

Our activities

This section includes a full description of the council's activities, services and budgets for the 2014/15 year. It includes performance measures and targets, contribution to council objectives, asset information (where relevant) and comparative data from the previous year. It also has information about the council's council-controlled organisations and its subsidiary, Northland Port Corporation.

For the purpose of this plan the council has arranged its business into six groups of activities:

- Resource management
- River management
- Economic development
- Hazard management
- Transport
- Community representation and engagement.

This section summarises the key projects for each of the council's groups of activities for the coming financial year with the estimated levels of expenditure and how that expenditure is to be funded.

Performance measures and targets (that is, how we deliver on our intended levels of service) are included for each group of activities. These essentially outline the key outcomes – for example, standards of environmental quality – which the council expects to achieve from each of its groups of activities.

The measures and targets are not totally comprehensive, but those presented have been selected as key indicators to meaningfully assess our performance.

Resource Management

This group of activities includes:

Resource management planning – developing and reviewing regional plans, policies and strategies that support efficient and effective management of Northland’s natural and physical resources.

Consents – providing consents advice and processing resource consents.

Monitoring – monitoring and enforcing resource consent conditions, responding to complaints about alleged breaches of the Resource Management Act, and collecting data to assess the state of the environment and monitor effectiveness of plans.

Biosecurity – managing plant pests, animal pests and marine pests (including control and/or eradication) to minimise their adverse effects on the region’s biodiversity, primary production, economy and environment.

Land and biodiversity – promoting sustainable land management practices and maintaining the variety of Northland’s indigenous life forms.

Update on key projects



Our programme to improve Northland’s freshwater management

Through Waiora Northland Water, we will protect and maintain Northland’s freshwater to suit a range of needs and values, and implement the National Policy Statement for Freshwater Management in Northland.

The council’s Environmental Management Committee provides governance oversight for this priority council programme.

Improving Northland’s freshwater is a huge job and it will take time, so we’re focussing first on the catchments and waterbodies that need it the most.

Waiora Northland Water is all about working together, for example, with industry on good management practice, with landowners on their farm water quality improvement plans, and community groups through our environment fund.

A key focus of the programme is local collaboration and decision-making, recognising that communities need to

be involved in the management of their freshwater resources, identifying local needs and values, issues to be managed, and the action to be taken.

Our catchment groups have nominated representatives from a range of local interests – for example, iwi/hapū, landowners, industry (like farming and forestry), environmental groups, recreational users and councils.

Council has previously recognised that future plan changes to both the Regional Water and Soil Plan, and Regional Coastal Plan will be required to ensure our plans give effect to the National Policy Statement for Freshwater. Catchment groups will help council design these plan changes to ensure we get the right objectives and management regimes in place. Our work last year on the lakes, wetlands and the development of good management practices will also continue and feed into these plan changes.

Council’s target date (adopted as part of the Long Term Plan 2012-2022) for notifying the first group of plan changes for priority water bodies and regional limits is the end of 2015.

Better information in our priority catchments

During 2014/15 we are increasing our monitoring and science advice in the priority catchments.

Specific catchment monitoring is part of the council’s State of the Environment monitoring. It sits alongside region-wide monitoring for representative sites and land uses, permitted development and consent monitoring, and incident investigations.

The objective of this additional monitoring is to inform catchment management action and decision making and to meet council’s obligations under the National Policy Statement for Freshwater Management (including the amendments proposed) and the Environmental Reporting Bill introduced into Parliament on 20 February 2014.

Obtaining specific catchment information will enable people - landowners, iwi and hapu, community groups, industry and the council - to make good decisions about the types of action and planning that should occur within the catchment, including what the impacts on the environment and the economy of different choices might be as well as ensure council’s monitoring meets the additional legal duties imposed by national law and policy changes.

The proposed amendments to the National Policy Statement for Freshwater Management introduce

national objectives that council will need to apply regionally and within the priority catchments and the Environmental Reporting Bill introduces specific monitoring responsibilities across all areas of the environment including water (which will require additional monitoring to meet council's obligations).

Funding for extensions to our State of the Environment (SOE) monitoring programmes has often been secured by rationalising or fine tuning existing programmes and/or ceasing programmes that have 'run their course', are no longer providing useful information or have become unnecessary. However, council has concluded that further rationalisation can't be done this year without compromising the integrity and value of the information provided by its existing programmes.

Accordingly, council proposes to fund \$165,000 of additional monitoring and advice from the general rate, but offset this using the investment income that we propose not to transfer to the Investment and Growth Reserve. If funded this way this enhancement to our monitoring programme will have no effect on your rates.

Full details of the programme, the priority catchments and existing catchment groups can be found at www.nrc.govt.nz/waiora and in the Environmental Management Committee's agendas at www.nrc.govt.nz/agendas

Environment Fund

The Environment Fund is council's primary non-regulatory mechanism for supporting water quality improvement, CoastCare, soil conservation, biodiversity and biosecurity. It is closely aligned with the delivery of Waioara Northland Water.

Demand for funding support has grown and during 2013/14 council used the Land Management Reserve to provide extra funding for projects that met the Environment Fund criteria. To maintain the momentum for the good management practices being achieved through the use of the fund, council proposes to increase the fund by \$235,000 during 2014/15 which means the total fund will be \$635,000.

We will continue to:

- target promotion of the Environment Fund to catchment and industry groups for water quality improvement actions
- focus on the development of larger scale projects in collaboration with multiple stakeholders/landowners.
- effectively and efficiently produce of Farm Water Quality Improvement Plans for individuals and on catchment and sub-catchment scales.

Should there be worthy projects that meet the criteria and insufficient total funds, council will consider

funding from the Land Management Reserve during the year.

Pest Management Strategies

The purpose of the Northland Regional Pest Management Strategies 2010-2015 is to provide a strategic and statutory framework for the efficient and effective management of pests in Northland.

The primary objective of the strategies is to reduce or eliminate the impact of introduced pests on environmental, economic and social values. They cover plant, animal and marine pests and each strategy has an operational plan. The strategies contain rules that are additional to the requirements of the Biosecurity Act.

The implementation of the strategies is funded by rates because the pests in question have the potential to significantly impact the economic, biodiversity, recreation, amenity and cultural values of the region as a whole, and the regional community has an interest in protecting these values. However pest management is an individual's obligation in the first instance. Individuals are beneficiaries and exacerbators of pest problems, to varying degrees. Those that make the problems worse should be required to pay. (The Biosecurity Act provides for cost recovery and user charges.)

During 2013/14 council commenced the review of the Northland Regional Pest Management Strategies 2010-2015. The review looks at how well our strategies are working, future pressures, and how we are placed to respond to them. It will address issues such as:

- Are the right species covered?
- Do our rules work?
- Rapid response
- What effect will climate change have?
- What effect will more marine vessel movements have?
- Funding and are we doing as well as we can with our partnerships?
- New models and methods for community involvement in pest management particularly in western Northland.

