

# Northland Regional Council Annual Report 2007

## Table of Contents

### Introduction

Statement of Compliance	2
Mission Statement	2
Highlights of the Year	3
Chairman and Chief Executive Officer's Overview	5
Council and Management Structure	12
Your Regional Councillors	14
Council Committees and Advisers	16
Financial Highlights	18

### Audit Report

Report of the Auditor-General	20
-------------------------------	----

### Financial Statements

Consolidated Income Statement	22
Consolidated Statement of Changes in Equity	23
Consolidated Statement of Financial Position	24
Consolidated Statement of Cash Flows	26
Reconciliation of Net Surplus to the Cash Flows from Operations	28
Notes to the Financial Statements	29

### Statements of Group Activities

Planning and Policy	74
Consents	88
Environmental Monitoring	92
Land Operations	104
Council and Strategic Development	118
Finance and Information Services	124

### Council Policies

Equal Employment Opportunities / Health and Safety	125
Development of Māori Capacity	126
Revenue and Financing Policy – Performance Report	127
Treasury Management Policy – Performance Report	128

### Group Entities

Group Structure	130
Northland Port Corporation (NZ) Limited	131
Northland Regional Council Community Trust	133
Council Controlled Organisations	135

# Northland Regional Council Annual Report

For the Year Ended 30 June 2007

## Statement of Compliance

1. The Council and its officers 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.
2. In our view this Annual Report fairly reflects the financial position and operating results of the Council and its subsidiaries for the year ended 30 June 2007.



M C Farnsworth  
Chairman



A G Phipps  
Acting Chief Executive Officer

19 September 2007

## Mission Statement

The Northland Regional Council will provide policies, guidance and resources which encourage and enable the Northland community to manage and enhance its environment in a sustainable manner.

## About this Annual Report

Welcome to the Northland Regional Council's Annual Report for 2007. This report is the Council's key accountability document to our stakeholders – from regional ratepayers to financial institutions and Government agencies. It explains our progress in delivering what we set out to achieve, and our involvement in working towards social, economic, environmental and cultural outcomes for the Northland region.

The way in which most of the information is shown is governed by legislation, such as the Local Government Act 2002 and standard accounting practices.

## Summary Report

The Council has also produced a summary of this report. The summary outlines the most important information to give you an easy snapshot of exactly what we have achieved on your behalf in the past year. This summary is available from all our office and can be found on our website: [www.nrc.govt.nz](http://www.nrc.govt.nz)

Ka whakatakotohia e te Kaunihera A Rohe O Te Tai Tokerau ngā kaupapa ture, ngā kaupapa hei arataki me ngā rawa hei whakahau kia taea ai e ngā tāngata o te Tai Tokerau te whakahaere me te whakatairanga a ukauka i te taiao.

# Highlights of the Year

*A snapshot of the key successes that the Northland Regional Council and our community jointly achieved in 2006-2007.*

## **Flood schemes continue to protect**

The Council continued with its maintenance and improvement upgrade of the Awanui River flood management scheme. The results were evident when the scheme protected the township of Kaitaia during severe flood events. The Interim Kaihu River Management Plan was adopted and minor maintenance works were undertaken.

## **Fostering our future**

The Regional Council allocated \$16,000 worth of funding to schools through its Environmental Curriculum Awards. Twelve schools were also recognised in Northland's first Enviroschools Awards and 73 school visits were achieved with a 96% user satisfaction rating.

## **Catching the bus continues to grow**

Passenger numbers have almost trebled to almost 200,000 in the 2006-2007 year for the Whangarei Bus Service, which carried its one millionth passenger just outside the 2006-2007 year.

## **Community funding to help the environment**

The Regional Council allocated \$500,000 to community groups through the increased Environment Fund to restore or enhance our environment.

## **Community takes control of pests**

The community-led pest management scheme to manage pest animals and plants has been established in 17 areas covering 14,000 hectares of land.

## **Northlanders show remarkable resilience**

In February, March and July, Northland experienced severe storm events resulting in devastating floods across the region. Our regional and local emergency management centres were put to the test and coped exceptionally well. However, it is our community that showed the greatest resilience with no loss of life recorded as a result of these events.

## **Events Centre moves forward**

Funding through the recreational facilities rate commenced and seven Trustees were appointed to oversee the development of a multi-use Regional Events Centre in Whangarei.

## **Improving Lake Omapere**

Efforts have continued with 85% of the margin of our region's largest lake being fenced to prevent stock pollution. Community planting days also continued with over 10,000 native trees and flaxes planted, with a little help from local inmates at the Ngawha Correction Facility.

## **Consents best in the business**

Nine hundred and fifty-three consents were received and processed during the last year. Overall, 98% of all consent applications were completed within legal time constraints. A 90% customer satisfaction rate was achieved for staff helpfulness during a consent process.

## **Keeping an eye on the environment**

Northlanders continued to report environmental incidents with 1109 calls to the Council's 24/7 Environmental Hotline. The Council also carried out its summer bathing water quality programme at Northland's most popular coastal and freshwater swimming spots.

## **Plan changes seek improvements**

Extensive consultation and community feedback was undertaken seeking improvements to the Council's guiding planning documents, including the Regional Policy Statement and Regional Plans for Air, Land, Water and Coast. A major review of Northland's Regional Land Transport Strategy was also completed.

## **Being the best (or) Top of our game**

The Regional Council and its staff were recognised during 2006-2007 with some outstanding achievements, including:

- The Northland Civil Defence Emergency Management Group won "Organisation of the Year" for the March 2007 flood response.
- The revamped Council website winning the Local Government Online Web Awards for 'Best Website Design' and 'Best Website Homepage'.
- Our consents processing ranked in the top 5 of the Regional Councils' two-yearly Best Practice Quality Survey.
- An International Study Award and Regional HR Manager of Year Award were awarded to our Community Relations Team Leader and Human Resources Manager respectively.

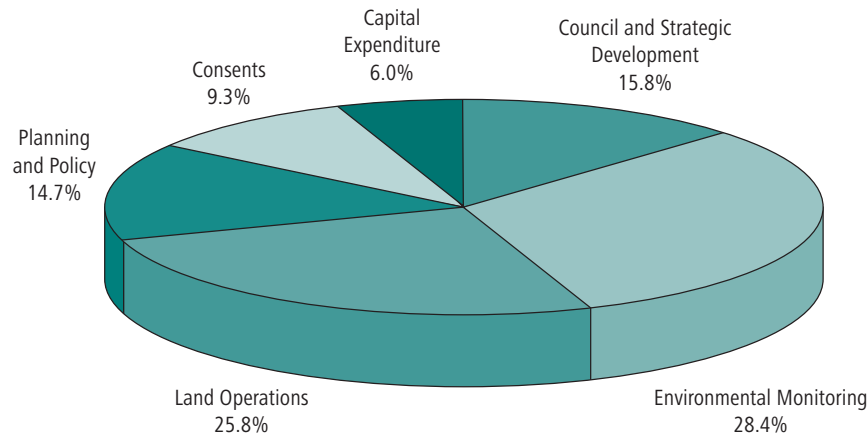
## **Financial success**

The 2006-2007 Financial Statements for the year ended 30 June 2007 have been prepared to comply with NZ IFRS. The Regional Council remains in a strong financial position.

