

Northland's Draft Long Term Plan

March-April 2012

2012-2022



Putting Northland first

**NORTHLAND
REGIONAL
COUNCIL** 

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Welcome to our draft Long Term Plan

MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE

Welcome to this draft Long Term Plan - our vision for council's focus and direction for the next 10 years (2012-2022). We hope you'll get involved and send us your thoughts; including which proposals you support (and those you don't!) or other initiatives you'd rather see your rates spent on/ council involved in.

One of the biggest issues we're facing is how to keep your rates bills affordable, yet still meet community expectations and improve specific services and activities. Your council is not alone among Northland's local authorities in trying to negotiate this delicate balancing act. We want to continue to deliver our existing programmes and strategies, but also increase our involvement in economic development and implement new government policies.

The tough economic conditions of the past several years are still affecting many Northlanders and there's also less external (central government) funding available; largely because of government prioritising its own spending to help with the rebuild of earthquake-stricken Christchurch. In a bid to balance extra demand on our resources but keep rates affordable, we're now proposing to double (to 10 years) the length of time it will take us to phase in the redirection of our investment income.

Last year we decided to redirect our investment income from subsidising rates into a new 'Investment and Growth Reserve' to fund projects designed to increase the number of jobs in our region and improve the region's economic performance. Introducing this over five years would have seen rates go up by an average \$17.80 annually, but we're now proposing to bring it in over 10 years instead, cutting these annual increases in half.

We started paying a share of our investment income into this reserve in July 2011 and this will increase each year until the reserve is eventually receiving all of our annual investment income (approximately \$6.7 million yearly). On page 28 you can find the proposed criteria we've now developed for funding eligible projects from the reserve. Tell us what you think - we're keen to hear your views. As well as investing in specific projects that will increase jobs and help Northland's economy, the reserve will also be used to fund the council's economic development organisation to find, facilitate and deliver these projects. We're suggesting the reserve shouldn't be used for business grants; instead we'll be aiming to generate returns on our investments that can then be invested in more economic projects.

We're also planning to reduce a few minor services (some coastal monitoring, our level of response to the Environmental Hotline and withdrawing the chemical collection service) and use the money this frees up to help us meet new responsibilities under the government's Freshwater National Policy Statement. Council officers are investigating further savings that can be achieved through efficiencies; and will do so on an ongoing basis.

Another way we can help keep rates down is by using some of the funds in our Forestry Income Equalisation Reserve. (This reserve has been built up from surplus income from the council's forestry harvesting specifically to smooth rates increases.) We plan to use this reserve to fund distinctive, one-off costs to pay for our three-yearly elections and to help implement the new shared-council software development project (IRIS). We're also making provision for potential hearing costs for the 10-year review and redevelopment of the council's Regional Policy Statement.

We are also proposing to phase out the funding given to the regional tourism agency, Destination Northland Limited, as we think the tourism agency should be mainly funded by the tourism sector itself, with only some support from Northland's local authorities. We're suggesting we continue to contribute \$100,000 of rates money, but withdraw the \$250,000 that has come annually from the Northland Regional Council Community Trust over a term to be negotiated that will give Destination Northland Limited and the tourism sector plenty of time to secure alternative funding.

One area where we'd like to increase our resourcing is pest management, where we're proposing to spend an extra \$100,000 annually to increase efforts to manage the region's pests and protect our special places and outstanding environment.

Another key focus for us over the next three years is developing and implementing the Regional Policy Statement. This document is arguably Northland's most important planning document because it sets out

how the region's natural and physical resources should be managed. With your help, we're aiming to enable development and economic and social improvements, but also safeguard environmental bottom lines, Northland's special places and the things we – and those who will come after us - value.

As part of this, we've already completed a 10-year review of our existing regional policy statement and have drafted a new policy statement capturing the current issues Northland's facing. It also recognises a number of law changes since the last document was developed. (We've already received valuable input on the new draft document from more than 160 residents and organisations after we carried out informal consultation late last year and plan to release a refined, formal document for public consultation later in 2012.

We're also continuing our flood protection works on the priority rivers. These works are funded by affected communities via targeted rates. Proposals within this draft plan include a \$7 million detention dam project for Whāngārei. There's also a proposed new rate for the Kerikeri-Waipapa area for annual river maintenance and to fund design work for future capital projects. We're also planning the second stage of flood works for the Kaeo-Whangaroa Ward area in 2015/16. All these proposals would involve an ongoing cost to ratepayers in the affected areas, with the Whāngārei and Kerikeri-Waipapa projects both proposed to take 25 years to repay. While this would be a long commitment, it will offer benefits in reduced flooding and damages well beyond that timeframe.

Meanwhile, after three years, our engineers have now exhausted potential design possibilities to try to reduce the impact of flooding/ improve drainage in Kaipara's Kaihū River valley area and deliver a more equitable flood management scheme. We're not proposing any further investigation at this time.

All the initiatives described in this foreword and draft plan - and our current activities - are reflected in a new set of objectives we've developed for this Long Term Plan and which set a new direction for us. (The objectives are the outcomes we aim to achieve in order to promote the social, economic, environmental and cultural well-being of the region and replace the former community outcomes listed in our previous Long Term Plan.)

The new objectives are listed below and aim to contribute towards Northland's community well-being now and in the future:

- Maintain the quality of the relatively unspoilt parts of Northland's environment, improve degraded areas and promote the setting aside of special and significant environmental areas for the enjoyment of our people.
- Build a business friendly environment that encourages business and employment opportunities.
- Invest in Northland to increase Northland's economic performance and quality of living.
- Facilitate those infrastructural improvements that connect people in Northland and improve our links to the outside world.
- Encourage the sustainable use of our environment in ways that will progress our collective quality of living.
- Promote the awareness and appreciation of our heritage, landforms, freshwater and marine environment to encourage our collective pride in Northland.

As mentioned earlier, we'd really appreciate your thoughts and feedback on this draft Long Term Plan. You can make a submission using the form on page 7, by writing to us or going online at www.nrc.govt.nz/haveyoursay.

