts of \$1,162k;
 - c. A favourable variance relating to property related expenses of \$151k;
 - d. An unfavourable variance relating to external services and professional fees of \$552k;
6. Indirect costs are showing a favourable variance of \$417k due to a decrease in corporate allocations.
7. Capital impairment of \$617k has been expensed in anticipation of transferring assets to the Northern Rural Fire Authority
8. Capital Expenditure is showing a favourable variance of \$2,884k predominantly due delays in the completion of projects.



Key Capital Projects

FOR THE YEAR ENDED 30 JUNE 2014

	ACTUAL 2014 \$000s	COUNCIL BUDGET 2014 \$000s	VARIANCE \$000s
NEW WORKS			
Carparks	92	206	114
Cemeteries	18	77	59
Community centres	46	0	(46)
Housing for the elderly	77	0	(77)
Public toilets	74	175	101
Swimming pools	3	51	48
Town maintenance	111	0	(111)
Parks & reserves	1,559	820	(739)
Civil defence	47	0	(47)
Libraries	0	10	10
Service centres	5	0	(5)
Total New Works	2,033	1,339	(694)
RENEWALS			
District facilities administration	0	1	1
Airports	103	49	(54)
Amenity lighting	(17)	28	45
Carparks	11	250	239
Cemeteries	12	7	(5)
Community centres	22	550	528
Halls	86	563	477
Maritime facilities	35	731	696
Motor camps	11	133	122
Housing for the elderly	116	70	(46)
Public toilets	74	28	(46)
Parks & reserves	229	1,252	1,023
Civil defence	4	0	(4)
Information centres	4	20	16
Libraries	290	702	412
Kaitaia civic buildings	0	175	175
Total Renewals	981	4,559	3,578

Significant Acquisitions Or Replacements Of Assets For 2013/14

The LGA 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:

	BUDGET 2014 \$000s	ACTUAL 2014 \$000s
PARKS & RESERVES, HALLS AND MARITIME		
Kaikohe library upgrade	285	1
Community centre – BOI – Whangaroa	342	7
Lindvart Park pavilion	309	0
Parks & reserves renewals:		
BOI-Whangaroa Ward	397	92
Te Hiku Ward	501	98
Kaikohe-Hokianga Ward	412	61

Variance To The Annual Plan 2013/14

- Kaikohe library upgrade.

This work was put on hold pending the outcome of the Kaikohe buildings review.

- Parks and reserve renewals.

Parks and reserve renewals were largely put on hold during 2013/14 awaiting a formal strategy on the works to be carried out.



Environmental Management Group



Community Outcome
A Safe and Healthy District

The Environmental Management Activity is comprised of all the regulatory activities carried out by Council on behalf of the district and its ratepayers. It includes Environmental Protection, which encompasses the broad range of monitoring and enforcement functions; Resource Management which includes the review, update and administration of the District Plan and the processing of resource consents; and finally building control, which includes the management of the Building Act 2004 and Building Codes as well as the issuance of building consents.

These are a mixture of activities carried out for the public good as well as functions that are undertaken to benefit individual organisations, groups and developers.

Animal Control

The Animal Control Activity administers and enforces the Dog Control Act 2006 and aspects of the Impounding Act 1955 that are Council's responsibilities.

Wandering stock are impounded if found on Council controlled roads, if the owner cannot be traced. In addition, stock are impounded if brought to Council for trespassing onto private property.

ANIMAL CONTROL CONTRIBUTES BY

- Ensuring unrestrained dogs and wandering stock are controlled.



KEY PROJECTS

– development so far –

Dog Registration

What we said we would do in 2013/14

To increase dog registration by following up on known dogs not registered and targeting unregistered dogs.

What we did in 2013/14

59 dogs were seized as a result of failure to register. Police assistance was sought in cases where dog owners resisted seizure of their dogs.

What we plan to do in 2014/15

To increase dog registration by following up on known dogs not registered and targeting dogs that have never been registered.

Wandering Stock

What we said we would do in 2013/14

Reducing incidents of wandering stock by working with stock owners at high risk or frequent incident locations.

What we did in 2013/14

Numbers of reoccurring incidents for properties have been resolved working with stock owners. This has resulted in stock being sold at auction. This year horses have been an increasing problem.

What we plan to do in 2014/15

Reducing incidents of wandering stock by working with stock owners at high risk or frequent incident locations.

Options For Disposal

What we said we would do in 2013/14

Investigate the options for disposal of unwanted dogs, including associated costs.

What we did in 2013/14

Although commenced, this review will carry over into 2014-15.

What we plan to do in 2014/15

Complete review of the options for disposal of unwanted dogs, including associated costs.



Neutering Programme

What we said we would do in 2013/14

Investigate the introduction of a neutering programme for dogs re-homed from the pound, including associated costs.

What we did in 2013/14

Some re-homed dogs have been neutered by arrangement with one particular vet, however not all dogs are.

What we plan to do in 2014/15

Investigate the introduction of a neutering programme for dogs re-homed from the pound, including associated costs across the district.

COMPLETED

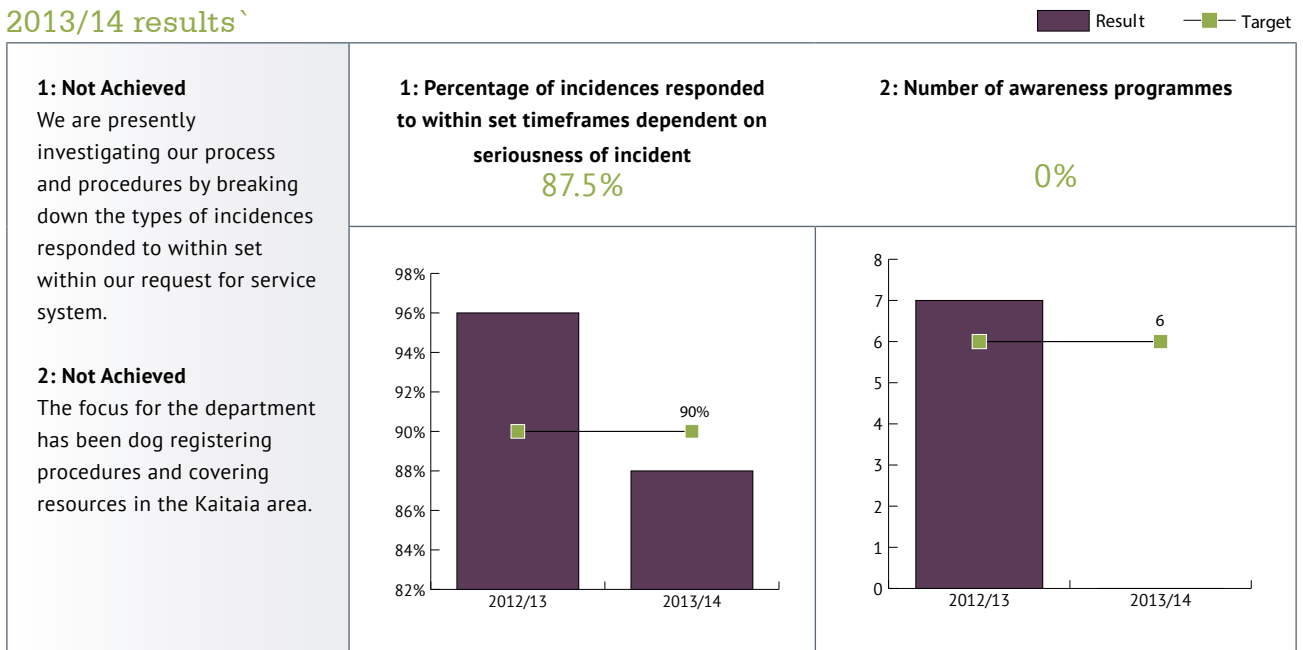
– what we have achieved in 2013/14 –

- The Okaihau (southern) pound has had some upgrade work carried out with the addition of a covered area and vehicle wash down.
- The Southern stock pound has been relocated from Pakaraka to Okaihau to be on the same property as the dog pound.

Activity Performance Indicators

- The activity service and performance results in 2013/14 is detailed below:

2013/14 results`



¹ Please refer to the Animal Control section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities

CHALLENGES AND DISAPPOINTMENTS

– where are we now? –

- Priorities in the Kaitaia area, and the streamlining of dog registration processes has led to public education programmes to increase dog owners awareness of their responsibilities. However, this is a priority for 2014/15 now the Animal Control team are back to full strength and the new staff are fully operational we can look to actively promoted educational talks.
- Limited success with a small number of re-homed dogs by working with one veterinary practice.

THINKING AHEAD¹

– key priority planned for 2014/15 –

- Continue public education programmes to increase dog owners' awareness of their responsibilities.



Environmental Management Group



Community Outcome
A Safe and Healthy District

Environmental Health

The Environmental Health Activity manages Council's responsibilities under the Health Act 1956, and related regulations

ENVIRONMENTAL HEALTH CONTRIBUTES TO

- Safeguard public health

KEY PROJECTS

– *development so far* –

Food Control Plans

What we said we would do in 2013/14

Gradual transition from registration of food premises to Food Control Plans, in line with the expected Food Act coming into force.

What we did in 2013/14

With the implementation of the Food Act 2014, internal systems have been updated to cater for legislative changes.

What we plan to do in 2014/15

Gradual transition from registration of food premises to Food Control Plans, in line with the expected Food Act coming into force.



Operate administration systems that allow for the transition from registration of premises to Food Control Plans.

COMPLETED

– *what we have achieved in 2013/14* –

- Environmental Health Officers are now fully qualified and reporting on applications.

CHALLENGES AND DISAPPOINTMENTS

– *where are we now?* –

- We have a number of premises who are struggling to meet the requirements of the Food Control Plans and will probably have to revert to registration until the legislation become mandatory in March 2016.

- Await the full Regulations which are being developed and will be in place by 1st March 2016, or before.

THINKING AHEAD¹

– *key priorities planned for 2014/15* –

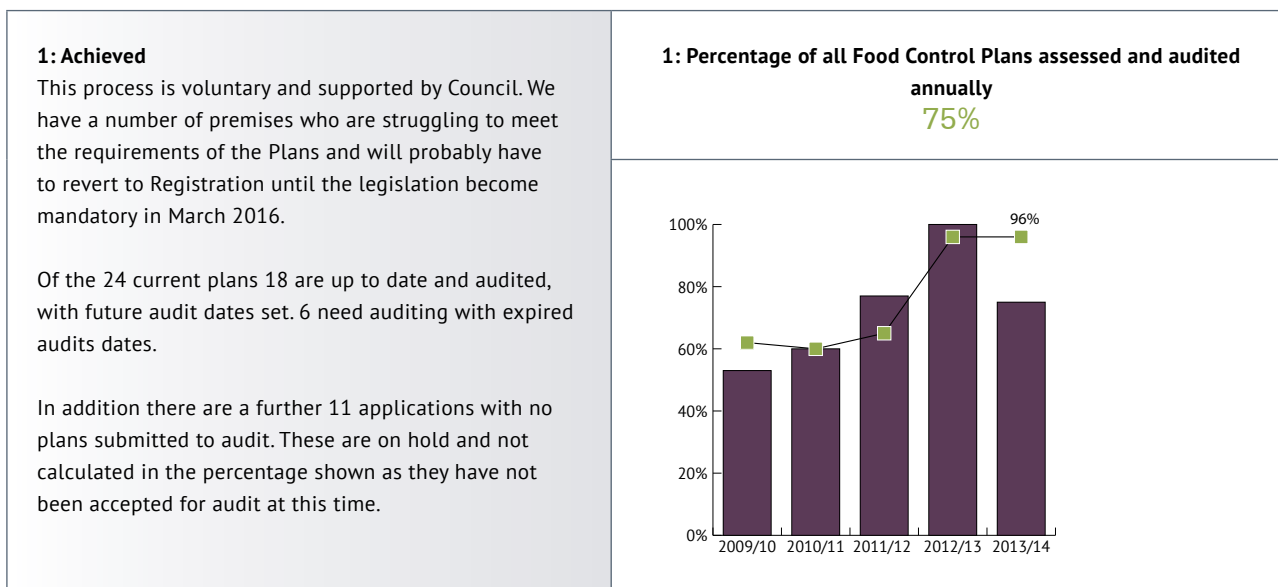
- To prepare a Local Approved Products Policy (LAPP) under the Psychoactive Substances Act 2013.
- To review the Class 4 Gaming and TAB Venue Policy.

