Annual Report 2009



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



directory

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DARGAVILLE







ŌPUA

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introduction

The Northland Regional Council produces an Annual Report each year to account for the money provided to us by our ratepayers and through investments, financial institutions and government agencies. This is our Annual Report for the year ending 30 June 2009.

In this report you will see the progress we have made in delivering what we set out to achieve and our involvement in working towards the social, economic, environmental and cultural outcomes for Northland.

The way in which most of the information is shown is governed by legislation, such as the Local Government Act 2002 and standard accounting practices, but you will also find general information about the Regional Council, our roles and the activities we perform.

There have been many highlights during 2008-2009 including funding for a wide range of community projects, work to develop a Regional Growth Strategy, and a start to construction of the multi-purpose Northland Events Centre. The Highlights 2008-2009 section is a snapshot of these.

The Regional Council has five key activity areas: Planning and Policy; Consents; Environmental Monitoring; Land Operations, and Council and Strategic Development. In each area we show you our key performance indicators – the targets we use to measure our success and financial performance.

The Summary Report

The Regional Council has also produced a summary of this report. The summary outlines the most important information, to give you an easy snapshot of exactly what we have achieved in the past year. This summary is available from all our offices and can also be found on our website: *www.nrc.govt.nz/annualreport*



Our mission

Through growth, putting Northland first by providing regional leadership, environmental protection, economic opportunities and integrated infrastructure.

Our role

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.

Our direction

During 2008-2009 the Regional Council undertook a three-yearly review of its Northland Community Plan 2006-2016. The Community Plan sets out the services we intend to deliver, the costs, how we expected to pay for those services and how we'd measure our performance over a 10-year period.

This Annual Report is based on the work set out in the previous 2006-2016 Northland Community Plan. It explains what we have delivered, and how we have delivered it, during the 2008-2009 financial years.

Through the review of the Community Plan, the Council identified the sustainable growth and development of Northland as a key priority over the next 10 years. Four main platforms for growth were identified for our region to prosper: economic opportunity; integrated infrastructure; regional leadership and environmental management.

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.

foreword

The 2008-2009 year was notable for the emergence of two factors – both largely outside Northland's control and likely to be unique in our lifetimes – that will nonetheless have long-lasting impacts on our region.

The first saw what has been dubbed the worst global recession in many decades take hold and deepen, the second saw the release of proposals for a radical reshaping of the way our nearest neighbour – Auckland – is governed at a local level.

Both these developments caused the Northland Regional Council to take a long, hard look to see what opportunities and lessons they offered and respond accordingly.

The Council continued ongoing efforts to improve its efficiency – both financially and operationally – and implemented a number of measures to that effect.

2008-2009 saw the Council work with Northlanders to carry out a three-yearly review of its Northland Community Plan. This comprehensive document sets the direction the Regional Council intends to take over the next decade, including how it will contribute to Northlanders' environmental, social, economic and cultural wellbeing.

Work also began on a Regional Growth Programme – an action plan to develop the region to its full potential using a sustainable development approach. The programme considers social, environmental and cultural factors alongside economic, infrastructure and growth opportunities.

The 2008-2009 year also saw significant progress on a number of long-running Council projects – including a start to construction of the Northland Events Centre and long-awaited moves to formally designate a proposed Marsden Point rail link.

Council identified 27 catchments around Northland as priorities for flood risk planning and invited people living in them to meet to update existing knowledge about – and help find possible solutions to – flooding issues.

Agreement was also reached to strike new rates to help fund Whāngārei's public transport and the region's rescue helicopter service.

As always, a great deal of Council time and effort was spent on its core environmental management roles including processing 999 resource consent applications. 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% of applications it received inside Resource Management Act time limits.

Monitoring and safeguarding the region's precious natural environment included 2968 consent compliance assessments and saw the Council respond to 958 environmental incidents.

Changes implemented during the year mean applications to the Council's Environment Fund can now be made virtually year-round, making it easier to secure funding for seasonal or time-dependent projects like planting.



(Previously applications had been limited to a muchsmaller 10-week window.) Since 1996 this fund has provided more than \$2.5 million and helped hundreds of people and groups to improve and protect Northland's natural environment.

Meanwhile, the 2008-2009 year also saw calls in some quarters for a review of the way Local Government is managed in Northland.

