

NORTHLAND REGIONAL COUNCIL

SUPPLEMENT TO THE AGENDA

For an Ordinary Meeting of the Council to be held in the Council Chambers,
36 Water Street, Whangarei, on Wednesday, 20 February 2008 at 1 pm

File 105.2

OPEN MEETING

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CONFIDENTIAL MEETING

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Additional Items

Recommendation

That the Council agrees to consider the following items of new business for the reasons shown:

OPEN MEETING

- 1. CONFIRMATION OF MINUTES OF SPECIAL COUNCIL MEETING HELD ON 11 FEBRUARY 2008**
Confirmation of Minutes of Special Council Meeting held on 11 February 2008, following the hearing of submissions and deliberations on the draft Statement of Proposal. This item was not available at the time of agenda posting as the submissions hearings and deliberations had not then occurred.
- 2. DECISION TO ESTABLISH A 50/50 JOINT VENTURE WITH ONTRACK TO DESIGNATE THE MARSDEN POINT RAIL LINK CORRIDOR**
This item was not available at the time of agenda posting as the submissions hearings and deliberations had not then occurred. The reason for urgency is to progress the establishment of the CCO.

3. APPOINTMENT TO COMMITTEE

This nomination is an addendum to Item 5 on the Agenda and was not available at the time the Agenda was printed.

4. ENVIRONMENTAL MANAGEMENT COMMITTEE

This nomination is an addendum to Item 6 on the Agenda and was not available at the time the Agenda was printed.

**5. INVESTMENT SCHEDULE AND PERFORMANCE REPORT –
SUPPLEMENTARY CORRECTION TO PAGE 108**

This item is a correction: It replaces information on pages 107 & 108 of the Agenda.

CONFIDENTIAL MEETING

6. MARSDEN POINT RAIL LINK

The reason for urgency is to seek Council's authority and confirmation to enable commercial negotiations to advance.

7. PROPOSED COMMERCIAL BUILDING PROJECT

The reason for urgency is to seek Council's authority to enable the commercial negotiation to commence.

NORTHLAND REGIONAL COUNCIL

Minutes of Special Council Meeting, held in the Council Chambers,
Northland Regional Council, 36 Water Street, Whangarei, on
Monday, 11 February 2008 commencing at 10 am

File 955.6.6

PRESENT: Crs Mark Farnsworth, John Bain, Craig Brown, Joe Carr,
Peter Jensen, Lorraine Hill, Bill Rossiter and Ian Walker.

In Attendance

Full Meeting

Council Secretary

Strategic Development Manager

PROCEDURAL ISSUE

Files 210.5.2 and 100.1.1

The Chairman tabled a report on A Procedural Consideration.

Resolved: That the Chairman's report dated 10 February 2008 be received.

Cr Brown : Cr Jensen

In respect of this matter Cr Carr tabled personal correspondence between himself and the Mayor of Far North District Council, Wayne Brown and information recording his sale of shareholding interests in Toll Holdings Ltd.

The Chairman then asked if any of the Councillors had any declaration of interest to declare in the matter before the Council today.

No Councillor replied to the question put.

1. LATE SUBMISSIONS TO THE PROPOSED ESTABLISHMENT OF A COUNCIL CONTROLLED ORGANISATION – MARSDEN POINT RAIL LINK CORRIDOR JOINT VENTURE WITH ONTRACK

File 955.6.6

Resolved: That the late submissions listed in the report of the Strategic Development Manager dated 7 February 2008 be received and considered by Council as part of deliberations on the Establishment of a Council Controlled Organisation to enable a Marsden Point Rail Link Corridor Joint Venture with ONTRACK.

Cr Rossiter : Cr Walker

COMPLIANCE WITH DECISION MAKING PROCESS

In accordance with the Council's decision making process and sections 56(1) and 76-82 of the LGA 2002, the decision to establish of a council controlled organisation must be adopted in accordance with the special consultative procedure as detailed in section 87(2)(b) of the LGA 2002.

2. HEARING OF SUBMISSIONS

File 955.6.6

Resolved: That the report from the Strategic Development Manager be received.

Cr Walker : Cr Bain

Further: That all submissions be received.

Cr Walker : Cr Bain

COMPLIANCE WITH DECISION MAKING PROCESS

In accordance with the Council's decision making process and sections 56(1) and 76-82 of the LGA 2002, the decision to establish of a council controlled organisation must be adopted in accordance with the special consultative procedure as detailed in section 87(2)(b) of the LGA 2002.