Activity Performance Indicators

- The activity service and performance results in 2013/14 is detailed below:

2013/14 results

■ Result ■ Target



¹ Please refer to the Environmental Health section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities



Environmental Management Group



Community Outcome
A Safe and Healthy District

Monitoring & Enforcement

The Monitoring Activity undertakes the role of Regulatory enforcement for which Council has responsibility; such as resource consent monitoring, District Plan and Resource Management Act 1991 breaches, bylaw and Litter Act 1979 enforcement.

MONITORING AND ENFORCEMENT CONTRIBUTES TO

- Safeguard public health and safety

KEY PROJECTS

– *development so far* –

Illegal Dumping

What we said we would do in 2013/14

Continue to target areas of illegal dumping of rubbish.

What we did in 2013/14

Surveillance cameras have been installed at Transfer Stations, roadside locations throughout the district, and some used by District Facilities department to monitor graffiti and damage to toilet blocks. Evidence gathered from the cameras have resulted in Infringement Notices being issued to offenders.



What we plan to do in 2014/15

Continue to target areas of illegal dumping of rubbish.

Review Of Bylaws

What we said we would do in 2013/14

Continue to keep pace with reviews of bylaws in accordance with the Local Government Act 2002 requirements.

What we did in 2013/14

Commenced review of Gaming & TAB Venue Policy.

What we plan to do in 2014/15

Continue to keep pace with reviews of bylaws in accordance with the Local Government Act 2002 requirements.

COMPLETED

– *what we have achieved in 2013/14* –

- During 2013/14 only one Bylaw or Policy came up for review, which was the Gaming & TAB Venue Policy #3117. Work has begun, including a public consultation process, and will be completed during 2014/15.

- Work began on a further 2 new policies, one being the Local Alcohol Plan under the Sale & Supply of Alcohol Act 2012, the other is the Local Approved Products Policy under the Psychoactive Substances Act 2013. Drafts have been produced and a public consultation process is under way and will be completed during 2014/15.

CHALLENGES AND DISAPPOINTMENTS

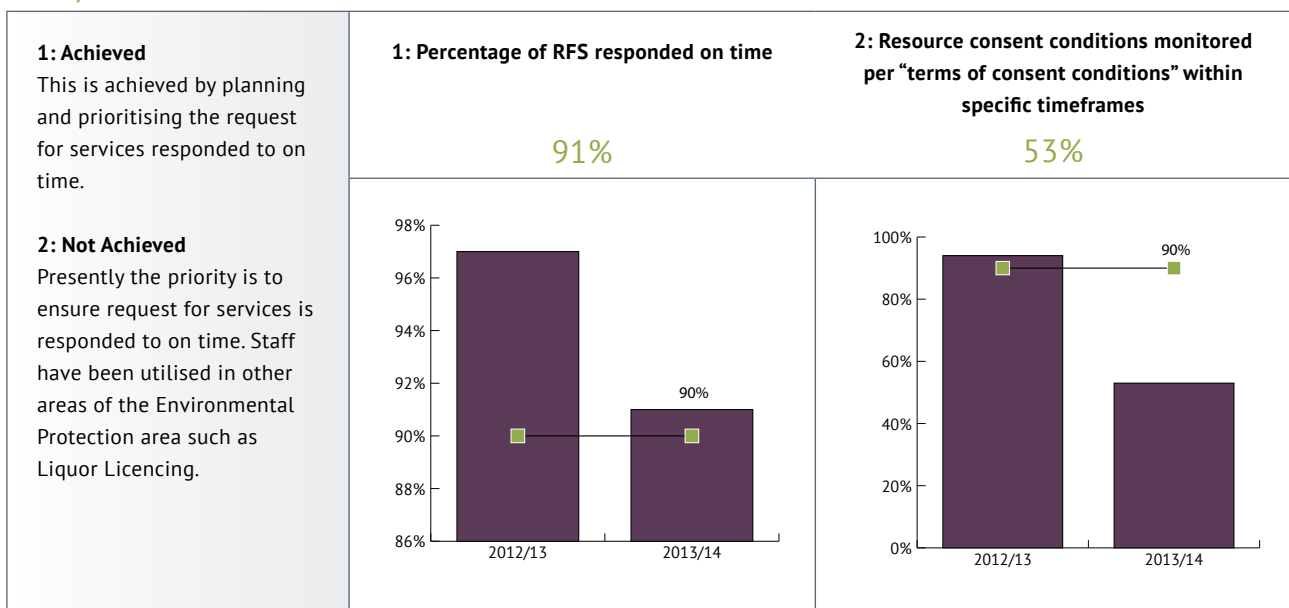
– *where are we now?* –

- Other higher priorities within the environmental protection area lead to resource consent conditions not monitored on a regular basis.
- The loss of staff throughout the year, without being replaced, as affected much of what the Monitoring group does, resulting in slower responses to complaints and failure to complete KPI's. This remains the case at this time.
- Re-building the monitoring and enforcement area to ensure responses to complaints and monitoring of resource consents in particular, are actioned within specific timelines.

Key Performance Indicators¹

- The activity service and performance results in 2013/14 is detailed below:

2013/14 results



¹ Please refer to the Monitoring and Enforcement section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities

Environmental Management Group



Community Outcome
A Safe and Healthy District

Liquor Licensing Agency

The responsibilities of the district Liquor Licensing Agency is to process and issue all unopposed liquor licenses; as an agency to the Liquor Licensing Authority based in Wellington. All work is carried out as a requirement of the Sale of Liquor Act 1989 and incorporates such licensing as On Licenses, Off Licenses, Temporary Authorities, and Special Licenses, amongst others.

LIQUOR LICENSING AGENCY CONTRIBUTES TO

- Safeguard public health and safety

COUNCIL'S STRATEGIC PRIORITY

– *in action* –

Local Alcohol Policy (LAP)

What we said we would do in 2013/14

Changes in the Sale & Supply of Alcohol Act 2012 ("The Act") have meant that the Far North District Sale of Liquor Policy is no longer valid. The Act allows Councils to develop a Local Alcohol Policy (LAP) as discretionary. The Far North District Council at its meeting in December 2013 decided to proceed with development of a draft LAP.



What we did in 2013/14

The draft LAP has been adopted by Council for consultation via a Special Consultative Procedure (SCP), allowing the people of the Far North District to have an opportunity to input into the Policy.

What we plan to do in 2014

Council will adopt the provisional LAP which remains provisional for 30 days to allow for appeals. If there are no appeals the LAP becomes final and will guide the district Licensing Committee in its determinations.

KEY PROJECTS¹

– *development so far* –

Alcohol Reform Bill

What we said we would do in 2013/14

Manage the gradual transition brought about by the anticipated Alcohol Reform Bill introduction. Operate dual administration systems during the transition period.

What we did in 2013/14

The Society of Local Government Managers introduced a number of Webinar training sessions staged between March and July 2013, to detail the changes of legislation, to which staff and elected members have participated.

A District Licensing Committee was established in December 2013 to consider license and certificate applications.

What we plan to do in 2014/15

Manage the transition brought about by the enactment of the Sale & Supply of Alcohol Act 2012. Establish and implement processes for reporting to the District Licensing Committee

Far North Alcohol Team (FNAT)

What we said we would do in 2013/14

Continue to represent Council as an active member of the Far North Alcohol team (FNAT).

What we did in 2013/14

The District Licensing Inspector continues to attend FNAT Steering Committee meetings regularly. The group provides for the requirements of section 295 of the Sale & Supply of Alcohol Act 2012 "Duty to Collaborate" - The Police, Inspectors, and Medical Officers of Health within each territorial authority's district must establish and maintain arrangements with each other to ensure the ongoing monitoring of licences and the enforcement of this Act; and work together to develop and implement strategies for the reduction of alcohol-related harm.

¹ Please refer to the Liquor Licensing Agency section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities

What we plan to do in 2014/15

Continue to represent Council as an active member of the Far North Alcohol team (FNAT).

Host Responsibility Inspections

What we said we would do in 2013/14

Increase Host Responsibility inspections.

What we did in 2013/14

Inspecting licensed premises to ensure compliance with such requirements as signage, Duty Managers Certificates etc;

What we plan to do in 2014/15

Increase Host Responsibility inspections.

COMPLETED

– *what we have achieved in 2013/14* –

- The transition from the Sale of Liquor Act 1989 to the Sale & Supply of Alcohol Act 2012 was successfully completed and is now fully operational.

CHALLENGES AND DISAPPOINTMENTS

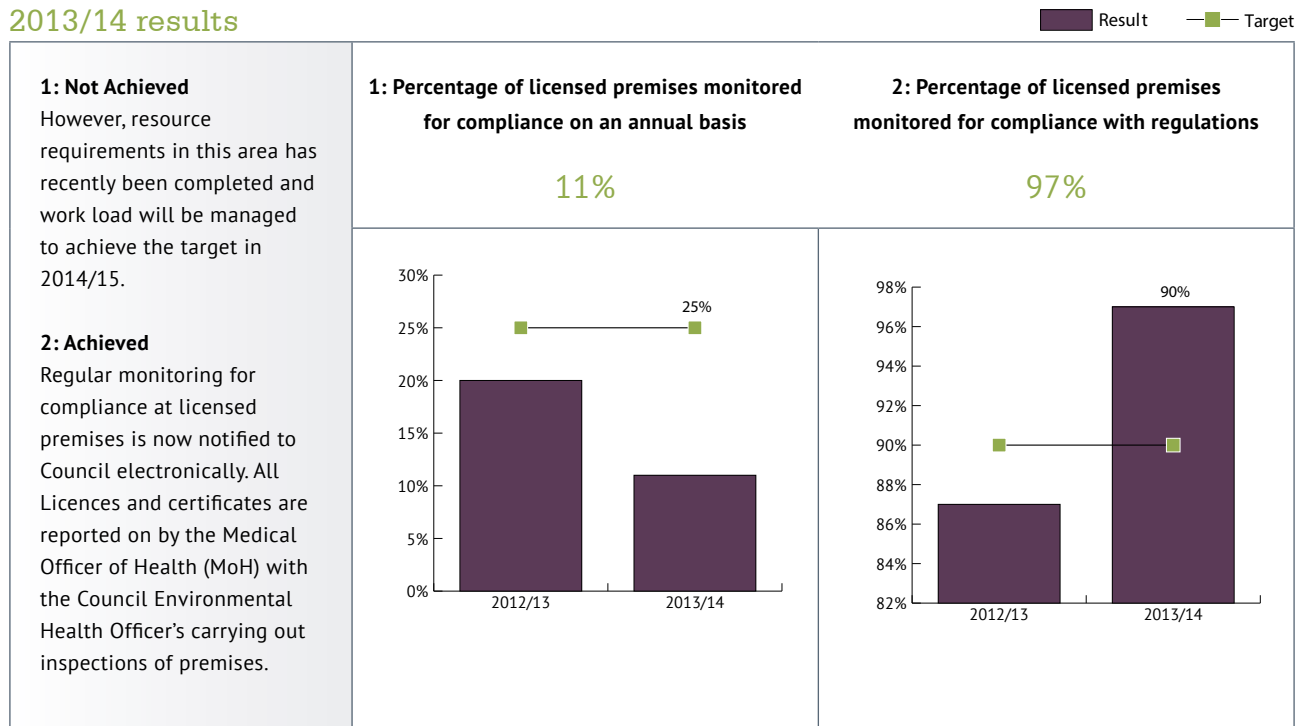
– *where are we now?*

- Limited workforce allocated to monitoring compliance for licenced premises. However, work capacity has been rectified to achieve this in 2014/15.