The Northland Regional Council believes it is good practice to regularly – and objectively – review the way public bodies operate to ensure they are doing so as efficiently as possible on behalf of those who fund them.

Irrespective of what the future may hold, Northlanders can rest assured your Regional Council will continue to work collectively to put Northland – and its people – first.

He Korero Whakamutunga

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

Closing Statement

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

annan

Mark Farnsworth Chairman

Ken Paterson Chief Executive Officer

our activities – what we do

The Northland Regional Council is one of Northland's main environmental guardians. We are charged with protecting Northland's land, water, coast and air while 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*

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*



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



Emergency management

The Council co-ordinates 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

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*

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*



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*

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*

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*

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*

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*

Transport

We help plan the region's road network and administer and partially fund Whāngārei's urban bus service. www.nrc.govt.nz/transport and www.nrc.govt.nz/bus

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*



measuring our performance

We keep track of our performance during the year so we can measure how effective we have been in delivering on our plans for the region. Through our Annual Report we aim to keep you informed and make ourselves accountable. Our performance is measured against key indicators for each area of our work. These indicators are based on the community outcomes and are highlighted in 'Our activities in detail' section.

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.



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 Kaitāia 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.

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.



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.



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.



highlights of our year continued



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.

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*

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 Regional Council resolution on 16 May 2007 approved a contribution towards the 50 metre Dargavillebased pool subject to the Kaipara District Council (KDC) meeting certain conditions. The \$700,000 was released on 11 September 2009.



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.

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 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.



building Māori capacity

Policy on relationships with Māori

The Local Government Act 2002 contains a range of provisions regarding the relationship of local government with Māori. The intention of these new provisions is to assist Māori to participate in the decision-making processes of local authorities.

In addition to the obligations within the Local Government Act, the Resource Management Act 1991 outlines specific obligations for Regional Councils regarding:

- Kaitiakitanga;
- The principles of the Treaty of Waitangi;
- The relationship between Māori and their culture and traditions and their ancestral lands, water, sites, wāhi tapu and other taonga.

In order to give effect to the obligations under the Local Government and Resource Management Acts, the Regional Council continues to work with Māori to enhance relationships and participation for Māori.

Set out below are the processes the Council has put in place to give effect to these obligations and to develop Māori capacity to contribute to decision-making.

Iwi liaison

Section 13 of the Council's Governance Statement details the key tasks of Council's Iwi Liaison Policy, while section 12 outlines the Council's consultation policy including consultation with Māori. A copy of the Governance Statement is available on the Council's website *www.nrc.govt.nz/governance*

The Council views the process of iwi liaison as one of establishing and maintaining a close connection with Māori through clear processes for consultation and involvement in decision-making. By doing so, the Council recognises Māori as being a culturally distinct group with different perspectives from the wider community.

Relationships

The Council needs to form transparent and responsive relationships in order for them to be meaningful. To this end we continue to work at all levels to establish and maintain relationships with Māori, for example through regular attendance at the Iwi/Council Chief Executives' Forum.

Treaty of Waitangi

A special relationship exists between Māori and the Crown through the signing of the Treaty of Waitangi. The Treaty cements the relationship between the Crown and Māori as Treaty partners.

The Council continues to work with the Office of Treaty Settlements, providing information and, where relevant, contributing to investigations of various settlement instruments during the negotiation of claims. Where such settlements have been passed into legislation, the Council enacts any legislative requirements or directions from the Minister, such as Memoranda of Understanding.



Provision of information

In order for Māori to effectively contribute to the decisionmaking process of the Council, relevant information must be provided to support this process.

The Council acknowledges that any information must be relevant, clear and provided in a timely fashion and in an appropriate manner.

Contribute to decision-making and capacity building

The Council continues to provide opportunities for Māori to gain knowledge of our processes and to support ways for Māori to participate in decision-making processes. The Council also continues to recognise the special relationship Māori have with the natural and physical resources of the region.

Further opportunities on how we can foster this are being investigated through our relationships with iwi authorities and by establishing collaborative relationships between Northland's three district councils around Māori engagement.

Mutual respect

The Council recognises that, in order to have an enduring relationship with Māori, steps need to be taken to ensure elected representatives and staff have an opportunity to gain an appreciation of Māori culture and Tikanga.