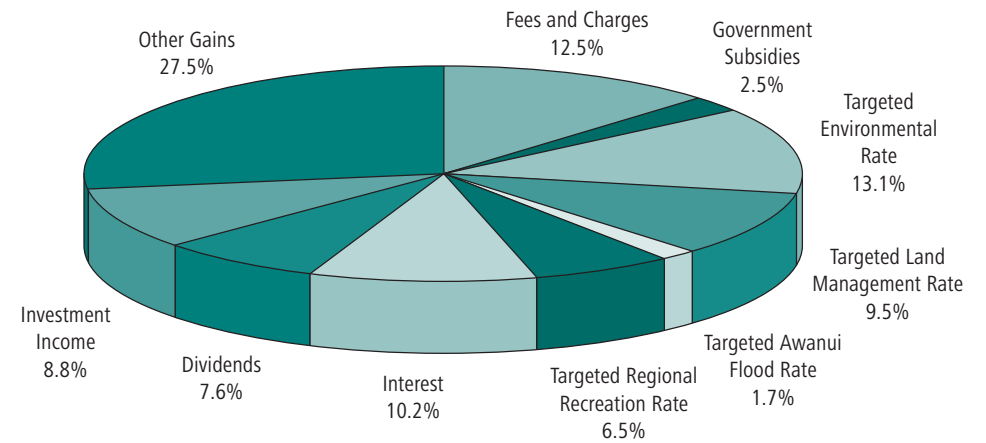
# Financial Highlights

For the Year Ended 30 June 2007

### Expenditure on Activities



### Sources of Funding and Revenue



<b>Expenditure on Activities</b>	<b>\$</b>
Council and Strategic Development	3,705,327
Environmental Monitoring	5,544,150
Land Operations	5,029,326
Planning and Policy	2,874,588
Consents	1,814,190
<b>Operating Total</b>	<b>18,967,581</b>
Capital Expenditure	1,160,796
<b>Total Expenditure</b>	<b>19,498,616</b>

<b>Sources of Funding and Revenue</b>	<b>\$</b>
Fees and Charges	3,171,932
Government Subsidies	642,474
Targeted Environmental Rate	3,322,564
Targeted Land Management Rate	2,411,712
Targeted Awanui Flood Rate	420,000
Targeted Regional Recreational Facilities Rate	1,657,044
Interest	2,590,201
Dividends	1,938,192
Investment Income	2,219,394
<b>Operations Total</b>	<b>18,373,513</b>
Other Gains	6,985,249
<b>Total Funding</b>	<b>25,358,762</b>

# Chairman and Chief Executive Officer's Overview

## Introduction

During 2006-2007 Northland Regional Council has continued to work towards achieving the outcomes set out in the Long Term Council Community Plan 2006-2016.

Northland's environmental sustainability and improvement remained a key focus for Council activities.

## Financial

The Northland Regional Council has posted a \$7,020,942 net surplus for the financial year ended 30 June 2007, compared with a budgeted deficit of \$11,134,136. There are two significant reasons for the large variance. Firstly, the budgeted grant for a proposed Regional Events Centre of \$12.5 million was not paid in the 2006/2007 year and has been carried forward into the 2007/2008 year. Secondly, Council has been required to value its Council owner occupied property and property held for investment at fair value. The increase in the property value resulted in gain (other revenue) of \$5.8 million. This gain is a non cash item, and previously it was only recorded on the Council's Statement of Financial Position. However with the new requirements of the International Financial Reporting Standards, any gain of this type has to now be recorded in the Statement of Financial Performance.

If both of these items are removed, then the actual net surplus was \$1,696,930 against a budget of \$1,365,864.

The revenue for the year was \$6,132,652 above budget. Additional dividend income and higher than expected interest earned were offset by lower rental income:

- The dividend received from Northport was \$1,938,192 against an expected dividend of \$1,597,464.
- Council earned additional interest income as it had higher than forecast cash available for investment during the year as the investment in the redevelopment of a Commerce Street property did not proceed.
- Rental income was maintained at a similar level to last year (\$2,219,394) but it was below the increased budget as planned property purchases did not proceed and therefore no additional rental income was received.

- Rates revenue was above budget by 1.3% due to actual rateable properties being higher than estimated.
- Other gains due to fair value changes totalled \$6,985,249.

The expenditure for the year was \$12,022,426 under budget. With the exclusion of the grant for the Regional Events Centre, the \$477,574 saving was generated from operational expenditure savings and lower than forecast interest costs.

The budget included an interest cost of \$418,000 for the Regional Events Centre. As this loan has been deferred until 2007/2008, the interest cost was not incurred.

Overall, the net result reflects the sound financial management of Council and continues the trend of a strong financial position.

## Planning and Policy

### Resource Management Planning

All four of the Northland Regional Council's resource management planning documents are operative. These four Plans are:

- Regional Policy Statement
- Regional Coastal Plan
- Regional Water and Soil Plan
- Regional Air Quality Plan

The five-year monitoring review of the efficiency and effectiveness of the Regional Policy Statement was completed and two high priority plan changes recommended as a result; one designed to improving the Statement's biodiversity provisions and the other to introduce a new section on the integration of land use and infrastructure.

Appeal negotiations commenced on each of the three plan changes to the Regional Coastal Plan. The plan changes are respectively targeted at refining provisions for moorings and marinas management, mangrove management and Whangarei Harbour zoning. A further plan change to provide for future aquaculture development in Northland was notified in October 2006 and submissions called for. Hearing of submissions will be held in late 2007.

Submissions on Plan Change 1 to the Regional Water and Soil Plan were heard in September 2006 with only one appeal lodged. Further preliminary work was undertaken on drafting Plan Change 2 due to be notified in late 2007.

A plan change to the Regional Air Quality Plan to give legal backing to the Marsden Point Air Quality Strategy was notified in April 2007.

### **Education and Public Communication**

In the 2006-2007 financial year, the Council's public education and communications initiatives included five public seminars and workshops; 11 new or updated publications and pamphlets; 73 school visits; a Youth Summit and displays at six shows and field days. A major upgrade of the Council's website was completed.

The Council presented Environmental Curriculum Awards to 20 Northland schools. Due to a lack of suitable candidates, the NRC Sustainable Management Scholarship (for University Master's level study) and Environmental Management Scholarships (for Polytechnic students) were not presented this year.

The Ballance Farm Environment Awards were promoted within Northland for the second time, with the Northland Regional Council as regional partner. Following a rigorous judging process, a range of awards were presented at a formal ceremony in May 2007, including the Council-sponsored Water Quality Enhancement Award.

### **Transport Planning**

A major review of Northland's Regional Land Transport Strategy was completed.

The Whangarei urban bus service continues to operate very successfully with passenger numbers for the year (238,000) increasing 24,000 over the previous year (214,000). Meanwhile, the Total Mobility Scheme was also operated successfully within the Whangarei urban area, though the set budget of \$165,000 was exceeded by \$25,400 with the agreement of the funding parties. Both the bus service and Total Mobility Scheme are funded by the Whangarei District Council and Land Transport NZ and managed by the Northland Regional Council.

The re-tendering of the contract for the Whangarei urban bus service was put on hold due to the initiation of three national reviews of the law and processes surrounding the provision of subsidised passenger transport services.

An annual review was completed on forestry roading projects eligible for 100% Regional Development funding. This review was done in collaboration with the region's three District Councils and the forestry industry. Further evaluation work was also completed in preparation for the Government's proposed review of this funding in late 2007.