Activity Performance Indicators

- The activity service and performance results in 2013/14 is detailed below:

2013/14 results





Environmental Management Group



Community Outcome
A Safe and Healthy District

Parking Enforcement

The Parking Enforcement Activity is undertaken to manage and control parking on Council owned car parks and on road parking spaces.

PARKING ENFORCEMENT CONTRIBUTES TO

- Safeguard public health and safety

KEY PROJECTS

– *development so far* –

Levels Of Service

What we said we would do in 2013/14

Maintain the level of service throughout the district, agreed by Council and as specified in the LTP.



What we did in 2013/14

A seasonal service was provided for in Paihia and Kerikeri, from Labour weekend through to the end of Easter weekend.

What we plan to do in 2014/15

Maintain the level of service throughout the district, agreed by Council and as specified in the LTP.

Disability Parking Facilities

What we said we would do in 2013/14

Target the misuse of disability parking facilities.

What we did in 2013/14

Infringement Notices were issued where offences were found.

What we plan to do in 2014/15

Target the misuse of disability parking facilities.

CHALLENGES AND DISAPPOINTMENTS

– where are we now? –

- There were no dedicated parking wardens employed to provide the service. Staffing was provided from the Animal Control division. Recruitment of suitable person dedicated to undertake parking warden role is planned for in 2014.

THINKING AHEAD¹

– key priorities planned for 2014/15 –

- Investigate the option of utilising other agencies to assist with parking enforcement.

¹ Please refer to the Parking Enforcement section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities



Environmental Management Group



Community Outcome
A Sustainable and Livable
Environment

Environmental Policy

The Environmental Policy Activity primarily involves identifying resource management issues facing the Far North District, including national and regional policy and regulations that have to be given effect to, and finding ways of addressing these issues. The main component is the review, administration, and monitoring of the Far North District Plan.

ENVIRONMENTAL POLICY CONTRIBUTES BY

- Supporting environmental initiatives that enhance the district.

KEY PROJECTS¹

– *development so far* –

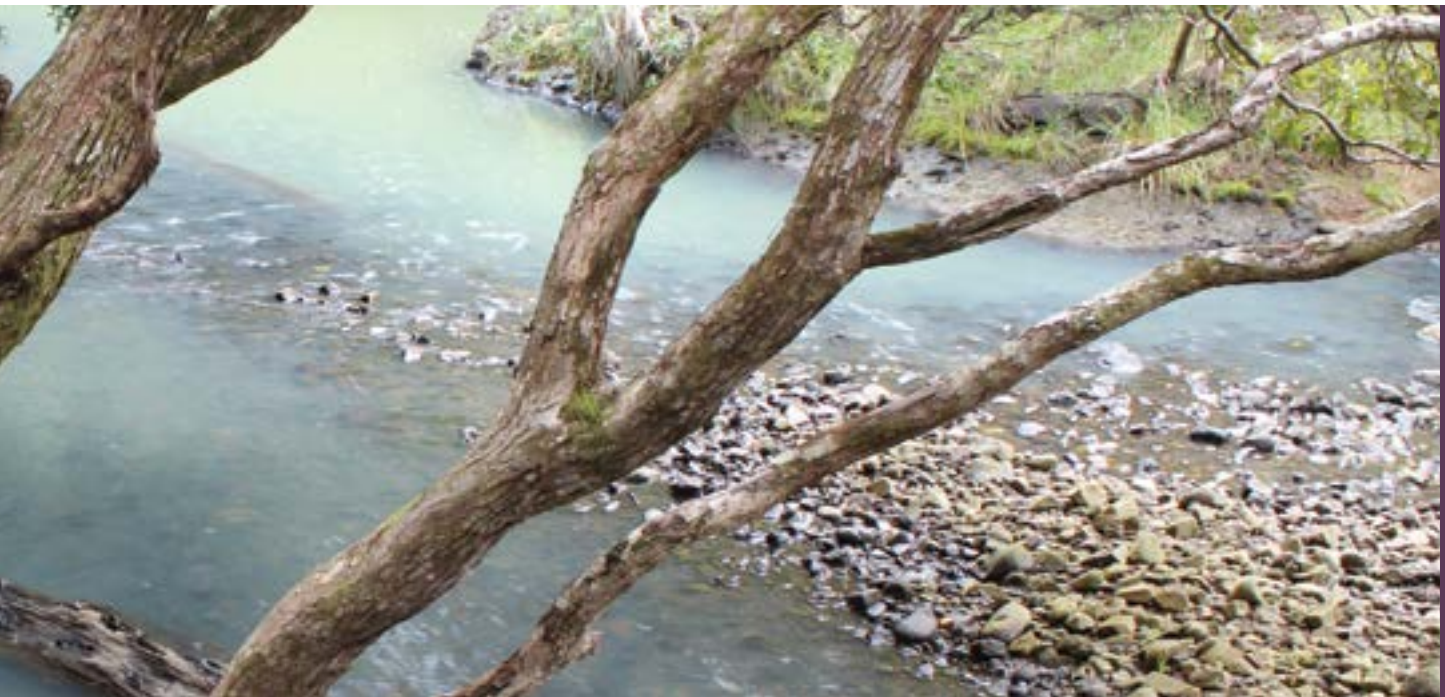
Plan Changes

What we said we would do in 2013/14

Continue with the programme of undertaking prioritised plan changes to improve the quality of the document and subsequent environmental results.

What we did in 2013/14

Continued to implement our programme of plan changes. Major milestones included the notification of PCs 14 (Air Chapter); 15 (Rural Provisions); 17



(Impermeable Surfaces); and preparation of PC 18 (GMOs) such that it was able to be notified in July 2014. Staff participated in, and contributed to, Environment Court proceedings relating to appeals to PC 12 (Paihia Mission Heritage Area). Substantial progress made on plan changes relating to Traffic, Parking and Access; and to Signage. Substantial progress also made in the development of a comprehensive programme for the review of the district plan, and associated integrated planning processes with other divisions of Council.

What we plan to do in 2014/15

Continue with the programme of undertaking prioritised plan changes to improve the quality of the document and subsequent environmental results.

Rolling Review

What we said we would do in 2013/14

Continue with the programme of undertaking prioritised plan changes to improve the quality of the document and subsequent environmental results.

What we did in 2013/14

The Council has previously resolved to review its District Plan using a rolling review methodology as opposed to reviewing the entire document in a single process. Council is yet to approve a final priority programme for plan changes, however this has not unduly delayed matters as several plan changes have continued to be processed while awaiting approval of an overall programme.

What we plan to do in 2014/15

Continue a review of the District Plan to meet Council's statutory obligation.

Inter-Council Working Party

What we said we would do in 2013/14

Continue involvement in the Inter-Council Working Party (ICWP) on genetically modified organisms (GMOs).

What we did in 2013/14

Council continued to participate in the ICWP. Milestones achieved included the commencement of the Schedule 1 statutory process of notification of a Plan Change introducing GMO provisions into the District Plan. This has involved continued resource-sharing with neighbouring territorial authorities. Council is also involved as a 274 party to Whangarei District Council's Appeal against decisions on the Regional Policy Statement in regard to GMOs. Council has lodged submission in support of Auckland Unitary Plan provisions (consistent with ICWP's resolutions).

What we plan to do in 2014/15

Continue involvement in the Inter-Council Working Party on genetically modified organisms (GMOs), and continuation of the processing of PC 18 GMOs.



Monitoring strategy

What we said we would do in 2013/14

Continue to monitor the effectiveness of the District Plan.

What we did in 2013/14

The monitoring strategy review has been completed to draft stage. The scope of the monitoring process is being further developed to respond to the efficiency and effectiveness review mechanisms required under the RMA and to further inform the review of the District Plan.

What we plan to do in 2014/15

Continue to monitor the effectiveness of the District Plan.

Public Awareness

What we said we would do in 2013/14

As and when opportunities present themselves, increase public awareness and understanding of the District Plan.

What we did in 2013/14

Examples of public awareness programmes include Planning Newsletter published twice yearly; seminars and workshops held externally and internally on request; brochures; pocket size Guide to the District Plan; ongoing assistance with Planning Duty Roster; participation in externally organised seminars, e.g. hapu/marae development seminars organised by Dept. of Internal Affairs - presented as part of a public seminar; liaising with Maori Land Court officials and providing District Plan advice to Maori land owners and coordination with associated key stakeholders.

What we plan to do in 2014/15

As and when opportunities present themselves, increase public awareness and understanding of the District Plan.

COMPLETED

– what we have achieved in 2013/14 –

- Completion of the first of three phases of the Review of the District Plan's Rural Provisions via Council Decisions issued on Plan Change 15.
- Milestone achievement of development of Plan Change process to notification stage for the consideration of Genetically Modified Organisms.
- Completion of comprehensive local data collection program to provide evidence base for proposed Traffic Parking and Access Plan Change.
- Continued achievement in program of District Plan public awareness program through issue of biannual newsletter.

CHALLENGES AND DISAPPOINTMENTS

– where are we now? –

With respect to the Monitoring Strategy the somewhat limited scope of baseline data collection and associated methodology for collecting this data requires improvement so that the future review of the effectiveness & efficiency of the plan is more accurate and meaningful in terms of the review of the Plan.

The rate of progress in preparing a Council Tangata Whenua engagement strategy and associated department work plan has impacted on opportunities to further develop relationships with Tangata Whenua groups.

Although some progress has been made, the need for improved linkages between the District Plan, infrastructure planning and growth management is required.