Your comments – whether in support or opposition – collectively help us better understand your needs and balance a range of expectations against the level of rates we need to fund them.



Craig Brown
Chairman



Malcolm Nicolson
Chief Executive Officer

About this plan

This draft plan reflects the council's future vision and direction for what it delivers on behalf of Northlanders. It reflects the council's current thinking and how we plan to deliver on it over the coming decade, based on various assumptions about our future environment.

We review this 10 year outlook every three years to reflect current policy, legislation requirements and take into consideration the current economic climate. In some cases future policy direction, legislation or a change in our economic circumstances may result in a change in direction and this may have different effects on the budgets rates and services described in this draft plan.

This plan includes budget projections for all of the council's groups of activities; the impact on the council's funding sources (including the impacts on rates) and the overall financial position for the council over the next 10 years. The plan describes the activities that we deliver; why we deliver them and how these activities contribute to community well-being and the council objectives. The information is related back to the current year's budget with explanations for any significant differences. The Long Term Plan contains the council's major financial policies for borrowing, investing and the funding of its activities. It also contains the council's policy on significance, appointment of directors, partnerships with the private sector and for developing Māori capacity for participation in the council's decision-making processes.

Each time we update the plan we consult with you the residents to seek your comment/feedback on any proposed changes to our activities, policies, funding, rates and council-controlled organisations. In the two years between Long Term Plan updates the council develops an Annual Plan which highlights any differences to the projections contained in the Long Term Plan and contains any new proposals for public consultation. The Annual Plans also cater for differences in any of the financial assumptions made within the Long Term Plan, for example, interest and inflation rates. One of the main purposes of producing this draft Long Term Plan is to hear your feedback on the council's proposed future direction for its activities.

Your place – your say

Northland is your place so get involved and have your say about how your rates are spent.

Guide to reading this plan

The information about the council's services/activities, policies and financials have been divided into the following sections:

Issues for consultation

This covers all our proposals that involve changes to activities, rates, funding and policies.

Full details of major proposals

- Investment and Growth Reserve proposed criteria.
- New council-controlled organisation for economic development and change in existing council-controlled organisation structure.
- Joining the New Zealand Funding Agency.
- Draft implementation programme for the Government's Freshwater National Policy Statement.
- Significance Policy.

Financial Strategy

This describes the overall management approach of our financials. It links to the region's current and forecast situation and drivers for change – including the significant proposals in this draft plan.

Financial overview

Includes the funding impact statement which describes the flows of funding into and out of the council, and also include information about the mechanics of the council's rating system.

Group of activities

Includes a full description of the council's activities/services with their expenditure/income budgets for the next ten years, performance measures and targets, contribution to council objectives, asset information (where relevant), with comparative data from the previous year.

Subsidiary organisations

Describes the council's shareholding in its subsidiary Northland Port Corporation.

Non-financial policies

The new Significance Policy, appointment of directors, partnerships with the private sector and policy on the development of Māori capacity for participating in council decision-making.

Significant financial forecasting assumptions

Describes the underlying financial assumptions used when building the budgets and financial statements.

Forecast financial statements

These show you the cost of services and how the costs are apportioned; provides the basis for long term planning by enabling an informed assessment of the financial sustainability of the services and policy decisions of the council. The statements are prepared in accordance with Generally Accepted Accounting Practices (GAAP) and the New Zealand International Financial Reporting Standards.

Funding and financial management policies

The funding and financial policies explain how the cost of achieving the plan will be apportioned. The policies included in this plan include:

- Revenue and Financing Policy – shows how each activity's operational and capital expenditure is funded and explains why.
- Treasury Management Policy – policies on investing and borrowing.
- Remission and postponement of rates policies – remission of rates involve reducing the amount owing or waiving collection of rates altogether.

Bylaw charges and Charging Policy

Includes the full schedules for the council's fees and charges.

About our consultation

Consultation on this draft plan is open for one month, from 19 March to 19 April 2012. This is your chance you have your say on the council's future activities, so get involved and tell us what you think.

During that month, council staff will be out talking to interested community groups and stakeholders about the proposals in this plan. To find a meeting near you, call us on 0800 002 004 or visit our website www.nrc.govt.nz/haveyoursay.

After consultation closes you will have the opportunity to present your views in person at the council hearings around the region (we will notify submitters of dates and times). The councillors will have read your submission, so this is a chance to highlight your key points and provide any clarification required by the councillors. Your submission will be printed and made available to anyone interested in reading them.

How to make a submission

Submissions close at 3pm on Thursday 19 April 2012. You can:

- Do it online at www.nrc.govt.nz/haveyoursay.
- Email us at mailroom@nrc.govt.nz.
- Write to us and post it to: Northland Regional Council, Long Term Plan Submission, Freepost 139690, Private Bag 9021, Whāngārei 0148.
- Fill in the submission form on page 7 (or in the summary) and post or scan and email it in.
- Visit us at our regional offices and we will record your submission for you.

Where to find more information

Full draft plan

- On our website at www.nrc.govt.nz/haveyoursay
- At our regional offices
- Phone us on 09 438 4639 or 0800 002 004 for a copy to be sent to you.

Summary of the full draft plan

- Delivered to your letterbox as a special edition of the council's 'Regional Report'
- On our website at www.nrc.govt.nz/haveyoursay
- At our regional offices
- Phone us on 09 438 4639 or 0800 002 004 for a copy to be sent to you.

Online discussion forum

This year we are trialling a new online discussion forum, where you can share your views on what's proposed or ask questions to clarify your understanding. The forum is not part of the formal consultation process, but rather aims to clarifying aspects of the proposals within this draft Long Term Plan and learning from the wider community. The council will be monitoring the forum to answer questions on a regular basis.

More about our activities, strategies and policies

- On our website
- Phone us on 09 438 4639 or 0800 002 004
- Phone your councillor (contact details on page 9).