SUBMISSIONS WERE ORALLY PRESENTED BY:

John Roughan
Martinus Bakker
FA Iseke, Respect Northland
Margaret Hicks
Graeme Finlayson; Ruakaka Parish Residents' & Ratepayers' Association Inc
Peter Batten, Ruakaka Community Partnership
Fiona King
Owen Lewis
Bruce (Joseph) Cann
Allan Jeffery
Make Mansell, Integrity Action Whangarei
Rowan Struthers, Hancock Forest Management Ltd
Walter Yovich
Brian & Paulette Johns

ADJOURNMENTS

During the hearings of submissions Councillors adjourned at 11.00 am and reconvened at 11.30 am, adjourned again for lunch at 12.30 pm and reconvened at 1.05 pm.

3. DELIBERATIONS

Resolved: That the Draft Statement of Proposal be adopted with no amendments.

Cr Walker : Cr Brown

VOTING

Cr Carr requested that his vote against the motion be recorded. He further requested that it be recorded that he is not opposed to the rail designation but that he opposed to Northland Regional Council's purchase of land to secure the rail corridor.

CONCLUSION

The meeting concluded at 3.35 pm.

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Decision to Establish a 50/50 Joint Venture with ONTRACK to Designate the Marsden Point Rail Link Corridor

File 955.6.6

Report from the Strategic Development Manager, Linda Stansfield dated 15 February 2008.

At its meeting on 19 December 2007, the Council resolved to undertake a public consultation process on the proposal to establish a Council Controlled Organisation to enable a Joint Venture to be formed with ONTRACK to designate the Marsden Point Rail Link Corridor.

As detailed in the communications strategy and timeline, the public consultation period was extended by 2 weeks in recognition of the Christmas / New Year holiday break and closed on 1 February 2008. The time extension and associated additional publicity appears to have been effective resulting in just under 100 submissions received. Approximately two thirds of submissions were in support of the proposal and around one third in opposition. Hearings were held on 11 February 2008.

In June 2007 as an amendment to the Northland Community Plan 2006-2016, the Council had already resolved to provide funding for the designation of the rail corridor. This latest consultation was required because a 50/50 joint venture with ONTRACK is classified as a Council Controlled Organisation (CCO) under section 6 of the Local Government Act 2002. A proposal to establish a CCO must be adopted in accordance with the special consultative procedure.

Many of the submissions were outside this narrow focus and commented on issues such as whether the Council should be involved in the designation process and the proposed corridor route. Some submitters also appear to be under the incorrect impression that local authority ratepayer funding is to fund the construction of the rail link itself at an estimated cost of \$120M. These issues will be responded to when informing all submitters of the Council's decision with emphasis on the fact that the purpose of the JV is to progress the designation, and that the designation is aimed at securing the land required for the proposed route against incompatible subdivision and development. This action will preserve the opportunity for the rail link to be built by central government and/or other funders at some time in the future.

Attached is the final proposal amended following the special consultative procedure. The Council is now required to formally approve the proposal.

Recommendation

That the proposal to establish a 50/50 Joint Venture with ONTRACK to designate the Oakleigh to Marsden Point Rail Link be formally adopted. In accordance with section 6 of the Local Government Act 2002, the joint venture is classified as a Council Controlled Organisation.

COMPLIANCE WITH DECISION MAKING PROCESS

In accordance with the Council's decision making process and sections 56(1) and 76-82 of the LGA 2002, the decision to establish a council controlled organisation has been adopted following use of the special consultative procedure as detailed in sections 83, 87(2) and (3) of the LGA 2002.

STATEMENT OF PROPOSAL

Establishment of a Council Controlled Organisation Marsden Point Rail Link Corridor Designation Joint Venture with ONTRACK

Introduction

After the consideration of public submissions, the Northland Regional Council has resolved to proceed with the establishment of a 50/50 joint venture with ONTRACK to designate the Oakleigh to Marsden Point Rail Link Corridor. The designation process legally identifies land as being required for a particular project and safeguards the future availability of that land. Under Section 6 of the Local Government Act 2002, a 50/50 joint venture is classified as a Council Controlled Organisation.

Background to the Proposal

In June 2007, the Northland Regional Council (NRC) formally amended the Northland Community Plan 2006-2016 to provide for the funding of the designation of the Oakleigh – Marsden Point Rail Link Corridor. The designation will effectively secure the rail corridor against incompatible subdivision and development thereby preserving the opportunity for the rail link to be built at some time in the future.

The Council has been working in accordance with its previous decision by engaging directly both with affected landowners regarding the acquisition of land and with ONTRACK and other commercial users regarding the funding and implementation of the designation.

In summary, the Council's previous decision made in June 2007 is as follows:

"The total cost of a rail link to Marsden Point is estimated to be in the vicinity of \$120M including designation costs and land acquisition. To facilitate this happening and to provide certainty to those landowners affected, the NRC resolved to secure the rail link corridor by funding the designation of it and any associated land purchases required, preferably in partnership with other parties. The designation is effectively Stage 1 of the \$120M rail link project.