### **Resource Consents**

The Council has once again responded to many new applications largely resulting from ongoing new development proposals and growth across the region. This is again particularly evident along the eastern seaboard, with land subdivision and industrial developments including coastal facilities and foreshore works. The associated development or upgrades of public infrastructure such as storm water, sewerage, water supply, roading and quarrying have all contributed to a very busy year's work.

In the rural areas there has been a focus on river control schemes and new water and irrigation proposals, particularly for avocado production. We also completed a programme for consenting of unauthorised farm dairy discharges. Timber processing and electric generation proposals leading to formal hearings have added to the Council's workloads.

Reviewing conditions of approximately 124 marine farm consents transferred from Ministry of Fisheries in January 2005 was completed and decisions will be issued in the near future. A consents review was completed for all discretionary moorings that lie outside of designated mooring areas, for which new or replacement consents are now required. We now await the resolution of appeals to get the programme underway.

The Council processed 953 applications for resource consents through to a decision during the year. Of these, 15.3% (146) were publicly notified or by using the "limited notified" provisions. The Council's practice of endeavouring to resolve matters between applicants and submitters informally at pre-hearing meetings resulted in 61% (of the 33 held) being successfully resolved. Hearings were held for 52 applications, either by independent commissioners or, more usually, Councillors who have been accredited in decision making good practice. Appeals were lodged against 55 of these decisions. A wide range of decisions consequently came before the Environment Court, and many were still in process at year end.

The balance of 807 consents decisions (mostly non-notified applications) were made by Council officers under delegation.

It is very pleasing to see that the Council exceeded its target of 98% compliance with the statutory timeframes for applications processing during the year (actual 98.3%). The implementation of Telarc Registration (AS/NZS ISO 9001:2000) of consent procedures and processes has led to a further increase in customer satisfaction.

New responsibilities resulting from the new 2004 Building Act requirements for Regional Councils to administer functions for dams are presently being worked through in collaboration with the other Regional Councils.

## **Land Operations**

### **Awanui Flood Management Scheme**

Work to restore the Awanui River flood management scheme under the Awanui River Management Plan was accelerated in the 2006-2007 year, the second year of a planned six-year programme. As the Council recognises the threat to property and human life within Kaitaia, priority was placed to restore the protection works through the town. The work has involved clearing vegetation, obstructions and accumulated sediment from the Awanui River and Tarawhatauroa Stream channels to ensure a free flow of floodwater. Stopbanks have been raised up to reduce the risk of overtopping. While a proportion of the flood flow is diverted down the Whangatane Channel directly to Rangaunu Harbour, vegetation has been cleared from the Awanui River channel between the Waihoe Canal confluence and Awanui township. Obstructions and accumulated sediment has also been removed and low spots topped up in stopbanks to ensure flood flows remaining in the river safely reach the harbour.

The restoration work was tested by significant floods on Waitangi Day and again in mid-July 2007. Floodwaters from the Awanui River overflowed SH1 immediately south of Kaitaia during the July 2007 event and flowed through the Tarawhatauroa Stream and Tangonge Drain into Lake Tangonge. While this overflow path is an integral part of the scheme, modelling in the 1980s suggested that the overflow channel does not provide the same standard of protection as is provided by works along the Awanui River itself. Floodwaters spilled over the Tarawhatauroa Stopbanks and into Oxford Street, flooding District Council pensioner units and

private houses in this low-lying area of town. Remedial work is underway to increase the size of the overflow channel to its design capacity and reduce the risk of future overflows both at the upstream and downstream end of the channel.

The Awanui River Management Plan involves an integrated approach to risk reduction. As well as structural measures to maintain adequate capacity in the river channel and overflow canals, the Plan sets minimum floor levels for any proposed developments or buildings on the floodplain. Through a Memorandum of Understanding between the Far North District Council and the Northland Regional Council, the District Council has agreed to exercise controls over floodplain development, both under the Building Act and the Resource Management Act through the Far North District Plan.

The Management Plan explains that the scheme works can only reduce the risk of flooding up to, in the case of the Kaitaia urban area, a flood with an AEP of 1%. Floods of greater magnitude may spill over the stopbanks and flood parts of the town. To cope with greater-than-design events, the District Council has assisted the Kaitaia community to develop and implement a community response plan. Alerted by MetService Warnings, updates from telemetered Council rain and river flow gauges and local observers, the local emergency services safely evacuated residents from a flooding area to a welfare centre at Kaitaia College.

### **Kaihu River management**

After extensive public consultation, the Council adopted the Interim Kaihu River Management Plan in October 2006. This plan provides for limited remedial work and channel maintenance on the river while investigations are undertaken and a comprehensive river management options document is prepared. Only limited maintenance works were undertaken during this financial year as all physical works were funded by a rate struck and collected by the Kaipara District Council. Works will be funded in 2007/2008 by a targeted differential rate struck by the Regional Council. This followed public notification and consultation, including contacting the owner of each rateable property with the likely cost of the rate.

### **Flood events**

Northland experienced several significant storm events during 2006-2007. A relatively short duration rain storm struck the Far North on Waitangi Day, causing flooding from Te Hapua south to the Mangamuka Range. Floodwaters from the Awanui River spilled into the Whangatane Spillway, testing this flood bypass and

the channel works through Kaitaia. In separate events, floodwaters from cells of extremely heavy rain twice washed out bridge approaches on SH1 north of Te Kao.

Heavy rain on 29 March 2007 caused extensive flooding and slipping along the eastern side of Northland from just south of Doubtless Bay to Mangawhai. Buildings, roads and other infrastructure were damaged by floods and slips, people were made homeless and businesses were seriously affected by the event. While a state of emergency was not declared in either Far North or Whangarei Districts, the Far North District Council and the Northland Civil Defence Emergency Management Group emergency operations centres were activated during the event. Both the District Councils appointed recovery coordinators after the event and this work was still continuing when a second and more extensive storm event struck the region in mid-July 2007.

A feature of the two major events, one during the financial year and the other immediately after, was the way the emergency services, the Civil Defence emergency management organisations, and local communities responded. Regular meetings of the Coordinating Executive Group and a large number of personnel from Police, Fire Service, Northland Health, St John Ambulance, Regional and District Councils, Work and Income, Salvation Army and other welfare organisations trained together in Coordinated Incident Management ensured that they were not only familiar with the command structure and their role, many also knew each other. Local volunteer organisations like the Fire Service and St John Ambulance were a very valuable resource, being the core of the local response effort in many areas.

### **Land management**

Adoption of nutrient management planning was the lowest target achieved nationally and in Northland during a survey of the Clean Streams Accord in 2005-2006. Only 22% of Northland farms have plans. As a result, the Regional Action Team concentrated its efforts on this particular target during 2006/2007.

While Council, Dexcel and Fonterra personnel have promoted nutrient management planning, the success of the programme this year can largely be attributed to the efforts of the major fertiliser companies Ballance, Ravensdown and Summit Quinphos which develop nutrient budgets free of charge for each of their customers. The companies are confident that between 95% and 100% of

dairy farmers now comply with this target. The Council is pleased with the work of the fertiliser company staff after having an independent fertiliser scientist auditing a sample of fertiliser company-prepared nutrient budgets and holding workshops for them.