The Council provides opportunities for education programmes relating to Māoritanga and the Treaty of Waitangi to enable staff to gain an understanding of the needs and expectations of Māori in relation to the Local Government and Resource Management Acts.

our region

Northland is a long, narrow peninsula with a subtropical climate. It has a land area of 1.25 million hectares and a population of 148,470 (Statistics NZ 2006). Local government in the region includes the Northland Regional Council and the Far North, Kaipara and Whāngārei District Councils.

Northland is a vibrant and dynamic region with a picturesque environment and surrounded by a

spectacular coastline. The region is growing in popularity as a holiday destination due to its outstanding natural environment, warm climate, low population density and proximity to Auckland.

It is a diverse region renowned for its scenic and accessible coastline, sheltered harbours, many offshore islands and ecosystems of important conservation value.

Household incomes in Northland have increased more rapidly than the national average, educational attainment has improved at a higher rate than throughout New Zealand and employment and house prices grew more rapidly than nationally up to 2007.



our region continued



Our economy

Agriculture, forestry and fishing make for the highest proportion of businesses in the region, while other industries that substantially contribute are manufacturing, construction, the retail trade and property.

While Northland's economy grew more slowly (2.9% pa) than the national economy in the past ten years (3.3%), over the past five years our economic growth has matched the national economy. If our economic growth is adjusted to take into consideration the difference in population growth, then Northland's Gross Domestic Product growth matches that of the national economy over this 10 year period and exceeds national growth over the past five years.

Northland's manufacturing and agricultural sectors contribute most to the country's GDP economy followed by property and business, health and community services, and retail trade. There has been a steady increase in the contribution of regional GDP from manufacturing.

Our infrastructure

Supporting a growing population, developing a diverse economic base, and sustainably managing the natural environment requires well-planned infrastructure.

Physical infrastructure includes transport networks, water and sewerage systems, energy distribution systems and telecommunications networks. These all need to be efficient and effective without undue adverse impact on the environment.

The Council works to improve our region's infrastructure while it monitors the effect on our resources and environment.

Developing a growth programme for Northland is a top priority for the region. Managing changing population trends, developing a diverse economic base and sustainably managing the natural environment require well planned infrastructure and regionally co-ordinated economic development plans. The creation of a proactive growth programme for Northland will provide an integrated framework for developing the region to its full potential, using a sustainable development approach that considers social, cultural and environmental factors alongside economic and growth opportunities.

Our people

Northland has a population of around 148,000 (2006 Census), which continues to grow due to both births and people moving to the region. The largest ethnic group is New Zealand European while Northland has a growing Māori population. The largest age group is 10-14 year olds.

Our culture

Northland has a rich history as the first area settled by a large Māori population, and the centre of early European exploration and settlement. There is an extensive range of traditional and archaeological sites, historic buildings and structures.

Traditional sites are important because of their historical, cultural and spiritual significance to Māori. This includes everyday sites such as pā sites and traditional food gathering areas, and wāhi tapu (sacred sites) such as urupā (burial grounds), war sites or tauranga waka (sites where ancestral canoes landed).

Archaeological sites relate to the more recent European occupation during the timber milling and gum digging eras and include camps, dams and coastal shipwrecks. The heritage of Northland is also reflected in the early colonial buildings and structures such as the missionary houses at Waimate, Kerikeri and Russell and the Waitangi Treaty House and National Reserve.

Our environment

With its proximity to the sea, almost subtropical location and low elevation, Northland has a mild, humid and rather windy climate. Summers tend to be warm and humid. Winters are usually mild with many parts of the region having only a few light frosts each year. The prevailing wind for most parts of the region is from the south-west, however in summer tropical cyclones give rise to north-easterly winds and heavy rainfall.

The mean annual rainfall ranges from about 1000-1300mm in low-lying coastal areas, to over 2500mm on some of the higher country, with approximately one-third of the yearly rainfall total falling in the winter months of June, July and August. The region experiences high-intensity rains which can cause severe flooding.

Droughts are common in Northland during the summer months. Records show that parts of the region, on average, have a drought of economic significance every three years.

Climate change is predicted to cause higher temperatures and extreme weather patterns with greater intensity rain events and periods of drought.

financial highlights

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 graph above indicates Council's increased commitment to – and expenditure on – land and emergency management (including river management schemes) since 2006 and expenditure on the Regional Event Centre commencing in 2009.



