

Annual Report 2009

our year in summary



The Northland Regional Council aims to create a region of choice through growth, and the provision of regional leadership, environmental protection, economic opportunities and integrated infrastructure. We will achieve this by putting our community and region first. We are committed to being forward thinking and innovative, flexible and open, responsive and value-driven, and professional and accountable. We also work with others – regional and central government, iwi, community groups, development agencies and commercial enterprises – to meet these goals.

Putting Northland first





This is a summary of the Northland Regional Council's activities for the year 1 July 2008 to 30 June 2009. The information has been extracted from our Annual Report 2009.

The Annual Report Summary 2009 was authorised for issue by resolution of the Northland Regional Council on 21 October 2009. It has been prepared in accordance with the FRS-43: Summary Financial Statements.

If you would like to see the full version of our Annual Report 2009, please go to www.nrc.govt.nz/annualreport

For more information
phone 0800 002 004

What you'll find in this summary

| | |
|--------------------------------|-------|
| our year | 3 |
| about the Council | 3 |
| highlights of our year | 4-6 |
| our activities – what we do | 7-8 |
| financial summary | 9-13 |
| our performance | 14-15 |

our year

Welcome to the Northland Regional Council's Annual Report Summary 2009

This summary shows you what we did during the year, some of the highlights and what it cost to provide the many services that help keep Northland growing.

We've achieved a lot this year including the development, consultation and adoption of our new Community Plan 2009-2019. The Community Plan sets out the services we intend to deliver, the costs, how we expect to pay for those services and how we measure our performance over a 10-year period.



Computer-generated image showing the completed Northland Events Centre.

You will see our motto and vision have been changed to reflect our role in promoting growth and infrastructure development as well as our ongoing commitment to protecting Northland's environment. We are 'Putting Northland first' in everything we do to create a region of choice.

The Regional Growth Programme – an action plan to develop the region to its full potential using a sustainable development approach – was outlined in the 2008-2009 Annual Plan and adopted under the revised Community Plan. The programme considers social, environmental and cultural factors alongside economic, infrastructure and growth opportunities.

Progress has been made on flood risk reduction plans for our 27 priority rivers to continue to reduce the risk to Northlanders from flooding. We have also continued to work with our region's three District Councils, Police and other government agencies to improve Northland's roading network.

Construction of a multi-purpose Northland Events Centre began at Okara Park in Whāngārei. The Centre will provide a four-level building housing a new 2500-seat south stand, convention centre and office space suitable for large-scale outdoor events and a conference facility.

about the Council

The Northland Regional Council aims to create a region of choice through growth and the provision of regional leadership, environmental protection, economic opportunities and integrated infrastructure.

We will achieve this by putting our community and the Northland region first. We are committed to being forward thinking and innovative, flexible and open, responsive and value-driven, and professional and accountable. We also work with others – regional and central government, iwi, community groups, development agencies and commercial enterprises – to meet these goals.

Your Regional Council is made up of eight elected Councillors, including a Chairman, an appointed Chief Executive Officer (CEO) and around 140 full-time staff. We are here to serve our community and ensure Northland is a great place to live.



Your Councillors: (Back left to right) Ian Walker (Deputy Chairman), Lorraine Hill, Mark Farnsworth (Chairman), Craig Brown, Peter Jensen. (Front left to right) Joe Carr, Bill Rossiter and John Bain.

highlights of our year

There were many highlights during the 2008-2009 year. Here's a snapshot of the key successes the Regional Council and our community achieved.

Environment Fund

More than 150 projects ranging from protecting sand dunes to pest control were awarded a share of the \$500,000-plus Northland Regional Council Environment Fund.

The fund aims to help people improve and protect Northland's natural environment. About \$520,000 was available from the 2008-09 fund, which brought the total allocated since 1996 to more than \$2.6 million.

Changes were also made to the 2009 fund. It is now able to be applied for – and allocated – over a 10-month period to enable people to apply for worthwhile projects almost year-round.



Native planting made possible through the Environment Fund.

Our marine environment

10,000 sea squirts were removed from a Bream Bay marina in a groundbreaking pest control partnership between local authority staff, the marina operator and student volunteers in September 2008.

The Northland-first saw a locally-funded team of four divers remove thousands of *Styela clava* (sea squirt) during a \$20,000, six-day operation. The sea squirt is one of many marine pests the Council monitors and works to reduce the spread of.

Government plans to investigate finfish and oyster farming opportunities in Northland in a bid to grow New Zealand's aquaculture industry – announced in April 2009 – were welcomed by the Regional Council.

Aquaculture is already a multimillion dollar industry in Northland and has the potential to become an even bigger player under the Government's proposal.



Northland Underwater Technical Services divers and Regional Council staff member, Craig Gardner, with some of the sea squirts.

GIS online

During the 2008-2009 financial year, Council GIS staff did much of the groundwork to enable Northlanders to have access to hundreds of thousands of dollars worth of aerial photography and other local authority geographic information system (GIS) data. The changes – believed to be a first for a Regional Council in New Zealand – were implemented in September 2009. They allow public access to roughly 90% of the data currently on Council's GIS databases. The information can be accessed via a New Zealand-based company specialising in hosting map data at www.koordinates.com/maps/northland



The five-year grace period given to coastal property owners – to fence stock from Coastal Marine Areas – ended on 30 June 2009. All stock must now be fenced out of the CMA to protect seafood resources and water quality.

Plan changes and enforcement

Changes to the Council's Regional Air Quality Plan took effect on 1 December 2008, which means anyone wanting to burn waste at urban Whāngārei properties smaller than one hectare needs to apply for resource consent.

The changes also mean burning on all other private land elsewhere in Northland is a 'permitted activity' - a consent is not needed subject to conditions to ensure the burning does not adversely affect adjoining landowners.

The Council instigated successful prosecutions for animal waste spills which badly polluted an Aranga stream in the Kaipara. More than \$67,000 in fines and court costs were awarded to the owners of the dairy farm and a contractor who had worked for them.