### **Environment Fund**

The Council increased its Environment Fund to more than \$500,000 in 2006-2007 with \$195,000 available for general biodiversity protection and enhancement projects, \$100,000 for wetland protection, \$75,000 from the biosecurity budget to support pest control projects, \$25,000 for coastal dune protection, and \$100,000 to exclude stock from the coastal marine area. As well, a grant of \$10,640 was made by the Honda New Zealand Tree Fund for native revegetation projects and a Court-imposed penalty provided \$25,000 for environmental projects in the Ruakaka area. The Council also assisted Northland landowners to access \$40,000 for biodiversity enhancement projects from the Department of Conservation-administered Biodiversity Condition Fund.

### **Pest control**

There are 14,000 hectares of land spread over 17 communities region-wide within which pest animals and pest plants are being managed under the Community Pest Control Areas (CPCA) programme. Approximately 2,500 hectares of privately owned indigenous forest is protected from pests as a result of these community plans.

While it takes longer for a community-led pest management scheme to get started, the Council is more confident that pest plants and pest animals treated under these schemes will be successful. The community schemes maintain low levels rather than quickly returning to pre-treatment levels as often occurred under Council-led schemes.

The Council moved away from its traditional vertebrate pest management programmes by adopting a new regional pest management strategy for Argentine ants and other pest ants during the year. Already it has established four successful Argentine ant control projects with work being undertaken by Council staff and the residents of the infested communities.

All scattered infestations of Manchurian ricegrass were sprayed twice during the year under the Council's control programme. Of the 76 sites controlled sites, 16

(21%) are now recorded as “clear” with no evidence of regrowth, 42 sites (55%) have regrowth of less than 10% of the original infestation, and the remaining sites are between 10 and 50% of their original extent. Towards the end of the year the Council received advice from Biosecurity New Zealand that Manchurian ricegrass will in future be managed under a national programme aimed first at containing and eventually eradicating this persistent weed. This will mean that the Council’s programme will be accelerated and funding assistance will be provided by Government.

Thanks to cooperation and funding assistance from the Department of Conservation and the focus of Council staff, the rate at which spartina is being cleared from Northland harbours now exceeds that set out in the project plan. Only small areas need to be sprayed within the Kaipara Harbour and the majority of sites in the Hokianga have been sprayed at least once. Spartina in Northland harbours will be totally controlled by 2010 with isolated residual sites under an annual inspection programme.

Council staff have also cleared infestations of lantana from home gardens and sites on larger properties within Whangarei and Whangarei Heads. The landowners must now keep the cleared areas free of lantana. In the Far North, an operation has begun to stop lantana reaching the Te Paki Reserve and to prevent its spread on the Aupouri Peninsula.

## **Environmental Monitoring & Maritime Management**

### **State of the environment monitoring**

In response to increasing community expectations and demands for higher environmental standards, the Council has continued to increase and apply considerable resources to core environmental and compliance monitoring functions.

The State of the Environment monitoring network includes region-wide rainfall, river flow, lake, and groundwater and tide level measurement. The real-time data collected from the Council’s radio linked rainfall and river level sites throughout the region proved vital during major storm events in March and July 2007.

For 2006-07 there were new programmes for lake and estuarine health monitoring, further investigations of at-risk groundwater resources and tsunami

risk. The detail of the environmental monitoring programmes and their findings are reported on the Council’s website, with a five yearly summary ‘state of the environment’ report to be added later this year.

In a new initiative a CoastCare Coordinator has been employed and community-based care programmes have been established. This has seen the restoration and enhancement of native vegetation and coastal dunes at a number of Northland sites.

### **Compliance monitoring**

Resource consent compliance monitoring involved inspecting over 2000 earthworks, coastal works and structures, marine farms, sewerage, farm waste and industrial discharges. Water and air quality tests, river flow and groundwater measurements were recorded. Enforcement action was taken where there was significant non-compliance with consent conditions. During 2006/07 129 abatement notices were issued requiring improved treatment and/or compliance with consent conditions. Additionally, nearly 100 infringement notices (fines) were issued for non-compliance, and nine prosecutions taken for more serious offences. This continuing programme has resulted in consent holders upgrading effluent treatment systems that inevitably leads to improved water quality. This is particularly so for farm dairy discharges where there is a significant trend of improved compliance.

The community continued to make good use of the Council’s 24/7 Environmental Hotline (0800 504 639) and incident response system. During the year, 1109 incidents were reported, compared with 1026 for the previous year. All incidents were recorded and, where possible, action taken to minimise contamination or environmental damage and to ensure compliance with Regional Plans and environmental standards.

### **Waste management**

The operation of the Council’s region-wide waste hazardous chemical collection facilities continued to be a success with more than four tonnes of chemicals being collected for safe treatment, disposal or destruction. In a new initiative, the Council has employed a specialist in waste reduction and pollution prevention to provide advice and support for businesses.

## **Navigation and safety**

The Council's workboat 'Waikare' was used to carry out a significant upgrade of navigation aids in the Kaipara Harbour, including the installation of 12 self-contained navigation lights. The Waikare was then used in the Bay of Islands to begin navigation aid maintenance and pilot vessel duties for the 22 cruise ships that visited during the summer.

Safety and bylaw enforcement patrols were carried out during summer in co-operation with the network of harbour wardens, who assist with advice and local knowledge. Two hundred and seventy six maritime safety and navigation incidents were reported and responded to where possible. The number of marine oil spills reported during the year continued to fall, with 26 incidents (29 and 35 for the previous two years) reported and responded to where possible.

In collaborative projects with stakeholder groups, the Council made good progress with the development of a New Zealand Port and Harbour Marine Safety Code compliant regime for navigation and safety in the region's harbours. A joint working group involving the Council and stakeholders was set up to investigate the need for improvements to the Hatea River channel and recommend a course of action.

## **Quality management systems**

ISO accredited and TELARC audited quality management systems were maintained for the Council's laboratory and sampling, hydrometric data collection, incident response, marine oil spill response, compliance monitoring, waste chemical collection and harbour navigation aids.

## **Commercial Property**

Council's commercial property portfolio continued to provide a significant contribution to the Council's annual income; however returns were below budget with the existing building on the Commerce Street site yet to be leased. Council has developed the vacant yard of the Commerce Street site. A building is under construction which is already leased.

## **Forestry**

Maintenance of the Council's forestry blocks was conducted during the year in accordance with the Forest Management Plan, with additional repairs being made

to forest roading following the March storm. No areas were harvested in the 2006-2007 year.

## **Iwi Liaison**

Close liaison with Māori continued through the resource consent notification process and special projects such as the Lake Omapere restoration project and the Te Uri o Hau-led integrated Kaipara Harbour management project.

A one year trial with Te Roopu Piritahi, a non-representational Māori facilitation group, was completed to try to improve Māori participation in Council decision-making processes. The group facilitated hui for both the Regional Policy Statement and Regional Land Transport Strategy reviews.

## **Finance and Information Services**

The Council's integrated software systems were further upgraded during the year to ensure ongoing compatibility with emerging technology. This included virtualisation technology to reduce ongoing energy and capital costs. Council's website [www.nrc.govt.nz](http://www.nrc.govt.nz) was redeveloped to improve accessibility, usability, content and online services available to our community. A review of core business systems was completed and staff up-skilled to meet the demands of changing modern technology.

## **Impact of NZ IFRS on Accounting Policies**

The financial statements for the year ended 30 June 2007 are the first financial statements that comply with New Zealand International Financial Reporting Standards. Council has applied NZ IFRS in preparing these financial statements.