The Regional Council will engage with a number of stakeholders including the Crown, the NZ Railways Corporation (ONTRACK) and other commercial users, to secure joint funding of up to \$10M to secure the designation of the rail link corridor. This will reduce the direct cost to the Council and assist in developing a partnership approach in the ultimate development of the rail link. The cost of the designation process itself is estimated to be up to \$2M making allowance for any substantive legal costs. In addition to this, a provision of \$8M has been made for early land purchases/compensation, making up the estimated total Stage 1 designation costs of \$10M.

The proposed financing of the project is that each of the Regional Council, ONTRACK, and the Government contribute a third of the \$10M cost. Under this scenario, the Regional Council share of \$3.34M would be funded by utilising \$1M from Council reserves in the 2007/08 financial year, with the balance funded by a loan repayable over a nine year period and serviced by a targeted 'Regional Infrastructure Rate'. This new rate will be set at \$0.000027 cents per dollar on the land value of each rating unit (or \$2.70 per annum per \$100,000 of land value), in the constituent districts of the Northland region."

A full copy of this amendment is contained in Appendix 1 of this proposal as further background information.

Reasons for the Proposal

The joint venture arrangement will enable the Regional Council and ONTRACK to share the costs of the designation process and the necessary land purchases as outlined in the Regional Council's amendment to the Northland Community Plan 2006-2016 (see appendix 1 for background on this previous decision).

Establishing a 50/50 joint venture arrangement between the Northland Regional Council and ONTRACK is classified as establishing a council controlled organisation (CCO) under Section 6 of the Local Government Act (LGA) 2002. Furthermore, Part 5 section 56(1) of the LGA 2002 states that a proposal to establish a council controlled organisation must be adopted in accordance with the special consultative procedure detailed in section 83.

Consequently, the Regional Council sought public comment on the proposed establishment of a 50/50 joint venture arrangement with ONTRACK to equally share the designation costs of the Oakleigh to Marsden Point Rail Link Corridor before finally making the decision to proceed.

Details of the Proposal

In accordance with its amendment to the Northland Community Plan 2006-2016, the Northland Regional Council is currently in the final stages of negotiation with affected land owners to purchase the land required for the rail corridor. Any land purchased by the Regional Council (or gifted as a result of negotiations), will be transferred to the new entity for the purchase price plus any acquisition costs. Costs can then be shared equally between the Council and ONTRACK.

It is intended that the new entity will sell any land surplus to the rail corridor as soon as possible. Any surpluses from land sales will be shared equally between the Council and ONTRACK. The rail corridor itself will be leased out by the new entity pending completion of the designation process and the tendering and awarding of the construction contract for the railway line at some time in the future. The lease income will be directed towards covering the interest on the loan raised to purchase the land required for the rail corridor.

Upon ONTRACK unconditionally awarding the contract for construction of the whole railway line at some stage in the future, the rail corridor will be transferred from the new entity to ONTRACK at terms and conditions to be negotiated between the two parties.

The net cost will not exceed the \$3.34M (funded from the Regional Infrastructure Rate of \$2.70 per annum per \$100,000 of land value), that is already indicated in the amendment to the Northland Community Plan 2006-2016 (see appendix 1), without further public consultation.

Other options considered

In terms of the Regional Council's decision to fund the designation of the Oakleigh to Marsden Point Rail Link Corridor, the Council considered the following options in its amendment to the Northland Community Plan 2006-2016 (see appendix 1 for full details):

1. Do nothing and await ONTRACK or some other party to designate the rail link corridor and facilitate construction of the link; (rejected by the Council) or
2. Designate the rail link corridor alone requiring significant financial resources provided solely by the Regional Council; (rejected by the Council) or
3. The preferred option - Designation in partnership with other stakeholders (adopted by the Council).

Since June 2007, the Council has been working in accordance with the preferred option 3 by engaging directly with ONTRACK and other commercial users regarding the funding and implementation of the designation.

Due to the Council's previous decision to work in partnership with others to progress the designation, the options available to implement this decision are dictated by section 6 of the LGA 2002 and are as follows:

Council Organisation

Under this option, the Council would have the ability to appoint one or more (but less than 50%) of the directors or managers of the new entity created to progress the designation.

This option would result in the Council having less than 50% input into the designation project. It is therefore considered less favourable to the Council and by association to the ratepayers of Northland, because it gives less certainty to the ultimate objective of creating a rail link to the Marsden Point area and the benefits that the development would bring to the region.

Council Controlled Organisation

Under this option, the Council would have the ability to appoint 50% or more of the directors or managers of the new entity created to progress the designation.