The review is being integrated with the review of council's regional plans and will continue into 2014/15. It is anticipated that council will consult key stakeholders and the wider regional community on potential changes to the Northland Regional Pest Management Strategies during 2014/15 and that the Northland Regional Pest Management Strategies 2015-2020 and funding sources will be developed and adopted in time for the next council Long Term Plan.

Kauri dieback

Kauri dieback is caused by a disease causing agent (pathogen) known as *Phytophthora taxon Agathis* (PTA),

or collar rot, and is capable of killing kauri of any age. It is identified in our Animal Pest Management Strategy as a 'containment animal', which means that eradication is not possible or cost effective.

A joint agency response to reduce the spread of the disease was formed in October 2008 comprising the Crown agencies of Ministry for Primary Industries (lead agency) and Department of Conservation, and regional councils - the Northland Regional Council, Auckland Council, Waikato Regional Council and Bay of Plenty Regional Council.

The Minister for Primary Industries is currently considering the joint agency team's business case for the programme post-June 2014. The proposed programme is based on the current one, but with strengthened programme management, research, operations and engagement and behaviour change work.

The council's share of the programme, if it is approved, would be an extra \$66,000 – bringing council's contribution to the programme for 2014/15 to \$87,000. Council's share represents a small percentage of the total funding considered necessary to fund the programme.

Again the additional funding will be rate funded but offset using the investment income that we propose not to transfer to the Investment and Growth Reserve.

Mediterranean fanworm response and levels of service

During 2013 council reprioritised some of its species and site led pest management work including its focus on Community Pest Control Areas (CPCAs) to address the discovery of Mediterranean fanworm – an internationally recognised significant marine pest.

This reprioritisation meant that the performance target of 5 CPCAs per year was unlikely to be met during the 2013/14 year. This year we have formally changed our target to 3 CPCAs in recognition of the need to continue to monitor for fanworm's presence, undertake control work as necessary, and work with others such as Auckland Council, industry and boaties to minimise incursion risks during 2014/15.

If you want to know more about pest management please see www.nrc.govt.nz/pestmanagement

New Regional Policy Statement

This is arguably one of council's our most important planning document as it sets out how the region's natural and physical resources will be managed. We are currently in the middle of the appeal process on the

Proposed Regional Policy Statement. The resolution of these appeals will affect the timing of when the whole Regional Policy Statement will have legal force, however many provisions and the management direction for Northland's natural and physical resources are now beyond challenge.

Regional Plan Review

The law requires us to review and re-notify our regional plans at least every 10 years. In line with the Long Term Plan 2012-2022 and the Annual Plan 2013/14 in December 2013 the council commenced its review of its regional plans - the Regional Air Quality Plan, Regional Water and Soil Plan, and Regional Coastal Plan - in accordance with Section 79 of the Resource Management Act 1991.

The review process for our regional plans draws on the lessons learnt from the Regional Policy Statement process, and will involve key stakeholders including Northland councils and agencies, iwi groups, interest groups and industry organisations. It is also aligned with the review of council's Regional Pest Management Strategies and Waiora Northland Water to ensure council strategies, programmes and plans are mutually reinforcing.

It is important to note that (unlike district plans) unless our plans allow something then it can't go ahead. Similarly, there are many activities that could be permitted – but which aren't. Given the age of our plans they are no longer in step with good practice, national policy – which by law we must give effect to – and the current direction in the Proposed Regional Policy Statement (which we must implement). We also know there are some deficiencies in the current plans which are impacting on people now – the sooner they are fixed, the better – both for the protection of the environment and the enabling of development.

Changes to the National Policy Statement for Freshwater, such as the National Objective Framework, and to the Resource Management Act 1991 are already being incorporated into our thinking. (Signalled during 2013/14, these aim to enable collaborative processes and achieve fewer resource management plans.) The councils of Northland have agreed to explore one plan for the region.

The conclusions from the regional plan review should be available in the first quarter of the year. These conclusions will focus efforts in 2014/15 for Northland's next generation regional plan(s) and assist council to better meet the framework set by the Resource Management Act 1991, national policy statements and environmental standards, our Proposed Regional Policy Statement and Waiora Northland Water.

How we measure our performance

Variation to performance measures

During 2012/13 council reprioritised some of its species and site led pest management work including its focus on Community Pest Control Areas (CPCAs) to address the discovery of Mediterranean fanworm – an internationally recognised significant marine pest. This year we have formally changed our CPCA performance target to 3 CPCAs in recognition of the need to continue our focus on Mediterranean fanworm.

During 2012/13 council also changed the way it monitored its performance against the performance measure for ensuring the water in our priority harbours, rivers and at the coast is suitable for swimming except for 2–5 days after rain. Instead of using the Suitability for Recreation Grade it now uses the Ministry for the Environment's 'guideline values for bathing', which is a more robust national baseline and system for benchmarking purposes.

Level of service	Why it is important	Performance measure	Performance target	Baseline performance in LTP
Promote Māori participation in resource management and decision-making	Strong, effective and inclusive engagement and decision making that reflects kaitiakitanga responsibilities is likely to achieve better resource management outcomes that meet community aspirations and values.	Management and governance arrangements for resource management include Māori.	Maintain or increase the number of contracts, joint management agreements, joint decision making and planning arrangements, monitoring programmes, between council and iwi/hapū. Note that: 2011/12: not measured 2012/13: 9	2010/11: 4
Reduce the impact of introduced pests on environmental, economic and social values	Reducing pests will contribute positively to the region's economy, environment and culture.	The number of community pest control areas (CPCAs) achieving their targets for pest reduction.	90%	New measure
Promote community involvement in pest management	Expanding the resources involved beyond council and government funds is necessary for successful pest management in Northland.	The number of active community pest control areas (CPCAs).	Increases by three annually. (Please note this differs from the LTP 2012-2022 performance target as a result of this Annual Plan.) 2012/13: 42	2010/11: 36
Maintain and enhance water quality for swimming and shellfish collection	The community expects that water quality at popular bathing sites and at food collection spots is at a safe level not to cause ill-health. Swimming and other water recreational pursuits are integral to Northland's culture and attraction to visitors/tourists.	The water in our priority harbours, rivers and at the coast is suitable for swimming except for 2–5 days after rain.	The percentage of faecal indicator bacteria results that are within the Ministry for the Environment's guideline values for bathing will be maintained or improved at the 20 core bathing sites monitored for trend, compared to the benchmark results from the 2007/08 swimming season, which is 93%.* * Please note this differs from the LTP 2012-2022 performance target.	New measure