Key consultation dates

19 March	Public consultation begins
19 April	Public consultation ends – submission period closes
23 April	Letters advising hearing appointments sent out
2 May	Submission hearing in Dargaville,
3 May	Submission hearing in Kaitāia
4 May	Submission hearing in Kerikeri and Kaikohe
7 May	Submission hearing in Whāngārei
8 May	Submission hearing in Whāngārei
22-23 May	Council meeting to make decisions
19-29 June	Council meeting to adopt final Long Term Plan and strike rates for 2012-13

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Issues for consultation

This section of the draft Long Term Plan describes the significant proposals within this plan. It includes alternative options available for you to consider and some context and background on new issues being addressed by the council over the next 3-10 years.

We want to hear your views on the proposals and any other information in this draft plan. Your views will help shape the options chosen by the councillors and set the direction of the council for the next 3-10 years.

Key issues described in this section include:

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INCREASE IN RATES

General rates are proposed to increase between 6-8% each year for the next 10 years; on average this is approximately \$11-15 per year for every ratepayer. Inflation adjustments range between 2.3-5.4% (staff costs at the lower end; electricity at the higher end). In the first year the total general rates increase of 6.8% covers new expenditure (explained below) and an average inflation adjustment of 3.1%. For the following nine years the increase in general rates is a combination of inflation adjustments and the redirection of the investment income to be used for economic development projects (and not to fund operations). More information on the redirection of investment income and the transition period is on page 11 and in the financial strategy on pages 51-65.

New expenditure in 2012/13 that is proposed to be ongoing over the term of the plan:

- Biosecurity \$100,000 – proposed additional resources to accelerate our current efforts to manage the region's pests, more fully explained on page 23.
- Monitoring costs for priority rivers \$71,000 – ongoing additional monitoring costs for 14 new hydrometric sites for the priority rivers network to enable flood modelling and risk assessments and provide flood warning information.
- Biodiversity \$63,000 – additional resources to target clusters of erosion prone land within catchments and collaborate with land owners in the implementation of soil conservation measures in priority areas (further information is on page 118).
- National Policy Statement for Freshwater Management \$110,000 – implementation costs which were unable to be absorbed into business as usual resourcing. Over the next 10 years, on a rolling basis as we work through the prioritised catchments we will be collecting data, modelling water quality and quantity, establishing goals and targets, drafting plans and consulting on them and implementing plan changes. More details are on pages 43-46.
- Māori engagement \$30,000 – further resources to engage with Māori on resource management, economic development and participation in council's decision-making processes.

New expenditure in 2012/13 for the first three years only

- The marine areas project of \$25,000 annually - to investigate options and opportunities for better managing our marine environment, including the suitability of a marine park on the east coast of Northland (further information is on page 118).

NEW COUNCIL OBJECTIVES

Improving the environmental, social, economic and cultural well-being of Northland is the council's overall goal, and our objectives (or 'community outcomes') help us set a course to get there. The definition of 'community outcomes' has recently changed through new legislation to become outcomes the council aims to achieve in order to promote community well-being of its region in the present and for the future. The proposed new council objectives below are designed to sharpen our focus and align better with regional council functions.

New council objectives:

- Maintain the quality of the relatively unspoilt parts of Northland's environment, improve degraded areas and promote the setting aside of special and significant environmental areas for the enjoyment of our people.
- Build a business friendly environment that encourages business and employment opportunities.
- Invest in Northland to increase Northland's economic performance and quality of living.
- Facilitate those infrastructural improvements that connect people in Northland and improve our links to the outside world.
- Encourage the sustainable use of our environment in ways that will progress our collective quality of living.
- Promote the awareness and appreciation of our heritage, landforms, freshwater and marine environment to encourage our collective pride in Northland.

You can find more background on the new council objectives on pages 101-110.

**Do you support these new council objectives to promote community well-being?
Is there something missing that you feel the council should be pursuing?**

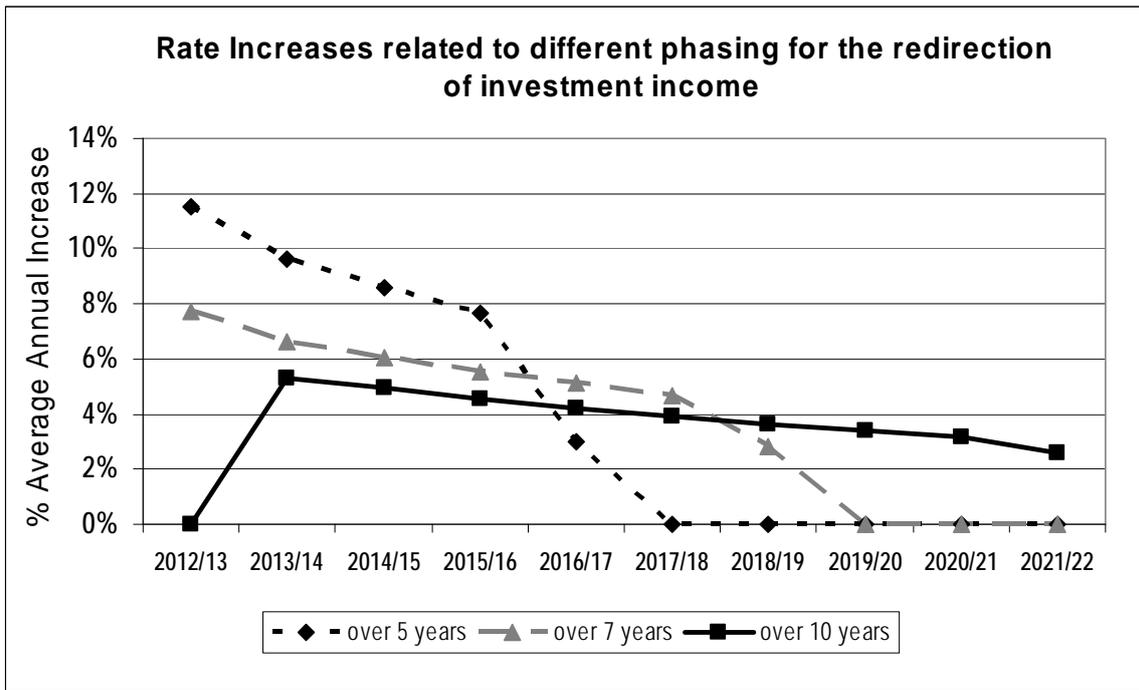
TRANSITION TO CHANGE USE OF INVESTMENT INCOME