This option would enable the Council to share equally with ONTRACK both the costs of the designation and to contribute equally to all other aspects the designation project.

The establishment of a new entity as a council controlled organisation is the Council's preferred option because it provides the best opportunity to achieve the ultimate objective of creating a rail link to the Marsden Point area, while at the same time reducing the financial input needed by ratepayers by sharing the costs and risks equally with ONTRACK.

Council Controlled Trading Organisation

Under this option, the purpose of the new entity is to make a profit.

This option is considered less favourable to the Council because it provides a more narrow economic focus in terms of the overall well-being of the region at the expense of social, environmental and cultural considerations.

Well-being and the achievement of Community Outcomes

In terms of the four Local Government Act well-beings, the present and future benefits of the Marsden Point rail link apply to all of the above options and include:

- **Economic Well-being**
Improved import/export trade opportunities around the new port, creation of jobs from associated commercial and industrial land development, strengthened economic viability and efficiency of the existing rail network.
- **Social Well-being**
Improving the capacity and quality of transport infrastructure, improved road safety, reduced road congestion and associated travel delays, opportunity for rail passenger transport services.
- **Environmental Well-being**
Sustainable use of existing transport infrastructure, provision of fuel-efficient alternative to road freight transport.
- **Cultural Well-being**
Increased awareness of local Maori cultural sites and strengthening of the relationship between tangata whenua and the wider community.

In terms of Community Outcomes the above options would all contribute to the achievement of the following community outcomes:

- “Northland’s Infrastructure is developed in a sustainable way”. More specifically, the potential development for an integrated transport network for Northland would be progressed; and
- “Northland is prosperous”. The development of the rail link is seen as a vital key to unlocking the future economic development potential of Northland.

As previously stated, although the above benefits to well-being and contribution to the achievement of community outcomes apply to all the options considered, the council controlled organisation option is seen as providing the best opportunity to gain the maximum benefits to the overall well-being and future development of the Northland region.

Statutory responsibilities

The level funding committed to the designation project is not significant enough to threaten the Council’s capacity to meet present and future needs in relation to any statutory responsibilities under any of the options considered. However, under the preferred option of establishing a council controlled organisation with ONTRACK, any risks associated with the designation project would be shared equally with ONTRACK.

FOR INFORMATION ONLY
Previous Council decision made in June 2007.

APPENDIX 1

Amendment to the Northland Community Plan 2006-2016

Funding of the Designation of the Oakleigh - Marsden Point Rail Link Corridor

Introduction

As a result of considering submissions, the Northland Regional Council (NRC) resolved to proceed with the funding of the designation of the Oakleigh – Marsden Point rail link corridor.

In late 2006, the Northland Regional Council completed a regional capability review of infrastructure in Northland in order to identify gaps or constraints to regional growth and to prioritise the need for further infrastructure development. One of the six top regional priorities identified is the establishment of a rail link to the Marsden Point area.

Establishing the rail link has been foreshadowed for many years and is a part of the integrated regional transport network recommended in the Northland Integrated Transport Study completed in 2002. The integrated transport network is referred to in the Regional Council's Long Term Council Community Plan (known as the Northland Community Plan 2006 – 2016), where its funding and development was identified as being a priority for Northland under the Regional Community Outcome "Northland's infrastructure is developed in a sustainable way".

Page 38 of the Northland Community Plan 2006 – 2016 Volume One states;

Council's Role **2007 – 2009**

Lead Agency Co-ordinate the funding and development of the integrated transport network for Northland including road, rail and water transport networks.

More particularly, the designation of the rail link corridor is a specific action within the Regional Land Transport Strategy 2006 – 2016. Page 79 of the Northland Community Plan 2006 – 2016 Volume One states;

2007 – 2009 **Levels of Service**

1.3.3 Complete the relevant actions set out in the Regional Land Transport Strategy for Northland.

In 2002, the Northland Regional Council (together with the Whangarei District Council), commissioned major investigations into the preferred route, engineering design and economic feasibility of establishing a rail link from Oakleigh to Marsden Point. An environmental effects assessment, including consultation with affected landowners, tangata whenua and the public, was also carried out. From these investigations, draft documentation was produced for formally designating the rail link corridor and applying for the resource consents necessary to construct the link. As

the first stage of progressing the Oakleigh – Marsden Point rail link, the designation will effectively secure the rail corridor against incompatible subdivision and development. In order for this to occur regional funding is required.

Funding the designation of the Oakleigh-Marsden Point rail link

The total cost of a rail link to Marsden Point is estimated to be in the vicinity of \$120M including designation costs and land acquisition. To facilitate this happening and to provide certainty to those landowners affected, the NRC resolved to secure the rail link corridor by funding the designation of it and any associated land purchases required, preferably in partnership with other parties. The designation is effectively Stage 1 of the \$120M rail link project.