Level of service	Why it is important	Performance measure	Performance target	Baseline performance in LTP
Maintain and enhance water quality for swimming and shellfish collection	The community expects that water quality at popular bathing sites and at food collection spots is at a safe level not to cause ill-health. Swimming and other water recreational pursuits are integral to Northland's culture and attraction to visitors/tourists.	Shellfish collection is safe in open coastal areas.	Levels of indicator bacteria in open coastal waters at 15 popular shell fish collections sites is maintained or improved.	New measure Measurements taken during 2012/13 act as the baseline for future reporting. Please see our Annual Report 2013 for the sites and measurements.
Protect the life-supporting capacity of water, in-stream uses and values	Having healthy rivers support our region's biodiversity and is a community expectation.	The water in our streams supports a healthy habitat for flora and fauna.	The macroinvertebrate community index (MCI) at 10 regionally representative sites show improving or maintained trends. The higher the score the better the condition of the stream. 30 June 2011: MCI 90.8 30 June 2012: MCI 91.15	New measure The 10 sites (with their MCI median results) are listed on page 97 of the LTP 2012-2022 and were selected from the council's long-term river water quality monitoring network.
Maintaining and enhancing water quality in our rivers and coastal waters	Consented activities should operate within their consents and not lower downstream water quality to ensure the integrity of the regional plans and overall environment.	The number of annual significant non-compliance events resulting in a reduction in water quality of receiving waters.	2013: Less than 100 2014: Less than 80 2015-22: Less than 60	2010/11: 111 2012/13: 128
Maintaining and enhancing water quality in our rivers and coastal waters	Non-consented farms should comply with the permitted activity criteria which have been put in place to avoid/remedy/mitigate adverse effects on the environment.	The number of annual significant non-compliance events resulting in any unauthorised/prohibited discharge to water.	2013: Less than 40 2014: Less than 30 2015-22: Less than 20	2010/11: 60 2012/13: 42
Efficient and effective compliance monitoring of resource consents	To ensure compliance with conditions which have been put in place to avoid/remedy/mitigate adverse effects on the environment.	Those consents requiring monitoring are monitored as per the council's monitoring programme.	100%	2010/11: 90% 2012/13: 96%
Efficient and effective compliance monitoring of resource consents	The community expect that consent conditions will be met so that the environment is protected.	The appropriate action is taken to rectify significant non-compliances.	100%	2010/11: 75% 2012/13: 99%
Maintaining a high standard of ambient air quality	The community expect that air quality will be maintained to acceptable levels.	Air sheds meet the national environmental standards.	100%	2010/11: 100% 2011/12: 100% 2012/13: 100%

Level of service	Why it is important	Performance measure	Performance target	Baseline performance in LTP
Efficient and effective response and resolution of reported environmental incidents	To ensure timely and appropriate response to environmental incidents that has the potential to result in significant environmental effects.	Incidents reported to the Environmental Hotline, where more than minor environmental effects have been confirmed, are resolved within 30 working days.	70%	New measure Baseline to be determined in the 2012/13 year. 2012/13: 85%
Efficient and effective processing and administering of resource consents	Keeping to timeframes is important to applicants in order to manage their own business and personal endeavours.	All resource consent applications are processed in a timely manner.	98%+ of all applications processed within the statutory timeframes.	2010/11: 99.5% 2009/10: 98.8% 2008/09: 98.6% 2007/08: 98.1% 2006/07: 98.3% 2005/06: 98.4% 2011/12: 100% 2012/13: 100%
Efficient and effective processing and administering of resource consents.	Keeping to timeframes is important to applicants in order to manage their own business and personal endeavours.	All resource consent applications are processed in a timely manner.	All bore permits processed within five working days.	New measure 2011/12: Achieved 2012/13: 98%

Funding Impact Statement for Resource Management

Annual Plan 2013/14 \$	Prospective Funding Impact Statement for period ending 30 June 2015	Draft Annual Plan 2014/15 \$	LTP Year 3 2014/15 \$	Variance to LTP \$
	SOURCES OF OPERATING FUNDING			
7,791,851	General rates, uniform annual general charges, rates penalties	7,995,668	9,110,226	(1,114,558)
-	Targeted rates (other than a targeted water rates)	-	-	-
-	Subsidies and grants for operating purposes	20,000	85,000	(65,000)
2,618,222	Fees, charges and targeted rates for water supply	2,656,285	2,703,210	(46,925)
-	Internal charges and overheads recovered	-	139,379	(139,379)
2,000	Local authority fuel tax, fines, infringement fees and other receipts	-	2,130	(2,130)
10,412,073	Total operating funding	10,671,953	12,039,945	(1,367,992)
	APPLICATIONS OF OPERATING FUNDING			
9,712,062	Payments to staff and suppliers	10,274,717	10,416,825	142,108
-	Finance costs	-	-	-
3,701,070	Internal charges and overheads applied	4,225,568	3,876,299	(349,269)
-	Other operating funding applications	-	-	-
13,413,132	Total applications of operating funding	14,500,285	14,293,123	(207,162)
(3,001,059)	Surplus / (deficit) of operating funding	(3,828,332)	(2,253,179)	(1,575,153)
	SOURCES OF CAPITAL FUNDING			
-	Subsidies and grants for capital purposes	-	-	-
-	Development and financial contributions	-	-	-
-	Increase / (decrease) in debt	-	-	-
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Total sources of capital funding	-	-	-
	APPLICATIONS OF CAPITAL FUNDING			
	Capital expenditure			
-	to meet additional demand	-	-	-
74,861	to improve levels of service	88,975	29,182	(59,793)
74,221	to replace existing assets	36,000	61,026	25,026
-	Increase / (decrease) in reserves	25,000	-	(25,000)
(3,150,141)	Increase / (decrease) of investments	(3,978,307)	(2,343,386)	1,634,921
(3,001,059)	Total applications of capital funding	(3,828,332)	(2,253,179)	1,575,153
3,001,059	Surplus / (deficit) of capital funding	3,828,332	2,253,179	1,575,153
-	Funding balance	-	-	-

Variations from Long Term Plan

Sources of operating funding

General rating revenue is less than the amount forecasted in the Long Term Plan 2012–2022 due to the general rate funding provision for the Hydrology department being transferred (with the associated costs) to the River Management activity in 2013-2014 and continued in this plan. In addition, the proposal to reduce the general rate annual increase from 7.22% (as prescribed in the Long Term Plan) to 0% compounded with the reduced rate increase in 2013-2014 (from 6.45% signalled in the LTP to 3%) has resulted in less general rating revenue.

Subsidies and grants for operating purposes are less than the amount forecasted in the Long Term Plan. Bio-Condition funding (received from the Department of Conservation) has been removed due to the council's reprioritisation of its pest management activity.