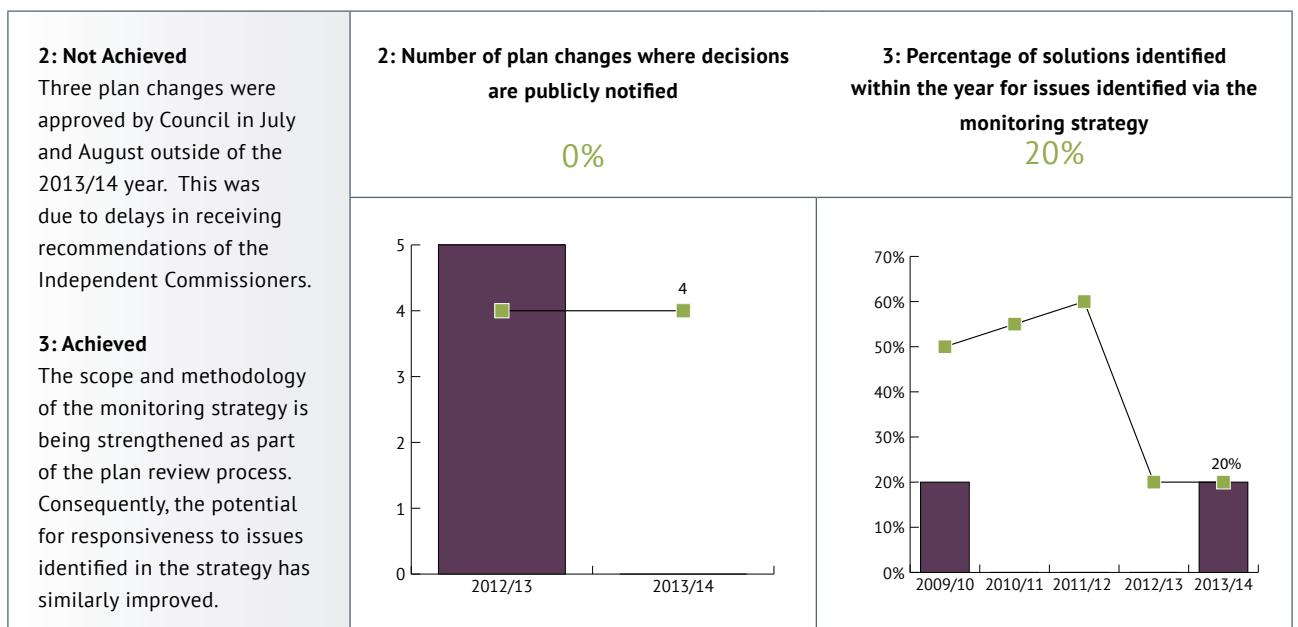
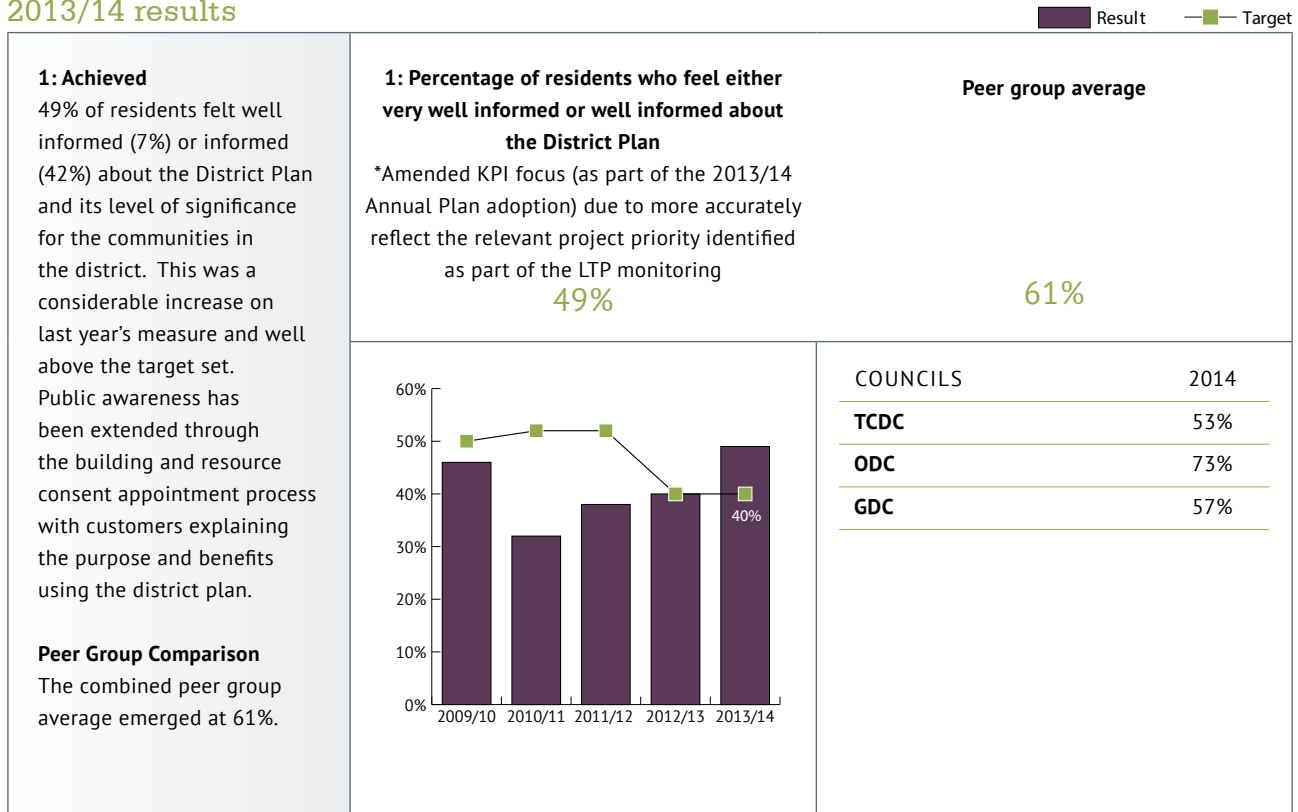
¹ Please refer to the Environmental Policy section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities

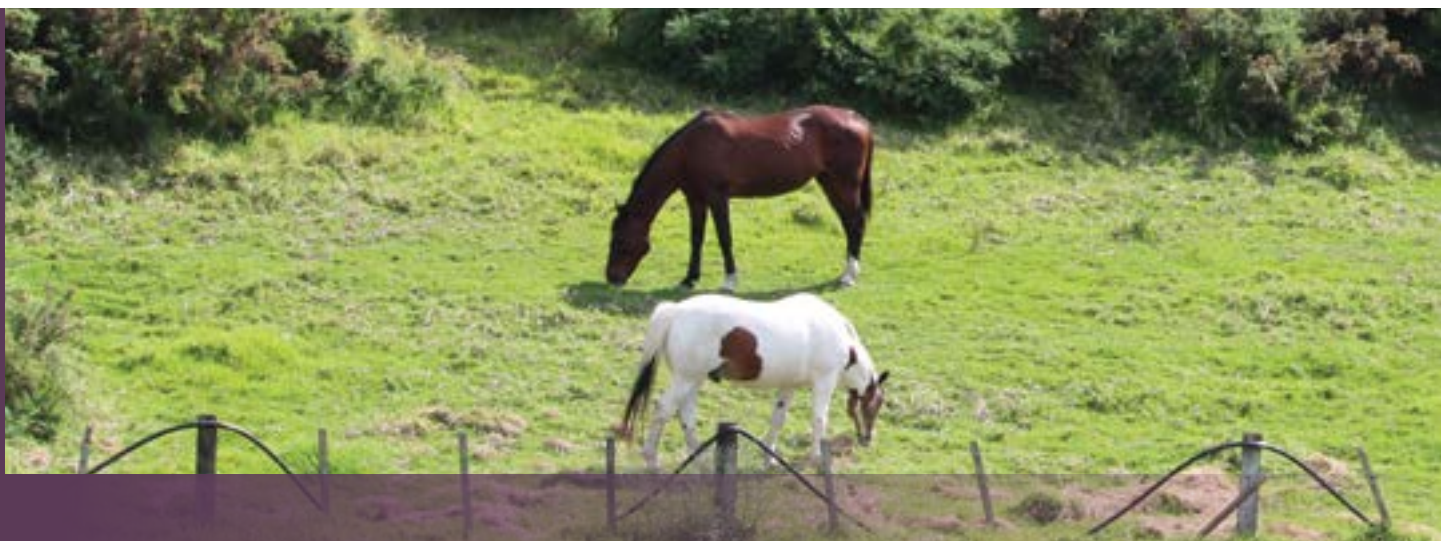
Activity Performance Indicators

The information below includes:

- How residents rated their satisfaction on use of a selection of Council services and facilities;
- The activity service and performance results; and
- A peer review comparison with three Councils (Thames-Coromandel District Council (TCDC), Opotiki District Council (ODC) and Gisborne District Council (GDC) looking primarily at customer satisfaction with Council's facilities and services.

2013/14 results





Environmental Management Group



Community Outcome
A Sustainable and Livable
Environment

Resource Consent Management

The Resource Consent Management Activity primarily involves the processing of resource consent applications in accordance with the District Plan and the Resource Management Act 1991. As well as resource consent applications, the activity processes other related approvals such as earthworks permits, right of way applications and Sale of Liquor Compliance Certificates. A significant portion of the activity includes the provision of information to members of the public and the answering of queries.

RESOURCE CONSENT MANAGEMENT CONTRIBUTES BY

- Supporting environmental initiatives that enhance the district.
- Growth is not taking place to the detriment of the natural environment. Historic and archaeological sites/buildings of significance and Wahi Tapu sites valued by Māori are protected and supported to be preserved.

¹ Please refer to the Resource Management section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities



COMPLETED

– *what we have achieved in 2013/14* –

Business Processes

- Since 1 July 2012 several workflows have been reviewed and improved, along with a number of template documents. This has been very good progress and has benefited processes. We have continued to update and improve workflows on a continuous improvement basis through the year. In terms of the 2013/14 programme, this has been completed. Highlights of the year's programme have included setting up new processes for the RCs Engineer, establishing and trialling new processes ready to put in place to implement pending legislation changes; and introducing an improved pre application meeting/checking process. Overall progress, over the two year timeframe for this project, in terms of those things planned for completion in that timeframe, has been good.
- Standardised engineering conditions uploaded in electronic form to Pathways.
- Resource consents allocated on the basis of most appropriate level of staff experience to match the nature of the application. Legal advice is only sought when absolutely necessary. Continue to emphasise the importance of correct process to staff. Legal costs below budget.
- The vast majority of resource consents for 2013/14 year have been processed by internal staff, thereby minimising the use of external consultants.

Staff Development

- A commitment to staff development in the area of National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health and supporting postgraduate studies that in turn bring a benefit to the organisation.

CHALLENGES AND DISAPPOINTMENTS

– *where are we now?* –

- It is an ongoing challenge to balance the 'wellbeing' and expectations of the individual landowner or developer with those of the community and stake holder and interest groups.

THINKING AHEAD¹

– *key priorities planned for 2014/15* –

- Continue to substantially achieve compliance with statutory timeframes by continuing to adequately resource processing requirements and by improving and updating systems and processes, with input from practitioner groups.
- Unless economically advantageous to the community, continue to process the vast majority of resource consents by internal staff and minimise the use of external consultants.
- Continue to assist staff with ongoing professional development to ensure quality decisions and assistance to the community.



Activity Performance Indicators

The information below includes:

- How residents rated their satisfaction on use of a selection of Council services and facilities;
- The activity service and performance results; and
- A peer review comparison with three Councils (Thames-Coromandel District Council (TCDC), Opotiki District Council (ODC) and Gisborne District Council (GDC) looking primarily at customer satisfaction with Council's facilities and services.

2013/14 results

Result — Target

1: Achieved

60% of the 25 residents who applied for resource consent in the past twelve months were very satisfied (19%) or satisfied (41%) with the process. This result exceeded the target set.

Since 2012 the Resource Consent team have continued to improve the processes and procedures for their customers. From trialling a new pre application meeting/ checking process, electronic forms developed for FNDC property system to having quarterly meetings with Practitioners.

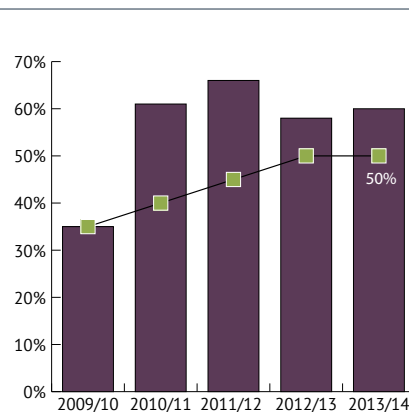
Peer Group Comparison

Unable to provide an average for each Council due to a small base size.

1: Percentage satisfaction with planning services

* In the LTP 2012/13 the KPI reads "Percentage satisfaction with Planning, Building or Inspection Services". From this year's community survey Council were able to define the proportion of responses relating to Resource Consents.