Events Centre and extra land and emergency management initiatives.

financial highlights continued

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.



governance structure

THE PEOPLE OF NORTHLAND

Councillors		Council Business Plans and Policies			
Environmental Management Committee	Preparation Submissions to District Plans 	Biosecurity Sustainable Land Management Hazard Management			
Regional Transport Committee	Regional Land TransportRoad Safety Administration	Total Mobility Scheme			
Hearings Committee	Resource ConsentsAppeals	 Changes and Variations to Regional Plans 			
Finance and Audit Committee	Review of Annual ReportLiaison with Council	Regional Economic DevelopmentLiaise with Audit NZPerformance Monitoring			
	Community Plan	Strategic Planning Policy Development			

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

council management structure

THE COU Chief Executive O Ken Paterson	Officer	
Deputy CEO / Operations Director Tony Phipps	 State of the Environment Monitoring Passenger Transport Management Resource Management Compliance Environmental Incident Responses Hazard Management Hazardous Substances and Contaminated Sites 	 River Management Land and Biodiversity Oil Pollution Response Harbour Safety and Navigation Consent Applications Consents Advice and Information Biosecurity Emergency Management
Strategy and Planning Director Lawrayne Hughes	Resource Management PlanningRegional Growth ProgrammeRegional Transport Planning	 Regional Infrastructure Management
General Manager Projects and Information <i>Linda Stansfield</i>	 Community Representation Legislative Compliance * Project Management * Economic Development 	 Records Management and Administration * Economic and Environmental Information
General Manager Finance and IT Lisa Aubrey	 Finance Accounting and Financial Reporting * Financial and Equity Investments * 	 Rating * Information Services * Revenue Systems * Commercial Investments
Community Relations Manager Jason Dawson	Environmental EducationCommunicationsIwi Liaison	
Human Resources Manager Judy Macdonald	 Human Resources Management * Health and Safety * 	

* Activity Support Services

your regional councillors



Mark Farnsworth – Chairman

Represents Kaipara District Phone: 09 431 5438 Email: markf@nrc.govt.nz

Mark Farnsworth has represented Kaipara since 1992 and was elected Council Chairman in October 2001. Cr Farnsworth has a Masters Degree in Geography and a forestry and

farming background. He is a past National President of the New Zealand School Trustees Association and operates a small management partnership. He is also a Justice of the Peace.



Ian Walker – Deputy Chairman

Represents Far North District Phone: 09 408 0072 Email: ian@nzfarmers.com

Ian Walker is a farmer, horticulturist and businessman. He is currently President of Farmers of New Zealand and a Director of Northland Port Corporation NZ Limited. This is his

third term as a Regional Councillor and he was appointed Deputy Chairman in June 2008.



John Bain

Represents Whāngārei District Phone: 09 437 6096 Email: jbain@internet.co.nz

John Bain is best-known to most as Chairman of the high-profile air ambulance provider, the Northland Emergency Services Trust (NEST). A former member of the Northland

District Health Board, Cr Bain has had a 35-year involvement with the Northland Ambulance Service, including many years as its chairman. Cr Bain has been self-employed since his early twenties and is currently in the importing business.



Craig Brown

Represents Whāngārei District Phone: 09 432 7575

Email: cae.brown@xtra.co.nz

Craig Brown is the former Mayor of the Whāngārei District Council and is serving his second term on the Regional Council. He is a former policeman, and has been involved in

farming and real estate. He has been heavily involved on school boards of trustees since their instigation, for which he received an award for services to education from the New Zealand School Trustees Association. Cr Brown was on the Whāngārei District Council for 12 years, six of them as Mayor.



Joe Carr

Represents Far North District Phone: 09 401 9197 Email: carr.clan@farmside.co.nz

Okaihau-based Joe Carr has local business, farm and forest interests and is also a Justice of the Peace. He is a trustee of the Far North Life Education Trust and a former Far

North District Councillor. Cr Carr has served on a number of Regional Council committees over the past nine years including Civil Defence and Emergency Management, Regional Land Transport and Landcare. He has previously been a Hearing Commissioner and Appeal Negotiator for the Far North District Council.