Northland farmers were also given until the end of June 2009 to fence stock out of the region's tidal areas under changes to the Regional Coastal Plan.

The changes were introduced during 2004 but the Council allowed a five year grace period to enable property owners time to fence affected areas. Letters were sent to around 2000 property owners to remind them of their obligations and funding was made available through the Environment Fund for fencing projects.

Flooding and priority rivers projects

Following the allocation of \$1.6 million of funding in its 2008 Annual Plan, the Council continued to work on the development – or updating – of flood risk reduction plans for the 27 rivers in Northland that carry the highest level of flood risk.

Detailed surveys of the land in catchments was taken to help develop computer flood models and a series of public meetings were started

during the 2008-2009 year to gather more information about flood levels and who is affected.

Flood work in Kaihū, Kaeo and Awanui catchments continued with around \$1.2 million allocated during the 2008-2009 year.

Extensive flood protection work was completed in Kaeo including repairing and extending the existing stop bank and a detailed hydraulic river model was also developed, to assess the best way to further reduce flood risks.

Tonnes of water were drained from Bell's Hill near Kaitiāia to reduce the risk of the hill collapsing and threatening the town, and residents in the Kaihū River catchment were asked for input on future plans for the Kaihū River scheme, while flood hazard maps were completed and flood modelling started.

Dredging to remove thousands of tonnes of built-up silt from about 4.5 kilometres of Whāngārei's Hātea River channel – including part of the Town Basin marina channel – was undertaken from October to December 2008.

New buoys and markers were also installed on completion of the dredging and the associated mooring systems and lights were upgraded at a cost of \$400,000 for both – \$300,000 coming from ratepayers and \$100,000 from user charges.

Northland Regional Council Recreation Fund

A special Regional Council Sub-Committee recommended a multi-purpose Kerikeri-based facility receive the full \$500,000 available from the Recreation Fund during 2008-2009.

The Kerikeri Sports Complex is intended to become a district centre for rugby, netball, cricket, league, touch, social tennis, athletics, running, walking, mountain biking, triathletes and other associated recreational activities and programmes.

The 2008-2009 grant to the Kerikeri Sport Complex follows an earlier 2007 Regional Council agreement to grant \$700,000 to the Kauri Coast Community Trust Pool project. A Council resolution on 16 May 2007 approved a contribution towards the 50 metre Dargaville-based pool subject to the Kaipara District Council (KDC) meeting certain conditions. The \$700,000 was released on 11 September 2009.



Part of the flood protection works that have been constructed in Kaeo – extending and repairing the stopbank.

highlights of our year continued



Easy access ramps are a feature of the CityLink buses in service throughout Whāngārei.

CityLink bus service

The new CityLink bus service began operating in Whāngārei on 1 July 2008 and a number of 'tweaks' were made to routes during 2008-2009. The service is managed and partially-funded by the Regional Council, which proposed and approved a new rate levy in the Community Plan to fund the service.

The SuperGold bus scheme was launched in November allowing SuperGold Card holders to ride the buses for free during off-peak hours. The Government initiative is available to all eligible New Zealanders aged 65 years or over and those under 65 who receive New Zealand Superannuation or the Veteran's Pension.

Consents processing

The Council's work in this field earned praise from Environment Minister Nick Smith after a two-yearly Ministry for the Environment survey showed the Council had processed 99 percent of applications it received inside Resource Management Act time limits.

Councillors' Regional tour

Northland Regional Councillors embarked on a three-day fact-finding tour, to gather first-hand, up-to-date information about a raft of issues facing Northland.

The mid-October 2008 tour offered the chance for a collective, fact-finding mission on the region as a whole, particularly to investigate economic and growth issues.

Other areas investigated included flood protection schemes, wastewater treatment facilities, meeting with Iwi Chief Executives, 'vehicles on beaches' hotspots, effluent treatment systems on a dairy farm and meeting with economic and business leaders.



Northland Regional Council CEO and Councillors got a first-hand look at a Manchurian rice grass infestation with Kaipara District Councillors.

Northland Events Centre

Construction of a \$16 million Northland Events Centre began at Whāngārei's Okara Park in early 2009.

The Northland Regional Council will provide \$13 million towards the project – rated for since mid-2006 – while a further \$3 million funding will come from the Whāngārei District Council. The project was given an unexpected \$2.5 million boost from Central Government in May for enhancements linked to the Rugby World Cup in 2011.

The project includes a new pitch, refurbished north stand and embankments, providing a multi-use facility for the region that will be managed by the Whāngārei District Council and an independent trust.



Regional Council staff members Tracey Morris (Online Communications) and Jason Dawson (Community Relations Manager) with the 2009 ALGIM web award.

Website scoops national and international awards

The Northland Regional Council's award-winning website scooped two new accolades during 2008-2009 – one national, the other global.

The Council's website – www.nrc.govt.nz – was awarded bronze status in the international Horizon Interactive Awards. The United States-based awards are a global competition recognising outstanding achievement among interactive media producers.

The site was also ranked second of New Zealand's 85 Council sites. (It won first place the previous year.)

The website launched its range of rainfall and river data – including flood warning levels – from data automatically gathered at a network of about 70 Council monitoring stations throughout the region.

activities – what we do

The Regional Council is one of Northland's main environmental guardians. We aim to protect Northland's land, water, coast and air while still allowing for sustainable development.

We are also responsible for promoting the region's economic, social and cultural wellbeing: 'Putting Northland first'.

Our responsibilities include environmental management, flood and land management, biosecurity, emergency management, pollution control, public transport planning and funding, and coastal navigation and safety. Councillors decide our overall policies and our 140 staff implement them. Roughly half our income comes from rates and charges with the balance from investments and government grants.

Awards and funding

The Council has funding available to assist with a variety of eligible environmental, educational and cultural initiatives undertaken by the Northland community.