In preparing the consolidated financial statements in accordance with NZ IFRS 1, Council has applied the mandatory exceptions and certain optional exemptions from full retrospective application of NZ IFRS.

## **Strategic and Regional Development**

The Council's commitment to health and safety has continued to strengthen this year, reflected by the attainment of tertiary level accreditation of the ACC's Workplace Safety Management Programme.

The Regional Development Committee has continued to successfully promote regional development, with an increasing focus on the sustainable development of Northland's infrastructure.

The Council provided grants to assist with the co-ordination and development of the arts industry in Northland, and to assist with the development and implementation of a Regional Sport and Physical Activity Strategy.

The Council's economic development arm, Enterprise Northland has continued its role of promoting and encouraging sustainable economic development for the benefit of the people of Northland. In accordance with the Local Government Act 2002, Enterprise Northland prepared its Statement of Intent for the 2006-2007 financial year outlining its objectives and performance standards for the coming year's activities. Core areas of activity include Māori economic development, skills development, small and medium sized business development, regional marketing, the major regional initiative – Activate Northland, and enterprise education.

Destination Northland Limited has continued to successfully promote Northland as a tourist destination resulting in an increase in Northland visitor numbers and visitor nights.

## Conclusion

The Northland Regional Council is pleased to report a high level of achievement of its work programmes and related targets and a sound financial position.

We thank all those who have worked hard and contributed to achieving Council's successes over the last year; the community, our colleagues in the three District Councils and their agencies, and in particular, our Councillors and staff.

## He Korero Whakamutunga

Ahakoā ngā paueraweratanga  
Ahakoā ngā piki me ngā heke  
Ahakoā awangawangatanga  
Ahakoā ngā whakahoa rautaki  
I te mutungā, ka hoki mai ki a tatou o  
Taitokerau te whakaoti, te whakatuturu.

## Closing Statement

In spite of all our sweat  
In spite of all our ups and downs  
In spite of all our worries  
In spite of all our unified strategies  
In the end, it all comes back to us  
the people of Taitokerau for  
completion and implementation.