The Regional Council will engage with a number of stakeholders including the Crown, the NZ Railways Corporation (ONTRACK) and other commercial users, to secure joint funding of up to \$10M to secure the designation of the rail link corridor. This will reduce the direct cost to the Council and assist in developing a partnership approach in the ultimate development of the rail link. The cost of the designation process itself is estimated to be up to \$2M making allowance for any substantive legal costs. In addition to this, a provision of \$8M has been made for early land purchases/compensation, making up the estimated total Stage 1 designation costs of \$10M.

The proposed financing of the project is that each of the Regional Council, ONTRACK, and the Government contribute a third of the \$10M cost. Under this scenario, the Regional Council share of \$3.34M would be funded by utilising \$1M from Council reserves in the 2007/08 financial year, with the balance funded by a loan repayable over a nine year period and serviced by a targeted 'Regional Infrastructure Rate'. This new rate will be set at \$0.000027 cents per dollar on the land value of each rating unit (or \$2.70 per \$100,000 of land value), in the constituent districts of the Northland region.

While the Crown may make further funds available for the full \$120M development of the rail network, it is clear that alternate funding options need to be considered if the rail link is to become a reality. There are a range of possible funding sources including:

- Private sector funding from a number of businesses who will benefit from the development of the line
- Private sector investment by a company or companies who may construct and or operate and maintain the line
- Crown funding through ONTRACK or Treasury.

The Regional Council is working with advisors to identify and evaluate the best funding options and structures for the complete \$120M project before undertaking further public consultation should the full project proceed at sometime in the future.

The Preferred Route

The proposed Oakleigh to Marsden Point rail link leaves the existing North Auckland Line (NAL) at Oakleigh approximately 25km south of Whangarei City. It travels eastwards for approximately 16km to link with the new deepwater port at Marsden Point. (*see map overleaf*). The preferred route is one of a range of alternative route corridors considered. The route evaluation process included comparing engineering options, costs, and environmental, social and cultural factors. Consultant advice is that the preferred alignment is both technically feasible and consentable under the RMA.



Scale 1: 50,000 at A3

Oakleigh - Marsden Rail Link Project - Preferred Corridor
Drawing 1.3

The Designation Process

A designation is a provision in a district plan which provides notice to the community that a requiring authority intends to use land in the future for a particular work or project. 'Requiring Authorities' are restricted to:

- A Minister of the Crown.
- A local or regional authority.
- A network utility operator, approved by the Minister for the Environment.

Once a site is designated for a particular purpose, the requiring authority is able to:

- Proceed with the specific work on the site as if it was permitted by the district plan.
- Control activities that occur on the site, to prevent the landowner doing anything that would compromise the future work (this is the case even if the requiring authority does not own the site).
- Apply to the Minister of Lands to compulsorily purchase or lease all or part of the land under the Public Works Act 1981.
- Enter private land to undertake investigations.

Normally, purchase would only need to occur when the rail construction was about to commence. However, where land is subject to a designation, the owner may apply for a Court order obliging the requiring authority to purchase or lease all or part of the land earlier where the landowner is:

- (a) unable to sell the land at a market value, or
- (b) unable to reasonably use the land.

It is proposed that ONTRACK would be the 'Requiring Authority' that manages the designation process, although it should be noted that the NRC also has the ability to undertake this role if required.

Reasons for the Proposal

A link from the North Auckland rail line at Oakleigh to the deep-water port at Marsden Point was first mooted in the 1960s. The New Zealand Rail Corporation (NZRC) put forward a branchline coastal option in 1971.

A resource survey carried out by Northland Regional Development Council in 1978 identified the MPL as being directly associated with the development of Northland's forestry industry and the development of a deep-water port at Marsden Point. These early investigations were further advanced by subsequent activities including extensive route investigations by the NZRC in the late 1970s and early 1980s, the Northland Forestry Transport Study in 1979 - 1980 and an Environmental Impact Report (EIR) prepared in 1981 consistent with the legislation of the day.

More recent investigations have included:

- Oakleigh to Marsden Point Transport Corridor - Scoping Study Report, October 2001.
- Northland Integrated Transport Study, March 2002.

- Future Transport Options for Logs and Processed Products in Northland, June 2002.
- Marsden Point Preliminary ATR Investigation, July 2002.

The above work serves to emphasise the ongoing regional interest in, and the strategic importance of, the Marsden Point Link, as part of Northland's backbone transport infrastructure, to the sustainable development of the region.