Lorraine Hill

Represents Far North District Phone: 09 403 7504 Email: lorrainehill8@xtra.co.nz

Lorraine Hill, QSM, has been active in local government in the Far North for more than 20 years and is now serving her fourth term on the Regional Council. Cr Hill has also

been involved in tourism organisations in Northland for more than 25 years. She is a member of several organisations involved in Māori development in Northland.



Peter Jensen

Represents Whāngārei District Phone: 09 437 6386 Email: peterje@clear.net.nz

Peter Jensen has represented the Whāngārei constituency since 1992. He is a retired businessman who was involved in the clothing industry for most of his working life. A former

member of the Whāngārei City Council, he has served on a number of commercial and community organisations. Cr Jensen is also a member of the Northland District Health Board.



Bill Rossiter

Represents Whāngārei District Phone: 09 437 2807 Email: billr@igrin.co.nz

Bill Rossiter is serving his fourth term on the Regional Council. He previously served as a Whāngārei District Councillor. He is a Northpower trustee and was

previously the Road Safety Co-ordinator for RoadSafe Northland. He is active in community organisations, including Rotary. Cr Rossiter is a retired businessman involved in the printing and stationery business.

council committees and advisers

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

Environmental Management Committee

Councillors Craig Brown (Chairman), Joe Carr (Deputy Chairman), Mark Farnsworth (ex officio), John Bain, Lorraine Hill, Peter Jensen and Bill Rossiter.

- Mrs Fiona King representing the Far North District Council.
- Cr Crichton Christie representing the Whāngārei District Council.
- Cr Brian McEwing representing the Kaipara District Council.
- Mr Gerry Brackenbury representing environmental interest groups (nominated by Northland Regional Council).
- Mr Wayne Ward representing the farming community (nominated by Farmers of New Zealand).
- Mr Chris Jenkins representing the Department of Conservation.
- Mr Andrew Warren NZ Forest Owners Association representing the forest industry.
- Mr Mike Kake representing cultural interests.

Regional Transport Committee

Councillors John Bain (Chairman), Joe Carr (Deputy Chairman), Mark Farnsworth (ex officio).

- Mr Tom Baker representing the Far North District Council.
- Mr Mark Simpson representing the Whāngārei District Council.
- Cr Richard Alspach representing the Kaipara District Council.
- Mr Wayne McDonald representing the NZ Transport Agency.
- Mrs Lynette Stewart representing public health.
- Ms Jo Douglas representing economic development.
- Mr Steve Westgate representing environmental sustainability.
- Mr Mike Kake representing cultural interests.
- Inspector Clifford Paxton representing New Zealand Police, safety and security.
- Mr John Williamson representing access and mobility.

Hearings Committee

Councillors Lorraine Hill (Chairperson), Mark Farnsworth (ex officio), Peter Jensen, Craig Brown, Joe Carr and Ian Walker.

Any two (or more) of the above Councillors may be appointed by the Committee (or the Council), to conduct hearings and make decisions on behalf of the Council under the Resource Management Act 1991 (RMA). The Committee (or the Council) similarly may appoint any individual member/s or other independent person/s as Commissioner/s pursuant to section 34(1) of the RMA, to conduct a hearing in any particular case. The Committee (or the Council) may also revoke such a delegation at any time, by notice to the delegate.

Audit and Finance Committee

Councillors Peter Jensen (Chairman), John Bain (Deputy Chairman) Mark Farnsworth (ex officio), Ian Walker, Craig Brown and Bill Rossiter.

Northland Regional Council Community Trust

The Northland Regional Council Community Trust was established in March 1996 using the proceeds from the sale of some of the Northland Regional Council's majority shareholding in the Northland Port Corporation.

The current trustees are Andrew Britton, Rawson Wright, Ken Paterson, Lawrayne Hughes, Irene Durham and Bill Shepherd.

Representation – Other Organisations

- Northland Civil Defence Emergency Management Group – Cr Bill Rossiter.
- Northland Regional Animal Health Committee Cr Mark Farnsworth.
- Zone 1 Local Government New Zealand Cr Bill Rossiter.
- Northland Conservation Board Cr Craig Brown (observer).
- Northland Tourism Development Group Cr Lorraine Hill.
- Ruakaka Sewerage Working Party Cr Craig Brown.