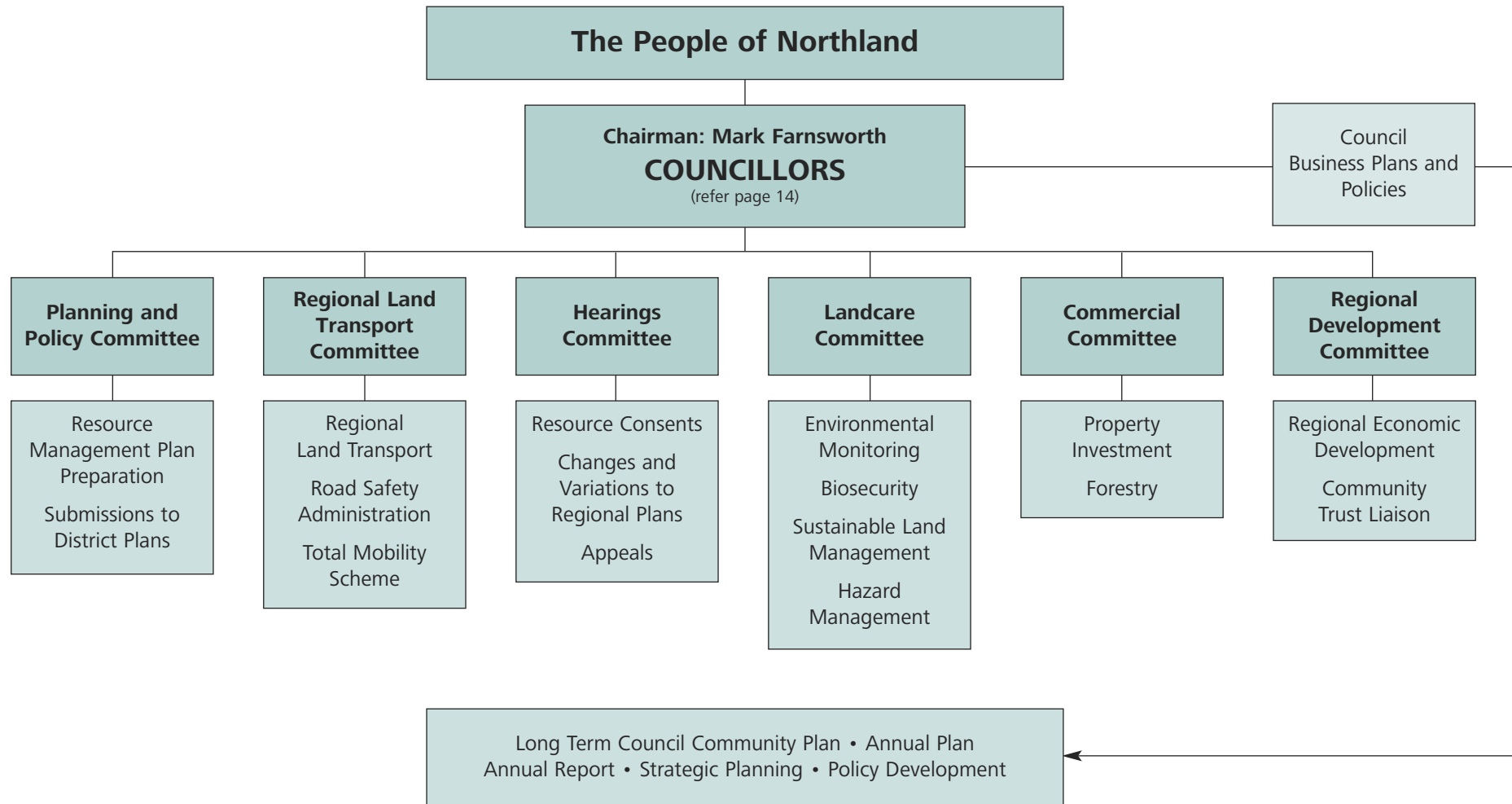
Mark Farnsworth  
Chairman



A G Phipps  
Acting Chief Executive Officer

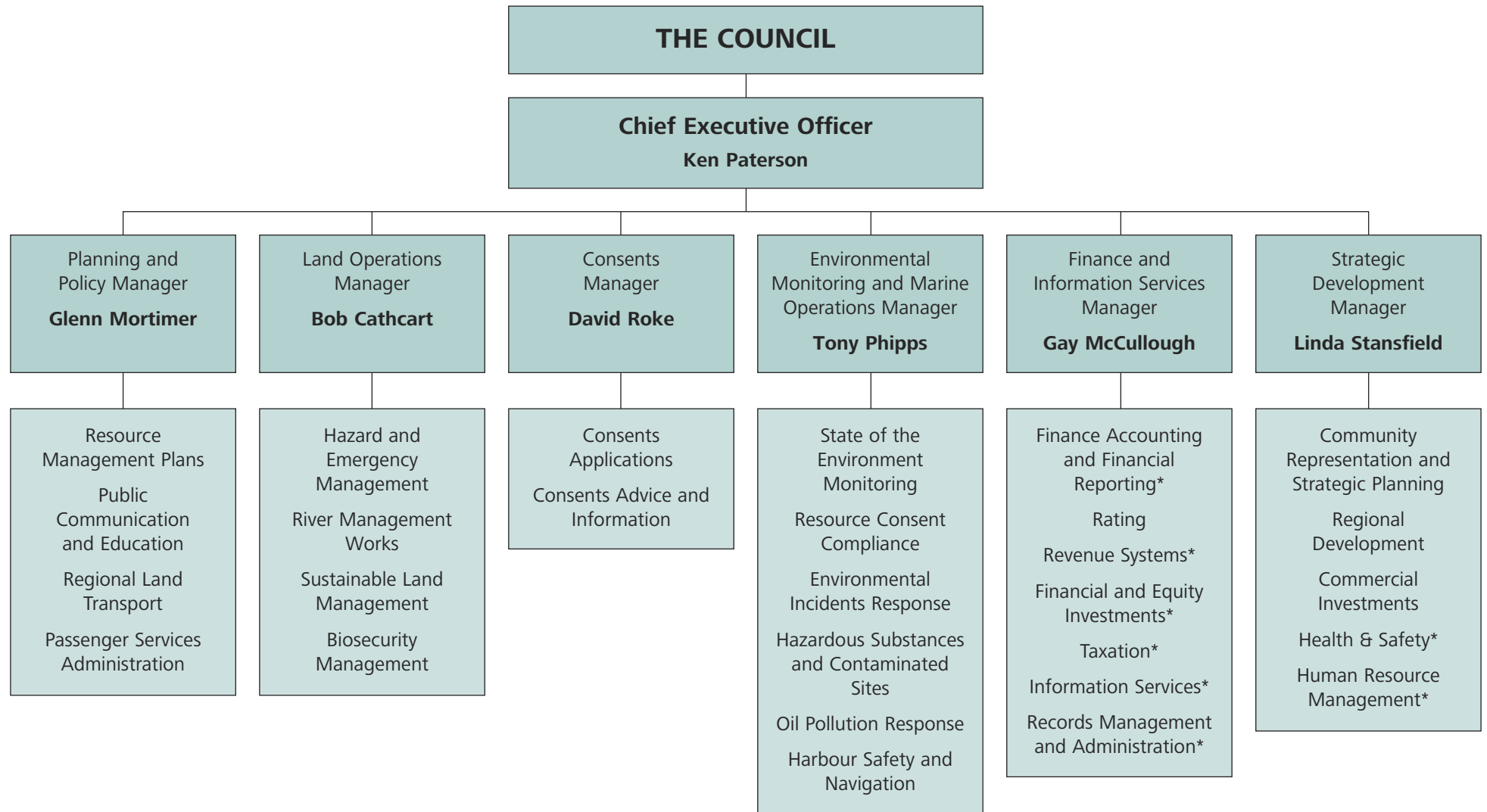
# Council and Management Structure

## Governance Structure



Full details of all Council's Governance arrangements and processes are contained in its Governance Statement. A copy of Northland Regional Council's Governance Statement is available on request, or by visiting the website: [www.nrc.govt.nz](http://www.nrc.govt.nz).

## Council Management Structure



\* Activity Support Services

## Your Regional Councillors



### **MARK FARNSWORTH, Chairman**

Mark Farnsworth has represented the Kaipara constituency since the early 1990s and was elected Council Chairman in October 2001. He has a Master's Degree in Geography from Auckland University, a background in forest management and is also a past National President of the New Zealand School Trustees Association. Cr Farnsworth retains a keen interest in education and professional development, is a company director and operates a small management services partnership.

Contact phone: 09 431 5438

E-mail: [markf@nrc.govt.nz](mailto:markf@nrc.govt.nz)



### **PETER JENSEN, Deputy Chairman**

Peter Jensen has represented the Whangarei constituency since 1992. He is a businessman who has been involved in the clothing industry for most of his working life. A former member of the Whangarei City Council, he has served on a number of commercial and community organisations. Cr Jensen is also a member of the Northland District Health Board.

Contact phone: 09 437 6386

E-mail: [peterje@clear.net.nz](mailto:peterje@clear.net.nz)



### **CRAIG BROWN**

Craig Brown is a former Mayor of the Whangarei District Council and is serving his first term on the Regional Council. He is a former policeman, and has been involved in farming and real estate. He has been heavily involved on school boards of trustees since their instigation, for which he received an award for services to education from the New Zealand School Trustees Association. Cr Brown was on the Whangarei District Council for 12 years, six of them as Mayor. His aim has been to advance the region's economic growth in a sustainable way.

Contact phone: 09 432 7575

E-mail: [cae.brown@xtra.co.nz](mailto:cae.brown@xtra.co.nz)



### **LORRAINE HILL**

Lorraine Hill, QSM, has been active in local government in the Far North for 23 years and is now serving her third term on the Regional Council. She serves on various community committees, is a Community Representative for the Ministry of Social Development and is also a member of the Ministerial Advisory Committee for recreational fishing.

Contact phone: 09 403 7504

E-mail: [lorrainehill8@xtra.co.nz](mailto:lorrainehill8@xtra.co.nz)



### **JIM PETERS**

Jim Peters has represented the Far North constituency as a Regional Councillor since 1989 and was Chairman of the Council from 1995 to 2001. From 2002 to 2005, Cr Peters was a NZ First Member of Parliament and a member of the Local Government and Environment Select Committee. He has a BA degree and Diploma in Teaching, and was Principal of Northland College. He has been involved in education, farming, forestry and a number of community organisations, and is currently the University of Auckland's Pro-Vice Chancellor (Māori).

Contact phone: 09 401 0911

E-mail: [robin\\_jimpeters@xtra.co.nz](mailto:robin_jimpeters@xtra.co.nz)



### **BILL ROSSITER**

Bill Rossiter is serving his third term on the Regional Council. He previously served as a Whangarei District Councillor. Cr Rossiter is a Northpower Trustee and is a previous Road Safety Co-ordinator for RoadSafe Northland. He is active in community organisations, including Rotary. Cr Rossiter is also chairman of the Maunu Children's Health Camp.

Contact phone: 09 437 2807

E-mail: [billr@igrin.co.nz](mailto:billr@igrin.co.nz)



### **STAN SEMENOFF**

Stan Semenoff is a former Mayor of the Whangarei District Council between 1989 and 1998, and has been Deputy Chairman of the Northland Regional Council and Northland Port Corporation and is currently Deputy Chairman of the Northland District Health Board. He rejoined the Northland Regional Council as a Whangarei representative in 2001 after a break of nine years. Cr Semenoff was a member of the Northland Harbour Board. He is owner of substantial trucking businesses in Northland, has an interest in a sand supply company, is a large-scale beef farmer and commercial land developer. He currently holds a directorship on the Board of Northland Port Corporation (NZ) Ltd.

Contact phone: 09 437 6226 or 027 475 0228

E-mail: [stan.sem@xtra.co.nz](mailto:stan.sem@xtra.co.nz)



### **IAN WALKER**

Ian Walker is completing his second term representing the Far North constituency. He holds a Master's degree in business and has enjoyed a successful business career across a number of industries. For the last 15 years he has been involved with his own business interests in farming, horticulture and retailing. He has a long involvement in rural advocacy in Northland at both local and national level. He is the current President of the new organisation Farmers of New Zealand Inc., and holds directorships on the Boards of Northland Port Corporation (NZ) Ltd and Paperplus NZ Ltd.

Contact phone: 09 408 0072

E-mail: [ian@nzfarmers.com](mailto:ian@nzfarmers.com)

# Council Committees and Advisers

The Chairman, Mark Farnsworth, is an ex-officio member of all committees.