Regional Council funding and advice is available to all individuals, landowners, community groups, schools and iwi throughout the region. www.nrc.govt.nz/funding

Education and public information

Specialist Council staff host seminars and field days designed to educate Northlanders about a variety of topics linked to the environment, while others visit schools to deliver environmental education initiatives. We also produce a wide range of publications and self-help guides covering most aspects of our work. www.nrc.govt.nz/schools and www.nrc.govt.nz/publications



James Harvey tagging moorings in Whāngārei Harbour.

Environmental planning and monitoring

The region's natural resources sustain our lives. We help people to use these resources appropriately and sustainably. Through Regional Plans, resource consents and monitoring, we work with the community to care for our environment – the air, land, water and coast.

www.nrc.govt.nz/environmentalmonitoring and www.nrc.govt.nz/consents

Biosecurity

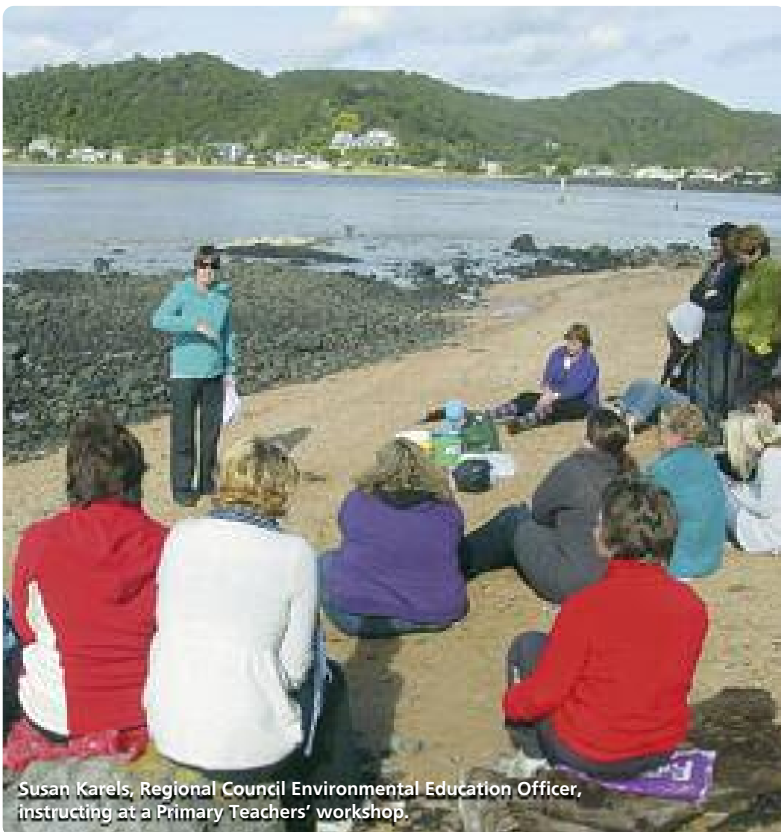
Biosecurity is about protecting our environment, economy and way of life from the harmful impacts of pest animals, pest plants and diseases. The Council works with landowners to target regional pest plants and animals and helps the rural economy by controlling possums to stop the spread of bovine Tb.

www.nrc.govt.nz/nasties

Emergency management

We co-ordinate the Civil Defence Emergency Management Group for the region. We work together to minimise the potential effects of emergencies, prepare ourselves and the community, respond to emergencies and help the community to recover.

www.nrc.govt.nz/civildefence



Susan Karels, Regional Council Environmental Education Officer, instructing at a Primary Teachers' workshop.

activities – what we do continued



Flooding in July 2008 – the Council works to reduce the risks associated with flooding across the region.

Flood management

The region's rivers can put homes, farmland, jobs, livelihoods and property at risk from flooding. We help communities protect themselves from the effects of flooding. www.nrc.govt.nz/floodplans

Infrastructure

We work with regional and national agencies to help ensure the provision and security of core regional infrastructure like transport, energy and telecommunications. We also have plans to establish an Infrastructure Development Authority as a way to fund future infrastructure projects. www.nrc.govt.nz/projects

Transport

We help plan the region's road network and administer Whāngārei's urban bus service.

www.nrc.govt.nz/transport and www.nrc.govt.nz/bus

Pollution control

We maintain a 24-hour incident response service (0800 504 639), conduct environmental assessments of industrial and commercial sites, and maintain a register of sites with hazardous industries or activities.

www.nrc.govt.nz/waste

Water management

We ensure there is enough water for everyone – a difficult task with so many competing needs. Water allocation, use and monitoring help us to manage our water resources. www.nrc.govt.nz/water



Regional Council laboratory and monitoring staff attending a training day. Dean Alsop, Regional Council Lab Technician, shows staff how to take samples from a stream.

Tourism and economic development

We support business development and tourism promotion through the NRC Community Trust and its subsidiaries, Enterprise Northland and Destination Northland Ltd. www.enterprisenorthland.co.nz and www.northlandnz.com



Regional Council staff recovered more than 3000 litres of diesel, oil and other lubricants from the stricken fishing vessel Kumea II in August 2008.

Harbours

We look after the navigational safety of all vessels in our region's harbours – from Kaipara in the south to Pārengarenga in the north – and around the regional coastline. We also encourage safe boating behaviour and we are ready to respond in the event of a marine oil spill. www.nrc.govt.nz/onthewater



Fred Mane, Regional Council cadet, helping out at the Enviro-Matariki planting day.

Land management

We encourage landowners to recognise the economic and social value of managing land in a way that will protect the resource and meet the needs of current and future generations. The Regional Council works with landowners to develop sustainability and property conservation plans and with rural community groups to promote soil conservation. www.nrc.govt.nz/land

financial summary

This summary provides an overview of the Council and Group's financial results for the period.

The Council reports its financial results in accordance with New Zealand International Financial Reporting Standards (NZ IFRS). These standards collectively represent generally accepted accounting practice in New Zealand. They tell us how to recognise and disclose all financial transactions in our financial statements.

Understanding the Council's reported surplus for the year ended 30 June 2009

The Council has consistently operated within a sound financial position. The world economic recession has resulted in less interest revenue than budgeted and decreases in the fair value of our investment property portfolio.