Internal charges and overheads recovered are less than the amount forecasted in the Long Term Plan due to the elimination of an internal transfer for a cross-

departmental service performed by the hydrology department. The hydrology department was originally forecast as part of the Resource Management activity; however, the transfer of this department to the River Management activity means that there is now no requirement for the cross-department transfer.

Applications of operating funding

Payments to staff and suppliers are less than the amount forecasted in the Long Term Plan, mainly due to the costs associated with the Hydrology department being transferred from the Resource Management activity to the River Management activity, and the removal of the costs associated with the Bio-Condition projects. These reductions are partially offset by increased budget provisions for the Environment fund, water quality initiatives, and Kauri dieback.

Internal charges and overhead applied are greater than the Long Term Plan due to the increased organisational support costs allocated to this activity as a result of an increased corporate budget for doubtful debts and the redirection of depreciation charges from other activities.

River Management

River Management is the mandatory activity of “flood protection and control works” required under the Local Government Act 2002.

Update on key projects

Whāngārei detention dam

The proposed Kotuku flood detention dam is located at the ends of Raumanga Valley Road and Kotuku Street, Whāngārei.

The dam is a dry dam, only detaining water for short periods of time (typically less than 48 hours), and reduces flooding in the Whāngārei CBD by reducing flow in the Raumanga Stream. The dam will be approximately 18m high and contain approximately 1.3 million m³ of water during the design 1% annual exceedance probability (plus climate change) flood event.

Following on from the granting of the resource consents and designation for the dam, and the relocation of services (sewage, water, gas, power, fibre) and progress with the property acquisition during 2013/14, council expects construction of the dam to occur in summer 2014/15. Demolition of eight dwellings is scheduled for September 2014 and dam construction should commence in October 2014. (This timetable may however be affected by the timeframes associated with the land acquisition.)

Update on costs

The Long Term Plan 2012-2022 estimate for the flood detention dam was \$6,876,728 (excluding GST). This total estimate has been further refined based on completion of the detailed dam design, peer review outcomes, quotations for service relocation (gas and power/fibre) and progress with land acquisitions. The revised dam construction cost (inclusive of contingency and consents /authorization requirements) and the revised land purchase estimate (inclusive of contingency on unsecured properties) give a total project estimate of \$8,483,689.

The construction aspects that have had estimated cost increases are:

- Embankment and spillway earthworks
- Spillway and plunge pool
- Culvert and inlet/outlet works
- Services relocation
- Demolition of dwellings
- Supervision and contract
- Requirements arising from consents/authorisations.

(There have additionally been some construction aspects that have decreased in estimated cost.)

An overall contingency has been allowed for in the revised project capital estimate. The net effect is an increase in estimated capital cost of \$1,606,689 over the original Long Term Plan estimate.

We have estimated the potential revenue from the disposal of properties. (Council needs to acquire three properties to enable registration of storm water ponding easements over them, but it does not need to own the properties forever.) Assuming the anticipated revenue from these disposals is realised, council intends to use this revenue to offset some of the increase in estimated capital costs. (This is in line with council’s approach to funding capital expenditure and reducing debt from the sale of surplus assets as detailed in its Revenue and Financing Policy and its Treasury Management Policy in the council’s Long Term Plan 2012-2022, please see pages 195 and 208 respectively).

As a result of this offsetting council estimates that the overall increase in the estimated capital cost will be less than \$1 Million.

In addition, since 2012 the cost of borrowing and available investment returns has changed.

These increases have been publically reported in council meeting agendas (28 January 2014) and considered by the Urban Whāngārei Rivers Liaison Committee (made up of regional council and Whāngārei District Council councillors, and representatives of iwi, ratepayers and other stakeholders) at its meetings between July 2012 and now.

At this stage there are still some uncertainties around the final land acquisition and construction costs, as well as the revenue from disposal. For example as the Draft Annual Plan goes to print, the contract for construction has not been agreed and as with any large build there will need to be contingency measures for unforeseen construction risks (e.g. due to ground conditions). The actual offset from property sales and therefore overall project costs is also unknown and won’t be known until later in the 2014/15 financial year. What we do know, after taking independent advice, is that with capital works planned for 2014/15 the internal interest rate that should be applied to borrowing is 6.15% (based on the current costs of borrowing and available investments).

Rather than try and predict the overall project costs now for 2014/15 council has decided to continue the Whāngārei Urban Rivers Management Rate as a

targeted rate differentiated by location (CBD flood area and contributing catchment) and category (commercial or residential property in CBD) set as a fixed amount per SUIP based on the LTP estimate for the dam construction of \$6,876,728 (excluding GST) but apply a 6.15% internal cost of borrowing.

This in effect delays any adjustments to the targeted rate until the LTP 2015-2025, when there will be more certainty on the overall project costs, including the capital amount of the project and sales proceeds, and the project completion date. Council will also be in a better position at that time to assess whether the loan term of 25 years is still equitable and affordable.

This adjustment to the internal cost of borrowing avoids imposing a cost on ratepayers not benefiting from the scheme (as it adjusts the internal rate of borrowing in the year that the construction costs occur i.e. the year the loan "drawdown" occurs). This is considered fair and equitable.

The effect of this delay is that affected ratepayers will pay an extra dollar each year (based on a 25 year repayment period) but it also means that an audit of the targeted rating model (which determines the rate over the term of the repayment) can be combined with the audit of the LTP. This will enable financial prudence and risk assurance, and provide better integrated financial planning.

A public information session for Whāngārei residents and ratepayers will occur as part of the council's consultation on this Draft Annual Plan 2014/15 to ensure people have the opportunity to be updated and ask questions on the project's progress and costs. This will occur on 16 April and will be publically notified.

Work to replace the Rust Avenue bridge in summer 2014 will create additional capacity so floodwaters can flow more safely downstream of the CBD. The next steps are:

- Complete construction of the Kotuku Flood Detention dam
- Reassess residual flood risk and evaluate other options for further mitigation of river flood risk including the potential for the staged development of grass lined flood corridors (enlarged channels with grass banks/floodway areas) that further reduce river flood risk in the CBD

Maintenance works on the rivers are ongoing, with works focusing on removal of accumulated sediment from key pinch points in the lower river systems to help reduce flood risk. These works will continue in 2014/15.

Kaihū River Flood Management Scheme

Maintenance of the Kaihū river channel is ongoing and the current targeted rate has continued. Ongoing

works will include removal of accumulated sediment and ricegrass from the channel and other channel maintenance works.

Kerikeri–Waipapa Rivers Flood Management Scheme

A uniform targeted rate was established in 2012/13 for properties within the Kerikeri, Waipapa and Wairoa River catchments to fund river maintenance and detailed design for river scheme options to reduce flood risk.

The maintenance work has focused on the river channels where removing debris or other flow restrictions will help to reduce flood risk.