The council proposes to slow the re-direction of its investment income away from funding operations (and subsidising rates). Until last year all of the council's investment income helped fund council operations, providing a rates subsidy of about 20%. In the 2011-12 Annual Plan, the council introduced a five-year transition to re-direct its investment income into the Northland Regional Council Investment and Growth Reserve. The reserve will help fund specific projects to improve Northland's economic performance and increase job numbers.

The council proposes to extend the transition phase to 10 years in order to alleviate, to some degree, the rates impact of the extra work proposed in this plan, and to acknowledge the effects of the recession on individual households. The council considered several transition periods when developing the rating proposal within this draft plan; the impacts on rates of the various transition periods are shown below – the original 5 year transition period; a 7 year transition period and the proposed 10-year transition period. The graph below illustrates the differences in the quantum of the rate increases and the duration of the rate increases for the three transition periods.

The rating impact for three different transition periods for redirecting the investment income from funding council operations to the new Investment and Growth Reserve is shown below. The figures are based on the rateable property numbers for the 2011/12 financial year.

Average annual increase in rates for the 5 year transition	Annual increase in rates for the 7 year transition	Annual increase in rates for the 10 year transition
\$17.80	\$11.60	\$8.90



Do you support extending the transition period for redirecting the investment income to 10 years?

By 30 June 2012, \$1.34 million will have been transferred to the new Investment and Growth Reserve. Under a 10 year transition period this amount would equate to two years' worth so the council is proposing the amount transferred to the new reserve stays the same for 2012-2013, Year 1 of the Long Term Plan. In the following eight years, until 2021-22, the rest of the investment income will be gradually transferred to the new reserve reaching an annual amount of approximately \$6.7 million.

On average rates will increase \$8.90 (including GST) in years 2-9 of the Long Term Plan just to cover the replacement of the investment income. Rates will also increase to cover the cost of inflation and to fund additional work that has been planned in this draft Long Term Plan (average total general rates increase is \$11-\$15).

CRITERIA FOR USING THE NEW INVESTMENT AND GROWTH RESERVE

The council wants your feedback on the proposed criteria for funding economic projects from its new Investment and Growth Reserve.

The reserve was established last year under the 2011/12 Annual Plan. It began receiving a share of the council's investment income in 2011/12, with the share increasing each year until eventually the reserve receives all of the council's investment income (in excess of \$6.7 million annually). The reserve will be used to fund specific projects that will increase jobs and economic performance in Northland.

The full criteria for the Investment and Growth Reserve are on page 28 – the main points are summarised below.

- The reserve's objective is to increase Northland's jobs numbers, average weekly household income and GDP (gross domestic product) by investing in economic projects/ventures.
- The reserve will provide operational expenditure for the new council-controlled organisation/new council-controlled trading organisation to identify, progress and monitor projects.
- The reserve will provide loan funding or directly invested funds for capital expenditure on new ventures or expanding existing businesses, and operating expenditure (for a finite period and with conditions).
- Loaned funds or directly invested funds will deliver an appropriate rate of return, taking into account the level of risk and revenue flows.

- Any project that is determined to potentially have significant adverse impacts on social, environmental, economic, or cultural well-being will not be eligible for funding, regardless of the positive impacts.
- All projects will be assessed for funding eligibility against a business case assessment tool.
- Only projects recommended for funding by the new council-controlled organisation/council-controlled trading organisation will be considered by the council.
- Council will decide on the allocation of all reserve funds.

Do you support the council's criteria for the use of the Investment and Growth Reserve?

CHANGE TO COUNCIL-CONTROLLED ORGANISATION STRUCTURE

To support the new focus on pursuing economic development projects for Northland, the council proposes to establish one or more new council-controlled organisations. Council believes that setting up single-focus organisations would enable better delivery on our economic development objectives than what the current structure could deliver. Initial thinking is that two new organisations could be established, with specialised roles and skills:

- A council-controlled organisation, to find and facilitate economic development projects; and
- A council-controlled trading organisation (which has a profit motive) to develop and manage those projects.

However, there are other structures that might work and council is keen to hear your thoughts.

The council also proposes some changes to its existing organisations, to further support the single-focus organisation structure. Enterprise Northland Trust's economic development functions would transfer to the new organisation/s where compatible. The Trust would be maintained, with its charitable status, for use when an appropriate, future charitable opportunity arises. Destination Northland Limited would become a subsidiary of the new council-controlled organisation. This would leave the Northland Regional Council Community Trust with the sole responsibility of managing the Trust Fund to maintain its real value, deliver the best possible returns, and progressively invest more in Northland.

The council has consulted with the Northland Regional Council Community Trust trustees on this proposal and will continue discussions while we consult with the community. We will also be seeking further legal and tax advice on the best structure to deliver council's economic development activities and aspirations.

The costs of establishing a new council-controlled organisation and/or council-controlled trading organisation are not included within this plan; as stated above they are considered to be low and would be funded from the Investment and Growth Reserve, therefore not impacting on rates.

Do you agree with the proposal to refocus the role of the Northland Regional Council Community Trust, principally to maintain the Trust Fund in real terms and gain the best returns possible?

Do you agree that where compatible with maintaining real value of the capital base (increased annually by an inflation adjustment as measured against the base index of 30 June 2011, the Trust Fund itself should, over time, shift to increase the proportion of direct investment in Northland?