60%

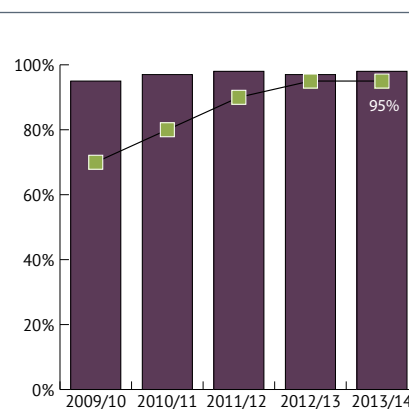


2: Achieved

Statutory compliance achieved within the 20 working days timeframe.

2: Percentage of non-notified resource consents completed within statutory timeframes (20 working days)

98%





Environmental Management Group



Community Outcome
A Safe And Healthy District and
A Sustainable and Livable
Environment

Building Consent Management

Building Consent Activity generally comprises three functions; consenting, inspecting and certifying building work to ensure better, safer, drier buildings that meet legal requirements. These are administered in accordance with the Building Act 2004 and Building Codes. A significant portion of this activity includes advice and support to the public which is not recoverable from fees and charges.

BUILDING CONSENT MANAGEMENT CONTRIBUTES

- To promote safe and health buildings.
- Take account of environmental issues in consent processes.



KEY PROJECT¹

– *development so far* –

Electronic Capabilities

What we said we would do in 2013/14

- Investigate the use of electronic based consenting and field tablet operation.

What we did in 2013/14

- Viewed electronic systems being implemented and trialed in other Councils.

What we plan to do in 2014/15

- Continue to develop the electronic capability for the building function.

COMPLETED

– *what we have achieved in 2013/14* –

- Building Fees and Charges Schedule were approved by Council, June 2013. Staff have worked to update the schedules and systems for implementation from 1 July 2014.
- Half yearly Construction Section News in collaboration with Whangarei and Kaipara District Councils continues as a joint venture.
- Bi-Annual Building Accreditation Audit took place between October/November 2013. Nine corrective action requests from the audit process completed by February 2014.
- Workshop with practitioners to identify areas where mutual improvements can be made to expedite the process were undertaken. In addition to this two workshops were held for the express consent trial.

CHALLENGES AND DISAPPOINTMENTS

– *where are we now?* –

- National online consenting has been proposed by the Ministry of Business, Innovation and Employment, Building and Housing Department, and this may elevate the need for electronic applications and field tablet operation.
- The Fencing of Swimming Pools Act 1987 amendments have not been advanced due to no Ministerial directive.
- Royal Commissions Earthquake Enquiry and findings have not been implemented through guidance notes or legislation for national consistency.

THINKING AHEAD

– *key priorities planned for 2014/15* –

- Successful implementation of the amendments to the Building Act 2004 and continue to comply with building accreditation requirements.
- Continue to audit the Building Warrant of Fitness regime and meet Council's obligations under the Fencing of Swimming Pools Act 1987.
- Continue to undertake process improvements to the building consent process with input from practitioner groups.
- Increase public and practitioner knowledge of Building Act 2004 requirements through public information newsletters and website updates.

¹ Please refer to the Building Consent Management section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities

Activity Performance Indicators

The information below includes:

- How residents rated their satisfaction on use of a selection of Council services and facilities;
- The activity service and performance results; and
- A peer review comparison with three Councils (Thames-Coromandel District Council (TCDC), Opotiki District Council (ODC) and Gisborne District Council (GDC) looking primarily at customer satisfaction with Council's facilities and services.

2013/14 results

Result Target

<p>1: Achieved 56% of building consent applicants were very satisfied (21%) or satisfied (35%) with the process, exceeding the target set of 50%. Re-introduced internal audit in 2013/14 to the building consent function which has improved the service delivery Council provides to the customers.</p> <p>Peer Group Comparison Unable to provide an average for each Council due to a small base size.</p>	<p>1: Percentage satisfaction with building services * In the LTP 2012/13 the KPI reads "Percentage satisfaction with Planning, Building or Inspection Services". From this year's community survey Council were able to define the proportion of responses relating to Building Consents.</p> <p style="text-align: center;">56%</p> <table border="1"> <caption>Percentage satisfaction with building services</caption> <thead> <tr> <th>Year</th> <th>Result (%)</th> <th>Target (%)</th> </tr> </thead> <tbody> <tr> <td>2009/10</td> <td>35</td> <td>50</td> </tr> <tr> <td>2010/11</td> <td>60</td> <td>50</td> </tr> <tr> <td>2011/12</td> <td>65</td> <td>50</td> </tr> <tr> <td>2012/13</td> <td>58</td> <td>50</td> </tr> <tr> <td>2013/14</td> <td>56</td> <td>50</td> </tr> </tbody> </table>	Year	Result (%)	Target (%)	2009/10	35	50	2010/11	60	50	2011/12	65	50	2012/13	58	50	2013/14	56	50
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2009/10	35	50																	
2010/11	60	50																	
2011/12	65	50																	
2012/13	58	50																	
2013/14	56	50																	
<p>2: Achieved 68% of residents who requested a building inspection were very satisfied (30%) or satisfied (38%) with the experience. Re-introduced internal audit in 2013/14 to the building consent function which has improved the service delivery Council provides to the customers.</p> <p>Peer Group Comparison Unable to provide an average for each Council due to a small base size.</p>	<p>2: Percentage satisfaction with building inspection services * In the LTP 2012/13 the KPI reads "Percentage satisfaction with Planning, Building or Inspection Services". From this year's community survey Council were able to define the proportion of responses relating to Building Inspections.</p> <p style="text-align: center;">68%</p> <table border="1"> <caption>Percentage satisfaction with building inspection services</caption> <thead> <tr> <th>Year</th> <th>Result (%)</th> <th>Target (%)</th> </tr> </thead> <tbody> <tr> <td>2009/10</td> <td>35</td> <td>50</td> </tr> <tr> <td>2010/11</td> <td>60</td> <td>50</td> </tr> <tr> <td>2011/12</td> <td>65</td> <td>50</td> </tr> <tr> <td>2012/13</td> <td>58</td> <td>50</td> </tr> <tr> <td>2013/14</td> <td>68</td> <td>50</td> </tr> </tbody> </table>	Year	Result (%)	Target (%)	2009/10	35	50	2010/11	60	50	2011/12	65	50	2012/13	58	50	2013/14	68	50
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2011/12	65	50																	
2012/13	58	50																	
2013/14	68	50																	



2013/14 results

Result Target

<p>3: Achieved Statutory compliance achieved within the 20 working days timeframe.</p> <p>4: Achieved Statutory compliance achieved within the 20 working days timeframe.</p>	<p>3: Percentage of building consents completed within statutory timeframe (20 working days)</p> <p style="text-align: center; color: green; font-size: 1.2em;">93%</p> <table border="1"> <caption>Data for Metric 3</caption> <thead> <tr> <th>Year</th> <th>Result (%)</th> <th>Target (%)</th> </tr> </thead> <tbody> <tr> <td>2012/13</td> <td>96%</td> <td>90%</td> </tr> <tr> <td>2013/14</td> <td>93%</td> <td>90%</td> </tr> </tbody> </table>	Year	Result (%)	Target (%)	2012/13	96%	90%	2013/14	93%	90%	<p>4: Percentage of code compliance certificates issued within statutory timeframe (20 working days)</p> <p style="text-align: center; color: green; font-size: 1.2em;">97%</p> <table border="1"> <caption>Data for Metric 4</caption> <thead> <tr> <th>Year</th> <th>Result (%)</th> <th>Target (%)</th> </tr> </thead> <tbody> <tr> <td>2012/13</td> <td>90%</td> <td>90%</td> </tr> <tr> <td>2013/14</td> <td>97%</td> <td>90%</td> </tr> </tbody> </table>	Year	Result (%)	Target (%)	2012/13	90%	90%	2013/14	97%	90%
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Year	Result (%)	Target (%)																		
2012/13	90%	90%																		
2013/14	97%	90%																		
<p>5: Not Achieved Since LTP 2012/13.</p>	<p style="text-align: center;">5: Percentage of building inspections completed within 48 hours</p> <p style="text-align: center; color: green; font-size: 1.2em;">0%</p> <p>Unfortunately this has proven extremely difficult to extract this information from Council systems. Council do not capture the initial call from the customer to determine a "Start Time". Review of systems and internal processes to be able to capture to commence.</p>																			

Environmental Management Group Financial Information

Financial Summary

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	ACTUAL 2014 \$000s	COUNCIL BUDGET 2014 \$000s	VARIANCE \$000s
INCOME				
Rates income (excluding targeted water supply rates)	1	7,273	6,617	655
Fees, charges & targeted water supply rates	2	3,473	3,162	311
Other income		163	0	163
Total Operating Income		10,909	9,780	1,129
EXPENDITURE				
Direct costs	3	12,148	8,695	(3,453)
Indirect costs	4	673	819	146
Activity Expenditure		12,821	9,514	(3,307)
Depreciation		52	145	93
Interest expense		22	121	99
Total Operating Expenditure		12,895	9,780	(3,115)
Net Operating Surplus/(Deficit)		(1,986)	0	(1,986)
CAPITAL STATEMENT				
Net operating surplus		(1,986)	0	(1,986)
Other funding		23	26	(3)
Total Funding		(1,963)	26	(1,989)
New works		3	0	(3)
Loan repayments		23	26	3
Total Capital Expenditure		26	26	0
NET SURPLUS/(DEFICIT)		(1,989)	0	(1,989)

NOTE:

A favourable variance is shown as a positive number and an unfavourable variance is shown as a negative number.

The direct and indirect budgets shown in the table do not individually agree to those published in the LTP due to a difference in allocation. The total activity expenditure, however, does agree to the total published in the LTP.

Variance To The Annual Plan 2013/14

1. Rates Income is showing a favourable variance due to:
 - a. An increase in penalty rate income of \$476k; and
 - b. An increase in general rate income of \$179k.
2. Fees and charges are showing a favourable variance of \$311k predominantly due to:
 - a. Regulatory service fees & charges are ahead of budget by \$332k as a result of increased consent values;
 - b. PIM's are showing an unfavourable variance of \$106k;
 - c. Other income of \$163k is due to a recoveries against weathertight homes claims.
3. Direct Costs are showing an unfavourable variance of \$3,453k predominantly due to:
 - a. Settlement of weathertight home claims that were unbudgeted \$3,575k;
 - b. Salaries are showing a favourable variance of \$303k;
 - c. Bad debt provisions exceeded budget by \$538k due to increased penalty charges.
4. Indirect costs are below budget \$146k due to a decrease in corporate allocations.



Governance and Strategy Group



Community Outcome

A Sustainable And Livable
Environment and
A Vibrant and Thriving Economy

The Governance and Strategy Activity is the activity that has the overall responsibility for the operation of the democratic aspects of the district and helping guide its strategic direction. It also includes the Economic Development and Māori Engagement Activities of Council. The elected members of the community, combined with the technical expertise of staff, provide the direction and objectives for Council's activities in the district.

Governance is not only a legal requirement, but a commitment to delivering value for money and prudent management that contributes to all community outcomes.

Governance

The Governance activity includes the democratic arm of the Council as the elected body, together with the 3 Community Boards. It also includes their support functions. It provides the primary legal and other support functions to the Mayor and Elected Members together with the General Management Team.

GOVERNANCE CONTRIBUTES BY

- Support provision of compliant local governance
- Administer community funding programmes.
Communicate Council decisions

¹ Please refer to the Governance section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities



KEY PROJECT

– development so far –

Local Government Reorganisation

What we said we would do in 2013/14

Progressing an application for Unitary Authority status.