Preliminary design and assessment of a spillway flood scheme on the Kerikeri River has been undertaken. The proposed spillway, with an estimated construction cost of \$2.1 million, is located on the Kerikeri River downstream of the State Highway bridge. The purpose of the spillway is to divert excess river flow from the Kerikeri River to the Rainbow Falls, reducing flood risk to those properties located downstream of the spillway to the Rainbow Falls. The Kerikeri-Waipapa Liaison Committee has requested further assessment of the spillway, with a focus on maximising flood mitigation while also further assessing benefit against costs. This work is in progress and will be presented to the committee before confirming to progress with the construction of the spillway scheme.

Pending the support of the liaison committee, the proposed flood scheme spillway works are scheduled for 2014/15. However this timeframe is dependent on the committee's support, resource consents and land use negotiations.

The uniform rate has been discussed with the liaison committee, including the option of reassessing the rate to consider alternative rating options such as a differentiated rate based on the level of benefit or contribution to the flooding. The committee has confirmed a preference for maintaining the uniform rate, and as such it is proposed that the present uniform rate be maintained to fund the proposed spillway works and ongoing maintenance. The spillway works would be funded via a loan and repaid with a targeted rate extending over 25 years.

Kaeo–Whangaroa Rivers Flood Management Scheme

As of late summer 2014, construction of Stage 1 of the Kaeo flood scheme was more than 50% complete and full completion was scheduled for March.

Construction of Stage 2 of the Kaeo flood scheme, which also includes improvements to Waikara Creek, was previously scheduled for 2015/16. The revised

costs for the Stage 2 works are estimated to be in the vicinity of \$1.55M, which is significantly higher than earlier estimates provided in the Long Term Plan 2012-2022. Based on this information, and in consideration of the benefits and costs of the Stage 2 works, the Kaeo-Whangaroa River Liaison Committee at its meeting of June 2013 recommended to Council to 'Hold Stage 2 and monitor performance of Stage 1 in order to make a more informed decision on Stage 2 options and prevent over capitalising'. On this basis it is intended that the performance of the Stage 1 works will be evaluated following a significant flood before progressing with the Stage 2 works.

River maintenance works have continued, on a reduced scale, on the Kaeo-Whangaroa Rivers. The reduced scale of works reflects the progress made in recent years to river systems and also a redirection of funding from operational to capital works. However, in 2014/15 an additional \$20,000 has been budgeted for targeted gravel management in the Kaeo River system at the request of the Kaeo-Whangaroa River Liaison Committee. This additional \$20,000 will be funded from the Kaeo-Whangaroa Rivers targeted rate.

Awanui River Flood Management Scheme

Preliminary design and assessment of the effect of proposed upgrades to the Awanui flood control scheme, roughly estimated at \$3.9 million, are currently being progressed. The programme has been delayed due to technical issues in resolving the catchment hydrology and representing this accurately in a hydraulic flood model from which to simulate design options and assess benefits and effects. It is important that the scheme hydrology is resolved, and that the hydraulic model accurately represents the functioning

of the scheme, to ensure that the design and costs can be optimised and effects and benefits determined with sufficient accuracy to progress to further consultation with stakeholder and affected parties, and ultimately to resourcing consenting, detailed design and construction.

Prior to these flood protection works being undertaken, there will be a further annual / long term plan consultation on the available options and a rating review of the Awanui River Flood Management Scheme - to change or confirm the current rating groups to reflect the benefits received from the flood scheme.

Maintenance works on the existing scheme will continue to be undertaken during 2014/15, including channel maintenance, floodgate maintenance and stopbank maintenance.

Minor river works

Minor river works were progressed throughout Northland in 2013/14. Additional minor river works are proposed for 2014/15, which will generally involve the following work and other unscheduled works that are identified during the course of the year either following changes that occur in the condition of river channels or requests for service from the community:

- Hokianga priority rivers general channel maintenance, including Waimā gravel management
- Otiria spillway works
- Waitangi channel maintenance including removal of willows
- Ngunguru maintenance.
- Otaika River general maintenance
- Helena Bay general maintenance
- Maungaturoto channel maintenance.

How we measure our performance

Level of service	Why it is important	Performance measure	Performance target	Baseline performance in LTP
Building flood protection schemes to protect life and property	Well-designed flood protection systems protect human life and damage to property and infrastructure.	Number of failures of flood protection system for the Awanui, Whāngārei, and Kaeo, schemes below specified design levels.	Zero failures.	New measure 2012/13: Achieved
Maintaining flood protection schemes to protect life and property	Implementing the minor works programme ensures the river systems work to their best ability.	Implement the programmed minor flood control works for other rivers in accordance with the approved annual budgets.	100% of programmed minor works completed.	New measure 2012/13: Not achieved

Funding Impact Statement for River Management

Annual Plan 2013/14 \$	Prospective Funding Impact Statement For period ending 30 June 2015	Draft Annual Plan 2014/15 \$	LTP Year 3 2014/15 \$	Variance to LTP \$
	SOURCES OF OPERATING FUNDING			
1,162,884	General rates, uniform annual general charges, rates penalties	1,257,769	710,615	547,154
1,533,838	Targeted rates (other than a targeted water rates)	1,542,258	2,053,462	(511,204)
-	Subsidies and grants for operating purposes	-	-	-
-	Fees, charges and targeted rates for water supply	-	-	-
-	Internal charges and overheads recovered	-	-	-
-	Local authority fuel tax, fines, infringement fees and other receipts	12,000	-	12,000
2,696,722	Total operating funding	2,812,027	2,764,077	47,950
	APPLICATIONS OF OPERATING FUNDING			
1,963,486	Payments to staff and suppliers	1,986,783	1,265,964	(720,819)
221,690	Finance costs	470,627	495,749	25,122
496,045	Internal charges and overheads applied	665,579	250,545	(415,035)
-	Other operating funding applications	-	-	-
2,681,221	Total applications of operating funding	3,122,989	2,012,257	(1,110,732)
15,500	Surplus / (deficit) of operating funding	(310,962)	751,820	(1,062,783)
	SOURCES OF CAPITAL FUNDING			
-	Subsidies and grants for capital purposes	-	-	-
-	Development and financial contributions	-	-	-
-	Increase / (decrease) in debt	-	-	-
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Total sources of capital funding	-	-	-
	APPLICATIONS OF CAPITAL FUNDING			
	Capital expenditure			
-	to meet additional demand	-	-	-
534,369	to improve levels of service	5,644,002	5,992,890	348,888
52,805	to replace existing assets	87,544	58,409	(29,135)
(133,783)	Increase / (decrease) in reserves	(5,334,481)	(5,320,086)	14,395
(437,891)	Increase / (decrease) of investments	(708,027)	20,607	728,635
15,500	Total applications of capital funding	(310,962)	751,820	1,062,783
(15,500)	Surplus / (deficit) of capital funding	310,962	(751,820)	1,062,783
-	Funding balance	-	-	-

Variations from Long Term Plan

Sources of operating funding

General rating revenue is greater than the forecasted amount in the Long Term Plan predominantly due to the general rate funding provision for the Hydrology department being transferred (with the associated costs) from the Resource Management Activity.