Advisers

- Auditor: Audit New Zealand on behalf of the Auditor-General.
- Bankers: ASB Bank.
 - Bank of New Zealand. Kiwibank. TSB Bank. National Bank.

Solicitors: Burns Fraser Environment Law, Auckland. Chapman Tripp, Auckland. John G Walton, Auckland.

Karenza de Silva, Auckland. Laurene Holley, Auckland. Simpson Grierson, Wellington. Thomson Wilson, Whāngārei. Webb Ross, Whāngārei. Marsden Woods Inskip & Smith.

The Chief Executive Officer is responsible for setting the direction of the Council within the policy framework provided by Councillors. The Management Team is accountable to him and he is accountable to the Council.

compliance statement

Northland Regional Council Annual Report

For the Year Ended 30 June 2009

Statement of Compliance

- 1. The Council and its officers are responsible for preparing this report and financial statements, including the statement of service performance, and confirm that all statutory requirements of the Local Government Act 2002 have been complied with.
- 2. In our view, this Annual Report fairly reflects the financial position and operating results of the Council and its subsidiaries for the year ended 30 June 2009.

annasth

Mark Farnsworth Chairman

21 October 2009

Ken Paterson Chief Executive Officer

Manbrey

Lisa Aubrey General Manager Finance & IT

audit report

TO THE READERS OF NORTHLAND REGIONAL COUNCIL AND GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2009

The Auditor General is the auditor of Northland Regional Council (the Regional Council) and Group. The Auditor General has appointed me, F Caetano, using the staff and resources of Audit New Zealand, to carry out an audit. The audit covers the Regional Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the Regional Council and Group for the year ended 30 June 2009, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the Regional Council and Group on pages 92 to 142:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Regional Council and Group's financial position as at 30 June 2009; and
 - the results of operations and cash flows for the year ended on that date.
- The service provision information of the Regional Council and Group on pages 25 to 89 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

The audit was completed on 21 October 2009, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of Opinion

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

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

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

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

Audit procedures generally include:

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

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

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

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

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Regional Council and Group as at 30 June 2009. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from section 98 and Schedule 10 of the Local Government Act 2002.

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

Independence

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

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

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

community outcomes

During 2005, the Northland Regional Council and the Far North, Kaipara and Whāngārei District Councils undertook a joint process to identify regional community outcomes for Northland.

Though not binding, these regional community outcomes were intended to guide the planning processes of the councils and other organisations.

How each council may contribute to the achievement of each community outcome is determined as part of each council's Long Term Council Community Plan (LTCCP) process. Councils will most likely not directly contribute to every community outcome, but may offer a supporting role to other organisations or groups in the community active in a particular area.

The following list contains the eight community outcomes identified for Northland.

Northland residents are safe and healthy:

- Northland is an area in which residents and visitors can feel safe and secure at any time of the day or night.
- Plans for the management of potential hazards are considered and implemented in a timely way.
- A range of affordable, good quality housing is available to Northland communities.
- Key health issues of all residents are identified and addressed.
- All residents have appropriate access to locally-based health services of an acceptable standard.

Northland's infrastructure is developed in a sustainable way:

- Transport networks are maintained and developed to enhance access to, from and within the region.
- Northland's built environment and infrastructure are further developed in a sustainable way that contributes to the well-being of people, communities and the natural environment.
- Promote community responsibility for ensuring that the physical appearance of Northland's built environment is maintained, so that the region remains attractive for residents and visitors.
- Decision-making for Northland's infrastructure considers cultural, social, environmental and economic impacts.

Northland's natural environment is sustainably managed:

- Protect the natural character of the region's coastline and beaches.
- Northland communities have access to the natural environment in a sustainable way.
- Effective pollution control and recycling are endorsed and promoted.

- Communities, in partnership with local/central government, take responsibility for ensuring that the natural biodiversity, land, soil, water, air and coast features and landscape are sustainably managed and enhanced for future generations.
- There is sustainable use, development and protection, where appropriate, of natural resources.
- Development is sustainably managed, considering impacts on the natural environment.

Northland is prosperous:

- Northland has sustainable growth and retention of population.
- Northland has strong business and industry growth that fits within, and complements, the natural and social environment of the region.
- Residents have a range of employment opportunities with increased employment and income levels.
- There is an increased opportunity for Māori business ownership and operations.
- Opportunities in Northland are sufficient to attract skilled professionals to the region and to prevent young people from leaving.
- Northland needs to be continually promoted as a tourist destination.