The strategic regional benefits of the rail link proposal include:

- Provision of an alternate transport mode (rail) to serve the new deep water port.
- Enhancement of the development of the Marsden Point/Ruakaka area as a major regional growth node for industrial and commercial development with both a national and international product focus.
- Alleviation of the adverse effects of increasing road freight transport through a reduction in the numbers of heavy vehicles on roads and the associated savings in road maintenance reduced congestion and improved road safety.
- Greater protection of the viability of the existing rail lines in Northland.

The development of an Oakleigh -Marsden Point Rail Link will both provide infrastructure support to the deep-water port at Marsden Point and alleviate pressure that industrial and Port development at Marsden Point will place and is placing on the region's road network. It has been estimated the operational capacity of the port could potentially generate up to 800 port-destined truck movements per day. Provision of a rail link to the port will lessen the pressure on the regional road network by reducing the number of truck movements and provide an alternative efficient bulk cargo transfer service to support the operational facilities of the port.

The Marsden Point/Ruakaka area has also been identified as a regional growth node within the Whangarei District. Within the Whangarei District Plan when first notified, the predominant zone in the vicinity is Business 4 ('heavy industrial'). The Whangarei District Council has since made further changes to the Plan to identify additional land for Business 4 and Business 2 (Business and Light Industry) expansion. The provision of a rail link supporting the port will facilitate the forecast growth of the area and assist in positioning the region for industrial and commercial development with both an international and inter-regional product focus.

The primary reasons for the Northland Regional Council deciding to fund the designation process at this time are twofold:

- (a) The number of land use development proposals in the Marsden Point – Ruakaka area is such that if the route is not secured now then it will be compromised to the extent that the link is no longer viable.
- (b) While the link is identified within the National Rail Strategy to 2015 as a possible future development project, there are insufficient designated national funds available to progress this currently.

In regard to the second point, in September 2004 the Crown repurchased the national rail network from Toll Holdings and transferred the responsibility for the ownership and maintenance of the railway infrastructure to an expanded NZ Railways Corporation (trading as ONTRACK). The Government also committed expenditure of \$200 million toward upgrading the rail system. With the Marsden

Point rail link expressly mentioned within the National Rail Strategy, it was hoped that the new funding would see the designation process commence.

It is now apparent that the \$200 million will almost certainly be fully absorbed in bringing the existing network up to an appropriate standard. This includes an estimated \$50 million required to upgrade the existing North Auckland trunk line. The line requires tunnel enlargements, bridge strengthening and other works to remove current speed restrictions and also cater for larger freight wagons.

Other Options Considered

In its Draft Annual Plan 2007-2008, the Regional Council asked for public submissions on the proposal to fund the designation of the Oakleigh-Marsden Point rail link corridor. The options considered were:

- Do nothing and await ONTRACK or some other party to designate the rail link corridor and facilitate construction of the link;
- Designate the rail link corridor alone, which would have required investment of financial resources of around \$10M by the Regional Council; or the preferred option of
- Designate in partnership with other stakeholders.

The majority of submissions received were in favour of the Regional Council contributing funding to the rail link designation. Furthermore, the preferred option of most submitters was for the Council to do this in partnership with other stakeholders.

Benefits of the Oakleigh-Marsden Point Rail Designation

In terms of the four Local Government Act well-beings, the benefits of the Marsden Point rail designation include:

- **Economic Well-being**
Improved import/export trade opportunities around the new port, creation of jobs from associated commercial and industrial land development, strengthened economic viability and efficiency of the existing rail network.
- **Social Well-being**
Improving the capacity and quality of transport infrastructure, improved road safety, reduced road congestion and associated travel delays, opportunity for rail passenger transport services.
- **Environmental Well-being**
Sustainable use of existing transport infrastructure, provision of fuel-efficient alternative to road freight transport.
- **Cultural Well-being**
Potential for increased diversity within the community, increased awareness of local Maori cultural sites, values and traditions.

Effects of this Proposal

The NRC intends to work with ONTRACK, Toll NZ and other commercial users in progressing the funding of the Oakleigh – Marsden Point rail link corridor designation. This will reduce the direct cost to the Council and assist in developing a partnership approach in the ultimate development of the rail link.

Conflicts of Interest

No conflicts of interest have been identified as arising from the proposed funding of rail corridor designation process and the associated land purchase.

Risks to the Council should the Rail Link not proceed

Should the rail link not proceed following designation, the legal and administrative costs incurred of up to \$2M would not be recoverable. However under the preferred option, these costs will be shared proportionately with other stakeholders. Any land that had been acquired would be disposed of at its then current market value. Should the land value exceed its estimated acquisition cost today of up to \$8M, there may be some capital gain to offset the legal and administrative costs. Such gains would also be shared proportionately with other stakeholders under the preferred option.

Amendments to the Northland Community Plan 2006-2016

As a consequence of the Council's decision to proceed with the funding of the designation of the Oakleigh – Marsden Point rail link corridor, the following changes have been made to the Northland Community Plan 2006-2016.