Targeted rating revenue is less than the forecasted amount in the Long Term Plan as the increase signalled for the Awanui Scheme River rates for 2014/2015 is not required as part of this year's Draft Annual Plan due to the programme delays explained in the update to key projects – Awanui River Flood Management Scheme.

Applications of operating funding

Payments to staff and suppliers are greater than the forecasted amount in the Long Term Plan. This is mainly due to the costs associated with the Hydrology department being transferred from the Resource Management activity to the River Management activity.

Internal charges and overheads applied to this activity are greater than the Long Term Plan due to the increased allocation of organisational support costs as a result of the increased corporate budget for doubtful debts and the transfer of additional Hydrology staff (main driver of the allocation of support costs) from the Resource Management Activity.

Economic Development

The Economic Development group of activities includes economic development and the rating for the rescue helicopter, the Northland Events Centre and the Marsden Point Rail Link Joint Venture.

Update on key projects

The council will continue to directly support economic development by:

- Embedding economic wellbeing into the key planning documents of the council.
- Implementing internal improvement processes to build a business friendly environment that encourages business and employment opportunities.
- Collating and producing a quarterly 'State of the Economy' report tracking regional economic performance and trends
www.nrc.govt.nz/economicquarterly
- Investing in economic development projects that are eligible for funding from the Investment and Growth Reserve.

Investment and growth reserve

In the Long Term Plan 2012–2022 for 2014/15 council anticipated that 60% of the council's investment income would fund operations and 40% would go into the Investment and Growth Reserve to fund economic development projects.

The objective of the council's Investment and Growth Reserve is to invest in economic projects/ventures within Northland to increase:

- Jobs in Northland;
- Average weekly household income of Northlanders;
- GDP of Northland.

Applications for funding from the reserve are administered by Northland Inc (a council-controlled organisation) www.northlandinc.co.nz.

At the time of preparing this Draft Annual Plan council had not agreed to fund an economic development project. If no economic projects are funded during 2013/14 the closing reserve balance at June 2014 will be about \$4.5M. We have therefore reduced the amount of investment income to be transferred during 2014/15 from \$2.7M down to \$1.7M (plus interest). Council is confident that the balance of the reserve will be sufficient for the type of projects that are likely to be submitted to it for consideration during 2014/15.

The council made the following changes to the Investment and Growth Reserve criteria during 2013/14:

- Provision of impact investment funding for projects that have the potential to lift the economic performance of Northland.
- An increase in the operational expenditure cap for Northland Inc. to \$1.15M per annum (which takes effect from 1 July 2014 and will be adjusted annually by the Local Government Cost Index adjuster for operational expenditure).
- An additional \$200,000 for feasibility assessment and business case development.

These changes were made to ensure that research, infrastructure and information / data projects were not automatically excluded from funding, that there was sufficient funding to Northland Inc to carry out business case development and project assessment, and that tourism was treated the same as other economic development activities and funded from the reserve not rates. The criteria are available on council's website www.nrc.govt.nz/economicdevelopment and people are encouraged to approach Northland Inc if they have projects they think match these criteria.

Northland Inc – council controlled organisation

Northland Inc is the regional economic development agency for Northland encompassing the roles and functions of a Regional Tourism Organisation (RTO).

Northland Inc submitted its draft Statement of Intent 2014-2017 (SOI), including draft key performance indicators, to council on 28 February 2014. Under the draft SOI Northland Inc will focus on:

- Facilitating increased productivity in primary industries
- Facilitating the development of increased processing and manufacturing that leverages Northlands key sectors and comparative advantages
- Looking for and supporting innovation and developing sunrise industries, clusters or business networks that build on comparative and competitive advantages to take advantage of market opportunities
- Supporting the development of new enabling infrastructure
- Promoting the region to visitors and investors and as an attractive place to invest, live, work and play and increasing the value gained from visitors, support and promotion of events of regional significance
- Developing an economic development action plan for Northland (Northland 2025) with the aim of strengthening and diversifying the economy and taking a leadership role in its implementation

- Provide a continual deal flow of well researched and well prepared economic development projects for consideration of Northland Regional Council's Investment and Growth Reserve.

The draft SOI contains the following draft key performance indicators:

- Financial – comply with annual budget
- Northland 2025 Regional Action Plan developed
- Minimum of 150 unique business engagements and \$500,000 invested in building capacity in Northland firms

- Investments made in strengthening and diversifying the Northland economy facilitated by Northland Inc – board recommendation made on a minimum of 4 projects
- Minimum of two partner projects with Iwi, hapu and/or Māori collective organisations
- Minimum of 5% increase in website traffic on Northlandnz.com.

Council's has until 30 April to give its feedback to Northland Inc on the draft SOI and the final SOI must be delivered to council by 30 June 2014.

How we measure our performance

Level of service	Why it is important	Performance measure	Performance target	Baseline performance in LTP
Investing in economic projects and ventures within Northland to increase Northland's economic performance	Increasing Northland's economic performance is seen as a key outcome to improving Northlanders' quality of life.	Employment rate – the proportion of the labour force that is in paid employment.	Increases annually.	2010/11: 91.5% 2012/13: 90.8% New measure
Investing in economic projects and ventures within Northland to increase Northland's economic performance	Increasing Northland's economic performance is seen as a key outcome to improving Northlanders' quality of life.	Business growth – the ratio of business start-ups to business closures. (A ratio below 1 means there were fewer businesses in operation than previously.)	Increases annually	2010/11: 0.80 * 2012/13: 0.66 New measure * The baseline differs from the one published in the Long Term Plan 2012-2022 due to revised figures being provided by Statistics New Zealand.
Investing in economic projects and ventures within Northland to increase Northland's economic performance	Increasing Northland's economic performance is seen as a key outcome to improving Northlanders' quality of life.	Economic growth – real GDP per usual resident population.	Increases annually.	2010/11: \$20,495* 2012/13: \$21,305 * The baseline differs from the one published in the Long Term Plan 2012-2022 due to revised figures being provided by Statistics New Zealand.