Do you support the establishment of new council-controlled organisations and/or council-controlled trading organisation to deliver an expanded suite of economic development activities?

REDUCED FUNDING FOR DESTINATION NORTHLAND LIMITED

Destination Northland Limited currently receives about \$250,000 a year from the Northland Regional Council Community Trust Fund. Council proposes that this funding be withdrawn over a period to be negotiated with Northland Regional Council Community Trust.

In the current year its funding was made up of \$250,000 from the Trust funding; \$100,000 from regional council funding (from rates); \$195,000 from the three district councils in Northland; \$50,000 from central government; and \$270,000 from industry. Council believes that, with increased industry support, Destination Northland Limited could deliver its current levels of service without the Trust Fund contribution.

Tourism clearly has a major role to play in the Northland economy, and the council has therefore assumed that its \$100,000 contribution from rates to Destination Northland Limited will continue. Since 2008, in collaboration with council and others, Destination Northland Limited has broadened its focus from purely tourism to promoting Northland as a place to work, invest and visit. However, council wants to see its focus narrowed back to tourism, in line with council's philosophy that each its organisations should have a distinct and singular focus. Council will consult with Destination Northland Limited's directors, district councils and the industry on a model that would meet the long term needs of the industry and current stakeholders and allow industry to take greater responsibility over time.

Do you support the phasing out of funding from the Northland Regional Council Community Trust Fund and/or the Investment and Growth Reserve to Destination Northland Limited over a period?

NEW DIRECTION FOR MANAGING WATER

The Government has set a new direction for improving water quality and protecting life in our lakes, rivers, aquifers and wetlands, under the National Policy Statement for Freshwater Management (the NPS Freshwater). The council is required to implement it for Northland, and we want your feedback on the proposed approach.

The primary aims of the NPS Freshwater are to safeguard the life-supporting capacity of water and its associated ecosystems, and to protect the values of our outstanding water bodies and wetlands.

Under the NPS Freshwater, regional councils are required to set:

- Freshwater goals (e.g. that is swimmable, that stock can drink it without treatment);
- Associated water quality limits;
- Flows (the amount of water that must remain in a river or stream);
- Levels (minimum water levels in lakes and aquifers); and
- Allocation limits (the maximum rate at which water can be taken from a river, or total volume that can be taken from a lake or aquifer).

By December this year, we have to put in place a plan for how we phase these things in across Northland by 2030. It is a big job that will involve wide-reaching consultation and regional plan changes to set effective limits while maintaining local values for the water bodies. At this stage implementing the NPS Freshwater is within council's current service levels. (We are essentially continuing our monitoring work, investigating options for prioritising catchments, and continuing the improvement programmes we have in place.)

However once we have worked with communities to prioritise action, identify objectives and limits, and chosen the tools for meeting those limits, service levels are likely to change. We therefore anticipate that as we prepare our next draft Long Term Plan (the one for 2015-18) we will be consulting with you on the strategic choices that need to be made (e.g. are we maintaining or improving water quality within this or that catchment), the things we must deliver (e.g. improved water quality within a specific timeframe, water we can swim in or collect shellfish from at the following sites, enough water for priority / all users, enhanced biodiversity), and what represents value for money and cost effectiveness.

Proposed approach – a prioritised, medium-pace implementation

Where the council has discretion with the NPS Freshwater, is how quickly we implement it. We could go fast and hard, with faster improvements but a high up-front cost and some risk of inadequate consultation and data quality. We could spend nothing extra and go slowly, with little improvement likely and a high risk of not fulfilling our obligations.

The council's preferred approach is to take the middle road, costs for this option are reflected in the financial statements in this plan. By targeting high-priority catchments first, we believe we can take a balanced, cost-effective and low-risk approach that allows time for adequate community consultation.

Which option do you support for the council's programme for implementing the Freshwater National Policy Statement?

Catchments would be prioritised on several factors including ecological values, how they're used, current water quality and quantity, cultural significance and influence on coastal water quality known issues and values. Objectives, limits and flows would be set for the most urgent first.

Do you agree with how water bodies/catchments would be assessed to determine priority?

This medium-pace option would have only a moderate increase in cost and resourcing (e.g. two extra staff), which would be mostly offset with savings in other parts of the business.

Setting limits for every catchment in Northland – and meeting them – is a huge task. To prevent things further degrading, especially in vulnerable areas that are not considered high priority, we would also look at setting interim limits for water quality and quantity for some water bodies.

Do you think council should establish interim limits? If so, what factors should they be based on?

Find out more about the options considered by the council, and the interim limits proposal, on pages 43-46.

Northland's outstanding water bodies

The NPS Freshwater also requires the identification and protection of the region's outstanding water bodies. The council has identified a number of lakes and rivers (or sections of rivers) as outstanding in the Regional Water and Soil Plan (Policy 9.05.01). They are:

▪ Waipoua	▪ Whirinaki	▪ Waipapa
▪ Mangamuka	▪ Punaruku	▪ Lake Ora
▪ Waikohatu	▪ Wairau	

The Regional Water and Soil Plan also sets out the criteria to be used to identify further rivers or lakes as outstanding as follows (in policy 9.05.02):

- Have catchments which are dominated by indigenous vegetation and which are largely unmodified natural ecosystems or ecological sequences from headwaters to lowlands; or
- Are recognised by any judicial authority or which subject to agreement by the council in consultation with an iwi authority are recognised to be a taonga requiring flow preservation in a natural or near natural state; or
- Are an essential part of an outstanding natural feature or landscape, and where changing the water level or flows would adversely affect those values.

Do you agree with the list of outstanding water bodies and the criteria for selection?

For more details about the NPS Freshwater and the programme to implement it see pages 43-46 of this plan.