## **Planning and Policy Committee**

Councillors Peter Jensen (Chairman), Mark Farnsworth, Lorraine Hill, Jim Peters, Craig Brown, Ian Walker, Bill Rossiter and Stan Semenoff.

Mayor Yvonne Sharp representing the Far North District Council

Mr Greg Martin representing the Whangarei District Council

Mayor Peter King representing the Kaipara District Council

Yet to be appointed representing Iwi

## **Landcare Committee**

Councillors Craig Brown (Chairman), Mark Farnsworth, Jim Peters, Peter Jensen and Ian Walker.

Mr Joe Carr representing the Far North District Council

Ms Ann Shaw representing the Whangarei District Council

Mr Neil Tiller representing the Kaipara District Council

Mr Wayne Ward representing the farming community and Farmers of NZ

Mr Terry Higginson representing environmental interest groups

Mr Chris Jenkins representing the Department of Conservation

Mr Andrew Warren representing NZ Forest Owners Association

Yet to be appointed representing Iwi

## **Regional Land Transport Committee**

Councillors Bill Rossiter (Chairman), Mark Farnsworth, Jim Peters, Craig Brown and Stan Semenoff.

Mr Tom Baker representing the Far North District Council

Mr Phil Halse representing the Whangarei District Council

Mr Richard Alspach representing the Kaipara District Council

Mr Peter Kippenberger representing Land Transport NZ

*Representing Economic Development:*

Mr Paul Scott - NZ Transport Association

Mr Phil McQueen - Ontrack

Mr Soren Lowe - Toll New Zealand

*Representing Safety and Personal Security:*

Inspector Clifford Paxton - New Zealand Police

Mr Peter Spies - Transit New Zealand

*Representing Access and Mobility:*

Mr John Williamson - Automobile Association

Mr Gavin Roberts - NZ Bus and Coach Association

*Representing Public Health:* Ms Lynette Stewart - Northland Health

*Representing Environmental Sustainability:* Mr Steve Westgate

*Representing Cultural Interests:* Mr Erima Henare

## **Commercial Committee**

Councillors Stan Semenoff (Chairman), Mark Farnsworth, Bill Rossiter and Peter Jensen

## **Hearings Committee**

Councillors Lorraine Hill (Chairperson), Mark Farnsworth, Peter Jensen, Craig Brown, Jim Peters, Bill Rossiter and Ian Walker. Any two (or more) of the above Councillors may be appointed by the Committee, (or the Council), to conduct hearings and make decisions on behalf of the Council under the Resource Management Act 1991 (RMA). The Committee (or the Council) similarly may appoint any individual member/s or other independent person/s as Commissioner/s pursuant to Section 34(1) of the RMA, to conduct a hearing in any particular case. The Committee (or the Council) may also revoke such a delegation at any time, by notice to the delegate.

## **Regional Development Committee**

Councillors Ian Walker (Chairman), Mark Farnsworth, Peter Jensen, Jim Peters, Craig Brown and Stan Semenoff

Mayor Pamela Peters representing the Whangarei District Council

Mayor Peter King representing the Kaipara District Council

Mayor Yvonne Sharp representing the Far North District Council

## **Northland Regional Council Community Trust**

The Northland Regional Council Community Trust was established on 25 March 1996 using the proceeds from the sale of some of the Northland Regional Council's majority shareholding in the Northland Port Corporation. The current Trustees are Mike Simm (Chairman), Rawson Wright, Andrew Britton, Richard Drake, Marilyn Barnes, Bill Shepherd, Irene Durham and Jane Hindle.

## Representation – Other Organisations

Northland Civil Defence Emergency Management Group – Councillor Peter Jensen (Chairman).

## Advisers

**Auditor:** Audit New Zealand on behalf of the Auditor-General.

**Bankers:** ASB Bank.  
Bank of New Zealand.

**Solicitors:** Chapman Tripp, Auckland.  
John A Burns, Auckland.  
John G Walton, Auckland.  
Karenza de Silva, Auckland.  
Laurene Holley, Auckland.  
Paul Diver, Auckland.  
Simpson Grierson, Auckland.  
Thomson Wilson, Whangarei.  
Webb Ross, Whangarei.

## Northland Regional Councillors



*Back row from left:* Ian Walker, Jim Peters, Bill Rossiter, Stan Semenov, Craig Brown.

*Front row from left:* Peter Jensen (Deputy Chairman), Mark Farnsworth (Chairman), Lorraine Hill.

**The Chief Executive Officer** is responsible for setting the direction of the Council within the policy framework provided by Councillors. The Management team is accountable to him, and he is accountable to the Council. Mr Warren MacLennan resigned from this position in August 2006, and Mr Ken Paterson was appointed Chief Executive Officer and took up duties in January 2007. Mr Tony Phipps was Acting Chief Executive Officer during the intervening period.

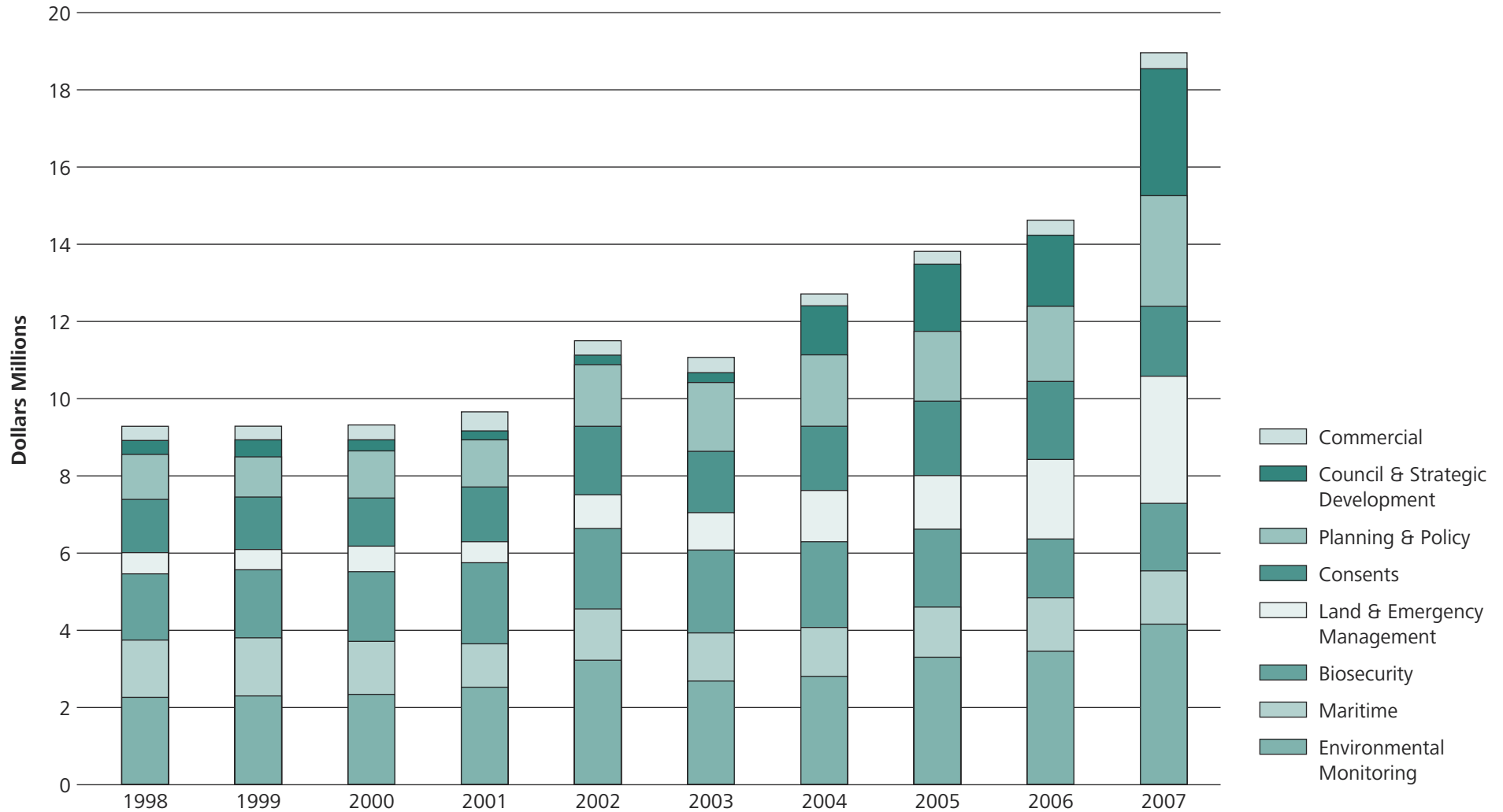
## Northland Regional Council Management Team