What we did in 2013/14

The Local Government Commission has completed public hearings into the proposed reform of Council structures and now analysing the information before deciding its next steps.

What we plan to do in 2014/15

The Commission will now be giving careful thought to ideas and questions raised during the submission process. The process are guided by a number of requirements in law and the amendments to the Local Government Act, currently before the House.

COMPLETED

– what we have achieved in 2013/14 –

- Conducting the 2013 local body election and inaugurating the new Council and Community Boards.

CHALLENGES AND DISAPPOINTMENTS

– where are we now? –

- New amendments to the Local Government Act (2002) will require implementation through the LTP 2015/25.

THINKING AHEAD¹

– key priorities planned for 2014/15 –

- Council, through the leadership of Mayor John Carter and Councillors, is intent on developing positive relationships with communities, non-governmental organisations, Māori and other local authorities. Council is especially committed to creating an organisation that is more customer-centred – “going the extra mile” and “listening to our community”. As part of this commitment, the organisation will complete a restructure to refocus the organisation and change internal service structure to meet the needs of the community. The organisation needs to have a greater strategic approach to managing the Council and its activities, improve community engagement, have a higher performing organisation to deliver quality services and greater collaboration and consultation with Iwi / Māori and other organisations.



- Council will continue its drive to see more focused community engagement and community based decisions by empowering Community Boards with fuller involvement in Council decisions and more consultation with communities before decisions are made.
- Council will focus on the development of the Strategic Planning and Visioning Frameworks and

Performance Measurement Frameworks to set platforms for the LTP 2015/25, and will continue with improving its provision of effective services to the community. Planning will be influenced by the final outcome of the Local Government Commission's draft proposal for the reorganisation in Northland.

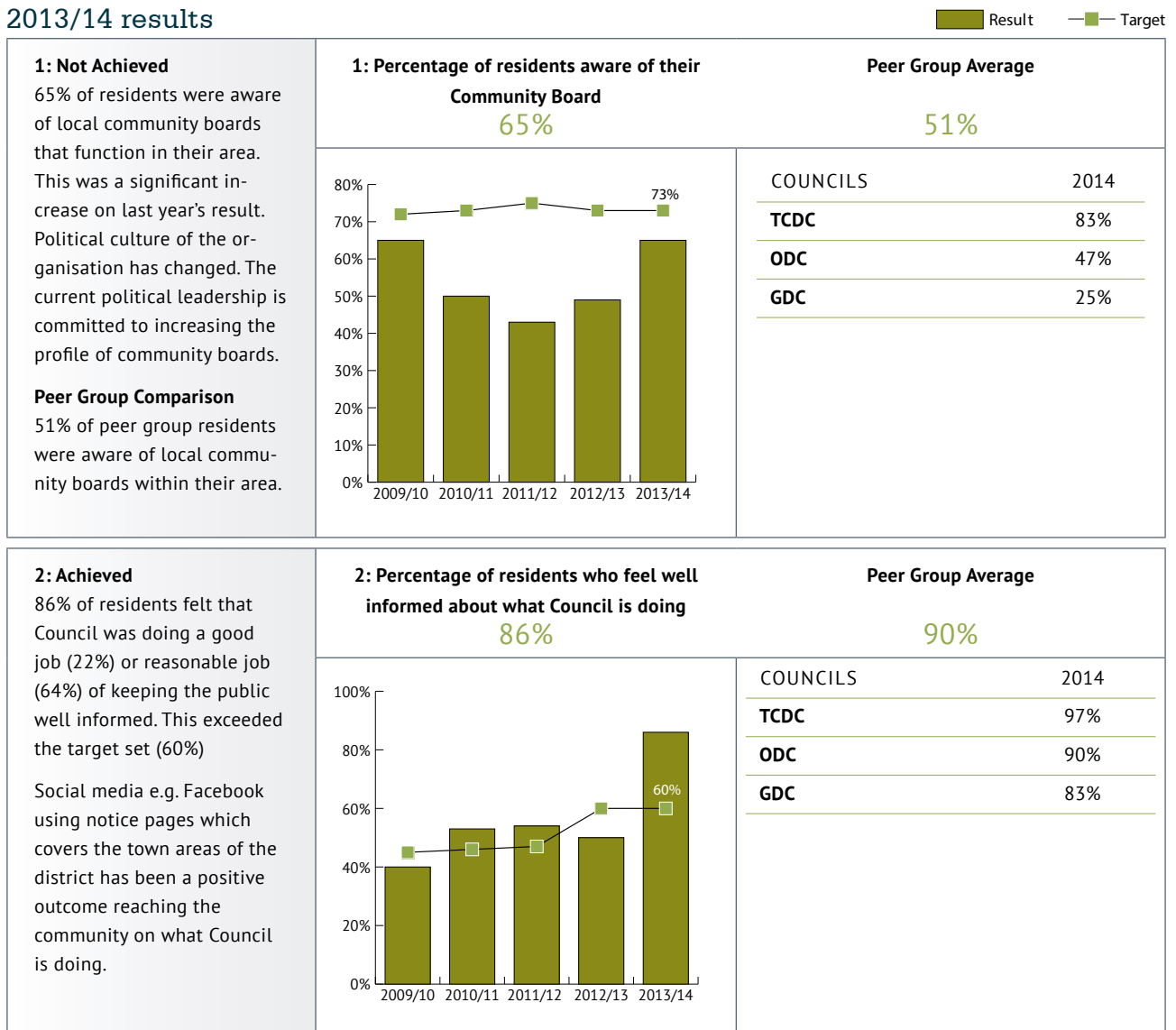
Activity Performance Indicators

– *what you have told us* –

The information below includes:

- How residents rated their satisfaction on use of a selection of Council services and facilities;
- The activity service and performance results; and
- A peer review comparison with three Councils (Thames-Coromandel District Council (TCDC), Opotiki District Council (ODC) and Gisborne District Council (GDC) looking primarily at customer satisfaction with Council's facilities and services.

2013/14 results



2013/14 results

Result Target

3: Not Achieved
 50% of residents were extremely satisfied (13%) or satisfied (37%) with the ease of accessing Council information and services. This result was an increase on last year's measure. Presently recruiting a person to manage FNDC website improvements which will significantly improve ease of access to Council information.

Peer Group Comparison
 The combined peer group average increased to 62% from 54% in 2011.

3: Percentage of residents satisfied with ease of access to Council information
50%

Peer Group Average
62%

COUNCILS	2014	2012
TCDC	50%	53%
ODC	63%	53%
GDC	72%	53%

4: Achieved
 Results are based within FNDC website on page views for meetings and strategic documents. From 2013 Council introduced a cost producing a printed copy of agenda minutes and strategic planning documents. Printing requests have reduced and access to FNDC website for agenda minutes and strategic planning documents has increased.

4: Number of website hits for agenda minutes and strategic planning documents
9,929



Governance and Strategy Group



Community Outcome
A Sustainable and Livable
Environment and
A Vibrant and Thriving Economy

Strategic Planning

The Strategic Planning Activity provides the overall, long-term direction for the district. It includes the development of the Long-Term Plan, and intervening Annual Plans. The Strategic Planning Team manages these documents and the public consultative processes. As part of their functions the team is responsible for reviewing the community outcomes and a number of key policies.

STRATEGIC PLANNING CONTRIBUTES BY

- Support provision of compliant local governance
- Administer community funding programmes.
Communicate Council decisions

COUNCIL'S STRATEGIC PRIORITY

– in action –

Sustainable Growth Strategy (also known as The Far North's Future 30/50 Project)

What we said we would do in 2013/14

Draft scenarios will be prepared based on the research phase and will go out for consultation. Adoption is expected in late 2013 or early 2014.



What we did in 2013/14

Following a series of workshops, Council decided at this stage not to release the findings of the research phase to the public, or the draft possible future scenarios. The Sustainable Growth Strategy project team has progressed with an evaluation of the alternative approaches to development with a single sustainable development strategy for the District being developed. A draft outline was developed, for consideration by Council.

What we plan to do in 2014/15

Finalise the Growth Strategy

COMPLETED

– what we have achieved in 2013/14 –

Growth Strategy

Prepared and presented six alternative development scenarios (as options this Council could take), and shortlisted four to be fully developed for analysis. Prepared an evaluation framework to assess the relative merits (pros and cons, costs and benefits) of the alternative development options.

Workshops with Council and with General Management Team led to refined thinking on the purpose of the project, and on the nature of the products required of the process.

Work associated with implementation programming were able to be incorporated into the draft Annual Plan 2014/15.

Annual Plan 2014/15

Completed the Annual Plan 2014/15 on time.

CHALLENGES AND DISAPPOINTMENTS

– where are we now? –

Growth Strategy

- Limited progress on developing Local Area Blueprints.
- Critical information gaps were identified (in relation to land use/zoning and infrastructure capacity and condition assessments) – which could not be addressed in the current year.

Local Government Act

- Early 2014 Government released amendments to the Local Government Act which affected a number areas of business and in particular development contributions. The Council made a submission on the bill which is presented to the select committee by the Mayor. Unfortunately our suggestions were not adopted in the final bill.



THINKING AHEAD¹

– key priority planned for 2014/15 –

Forward Planning

It is very important that the Far North has a clear vision for the future, as this will help ensure cohesive and focused decision making that will have positive and sustainable long term outcomes. Council will undertake a visioning exercise, working with Far North communities, that will provide a foundation for all strategic planning, both within and outside of Council. The impact of the amendments to the Local Government Act reflect the new infrastructure and core services focus. These include:

- Significance and Engagement policy, which introduces new requirements about how Council will consult
- More detailed and complex consultation document
- 30 year strategy for infrastructure, including financial impact
- Development Contributions
- Mandatory performance measures for Core Services.

Activity Performance Indicators

Production of Annual Plans and Long-Term Plans is business as usual. Therefore this activity does not have any associated activity performance indicators but does contribute to the overall community outcomes for the Governance and Strategy Group.

¹ Please refer to the Strategic Planning section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities



Governance and Strategy Group



Community Outcome
A Vibrant and Thriving Economy

Economic Development

Council's Economic Development Activity works to strengthen the district economy and attract new business to the Far North by promoting it as an investment destination. This includes working to ensure that Council delivers on its promise to be a business friendly organisation. It also works with businesses and education providers to ensure that appropriate and timely skills training is available to the community.

ECONOMIC DEVELOPMENT CONTRIBUTES BY

- Council's processes aid the establishment of new business and industry. Council supports major events that contribute to the economy of the district. All towns are encouraged and supported to develop their town centres and communities to attract new business investments, tourism and community resilience which locals will be proud of.



COUNCIL'S STRATEGIC PRIORITY

– in action –

Minerals

What we said we would do in 2013/14

Continue to work in partnership with NZ Petroleum and Minerals and regional stakeholders. This is to ensure good public information provision for the region and the district as well as a joint approach to any potential investors.

What we did in 2013/14

At the start of 2013/14 Council continued to actively market public information for both the region and the district. As a result of successfully carrying out this work plan with region partners and NZ Petroleum and Minerals Council curtailed and concluded its marketing of public information in the latter half of 2013/14.

What we plan to do in 2014

Minerals marketing of public information will not be a strategic priority in 2014.

This is because the minerals work plan was satisfactorily carried on in the previous year and there is no need to continue this activity at this level from a strategic viewpoint.

KEY PROJECT

– development so far –

Economic Strategic Plan

What we said we would do in 2013/14

Preparation of a strategic business plan and working with Far North Holdings Ltd to strengthen the district's economy and market the district's attractions such as Pou Herenga Tai – Twin Coast Cycle Trail.