NEW RIVER MANAGEMENT WORKS

Whāngārei flood detention dam

The council proposes to build a flood detention dam in Raumanga, estimated to cost \$6,876,728 (excluding GST), as Stage 2 of the Whāngārei Urban Rivers Flood Scheme. A flood detention dam works to reduce flooding by temporarily holding back the flow of water through a catchment, which reduces downstream peak river flows and the extent of flooding. Detention dams only store water for a short time during periods of high rainfall remaining dry and free of water for the remainder of time. The dam would provide a storage volume of 1,270,000 cubic metres, that's about two-thirds the size of the Whau Valley water reservoir. Normal stream flow would pass through a culvert enabling continuation of the natural flow of the stream. In a flood, once the full capacity of the culvert is reached, any excess flow is stored in the detention area behind the dam. This area gradually drains through the culvert following the flood.

The design model predicts the dam's storage of flood waters will reduce peak flows in critical locations by 48% for a typical 24 hour event and have a 19% reduction for a 72 hour event. The modelling indicates that the dam would have emptied within two days during the March 2007 storm event. The cost benefit assessment of the detention dam indicated that the pay back on estimated land and construction costs was five years, based on the reduction in tangible flood damages alone. The 2006 Whāngārei CBD flood management study by URS Ltd, calculated the annualised average damage from flooding in the Whāngārei CBD to be \$5.6 million.

The proposed capital works are planned for 2013/14, pending confirmation of design, resource consents and land use negotiations. While the council is consulting with residents on this proposal, a geotechnical engineering assessment is being done on the proposed site's suitability as a detention dam. This proposal will only be considered by the council, following public consultation, if the engineer's report is satisfactory.

It is proposed that the dam build would be funded through an internal loan and repaid by extending the current Whāngārei urban rivers management rate. Two loan repayment options are provided for comment – over 15 years and over 25 years. The council's preferred option is using an internal loan to be repaid over 25 years which reduces the annual impact on the affected ratepayers. The advantage of repaying the loan in a shorter period would allow for more works to be funded if they were deemed to be beneficial. The impact on rates is shown in the table below, and Map 1 and Map 2 show the affected properties.

(including GST)		Current rate for 2011/012 per rating unit	Proposed new rate for 2012/13 per SUIP***	Proposed new rate for 2013/14 and next 25 years per SUIP***	Proposed new rate for 2013/14 and next 15 years per SUIP***
Commercial CBD properties	rate	\$247.83	\$247.83	\$275.11	\$330.54
	total	\$164,556	\$188,780	\$209,564	\$251,791
Residential CBD properties	rate	\$94.19	\$94.19	\$104.55	\$125.62
	total	\$9,230	\$12,376	\$13,739	\$16,508
Residential non-CBD properties	rate	\$33.21	\$33.21	\$36.87	\$44.30
	total	\$507,911	\$538,075	\$597,314	\$717,674
TOTAL		\$681,697	\$739,231	\$820,617	\$985,973

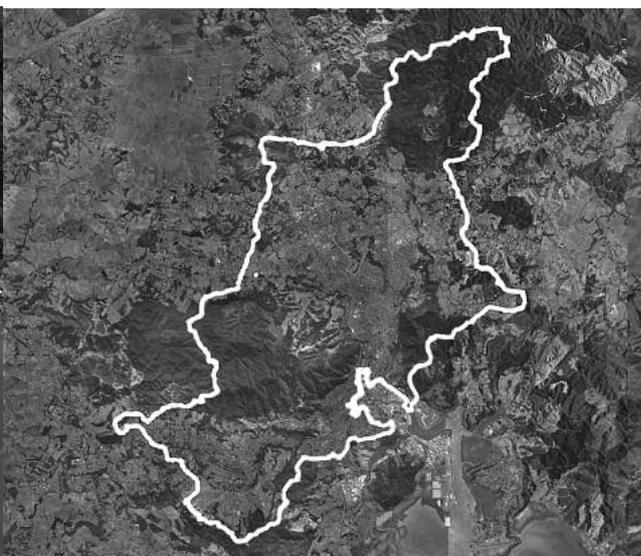
*** Rates collected per SUIP

Last year's river management rate was charged per rating unit (i.e. per property). For the coming years, the council proposes that the rate would be charged per separately used or inhabited part (SUIP) of a property. This means that properties with multiple businesses (large commercial sites on one title) and multiple residences/flats (including residential properties with self contained flats) would pay more than one river management rate each year. Charging the river management rate per SUIP makes this rate consistent with the way all other rates are levied in Whāngārei and spreads the cost across more of the beneficiaries of the river works; which is how more money is collected in total in 2012/13 without increasing the rate.

Map 1: Properties in the CBD flood area



Map 2: Properties within the contributing catchments of the Waiarohia, Raumanga, Kirikiri and Hätea Rivers



Do you support the proposed detention dam going ahead, with repayment over 25 years?
Do you support the existing Whāngārei urban rivers management rate for funding the Stage 2 works?

Background

The council has consulted with the Whāngārei Urban Rivers Flood Management Liaison Committee since December 2009 on the options available to reduce the risk of flooding to the Whāngārei CBD. The liaison committee includes representatives of the Chamber of Commerce, Whāngārei District Council, Northland Regional Council, iwi and ratepayers.

Prior works - Stage 1

Stage 1 of the urban rivers flood scheme, estimated at \$681,697, was approved in the 2011/12 Annual Plan and is being funded via a new targeted rate for Whāngārei urban properties in the 2011-12 financial year. The programmed works include maintenance of the existing river channels and bridges and the replacement of the Rust Avenue bridge. The bridge replacement has been placed within the Whāngārei District Council's 3-year 2012/15 roading programme as a project to be undertaken in 2012/13; this is subject to the New Zealand Transport Agency funding the application when it determines its land transport programme.

Further future works – Stage 3 plus

A further stage of works has been identified but may not be deemed necessary, or could be implemented on a reduced scale, pending a review of the effectiveness of the detention dam and the influence of this on further stages of work. The assessment could take several years to complete. The council has therefore not made any provision within the ten years of this long term plan for further works.