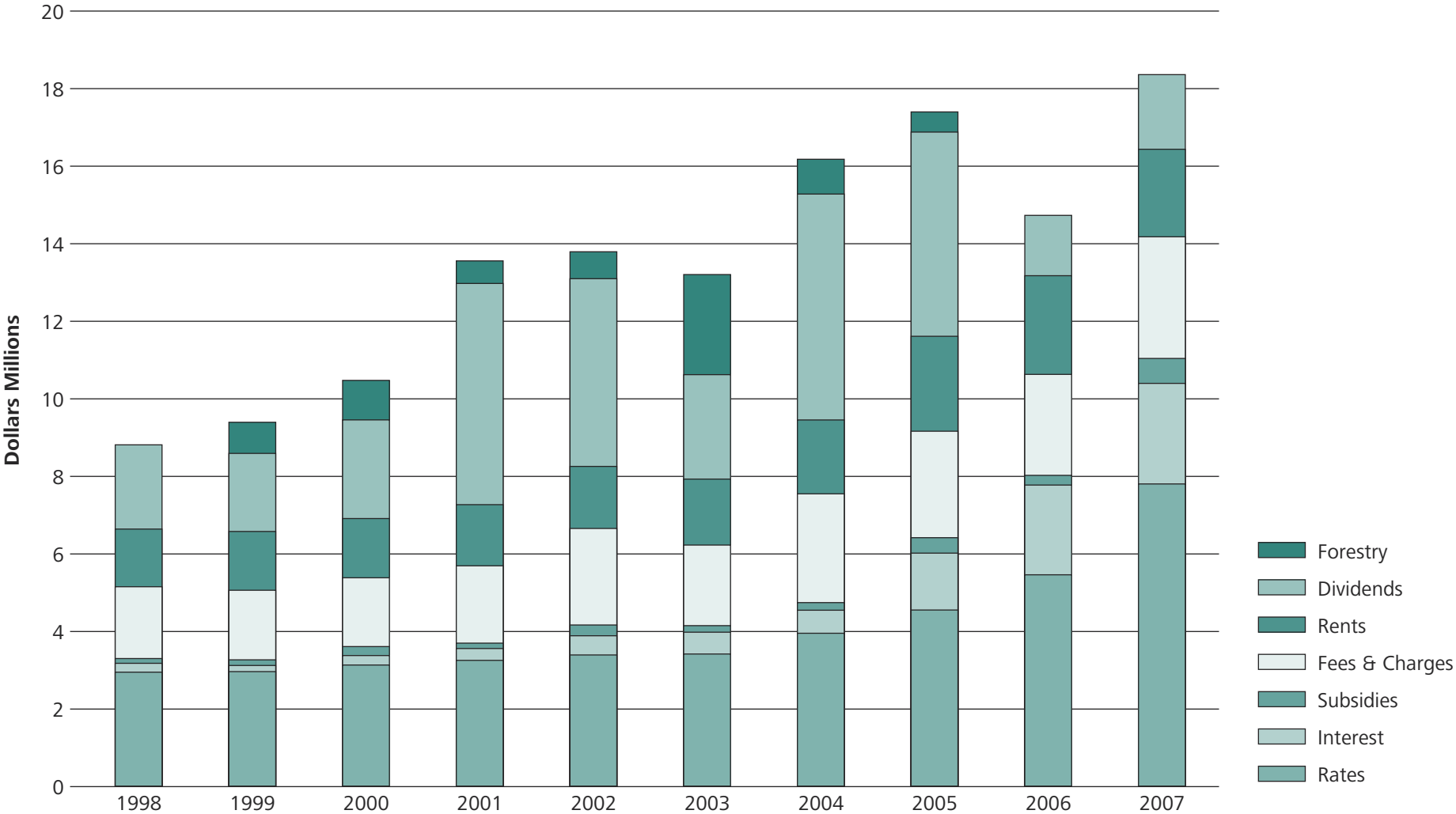
*From left:* David Roke (Consents Manager), Bob Cathcart (Land Operations Manager), Gay McCullough (Finance and Information Services Manager), Tony Phipps (Monitoring Manager), Linda Stansfield (Strategic Development Manager), Glenn Mortimer (Planning and Policy Manager), Warren MacLennan (Chief Executive Officer until August 2006).

# Financial Highlights

## Ten Year Expenditure Trends



### Ten Year Revenue Trends



# Audit Report

## Report of the Auditor-General



### TO THE READERS OF NORTHLAND REGIONAL COUNCIL AND GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2007

The Auditor-General is the auditor of Northland Regional Council (the Regional Council) and group. The Auditor-General has appointed me, John Scott, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the Regional Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the Regional Council's and group for the year ended 30 June 2007, including the financial statements.

#### Unqualified Opinion

In our opinion:

- The financial statements of the Regional Council and group on pages 22 to 72:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Regional Council and group's financial position as at 30 June 2007; and
    - the results of operations and cash flows for the year ended on that date.
- The service provision information of the Regional Council and group on pages 74 to 124 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Regional Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 19 September 2007, and 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 the Auditor, and explain our independence.

#### Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

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

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;

- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

### Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Regional Council and group as at 30 June 2007. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Regional Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Regional Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

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

### Independence

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

Other than the audit and in conducting the audit of the Long Term Council Community Plan and subsequent amendments we have no relationship with or interests in the Regional Council or any of its subsidiaries.



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

#### **Matters relating to the electronic presentation of the audited financial statements, performance information and the other requirements.**

This audit report relates to the financial statements, performance information and the other requirements of Northland Regional Council for the year ended 30 June 2007 included on Northland Regional Council's web-site. Northland Regional Council is responsible for the maintenance and integrity Northland Regional Council's web site. We have not been engaged to report on the integrity of Northland Regional Council's web site. We accept no responsibility for any changes that may have occurred to the financial statements, performance information and the other requirements since they were initially presented on the web site.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, performance information and the other requirements as well as the related audit report dated 19 September 2007 to confirm the information included in the audited financial statements, performance information and the other requirements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.