Funding Impact Statement for Economic Development

Annual Plan 2013/14 \$	Prospective Funding Impact Statement for period ending 30 June 2015	Draft Annual Plan 2014/15 \$	LTP Year 3 2014/15 \$	Variance to LTP \$
	SOURCES OF OPERATING FUNDING			
458,270	General rates, uniform annual general charges, rates penalties	261,296	714,173	(452,877)
2,453,361	Targeted rates (other than a targeted water rates)	2,475,826	2,455,878	19,948
-	Subsidies and grants for operating purposes	-	-	-
-	Fees, charges and targeted rates for water supply	-	-	-
-	Internal charges and overheads recovered	-	-	-
1,150,355	Local authority fuel tax, fines, infringement fees and other receipts	1,457,561	1,244,984	212,577
4,061,986	Total operating funding	4,194,683	4,415,035	(220,352)
	APPLICATIONS OF OPERATING FUNDING			
2,123,339	Payments to staff and suppliers	2,199,843	2,384,634	184,791
723,021	Finance costs	667,847	587,073	(80,774)
47,980	Internal charges and overheads applied	56,407	124,847	68,441
-	Other operating funding applications	-	-	-
2,894,340	Total applications of operating funding	2,924,097	3,096,554	172,457
1,167,646	Surplus / (deficit) of operating funding	1,270,586	1,318,481	(47,895)
	SOURCES OF CAPITAL FUNDING			
-	Subsidies and grants for capital purposes	-	-	-
-	Development and financial contributions	-	-	-
-	Increase / (decrease) in debt	-	-	-
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Total sources of capital funding	-	-	-
	APPLICATIONS OF CAPITAL FUNDING			
	Capital expenditure			
-	to meet additional demand	-	-	-
-	to improve levels of service	-	-	-
-	to replace existing assets	-	-	-
634,572	Increase / (decrease) in reserves	419,508	750,253	330,745
533,075	Increase / (decrease) of investments	851,078	568,228	(282,850)
1,167,646	Total applications of capital funding	1,270,586	1,318,481	47,895
(1,167,646)	Surplus / (deficit) of capital funding	(1,270,586)	(1,318,481)	47,895
-	Funding balance	-	-	-

Variations from Long Term Plan

Sources of operating funding

General rating revenue is less than the forecasted amount in the Long Term Plan. This is due to the proposal to reduce the general rate annual increase from 7.22% (as forecast in the Long Term Plan) to 0%, compounded by the reduced rates increase in 2013/14 from 6.45% (as proposed in the Long Term Plan) to 3%.

Local authority's fuel tax, fines, infringement fees and other receipts are greater than the forecasted amount in the Long Term Plan due to increased interest income from the Community Investment Fund.

Applications of operating funding

Payments to staff and suppliers are less than the forecasted amount in the Long Term Plan predominantly due to the transfer of two staff from the council's Economic Development activity and the interest expense for the Marsden Point rail link joint venture being transferred out of the payments to staff and suppliers to the Finance costs line.

Correspondingly finance costs are greater than those forecasted in the Long Term Plan due to the transfer of the interest expense for the Marsden Point Rail Link joint venture from payments to staff and suppliers to the Finance costs line.

Internal charges and overhead recoveries are less than the forecasted amount in the Long Term Plan mainly due to two staff (the main driver of the allocation of support costs) transferring from the Economic Activity.

Hazard Management

This group of activities includes:

- Civil Defence emergency management
- Natural hazard management
- Oil pollution response.

Hazard management is a core function of regional councils – that is, minimising the effects of these hazards on life, property and the quality of the environment.

Update on key projects

Our key focus areas for the coming year will be to:

- Participate in the National Civil Defence Emergency Management plan review.
- Work with the Ministry of Civil Defence Emergency Management on the information and standards that will be used in and prepare for the Northland region Monitoring and Evaluation study (anticipated to start in July 2014).

- Review the existing and prepare a new Civil Defence Emergency Management Group Plan for Northland, in accordance with the Civil Defence Emergency Management Act. (Timing depends on the national plan review and the monitoring and evaluation study.)
- Review Emergency Operating Centre arrangements.
- Review welfare arrangements.
- Continue the development, review and alignment of:
 - Community Response Plans
 - Visitor Action Plans
 - Business Continuity Project and improve engagement with Māori.
- Evaluate and expand the “shared services” arrangements for the entire region, with a particular focus on the far north.
- Continue the production of natural hazard maps, including uploading them to the council’s website, and assisting Northland’s councils to incorporate them in their land use plans and processes.

How we measure performance

Level of service	Why it is important	Performance measure	Performance target	Baseline performance in LTP
Maintaining a responsive and efficient Civil Defence emergency management system	Providing timely information and warnings helps protect the public and property.	Nationally issued warnings are acknowledged within 30 minutes.	100%	New measure 2012/13: 100%
Maintaining an effective Civil Defence emergency management system	Maintaining effective plans and response procedures is an important way to reduce the impact of any emergency situation.	Emergencies are debriefed within one month and noted improvements are incorporated into the appropriate emergency operating procedures and response plans.	100%	2010/11: 100% 2012/13: No events
Providing accurate and timely flood warnings	Timely warnings are important to enable communities to take precautionary measures and safeguard property and livestock.	Accurate and timely flood warnings issued.	100%	New measure 2012/13: 100%
Maintaining an efficient and responsive and efficient oil pollution response	There is a high public expectation that our response will be effective and efficient.	Evaluate and respond to a report of an oil spill within one hour of the report being received.	100%	2010/11: 100% 2012/13: 100%
Maintaining natural hazard information and assessments to protect life and property	Identification of natural hazards and risk reduction options enables people to make an informed decision	Maintain hazard information for river flooding and beach profiles.	Priority beach profile sites updated biennially.	New measure 2012/13: Achieved

Level of service	Why it is important	Performance measure	Performance target	Baseline performance in LTP
	<p>about the risks and what level of risk they are prepared to accept or mitigate. This information also flows into policy and land use planning which help to reduce risk where risk is deemed unacceptable.</p>			
<p>Maintaining natural hazard information and assessments to protect life and property</p>	<p>Identification of natural hazards and risk reduction options enables people to make an informed decision about the risks and what level of risk they are prepared to accept or mitigate. This information also flows into policy and land use planning which help to reduce risk where risk is deemed unacceptable.</p>	<p>Maintain hazard information for river flooding and beach profiles.</p>	<p>Flood level monitoring at priority rivers updated within one month following every large flood event.</p>	<p>New measure 2012/13: No large events</p>