Changes to Volume One of the Northland Community Plan 2006-2016

- **Page 73** – Council Groups of Activities, Planning and Policy, What do we do – Levels of Service, is changed by adding the following new paragraph between the current fourth and fifth paragraphs:

“From the 2007-2008 financial year, the NRC intends to make strategic investments in priority infrastructure projects including some of those signalled in the Regional Land Transport Strategy. This will begin with funding the designation of Marsden Point rail link corridor, preferably in partnership with other parties.”

- **Page 79** – Activity 1.3 Regional Transport Management, 2007 – 2009 Levels of Service is changed by adding the following new level of service and performance target:

“1.3.7 Develop and implement a proposal to designate land for a rail link corridor to Marsden Point and investigate funding options for construction of that link.”

Performance target and measure:

“Subject to confirmation of funding, initiate the designation process by 30 November 2007.”

- **Page 81** – Levels of Service for the period 2010 – 2016, is changed by adding the following words to the existing level of service:

“Through the implementation of the Regional Land Transport Strategy, continue to facilitate the funding and development of the integrated regional land transport network, including the Marsden Point rail link.”

Changes to Volume Two of the Northland Community Plan 2006-2016

Changes have also been made to Volume Two of the Northland Community Plan 2006-2016, to provide for the new regional infrastructure rate.

- **Page 30** – Funding Impact Statement is changed by adding the following new section:

6. Targeted Regional Infrastructure Rate

“From the 2008/09 financial year onwards, a targeted regional infrastructure rate of \$0.000027 per dollar on the land value of each rating unit in the constituent Districts of the Northland region will be introduced to repay loans borrowed to assist development and/or completion of priority infrastructure projects identified in the 2006 Regional capability review of Northland infrastructure, beginning with the Marsden Point rail link project.

The uniform targeted regional infrastructure rate will be levied on the land value of all rateable property in the Northland region based on the district valuation rolls at the close of 30 June of the current year.”

- **Page 34** – Capital Projects, is changed by adding to the end of the first paragraph and the beginning of the second paragraph:

“In early 2007, the Council also decided to commit funding toward establishing a rail link to the Marsden Point area and in future will consider a similar contribution to other priority infrastructure projects identified in the Regional Infrastructure Strategy 2006.

Other than for identified priority regional infrastructure projects, ...”

- **Page 44** – Revenue and Financing Policy – The Revenue and Funding Sources table is changed by adding a new Funding Source for the Regional Transport Management activity as follows:

“Public-Targeted Regional Infrastructure Rate.”

- **Page 49** – Revenue and Financing Policy, Regional Transport Management Activity is changed by adding the following bullet points under the following sub-headings:

Reasons for Activity

- *“The Local Government Act allows for funding of priority transport projects.”*

Issues and Challenges

- *“Need for ongoing collaboration from all local authorities, Transit NZ, Land Transport NZ and ONTRACK to establish regional priorities, provide the necessary funding, and complete the integrated regional transport network.”*

Recommended Funding

- *“Public – including Government subsidies, Targeted Fixed Environmental Rate and Targeted Regional Infrastructure Rate.”*

Projected Capital Expenditure

- *“No direct capital expenditure is required for this activity.”*
- *“There will be capital expenditure for land purchases required following the Marsden Point rail corridor designation process.”*
- **Page 88** – Rating Policies is changed by adding a new section (f) as follows:

(f) *“Targeted Rate – Regional Infrastructure*

It is proposed that the Northland Regional Council introduce a land based targeted rate to contribute funding toward those priority projects identified in a 2006 regional capability review of infrastructure in Northland. This targeted rate will initially be used to repay loans borrowed to help fund the designation of the Oakleigh to Marsden Point rail link corridor and subsequent land purchases.

The Council proposes to fund its contribution toward the priority regional infrastructure development projects by way of a uniform rate in the dollar on the land value of all rateable land in the Northland region.

The levying of this rate across all sectors of the Northland community recognises the region-wide social and economic benefits expected to flow from the completion of the priority infrastructure projects.”

No changes are required to the Council’s Significance Policy. This Amendment also complies with the terms of the Council’s Treasury Management Policy.

Assumptions and Planning Considerations

- That the funding of the designation of the Oakleigh – Marsden Point rail link corridor will proceed in partnership with other stakeholders, preferably as three equal one-third contributions to the costs and benefits of the project.
- If the designation project does not go ahead, then any land purchased will be sold according to the provisions of any agreements made on a property by property basis and the proceeds distributed proportionately among the stakeholders.
- Revenue from leases on any land purchased for the designation will be used to offset the infrastructure rate.
- That the capital expenditure will occur in the last quarter of the financial year, therefore having a minimal impact on revenue from investments.