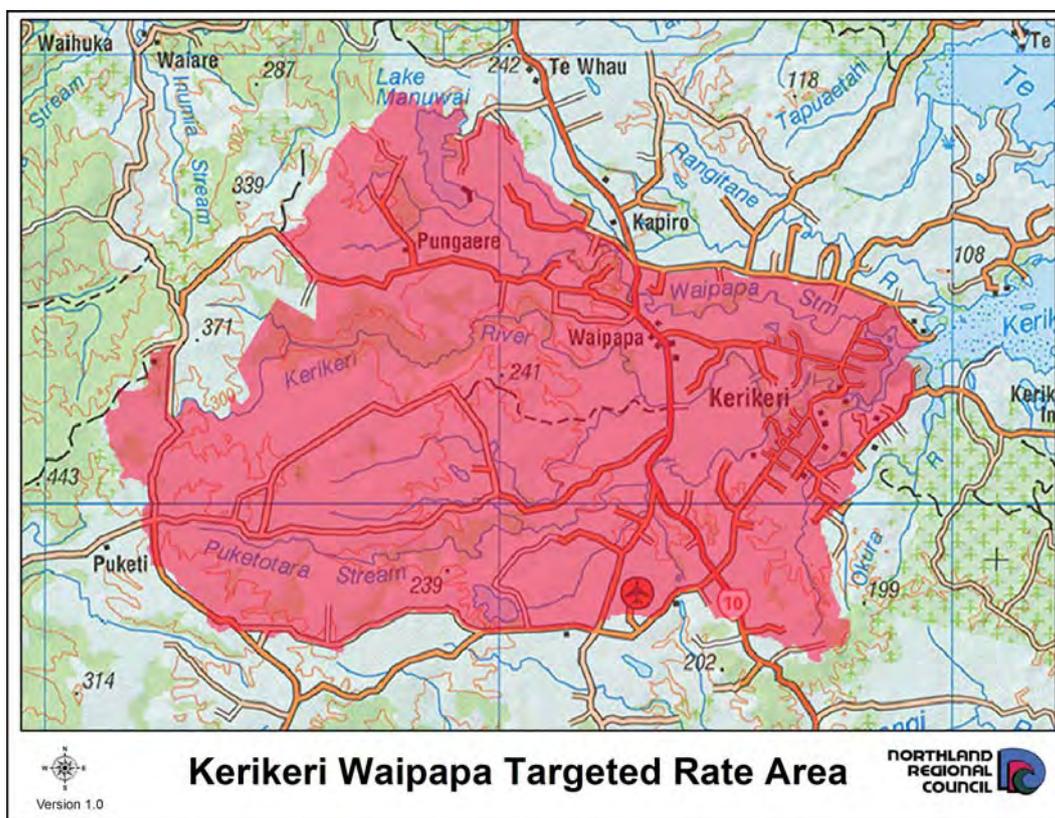
Further possible works include a grass-lined flood corridor along the banks of the Waiarohia and Raumanga Streams through the central business district (CBD), and further bridge upgrades and sections of flood walls where a grass-lined corridor is not feasible. The grass-lined flood corridor would link with the Whāngārei District Council's 20/20 Plus Central City Development Plan, providing further benefits beyond flood risk reduction. It has the potential to enable improved pedestrian and cycle access, recreational opportunities, potential for water quality enhancements and opportunities for enhanced commercial activity.

New rate and works for Kerikeri-Waipapa

A new uniform targeted rate is proposed for properties within the Kerikeri, Waipapa and Wairoa River catchments to fund river maintenance, flood modelling maintenance and detailed design for river scheme options. The maintenance work will focus on the river channels where removing debris or other flow restrictions will help to reduce flood risk.

The new rate will be \$48.90 (including GST) for the first two years of the plan, increasing to \$74.10 (including GST) from 2014/15 onwards for 25 years while the capital funding for the project is repaid from an internal loan. Refer to Map 3 to see the affected properties.

Map 3: Properties within the proposed new targeted rate area



Do you support the new uniform targeted rate for Kerikeri-Waipapa?

Background

A pre-feasibility assessment has been undertaken of the flood risk reduction options that were identified in the interim Kerikeri-Waipapa River Management plan. These options include:

- Stopbanking and channel capacity improvements associated with the Whiriwhiritoa Stream and Kerikeri River to reduce flood risk associated with the Waipapa Industrial Estate.
- Stopbanking and spillways associated with the Kerikeri River to reduce flood risk associated with the land to the east of State Highway 10 and upstream of Rainbow Falls.
- Channel works and spillway improvements to the Puketotara Stream near State Highway 10 to reduce upstream flood risk.
- Detention dams in the upper catchment to temporarily detain flood flows and reduce peak river flows and flooding.

A rough order capital cost for the above options, excluding the cost of detention dams, is estimated at \$2,130,048 (excluding GST). Further work is proposed with the liaison committee to refine these options into a preferred shortlist for feasibility assessment via computer river modelling, further landowner and stakeholder consultation and detailed design.

The proposed capital works is scheduled to be implemented in 2014/15, pending confirmation of feasibility, design, resource consents and land use negotiations and will be subject to further consultation through the Northland Regional Council Annual Plan process. The targeted uniform rate would increase to \$74.10 (including GST) from 2014/15 onwards for 25 years while the capital funding for the project is repaid from borrowings.

No further works for Kaihū

The council proposes that no further design works be explored and no capital works proceed on the Kaihū river scheme.

The council has been investigating a flood scheme concept to achieve a more equitable solution to the flooding and drainage issues of the Kaihū Valley for the last three years. Some properties flood more than others and the floodwaters take longer to drain away affecting land productivity. A computer river model has been used to assess the impact of stopbanks, floodgates, spoil heaps, the railway embankment, the role of ponding areas, the general flood flow dynamics and most recently a concept involving stopbanks with spillway overflow crests in an attempt to achieve equitable distribution of floodwaters whilst providing for protection against nuisance flooding.