Despite the difficult economic climate, Council posted a \$182 thousand net surplus for the year ended 30 June 2009 compared to a budgeted net surplus of \$3.2 million. However, there are a number of extraordinary items contributing to this variance (see below) and if these are removed, the true operating surplus would be about \$2.4 million (against what would have been a budgeted surplus of \$1.9 million (\$3.2 million, less budgeted fair value gains of \$1.3 million)). It should be noted, the actual and budgeted operating surplus after removing extraordinary items, continues to include \$1.7 million revenue relating to the Recreational Facilities Rate. Revenue collected from the Recreational Facilities Rate is to be set aside in a special reserve and will be used to fund Council's contribution towards the Northland Events Centre and other recreational grants. If these funds are removed from the surplus, the operating surplus is around \$700 thousand compared to a budgeted surplus of \$200 thousand.

Against all these factors, the actual result is satisfactory and reflects Council's prudent financial management.

The operating surplus of \$182 thousand includes a \$2 million decrease in the fair value of investment property and property held for sale (including \$689 thousand relating to land purchased for the proposed Marsden Point to Oakleigh rail corridor) and a \$545 thousand increase in the fair value of financial and forestry investments. Under NZ IFRS certain fair value movements are recognised as income in our financial statements even though the Council has not actually received or paid any additional cash. As the gains and losses resulting from fair value movements do not represent additional cash collected or paid by the Council, the surplus or losses are not used to

offset or increase rates or to fund Council's planned expenditure for future financial years. Council budgeted fair value movements of \$1.3 million.

The surplus also includes a \$1.8 million (net) special dividend and \$1.3 million from the sale of shares from the Northland Port Corporation (NZ) Ltd. The dividend is the result of the sale of the Port's interest in the Marsden Cove waterway and marina joint venture. During the year, the Northland Port Corporation (NZ) Ltd undertook an on-market share buy back of up to five percent (2,173,718 shares) of its shareholding. Council sold 652,294 shares at an average price of \$2.39, resulting in a gain on sale of shares of \$1.3 million. Council's shareholding in the Northland Port Corporation (NZ) Ltd resulted in Council's shareholding in the Port increasing from 52.43% to 53.61%. As the dividend and sale of shares is generated from the sale of assets, rather than operating profits, Council has set this money aside for future capital reinvestment. The money earned from this will be used to subsidise general rates over the long term.

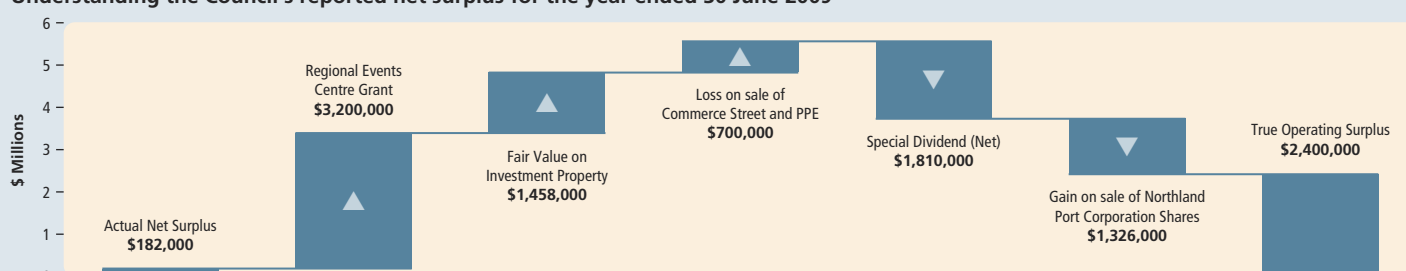
During the year Council sold its interest in a Commerce Street (Whāngārei) property, for \$3 million resulting in a loss on sale of \$640 thousand. The property was producing poor returns and would have required significant capital investment. Council decided the most prudent course of action was to dispose of the property. There were also losses on sale of Council's property, plant and equipment of \$60 thousand. The money generated from the sale of the Commerce Street property will be set aside for future capital reinvestment.

The surplus also includes \$3.2 million of expenditure contributed towards the Regional Events Centre. The Events Centre contract is a fixed price design-build contract of \$16 million – including \$3 million support from the Whāngārei District Council.

Lastly, while not considered to be an extraordinary item, the surplus also includes expenditure of \$892 thousand (including the fair value adjustment mentioned above of \$689 thousand) relating to securing the Marsden Point rail designation, against budgeted expenditure of \$482 thousand and interest income of \$233 thousand against a budget of \$465 thousand. Council now holds a designation asset of \$830 thousand, which is classified as an inventory asset, as required in accordance with New Zealand Financial Reporting Standards.

The information detailed above is shown graphically below:

Understanding the Council's reported net surplus for the year ended 30 June 2009



Financial Summary

The Council is a regional authority constituted by the Local Government Act 2002. The Northland Regional Council is a public benefit entity for reporting purposes. The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice and comply with New Zealand Equivalents to IFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The financial statements include a Statement of compliance to this effect.

The Annual Plan numbers are those approved by the Council at the beginning of the year after a period of consultation with the public.

A summary report cannot be expected to provide a comprehensive understanding of Council's activities as the full document. Copies of the Annual Report 2009 are available at the Council Offices, or online www.nrc.govt.nz/annualreport/, or by calling 0800 002 004.

The Annual Report has been audited by Audit New Zealand and has received an unqualified audit opinion. The summary financial report has been examined by Audit New Zealand for consistency with the full financial report and has received an unqualified audit opinion.

In this financial summary we provide a summary of Council's financial performance during the 2008-2009 financial year.

Financial Performance and Changes in Equity

The Summary Statement of Financial Performance and Summary Statement of Changes in Equity present the final performance and equity movements of the Council and the Group. These statements summarise operating income and expenditures as well as other financial transactions that have impacted on the Council's and Group's net equity.