Appointment to Regional Land Transport Committee

File 110.1

Report from Council Secretary, Audrey Grieve dated 15 February 2008.

The following response has been received to the Council's invitation to be nominated as a representative for appointment to the following Committee –

REGIONAL LAND TRANSPORT COMMITTEE

Mike Kake - Cultural representative

Recommendation

That the nominee, Mike Kake, be appointed to the Regional Land Transport Committee as the cultural representative.

COMPLIANCE WITH DECISION MAKING PROCESS

The activities detailed in this report are provided for in the Council's 2006-2016 Long Term Council Community Plan, and as such are in accordance with the Council's decision making process and sections 76-82 of the Local Government Act 2002.

Environmental Management Committee

File 110.1

Report from Council Secretary, Audrey Grieve dated 15 February 2008.

The following response has been received to the Council's invitation to nominate a representative:

Kaipara District Council - Cr Brian McEwing

Recommendation

That the nominee, Cr Brian McEwing, be appointed to the Environmental Management Committee representing the Kaipara District Council.

COMPLIANCE WITH DECISION MAKING PROCESS

The activities detailed in this report are provided for in the Council's 2006-2016 Long Term Council Community Plan, and as such are in accordance with the Council's decision making process and sections 76-82 of the Local Government Act 2002.

Investment Schedule and Performance Report – Supplementary Correction to Page 108

File 350.4

Report from Finance & Corporate Services Manager – Lisa Aubrey

Portfolio of Total Funds

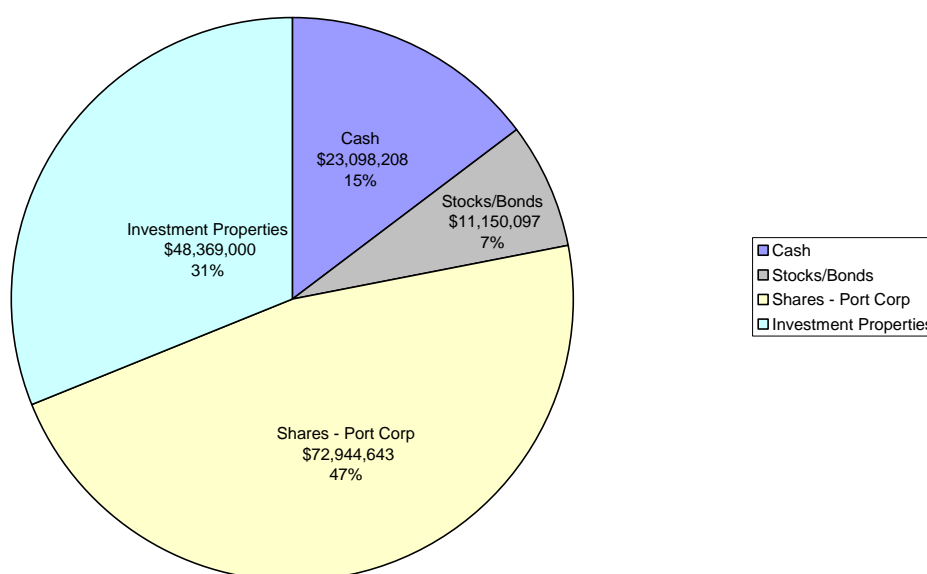
This agenda item should read:

The total value of the investment portfolio as at 31 January 2008 is \$155,561,948 and is comprised of:

- | | |
|-------------------------|--------------|
| • Cash | \$23,098,208 |
| • Stocks/bonds | \$11,150,097 |
| • Shares – Port Corp * | \$72,944,643 |
| • Investment Properties | \$48,369,000 |

* Northland Regional Council holds 22,795,201 shares in Northland Port Corporation (NZ) Limited. The cost value of these shares is \$8,058,150. As at 30 June 2007, the market price of these shares was \$3.40. As at 31 January 2008, the market price is \$3.20.

Portfolio of Total Funds



Recommendation

That the Supplementary Investment Portfolio report to 31 January 2008 be received.

COMPLIANCE WITH DECISION MAKING PROCESS

The activities detailed in this report are provided for in the Council's 2007/2008 Annual Plan, and as such are in accordance with the Council's decision-making process and Sections 76-82 of the Local Government Act 2002.

Business with the Public Excluded

Recommendation

That pursuant to the Local Government Official Information and Meetings Act 1987, the public be excluded from the remainder of the meeting to consider:

5. Marsden Point Rail Link
6. Proposed Commercial Building Project

The reason for excluding the public in relation to supplementary items 5 and 6 is that the public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to allow the Council to conduct, without prejudice or disadvantage, commercial activities, pursuant to section 7(2)(h) of the said Act.