What we did in 2013/14

Council's direction was to focus on completing the Growth Strategy for the LTP 2015/25. This information is critical to finalising the Economic Strategic Plan.

What we plan to do in 2014/15

Delivery of an evidence based Economic Development Strategy. Review the current models of delivery of the Economic Development Strategy.

COMPLETED

– what we have achieved in 2013/14 –

- In 2014 Council has an additional budget of \$30,000 for Focus Projects. Focus Projects is a new initiative that will provide funding for community led town projects, supporting and celebrating the town's uniqueness along with providing a community strengthening activity. Inspired by the Focus Paihia Community Trust, it is expected that the budget will provide for Focus Projects in 3 townships over the next year.

CHALLENGES AND DISAPPOINTMENTS

– where are we now? –

- There has been serious delays in the construction of Pou Herenga Tai Twin Coast Cycleway to June 30 2014 because of a shortfall in funding available to complete the trail. Council is to put a case before the Government for additional funding in 2014. Currently estimates of that cost are being prepared and will form part of Council's case for more funding.

THINKING AHEAD¹

– key priorities planned for 2014/15 –

- Continue to engage with Northland Inc. on economic development opportunities within Northland and the Far North district.
- Continue to support the marketing of the Bay of Islands Brand.

¹ Please refer to the Economic Development section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities

Activity Performance Indicators

- The activity service and performance results in 2013/14 is detailed below:

2013/14 results

Result Target

<p>1: Achieved</p> <p>Tourism sector:</p> <ul style="list-style-type: none"> Bay of Islands Marketing Group established and supported by Far North Holdings Limited and Council to promote the district to the domestic market; Supported Northland Inc. International (Regional Tourism Operator) Tourism Marketing; and Secured three national events being: NZ Powerboats, Tall ships with ATEED and Bathtubs. <p>Primary Sector:</p> <ul style="list-style-type: none"> Oyster farming project in the Bay of Islands supported. 	<p style="text-align: center;">1: Council supports 3 industry projects</p> <p style="text-align: center; color: green; font-size: 1.2em;">3</p> <table border="1" style="margin-top: 10px;"> <caption>Industry Projects Supported</caption> <thead> <tr> <th>Year</th> <th>Result</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2012/13</td> <td>3</td> <td>3</td> </tr> <tr> <td>2013/14</td> <td>3</td> <td>3</td> </tr> </tbody> </table>	Year	Result	Target	2012/13	3	3	2013/14	3	3
Year	Result	Target								
2012/13	3	3								
2013/14	3	3								

<p>2: Not Achieved</p> <p>Fully functioning website and marketing materials created and liaison with the emerging cycle trail businesses has been achieved. These marketing products cannot go fully live until the cycle trail is fully constructed.</p>	<p style="text-align: center;">2: A marketing strategy is developed and implemented</p> <p style="text-align: center;">*Amended KPI focus (as part of the 2013/14 Annual Plan adoption) due to Council resolution to establish a business unit.</p> <p style="text-align: center; color: green; font-size: 1.2em;">90%</p> <table border="1" style="margin-top: 10px;"> <caption>Marketing Strategy Implementation</caption> <thead> <tr> <th>Year</th> <th>Result</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>90%</td> <td>100%</td> </tr> </tbody> </table>	Year	Result	Target	2013/14	90%	100%
Year	Result	Target					
2013/14	90%	100%					



Governance and Strategy Group



Community Outcome
Services That Support Sustainable
and Livable Environment and
A Vibrant and Thriving Economy

Māori Engagement

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 well-being 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 Engagement Activity is tasked with facilitating and liaising with Iwi/Hapu to give effect to Council's responsibilities.

MĀORI ENGAGEMENT CONTRIBUTES BY

- 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 well-being of Māori within the Far North



COUNCIL'S STRATEGIC PRIORITY

– in action –

Maori Engagement

What we said we would do in 2013/14

Council indicated in the LTCCP 2009/19 that it supported developing effective Māori engagement by reflecting a commitment to the principles of the Treaty of Waitangi and by promoting Māori development by providing assistance to Treaty claimants.

What we did in 2013/14

Council has identified a renewed commitment to improving the way it engages with Māori and is developing a Māori Strategy alongside Iwi/ Māori.

What we plan to do in 2014

To establish ways of improving Council's engagement with Māori and will also lead to developing strategic relationships in a positive way that will bring mutual benefits to both Māori and the wider community.

COMPLETED

– what we have achieved in 2013/14 –

- Worked with a number of Māori Landowners, Ahu Whenua Trusts and Landcorp to scope out economic development opportunities for Māori Land.
- Worked with Māori landowners to develop a Honey contracting company looking at contracting out labour services
- Development of the Ngawha Springs Mineral Pools will result in the Domain Reserve being leased to Parahirahi C1 Trust to help enable their redevelopment proposal. To support this lease a Memorandum of Intent will be developed between the Trust and Council.
- A Māori Strategy on Relationships and Engagement has been endorsed which will provide the opportunity for Council to engage Māori on a range of matters, but specifically in relation to:
 - The Treaty of Waitangi
 - Māori Representation
 - Māori Consultation
 - Māori Economic and Social Development; and
 - Capacity Building.



CHALLENGES AND DISAPPOINTMENTS

– where are we now? –

- Working through Manawhenua dynamics preparatory to raising Council business.
- Managing Tangata Whenua values with Councils expectations.
- Obtaining buy in from other parts of the organisation as to how things should proceed when dealing with Māori.
- Talking to the right people, and developing long term relationships.
- Adequate staff resources to be engaged to address the increased number of projects.
- The focus and priority for Tangata Whenua was not Council business but instead were Treaty Settlements.
- The Te Haumi project where the goal post kept changing because of information and requests by another consenting authority was causing confusion for Tangata Whenua.

THINKING AHEAD¹

– key priorities planned for 2014/15 –

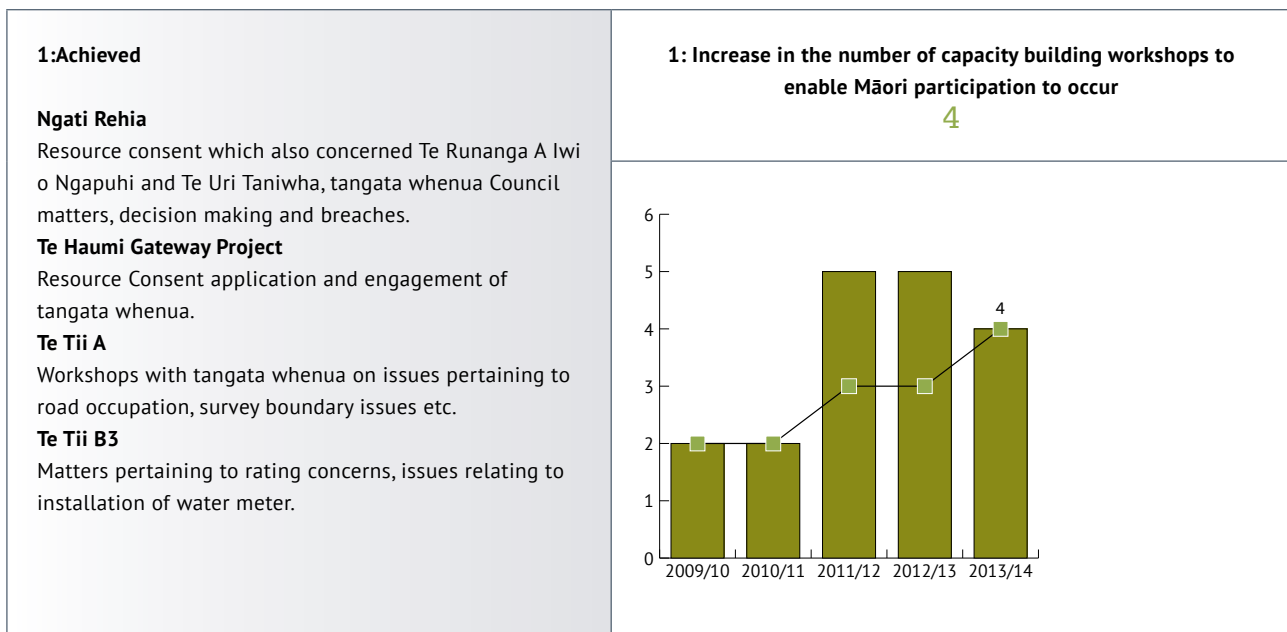
- Developing Partnership Agreements and Memoranda of Understanding to underpin Council's relationship with Iwi/Māori as well as reflecting Council's commitment to the principles of the Treaty of Waitangi.
- Working alongside Treaty claimants to develop strategic relationships that supports and enables economic, social, environmental and cultural opportunities that brings mutual benefits to both Māori and the wider community.
- Exploring incentive schemes and other opportunities to enhance the use of Māori land to encourage its productive use.
- Working with Māori on key infrastructure projects of mutual interest (e.g. water supply and water quality within the district).

Activity Performance Indicators

- The activity service and performance results in 2013/14 is detailed below:

2013/14 results

■ Result □ Target

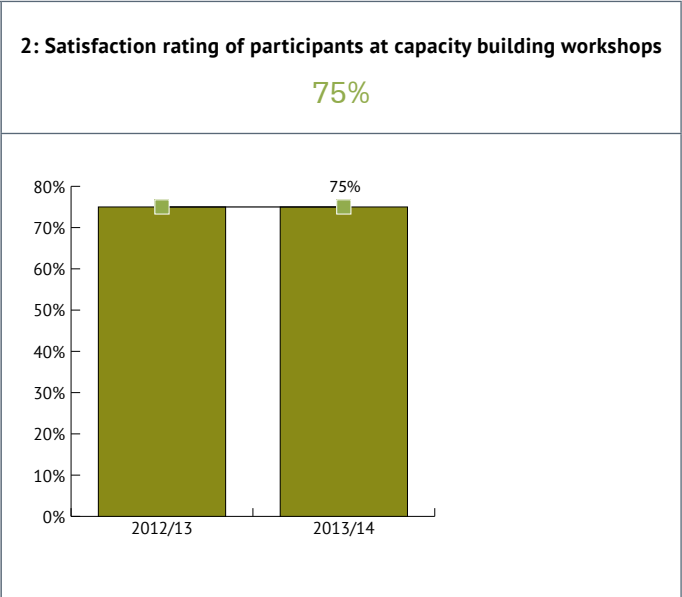


¹ Please refer to Māori Engagement section of the Long-Term Plan (LTP) 2012/13 and the Annual Plans 2013/14 and 2014/15 for further information on priorities

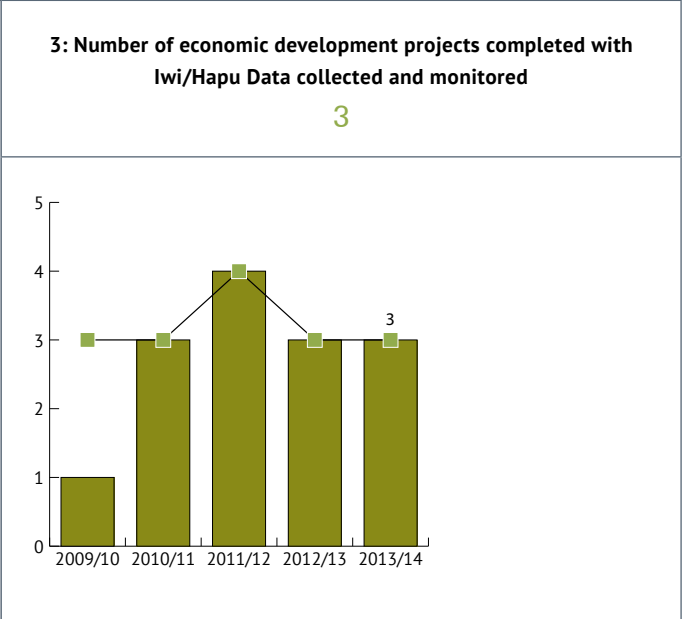
2013/14 results

Result Target

2: Achieved
 Satisfaction surveys for the capacity building workshops above, instances are recorded but measured by matters being resolved and a working relationship established by the relevant groups.