Consolidated Statement of Financial Performance

For the Year Ended 30 June 2009

| | Council 30-Jun-09 \$ | Annual Plan 30-Jun-09 \$ | Council 30-Jun-08 \$ | Consolidated 30-Jun-09 \$ | Consolidated 30-Jun-08 \$ |
|---|----------------------------|--------------------------------|----------------------------|---------------------------------|---------------------------------|
| Operating revenue | 26,605,685 | 24,651,046 | 24,718,602 | 26,875,016 | 34,693,316 |
| Operating expenses (excluding finance expense) | 25,463,868 | 21,464,761 | 18,478,997 | 30,163,241 | 23,648,961 |
| Finance expense | 35,045 | 1,000 | 25 | 55,187 | 59,760 |
| Total operating expenditure | 25,498,913 | 21,465,761 | 18,479,022 | 30,218,428 | 23,708,720 |
| NET SURPLUS (DEFICIT) FROM OPERATIONS | 1,106,772 | 3,185,285 | 6,239,581 | (3,343,412) | 10,984,596 |
| Plus Northland Port Corporation (NZ) Ltd's share of associates' retained surplus (loss) | | | | – | – |
| Total surplus (deficit) before taxation | | | | (3,343,412) | 10,984,596 |
| Less tax expense | (925,253) | – | (252,367) | (698,611) | (428,477) |
| NET SURPLUS (DEFICIT) AFTER TAXATION | 181,518 | 3,185,285 | 5,987,214 | (4,042,024) | 10,556,119 |
| Attributable to: | | | | | |
| Northland Regional Council | | | | (5,291,222) | 5,776,121 |
| Minority interests in surplus of Northland Port Corporation (NZ) Ltd | | | | 1,249,198 | 4,779,998 |
| | | | | (4,042,024) | 10,556,119 |

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2009

| | Council 30-Jun-09 \$ | Annual Plan 30-Jun-09 \$ | Council 30-Jun-08 \$ | Consolidated 30-Jun-09 \$ | Consolidated 30-Jun-08 \$ |
|--|----------------------------|--------------------------------|----------------------------|---------------------------------|---------------------------------|
| Net surplus (deficit) for the year | 181,518 | 3,185,285 | 5,987,214 | (4,042,024) | 10,556,119 |
| Net income recognised directly in equity | (323,740) | – | 474,324 | (18,659,979) | (3,508,236) |
| Total recognised income and expense for the year | (142,222) | 3,185,285 | 6,461,538 | (22,702,003) | 7,047,883 |
| Increases (decreases) in reserves | – | – | – | (1,059,411) | (90,606) |
| Movements in equity for the year | (142,222) | 3,185,285 | 6,461,538 | (23,761,414) | 6,957,277 |
| Attributable to: Northland Regional Council | (142,222) | 3,185,285 | 6,461,538 | (12,738,494) | 3,647,955 |
| Minority interest | – | – | – | (11,022,920) | 3,309,322 |
| Equity at start of year | 127,668,611 | 126,386,402 | 121,207,073 | 273,447,140 | 266,489,862 |
| EQUITY AT END OF YEAR | 127,526,389 | 129,571,687 | 127,668,611 | 249,685,726 | 273,447,139 |
| Comprising: | | | | | |
| Accumulated funds and retained earnings | 112,017,469 | 119,308,052 | 117,042,548 | 123,602,160 | 134,905,216 |
| Revaluation reserves | 1,087,947 | – | 1,411,687 | 50,656,768 | 55,399,543 |
| Other special reserves | 14,420,973 | 10,263,637 | 9,214,376 | 13,998,027 | 9,356,198 |
| Minority interest | – | – | – | 61,428,771 | 73,786,182 |
| EQUITY AT END OF YEAR | 127,526,389 | 129,571,689 | 127,668,611 | 249,685,726 | 273,447,139 |

In the summary financial statements the "Council" column includes the Northland Regional Council. The "Consolidated" column includes Northland Regional Council Community Trust and Northland Port Corporation (NZ) Ltd. The summary financial statements are presented in New Zealand dollars rounded to the nearest dollar, unless otherwise stated.

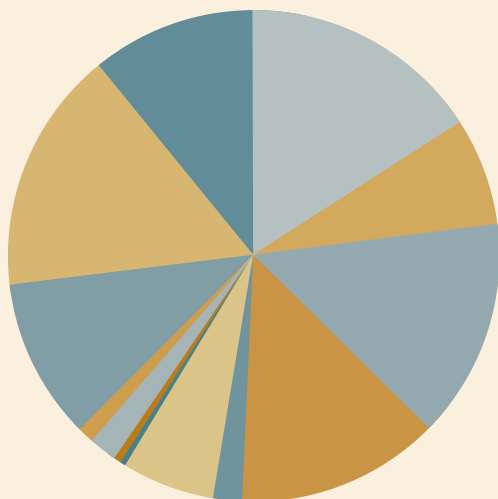
Variations to budget can be explained as follows:

- Operating Revenue is greater than budget due to increased operating revenue (including subsidy revenue and fees and charges relating to the operation of the Whangarei Bus Service), increased other revenue (including the special dividend received from Northland Port Corporation (NZ) Ltd \$1.8 million) and offset by decreased other gains/losses (including loss on sale of investment property and property, plant and equipment \$700 thousand, net losses relating to investment property and financial assets of \$1.5 million and gain on sale of Northland Port Corporation shares of \$1.3 million).
- Operating expenses are greater than budget due to the \$3.2 million contribution towards the Regional Events Centre which was not budgeted to take place in the 2008-2009 financial year.
- Tax expense relates to un-imputed dividends received from the Northland Port Corporation (NZ) Ltd.