Northland residents are educated and skilled:

- Provision of relevant, industry-based training which enables the local labour force to meet the skill requirements of the local industries.
- The number of residents who achieve formal secondary and tertiary qualifications continues to increase.
- Provision of a range of quality educational training opportunities.
- Good access and participation in early childhood education.

Northland has cohesive communities:

- Northland communities have appropriate access to social support services and advice.
- All people feel valued and have a sense of belonging and equality within the community.
- The multi-cultural make-up of Northland communities is acknowledged and promoted and different cultural values are respected.
- The place of Māori is recognised and respected. Mutually beneficial relationships between Māori and the wider community are built and nurtured.
- Appropriate recognition and integration of hapū and iwi is given in the planning process and management of resources.
- Leaders in the region collaborate to ensure the best outcome for Northlanders on issues of regional importance.

Northland retains and enhances it regional identity:

- Awareness and knowledge of Northland's unique heritage and history are increased.
- Development of a strong and positive regional identity that all Northland residents are proud of.
- People have access to, and are encouraged to participate in, a range of Northland events and activities.
- Northland has a friendly, relaxed and supportive atmosphere.
- Promotion of Northland as an arts and culture region.

- Residents are informed about decisions being made about the region and asked for their opinions.
- Connection with regional identity by voting.

Northland residents have access to recreational and leisure opportunities:

- Northland communities have access to a range of affordable and quality recreational and leisure facilities that suit the different needs of different groups.
- Northland residents have appropriate access to the natural environment to meet their recreational needs.

How Northland Regional Council activities contribute to Northland's Community Outcomes

	Regional Community Outcomes							
Regional Council Activities	Northlanders are safe and healthy	Sustainably developed infrastructure	Sustainably managed natural environment	Northland is prosperous	Northlanders are skilled and educated	Northland has cohesive communities	Enhanced Northland regional identity	Recreational and leisure opportunities
Strategic Development								
Community Representation and Strategic Planning			•					
Regional Development				•			•	
Commercial Investments			•					
Planning and Policy								
Resource Management Planning			•					
Public Communication and Education			•					
Regional Transport Management		•		•				
Passenger Services Administration		•				•		
Consents								
Consents Applications			•					
Consents Advice and Information			•					
Environmental Monitoring								
State of the Environment Monitoring			•					
Resource Consent Compliance			•					
Environmental Incidents Response			•					
Hazardous Substances and Contaminated Sites			•					
Oil Pollution Response			•					
Harbour Safety and Navigation		•	•					
Land Operations								
Hazard and Emergency Management	•	•						
River Management Works	•							
Sustainable Land Management			•	•				
Biosecurity Management			•	•				

community outcomes continued

What progress has been made towards the community outcomes?

- There has been a significant rise in home internet access in all three districts from 2001 to 2006, and they are now only marginally behind the New Zealand total of 60.5% for home access to the internet.
- The length of sealed roads in all three districts has risen between 2005 and 2007.
- Both Whāngārei and Kaitāia enjoy good air quality and low PM¹⁰ (particulate matter) levels.
- From 2003 onwards there has been an overall downward trend in nitrogen levels in all of the rivers monitored in the region.
- Northland has had a decline in the number of people who have income less than 60% of the national median from 38.9% in 1991 to 25.2% in 2006.
- Northland's unemployment rate dropped from 8% in 2003 to 4.1% in 2007.
- The average annual percentage change in regional real GDP growth from March 2002 to March 2007 was 3.1% in Northland compared to 3.3% in all of New Zealand.

- There has been an overall rise in all three districts of 25-64 year-olds with upper secondary school education between 1986-2006.
- There has been a marked reduction in the number of students leaving school with little or no formal attainment in all districts.
- There was a higher number of students taking NCEA level 2, 3 or higher in 2007 than in 2005.
- The employment rate of 15-64 year-olds showed a steady trend upwards from 2003 to 2007.
- In 2008, there were four completed iwi management plans lodged with the Council and two draft plans presented.
- In 2008, 66.9% of Northlanders felt a sense of pride in Northland.
- A total of 79.9% of Northlanders were satisfied that they had appropriate access to the natural environment.