The council has been working with the Kaihū River Liaison Committee to develop a river system that would spread the flooding more equitably down the valley and speed up the draining of floodwaters. The intention of the scheme concept was that all floodplain pockets would receive the same level of protection against flooding from the Kaihū River, and that spillways would be designed so that the distribution of flooding volume between the floodplain pockets would be the same as would have occurred in the absence of any man made stopbanks. It was intended that the spillways would manage flooding volumes in floods up to a certain size, after which there would be widespread overtopping of stopbanks, and the resulting flooding volumes would be similar to those that would occur in the existing system, and probably also similar to what would have occurred without any stopbanks.

During the last year a proposal to create spillways in the stopbanks has been computer modelled to work out the results of various flooding scenarios. The modelling has shown that equitable flooding is not possible through constructing spillways; the floodplain pockets with a large internal catchment took a higher proportion of the floodwater, because controlling overflow from the Kaihū River did not have sufficient influence on the flooding volume.

No other options have been identified. The council is proposing that no further development work is undertaken and the current maintenance of the river channel continue.

Kaeo stage 2

The council is proposing works for Stage 2 of the Kaeo flood scheme, which also includes improvements to Waikara Creek. Construction would happen in 2015/16, at an estimated cost of \$605,679 (excluding GST). Stage 1 of the scheme, estimated at \$697,185 (excluding GST) was approved in the 2011/12 Annual Plan to be funded by an internal loan and repaid via a targeted rate over the former Whangaroa Ward ratepayers for seven years.

The staging of works has been amended since the Annual Plan was adopted due to a combination of an extra \$144,000 funding from the Ministry of Education, \$243,000 from the Department of Internal Affairs and further consultation with the Kaeo River – Whangaroa Catchment Liaison Committee and affected landowners. The new Stage 1 will help deflect floodwaters away from the town centre and give extra protection to the college. The table below shows the works involved and the new staging. Construction of the new Stage 1 works has been rescheduled to the 2012/13 works season, as land use negotiations and the resource consent processes delayed progress beyond the project schedule.

Works	Original staging	New staging	To be built in
Kaeo township stopbank	Stage 1	Stage 2	2015-16
State Highway 10 modification	Stage 1	Stage 2	2015-16
Kaeo township deflection bank	Stage 1	Stage 1	2012-13
River bypass spillway	Stage 1	Stage 1	2012-13
Main stopbank for schools and eastern approach to Kaeo	Stage 2	Stage 1	2012-13

When the council approved the funding of Stage 1 in 2011-12, ratepayers were advised that Stages 2 and 3 of the proposed works programme would be put on hold in response to the comments and suggestions in the Annual Plan submissions. Rates affordability and the effectiveness of some of the proposed works were noted issues of concern in the submissions. With the additional government subsidy the Stage 1 works will be repaid in four years rather than the seven years proposed in the 2011-12 Annual Plan. The council is proposing that Stage 2 works commence in 2015-16 when Stage 1 works will have been repaid. It is proposed that the existing targeted rate could be used to repay the Stage 2 works internal loan over seven years. Because no further subsidies are expected the targeted rate would increase in 2015-16 from \$74.53 to \$108.12.

Stage 3 proposed in last year's draft Annual Plan included stopbanks, dredging and further drainage in Tauranga Bay estimated at \$162,267 (if it had been constructed in 2011-12). These works are proposed to remain on hold.

Rating impact of the staged works (including GST)

2012-2014	\$74.53 for former Whangaroa Ward ratepayers annually
2015-2021	\$108.12 for former Whangaroa Ward ratepayers annually

Do you support funding the new Stage 2 Kaeo flood works in 2015-16 for seven years?
Do you suggest a different repayment period?

Awanui Flood Management Scheme

During 2012-13 an upgrade of the Waihoe floodgate is proposed at a cost of \$100,000. The proposed capital upgrade involves improving the discharge capacity through the Waihoe Channel through the installation of a further outlet and/or floodgates near the existing Waihoe floodgates. This upgrade will help reduce the duration of floodwaters in the Lake Tangonge storage area, which will improve the productivity of the land in this area and also the quality of the water discharged back into the Awanui River. No increase in the current targeted rates for the Awanui flood management scheme is proposed to fund this upgrade.

The council is continuing its computer modelling of options to reduce Awanui River flood risks, alongside the Awanui River Management Liaison Committee. Further work needs to be done before we consult on the options in around 2014 – in the meantime, these are the options being assessed.

- Modifying the Whangatane Spillway weir to enable an increased volume of flood water to flow to the Whangatane Spillway.
- Modifying the Whangatane Spillway to achieve the best balance between the risk of flooding against the cost of containing flood flows in the spillway. This may require a combination of either increasing channel efficiency/capacity, increasing stopbank levels or increasing spill of flood waters during flood events on land bounding the Whangatane Spillway.
- Modifying the Donald Road Bridge to provide sufficient capacity for increased flows in the Whangatane Spillway.
- Modifying the Whangatane Spillway to provide two stock crossings for access in times of increased flow durations.
- Modifying the proportion of overflow from the Awanui River to the Tarawhataroa Stream catchment (near Larmers Road) to reduce the risk of flooding from the Tarawhataroa Stream in urban areas of Kaitiāia.
- Modifying the Awanui Channel through urban Kaitiāia to contain excess flood flows, if diversion of the Larmers Road overflow is reduced.

The rough order cost of these capital upgrades are estimated at \$3,921,251 (excluding GST) and, pending further consultation and confirmation of feasibility, design, resource consents and land use negotiations, it is proposed that these upgrades will be undertaken during 2014/15. However, before the upgrades proceed, which will be subject to further consultation, the council intends to undertake a rate review and change or confirm the rating groups to reflect the benefits received from the flood scheme. This review is proposed to be undertaken during 2013/14, and put out for consultation during the 2014/15 Annual Plan process. This plan includes the projected capital works estimated at \$3,921,251 (excluding GST) in 2014/15.

Continued operational maintenance of the scheme assets, maintenance of key areas of the rivers and channels and prioritised renewals of assets is proposed to continue.