Our sources of income

The following graph shows the various sources of the Council's \$26.6 million income during 2008-2009. The largest contribution to revenue was provided by rates. While rates continues to be the main source of income, the Council also received income from a number of other sources including from government grants and subsidies, user fees and charges and investment income. The breakdown is as follows:

Funding and Revenue 2008-2009

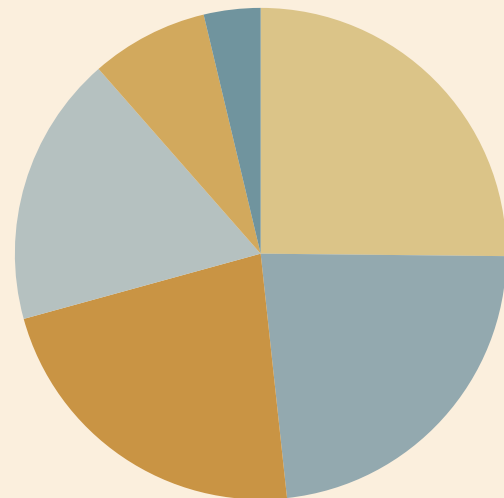


| Sources of Funding and Revenue | % | \$ |
|--|------|-------------------|
| Fees and Charges | 16.0 | 4,388,264 |
| Government Subsidies | 7.0 | 1,906,120 |
| Targeted Environmental Rate | 14.5 | 3,968,991 |
| Targeted Land Management Rate | 13.3 | 3,659,542 |
| Targeted Awanui River Management Rate | 1.7 | 478,578 |
| Targeted Regional Recreational Facilities Rate | 6.3 | 1,725,362 |
| Targeted Kaihu River Management Rate | 0.2 | 66,250 |
| Targeted Kaeo River Management Rate | 0.4 | 110,639 |
| Regional Infrastructure Rate | 1.9 | 528,927 |
| Rate Penalties | 1.0 | 277,974 |
| Interest | 10.6 | 2,912,570 |
| Dividends | 16.2 | 4,445,664 |
| Investment Income | 10.9 | 2,970,296 |
| Other Gains / (Losses) | | (833,492) |
| TOTAL FUNDING | | 26,605,685 |

Our expenditure

The following graph shows the allocation of our \$26.5 million of expenditure by activity. The Council's expenditure is guided by the priorities identified in our 2008-2009 Annual Plan.

Expenditure on Activities 2008-2009



| Expenditure on Activities | % | \$ |
|-----------------------------------|------|-------------------|
| Council and Strategic Development | 25.2 | 6,664,360 |
| Environmental Monitoring | 23.1 | 6,125,519 |
| Land Operations | 22.4 | 5,941,859 |
| Planning and Policy | 17.8 | 4,718,631 |
| Consents | 7.8 | 2,048,550 |
| Operating Total | | 25,498,919 |
| Capital Expenditure | 3.7 | 987,173 |
| TOTAL EXPENDITURE | | 26,486,092 |

Council's assets

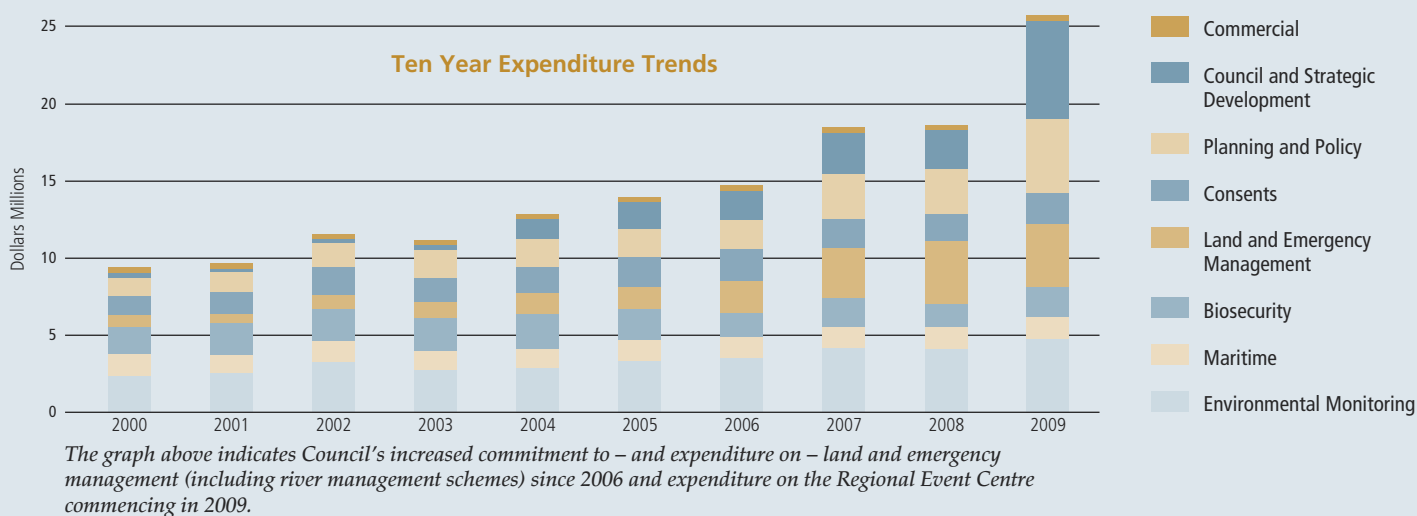
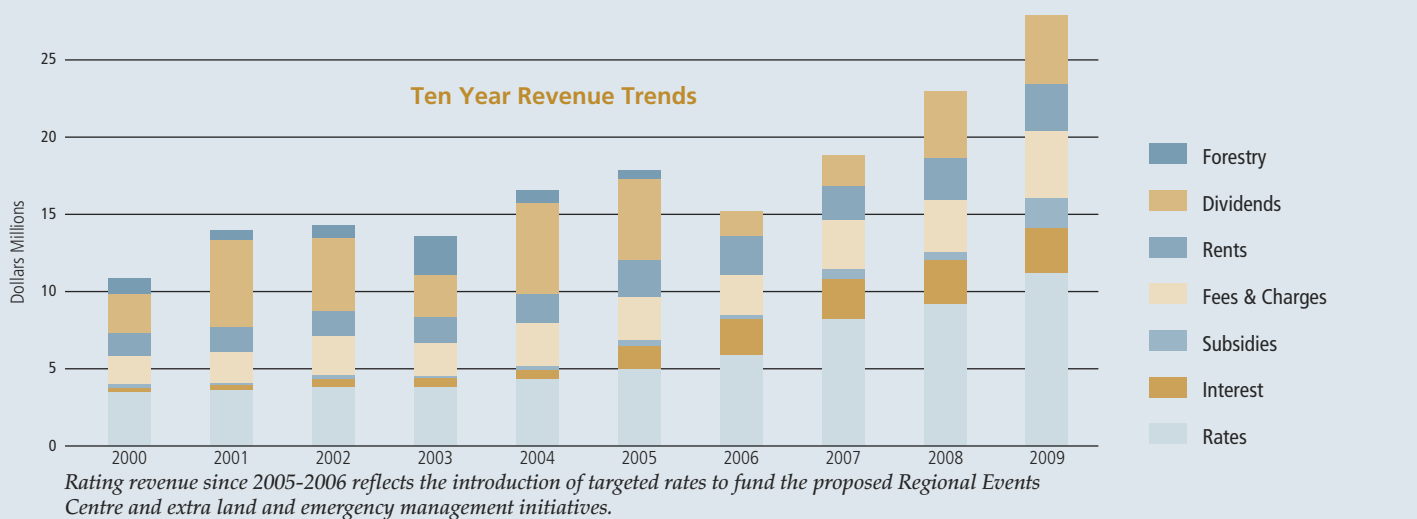
The major components of our assets include:

- Current assets** (including investments with maturities less than 12 months, cash and trade receivables) - \$33.9 million.
- Investment property** (including forestry assets) - \$49.2 million.
- Property, plant and equipment** (including operational assets such as Council-occupied land and buildings and river management schemes) - \$18.2 million.
- Investment in subsidiaries and associates** (including investment in the Northland Regional Council Community Trust \$12.1 million and shares held in Northland Port Corporation (NZ) Limited \$7.8 million. **Note:** Our investment in these subsidiaries and associates is reflected at original cost in the Council financial statements in accordance with applicable reporting standards. However, the market value of these two investments as at 30 June 2009 was \$56.6 million).
- Other non-current investments** (including other receivables and investments in stocks and other securities) - \$13.4 million.

Council's Liabilities

- Current liabilities** (including trade and other payables, employee benefits and tax liability) - \$7.1 million.
- Non-current liabilities** (made up of non current employee benefit liabilities) - \$112 thousand.

See Statement of Financial Position overleaf.



Financial position

The summary Statement of Financial Position shows what assets we own and what liabilities we owe to other parties and our net worth. The Council's position remains very strong with liabilities representing only 6% of total assets.

Consolidated Statement of Financial Position

As at 30 June 2009

| | Council 30-Jun-09 \$ | Annual Plan 30-Jun-09 \$ | Council 30-Jun-08 \$ | Consolidated 30-Jun-09 \$ | Consolidated 30-Jun-08 \$ |
|----------------------------|----------------------------|--------------------------------|----------------------------|---------------------------------|---------------------------------|
| Current assets | 33,948,353 | 20,652,353 | 36,879,557 | 36,332,437 | 52,427,019 |
| Non-current assets | 100,815,527 | 112,866,486 | 95,341,067 | 221,372,667 | 226,788,110 |
| Total assets | 134,763,879 | 133,518,839 | 132,220,625 | 257,705,104 | 279,215,130 |
| Current liabilities | (7,125,460) | (3,855,907) | (4,449,222) | (7,897,527) | (5,645,554) |
| Non-current liabilities | (112,031) | (91,243) | (102,793) | (121,851) | (122,437) |
| Total liabilities | (7,237,491) | (3,947,150) | (4,552,015) | (8,019,378) | (5,767,991) |
| NET ASSETS/ EQUITY | 127,526,388 | 129,571,689 | 127,668,610 | 249,685,726 | 273,447,139 |
| Equity attributable to: | | | | | |
| Northland Regional Council | | | | 188,256,955 | 199,660,957 |
| Minority interests | | | | 61,428,771 | 73,786,182 |
| | | | | 249,685,726 | 273,447,139 |

Variances to budget can be explained as follows:

- Current assets are greater than budget and non-current assets are less than budget primarily due to financial assets being invested in short term investments (less than 12 months) due to the global economic climate and poor long-term returns.
- Current liabilities are greater than budget due to a higher number of trade payables being due at the end of the financial year.
- Total equity is less than budget largely as a result of fair value decreases in the value of investment property and as a result of payments made towards the Northland Events Centre that were not included in the 2008-2009 year budget.
- Total equity is less than budget as a result of a decrease in asset revaluations in the current financial year.

Cash flows

The summary Statement of Cash Flows shows how we generated and used cash. The overall net increase or decrease represents the change in our cash and cash equivalents arising from operating, investing and financing activities. Our operating activities generate cash inflows, mainly from rates and user charges. Investing activities relate to the sale and purchase of property, plant and equipment and cash and property investments.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2009

| | Council 30-Jun-09 \$ | Annual Plan 30-Jun-09 \$ | Council 30-Jun-08 \$ | Consolidated 30-Jun-09 \$ | Consolidated 30-Jun-08 \$ |
|--|----------------------------|--------------------------------|----------------------------|---------------------------------|---------------------------------|
| Net cash flows from operating activities | 738,162 | 3,146,872 | 4,147,785 | (2,740,502) | 1,027,177 |
| Net cash flows from investing activities | (8,855,690) | (6,360,310) | (3,838,712) | 3,382,507 | 2,530,542 |
| Net cash flows from financing activities | – | – | – | (8,110,490) | (10,176,980) |
| NET INCREASE (DECREASE) IN CASH HELD | (8,117,529) | (3,213,438) | 309,073 | (7,468,486) | (6,619,262) |
| Cash, cash equivalents and bank overdrafts at the beginning of the year | 10,789,158 | 11,263,814 | 10,480,085 | 11,532,989 | 18,152,250 |
| CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR | 2,671,629 | 8,050,376 | 10,789,158 | 4,064,504 | 11,532,988 |

Other financial information

As at 30 June 2009, Council commitments included an agreement to provide \$700 thousand towards the Kaipara Pool Complex, \$500 thousand towards the establishment of a Kerikeri sport complex and the \$9.8 million towards the establishment of the Northland Events Centre.