3: Achieved
 Three projects completed in 2013/14.





Governance and Strategy Group

Financial Information

Financial Summary

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	ACTUAL 2014 \$000s	COUNCIL BUDGET 2014 \$000s	VARIANCE \$000s
INCOME				
Rates Income	1	12,146	11,157	989
Fees, charges & targeted water supply rates		105	86	19
Development & financial contributions	2	0	374	(374)
Other Income		349	323	26
Total Operating Income		12,600	11,939	660
Expenditure				
Direct Costs	3	9,396	7,268	(2,128)
Indirect Costs	4	738	889	151
Activity Expenditure		10,134	8,157	(1,977)
Depreciation		4	30	26
Interest expense		564	920	355
Total Operating Expenditure		10,703	9,107	(1,596)
Net Operating Surplus/(Deficit)		1,899	2,833	(936)
Capital Statement				
Net Operating Surplus		1,899	2,833	(936)
Loans		92	258	(166)
Other Funding		14	(1,556)	1,570
Total Funding		2,005	1,534	471
New Work		181	258	77
Renewal Works		897	827	(70)
Loan Repayments		2,979	449	(2,530)
Total Capital Expenditure		4,057	1,534	(2,523)
NET SURPLUS/(DEFICIT)		(2,052)	0	(2,052)

NOTE:

A favourable variance is shown as a positive number and an unfavourable variance is shown as a negative number.

The direct and indirect budgets shown in the table do not individually agree to those published in the LTP due to a difference in allocation. The total activity expenditure, however, does agree to the total published in the LTP.

Variance To The Annual Plan 2013/14

1. Rates Income is showing a favourable variance of \$989k predominantly due to:
 - a. An increase in penalty rate income of \$684k and an increase in general rate income of \$305k.
2. Financial contributions are showing an unfavourable variance due to \$374k relating to operational development contributions was not received.
3. Direct costs are showing an unfavourable variance of \$2,128k predominantly due to:
 - a. Professional fees are showing a favourable variance of \$204k as an SCP was not required as there was no LTP amendment;
 - b. Bad debt provisions, remission of rates and penalties are \$2,317k more than budget.
4. Indirect costs are under budget \$151k due to a decrease in corporate allocations.

Key Capital Projects

FOR THE YEAR ENDED 30 JUNE 2014

	ACTUAL 2014 \$000s	COUNCIL BUDGET 2014 \$000s	VARIANCE \$000s
NEW WORKS			
Administration services	47	0	(47)
Information management	91	258	167
Building services	44	0	(44)
Total New Works	181	258	77
<i>Renewals</i>			
Accounting services	28	526	498
Administration services	514	258	(256)
Information management	346	0	(346)
Telephony infrastructure	0	43	43
Building services	9	0	(9)
Total Renewals	897	827	(70)

Significant Acquisitions Or Replacements Of Assets For 2013/14

The LGA 2002 requires councils to provide information regarding any significant assets acquired or replaced during the year. Council carried out no works of a significant level for this activity during the year.



Governance and Strategy Group



A Reflection of Our Bi Cultural Community

Information below demonstrates the activities that Council has undertaken in the 2013/15 year to establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes.

MĀORI DEVELOPMENT

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 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 if unitary authority status is achieved. Council has also shown its commitment by resolving to investigate non electoral options for engagement and involvement of Māori in its decision making.

Council is mindful of the challenges faced by Māori landowners and supports opportunities that enable development on Māori freehold land to occur. Whilst Council only administers a small component of Māori freehold land development, Council acknowledges that development will require greater collaboration with key stakeholders including the Māori Land Court, Te Puni Kōkiri, Social Housing Unit, Māori Trusts, Iwi authorities and other central government agencies.

These development opportunities will be project driven with a number of capacity building workshops provided on a case by case basis e.g. Council may facilitate papakainga development workshops to empower participants to gain a better understanding of the provisions applicable to papakainga within the District Plan.

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.



Council Controlled Trading Organisation



Far North Holdings Limited

Introduction

Far North District Council established FNHL to act as a vehicle for the delivery of Council's commercial activities and to create a structure delivering services in the most efficient and cost effective manner.

Structure

FNHL is a company 100% owned by Far North District Council and operates with an independent Board of professional Directors appointed by Council.

Directors:

- Ross Blackman (Chairperson)
- Bill Birnie
- Ian Walker
- Kevin Baxter

Chief Executive:

- Andrew Nock



Activities

- FNHL forms the focus of Council's interface with its commercial investments and ensures uniformity in approach and reporting. FNHL activities include:
- The provision of maritime, airport, property and car parking facilities
- The management of maritime and aviation assets under contract to Council
- Investment in any commercial opportunity that arises including any proposed by its shareholder
- The sale and purchase of commercial assets.

Objectives

As the Far North District Council's commercial vehicle, FNHL will facilitate and create commercial and infrastructural assets in the Far North district with the aim of maximising profit for its shareholder, the Council, and creating shareholder value.

Performance Measures

Financial Performance Measures tabled below:

PERFORMANCE MEASURES	TARGET 2013/14	ACHIEVEMENT
To operate the Company without further equity injection from the Shareholder	To operate the Company without further equity injection from the shareholder	Achieved
That the annual operating profit will exceed \$505,000	>\$825,000	\$923,740 (it excluded revaluation, goodwill, impairment, deferred tax and share of associate)
Distribution to shareholders	50% of operating profits	Dividend for 2013/14 of \$461,870 to be declared
Shareholder Equity	>\$33.1 million	\$39.33 million before dividend of \$461,870
Return on Investment (RoI) is higher than cost of borrowing	Average cost of borrowing RoI on shareholder equity(calculated as defined within the Statement of Intent)	5.214% 5.607%



Other performance measures tabled below:

OBJECTIVE	ACHIEVEMENT
To invest in, develop, operate and divest “strategic businesses”	<p>431 vessels (overseas yachts) utilised the free port of entry services in Opuā.</p> <p>During the period under review, 44 cruise liners have visited the Bay of Islands with a total passenger capacity of 72,000 and approximately an additional 30,000 crew members.</p> <p>Acts as the Airport Authority for the airports under its control.</p> <p>Carried out capital expenditure investment of \$1.583 million with major projects being a site purchase in the Hokianga, refurbishment of the Kaitaia Education Centre, land purchases in Paihia, plus on-going mooring purchases and yard equipment.</p> <p>On behalf of the Council, at the Kaitaia Airport, further work was completed on the runway with a “slurry” seal repair.</p>
<p>To deliver value to the Shareholder</p> <p>-by means of dividends</p> <p>-Adequate return on shareholder’s</p>	<p>During the year the Company paid to its shareholders the sum of \$409,258 in dividends from the 2013 year, and has provided for a further dividend of \$461,870 from this year’s profits.</p> <p>Return on shareholder’s funds is details above with the financial performance measures section.</p> <p>The Company continues to manage the Kaitaia Airport on behalf of Council.</p>
To operate within the constraints of its existing capital	Achieved the Company did not call upon its Shareholder for additional capital
To operate the Company within its banking covenants	<p>Equity Ratio to be greater than 50%. Result was 68%.</p> <p>Interest Cover Ratio to be greater than 1.5 times earning before interest, tax and revaluations. Result was 2.74.</p>
To operate in accordance with sound business practices	<p>During the period under review Far North Holdings Limited experienced only minor staff related OH&S incidences.</p> <p>Accidents and incidents involving the general public not under FNHL control while on FNHL land or facilities was a Nil result for Maritime, Aviation and Boatyard.</p> <p>An unqualified financial audit was achieved.</p>

OBJECTIVE	ACHIEVEMENT
To be a good employer	Staff policy manuals have been updated to accommodate legislative changes. No instances of discrimination or harassment have been identified during this review period. 71 training and professional development courses were undertaken by staff.
To operate with a sense of social and environmental responsibility	The Company held 91 meetings with the community or promoting community related issues throughout the year to determine the community's views on Company activities. Supported youth academic training through donations to the Opuā Marina Scholarship Fund (\$32,000). Supported youth leadership training through the R Tucker Thompson Sail Training Trust (\$16,000). Supported cultural and environmental projects through donations to the Opuā Environmental and Cultural Fund (\$7,133). Monitoring of water quality in Opuā is ongoing, with further improvements to run off systems having been implemented in the last year.
To further progress Opuā Marina Stage 2	The Company has applied for the consents to construct the Marina and is awaiting the Commissioners decision
No abatement notice	The Company has not received any abatement notices during the year



Council Controlled Trading Organisation



Te Ahu Charitable Trust (TACT)

Introduction

The Te Ahu Charitable Trust is subject to exemption as a small organisation under Section 7 of the Local Government Act 2002. Performance measures and targets will not be required.

The Trust coordinated the building of the Te Ahu Centre and will now be instrumental in ensuring that the Centre remains a vibrant community asset and is maintained to provide a functional facility.



Structure

All but one of the Trustees are appointed by Council. Council has the power to appoint one Te Rarawa Trustee who must be of Te Rarawa Iwi.

The Far North Regional Museum Trust has the power to appoint one Museum Trustee.

Trustees

- Haami Piripi – Te Runanga o Te Rarawa
- Phil Cross – Far North Regional Museum

Council Trustees

- Mike Mitcalfe (Chairperson)
- Mary-Jane Ardley
- Monty Knight
- Yvonne Smith

Roland's Wood Trust

Introduction

As the Trust Administration Committee consists of Council staff, the Trust is classified as a CCO. However, its activities are peripheral to the core activities of Council and has no material effect on Council's finances. Council has, therefore, concluded that there is no requirement to provide any further detail of the Trust in the Annual Report. Under section 7 of the Local Government Act 2002 this is an exempt organisation.



Glossary

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 ltp.

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).

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 controls.

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 comprehensive income.

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.

A person elected to be on the council.

Resolution or agreement to follow a particular course of action, including an agreement not to take an action in respect of a particular matter.

Community participation in decision making.

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.

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 comprehensive income.

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).

International financial reporting standards.

Financial reporting stan.

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 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 GAAP

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	KAITAIA	KAEO
Memorial Avenue Kaikohe Tel: 0800 920 029 Tel: 09 401 5200 Fax: 09 401 2137 Monday – Friday 8:00am - 5:00pm	Te Ahu Kaitaia Tel: 0800 920 029 Monday – Friday 8:00am - 5:00pm	Leigh Street Kaeo Tel: 0800 920 029 Fax: 09 405 0379 Monday – Friday 8:00am - 4:30pm (closed 12:30pm - 1:00pm)

PROCTER LIBRARY, KERIKERI	KAWAKAWA
Procter Library Cobham Road Kerikeri Fax: 09 404 305 Monday - Friday 8:00am - 4:30pm	Gillies Street Kawakawa Tel: 0800 920 029 Fax: 09 407 7127 Monday – Friday 8:00am - 5:00pm

RAWENE	HOKIANGA
Parnell Street Rawene Tel: 0800 920 029 Fax: 09 405 7828 Tuesdays and Thursdays 8:00am - 4:30pm (closed 12:30pm - 1:00pm)	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