Full information on Council's Commitments, Contingencies and Related Party Transactions can be found in the full Annual Report 2009.

Accounting standards issued but not yet effective

There are number of accounting standards which have been issued but are not yet effective. Full details of these accounting standards can be found in the accounting policies included in the Annual Report.

Events after Balance Date

There were no significant events after balance date.

Audit Report

To the readers of Northland Regional Council and Group's Summary Annual Financial Statements, performance information and the other requirements for the year ended 30 June 2009

We have audited the summary financial statements, performance information and the other requirements as set out in pages 9 to 15.

Unqualified Opinion

In our opinion:

- the summary financial statements, performance information and the other requirements represent, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements, performance information and the other requirements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 21 October 2009, on:

- the full financial statements; and
- the performance information; and
- the Council and group's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of Opinion

Our audit was conducted in accordance with the Auditor General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Northland Regional Council or any of its subsidiaries.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on those summary financial statements, performance information and the other requirements. These responsibilities arise from the Local Government Act 2002.



F Caetano
Audit New Zealand
On behalf of the Auditor General
Whangarei, New Zealand

21 October 2009

our performance

The Regional Council measures its performance against a range of indicators. These Activity Performance Indicators measure the things that we have a high degree of control over. A summary of indicators for the five areas of the Council are included here – for a full list of measures refer to the Annual Report 2009.

Consents

Performance measure and target

- Process all consent applications effectively by ensuring all statutory procedures and time requirements are met in a way that promotes high levels of customer satisfaction with the process.

Achieved:

- All Council hearings were processed and decisions issued in accordance with RMA requirements (although three district council-led joint hearing decisions were delayed).
- 98.6% of application decisions (999 for year) were processed within the statutory time frame year to 30 June 2009.
- No successful appeals against the Council's original decision on any proposal for year to 30 June 2009.
- Survey results show 92% of consents' customers found the Council staff's level of helpfulness to be "Good" or "Very good".



Planning and Policy

Performance measure and target

- Maintain an operative Regional Policy Statement, Regional Coastal Plan, Regional Water and Soil Plan and Regional Air Quality Plan, including development of implementation strategies.
Not achieved: Updates not undertaken due to the pending full review of the Regional Policy Statement, and feasibility study into a consolidated regional planning framework (incorporating the Regional Policy Statement). Implementation plans will need to be substantially amended as a result of expected changes to the Regional Policy Statement.
- Provide educational material and opportunities to the general public and sector groups on the importance of wise environmental management. *Achieved.*
- Complete the review of the Regional Land Transport Strategy (RLTS) for Northland in 2009. *Not achieved:* GHD has been commissioned to undertake the initial stages of the review. Progress of review has been regularly reported to bi-monthly meetings of the Regional Transport Committee. A progress report was approved at the June 2009 Regional Transport Committee meeting. The most recent progress report was tabled at the August 2009 Regional Transport Committee meeting, where a six month extension was to be sought from the Minister of Transport.
- Administer the long-term contract for the subsidised bus service for the Whāngārei urban area. *Achieved:* Reports on the contracted City of Whāngārei Bus service (CityLink) are presented to each monthly Council meeting. Patronage for the 2008-2009 financial year was 269,556 (33,600 below budget). Farebox revenue for the same period was \$635,681 (\$62,321 above budget due to a 50% fare increase introduced on 1 July 2008).



Environmental Monitoring

Performance measure and target

- Continue to implement and improve a prioritised State of the Environment monitoring programme based on the Regional Policy Statement and Regional Plans. *Achieved: Details of the monitoring networks, monitoring carried out over this period and the findings are reported on the Council's website.*
- Monitor compliance with, and the effects of, the exercise of resource consents. *Partially achieved: There are 3348 active monitoring records on the Council's database. Of these, 3129 have a monitoring programme on the monitoring database.*
- Providing a 24-hour, everyday environmental incident reporting, recording and response system, including the Environmental Hotline freephone. *Achieved: There were 958 environmental incidents reported during the period 1 July 2008 to 30 June 2009.*
- To maintain and implement the Marine Oil Spill Contingency Plan for the Northland region. *Achieved.*
- Promote safe navigation and use of Northland harbours and implement the New Zealand Port and Harbour Marine Safety Code. *Achieved: Maritime New Zealand approved the Safety Management Systems for Whāngārei Harbour and the Bay of Islands on 1 May 2009. A Code Application Assessment for all other Northland harbours was completed in 2006 and submitted to Maritime New Zealand.*



Land Operations

Performance measure and target

- Implement the Civil Defence Emergency Management Group Plan for Northland in consultation with the district councils, emergency services, lifeline utility managers and health services. *Achieved.*
- Manage the Awanui River system, its associated floodplain and land protected around the shores of Rangaunu Harbour according to the Awanui River Flood Management Plan and the Memorandum of Understanding between the Northland Regional Council and the Far North District Council. *Achieved.*
- Work with representatives of the dairy industry to promote sustainable land and water management practices on dairy farms in Northland. *Partially achieved.*
- Promote pest management options for guava moth, tropical grass webworm, Argentine ant, and Darwin's ant in Northland. *Achieved.*



Strategic Development

Performance measure and target

- Provide democratic local decision making and action on behalf of the local community on issues relevant to the Northland Regional Council's roles and responsibilities. *Achieved.*
- Consult on and communicate the Council's strategic direction, including details of intended levels of Council services with the community. *Achieved.*
- Work with the communities of Northland and other organisations towards achieving regional community outcomes. *Achieved.*
- Work with the three District Councils via Council Committees and the Mayoral Forum to advocate on behalf of Northlanders. *Achieved.*
- Co-ordinate and represent a Northland viewpoint at a national level on appropriate issues. *Achieved.*

Copies of the full Annual Report 2009 are available online at www.nrc.govt.nz/annualreport

You can also pick up a printed copy from any Northland Regional Council office or freephone 0800 002 004.





Putting Northland first

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