Funding Impact Statement for Hazard Management

Annual Plan 2013/14 \$	Prospective Funding Impact Statement for period ending 30 June 2015	Draft Annual Plan 2014/15 \$	LTP Year 3 2014/15 \$	Variance to LTP \$
	SOURCES OF OPERATING FUNDING			
982,079	General rates, uniform annual general charges, rates penalties	810,309	1,257,789	(447,480)
-	Targeted rates (other than a targeted water rates)	-	-	-
73,408	Subsidies and grants for operating purposes	81,952	75,757	6,195
1,032	Fees, charges and targeted rates for water supply	195,876	1,065	194,811
-	Internal charges and overheads recovered	-	-	-
170,732	Local authority fuel tax, fines, infringement fees and other receipts	12,000	129,398	(117,398)
1,227,251	Total operating funding	1,100,137	1,464,009	(363,872)
	APPLICATIONS OF OPERATING FUNDING			
1,227,148	Payments to staff and suppliers	1,010,895	1,214,558	203,663
-	Finance costs	-	-	-
370,065	Internal charges and overheads applied	399,746	485,566	85,820
-	Other operating funding applications	-	-	-
1,597,213	Total applications of operating funding	1,410,641	1,700,124	289,483
(369,962)	Surplus / (deficit) of operating funding	(310,504)	(236,115)	(74,389)
	SOURCES OF CAPITAL FUNDING			
-	Subsidies and grants for capital purposes	-	-	-
-	Development and financial contributions	-	-	-
-	Increase / (decrease) in debt	-	-	-
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Total sources of capital funding	-	-	-
	APPLICATIONS OF CAPITAL FUNDING			
	Capital expenditure			
-	to meet additional demand	-	-	-
5,000	to improve levels of service	-	-	-
1,250	to replace existing assets	-	-	-
20,553	Increase / (decrease) in reserves	-	-	-
(396,765)	Increase / (decrease) of investments	(310,504)	(236,115)	74,389
(369,962)	Total applications of capital funding	(310,504)	(236,115)	74,389
369,962	Surplus / (deficit) of capital funding	310,504	236,115	74,389
-	Funding balance	-	-	-

Variations from Long Term Plan

Sources of operating funding

General rating revenue is less than the forecasted amount in the Long Term Plan. This is due to the proposal to reduce the general rate annual increase from 7.22% (as forecast in the Long Term Plan) to 0%, compounded by the reduced rates increase in 2013/14 from 6.45% (as proposed in the Long Term Plan) to 3%.

Applications of operating funding

Payments to staff and suppliers are less than the forecasted amount in the Long Term Plan mainly due to a reduction in hazard management consultancy.

Internal charges and overheads applied are less than the forecasted amount in the Long Term Plan predominantly due to the costs associated with a cross-departmental service performed by the Hydrology department not falling within the Hazard Management activity as originally forecast. These costs now are provided for in the River Management activity.

Transport

This group of activities includes:

- Regional transport management
- Passenger transport administration
- Harbour safety and navigation.

Update on key projects

The year ahead will focus on:

- the preparation and completion of the Regional Land Transport Plan 2015-2018.
- the review of the Regional Public Transport Plan 2012 – 2018.
- the review into national Funding Assistance Rates.

The timing and delivery of these plans is dependent on the government, and their release of the new Government Policy Statement in June 2014, the delivery of the National Investment and Revenue Strategy, national guidelines for the preparation of regional land transport plans and completion of the national Financial Assistance Rates Review.

We will continue to:

- deliver the third year of the Northland Regional Land Transport Programme 2012-2015
- deliver the Whāngārei urban bus service and assist with the BusAbout Kaitiāia Service
- administer the Total Mobility Scheme
- undertake road safety initiatives and projects
- play our role in regional issues such a potential shared service for roading, the proposed continuation of the Regional Funding allocation (after July 2015) and addressing dust from unsealed roads
- investigate if any additional stock effluent disposal sites are necessary in Northland (to complement the existing network of sites across the region).

How we measure performance

Variation to performance measures

During 2012/13 it was identified that the performance target and baseline data for the performance measure 'reducing the annual number of serious injury motor vehicle crashes in Northland' included in the Long Term Plan was incorrect. Council reported against the corrected data in its Annual Report 2013 and included the revised targets in its Annual Plan 2013/14.

Level of service	Why it is important	Performance measure	Performance target	Baseline performance in LTP
Embed safety in the thinking of all Northland road users	There is a community expectation and national directive to make our roading network safer.	Reducing the annual number of fatal motor vehicle crashes in Northland.	2012: <20 2013: <18 2014: <17 2015-22: <17	2010/11: 21* * Based on average fatal crashes for the four years up to June 2011. 2011/12: 7 2012/13: 15
Embed safety in the thinking of all Northland road users	There is a community expectation and national directive to make our roading network safer.	Reducing the annual number of serious injury motor vehicle crashes in Northland.	2012: <90* 2013: <85* 2014: <80* 2015-22: <80* * The performance target and baseline data that was published in the Long Term Plan for this measure was incorrect; the target shown above is based on the correct data.	2010/11: 92*+ + Based on average serious injury crashes for the four years to June 2011. 2012/13: 79

Levels of service	Why it is important	Performance measure	Performance target	Baseline in LTP
Providing an efficient and effective public bus service	A reliable and effective bus service will have an increasing number of patrons.	Number of passengers for the Whāngārei urban bus service.	Increases annually.	2010/11: 287,006 2012/13: 305,737
Maintaining navigation aids for safe navigation	Safety of harbour and coastal waters. Also mitigates environmental problems of oil spills from wrecks.	Failures to navigation aids are repaired within five working days of reporting.	100%	New measure 2012/13: 100%
Providing safe pilotage services for vessels entering the Bay of Islands.	Pilotage provides additional safety. Large ships carry large amounts of oil.	Number of incidents from providing pilotage services within Bay of Islands harbours.	Zero incidents related to pilotage.	2010/11: 0 2012/13: 0

Funding Impact Statement for Transport

Annual Plan 2013/14 \$	Prospective Funding Impact Statement for period ending 30 June 2015	Draft Annual Plan 2014/15 \$	LTP Year 3 2014/15 \$	Variance to LTP \$
	SOURCES OF OPERATING FUNDING			
1,088,149	General rates, uniform annual general charges, rates penalties	1,164,256	1,084,255	80,001
518,758	Targeted rates (other than a targeted water rates)	518,758	548,931	(30,173)
897,782	Subsidies and grants for operating purposes	966,556	1,170,867	(204,311)
1,500,996	Fees, charges and targeted rates for water supply	1,454,131	1,589,102	(134,971)
-	Internal charges and overheads recovered	-	-	-
10,114	Local authority fuel tax, fines, infringement fees and other receipts	-	10,437	(10,437)
4,015,799	Total operating funding	4,103,701	4,403,593	(299,892)
	APPLICATIONS OF OPERATING FUNDING			
3,621,560	Payments to staff and suppliers	3,856,529	4,071,468	214,939
-	Finance costs	-	-	-
652,968	Internal charges and overheads applied	718,435	675,885	(42,550)
-	Other operating funding applications	-	-	-
4,274,528	Total applications of operating funding	4,574,964	4,747,353	172,388
(258,729)	Surplus / (deficit) of operating funding	(471,263)	(343,760)	(127,503)
	SOURCES OF CAPITAL FUNDING			
-	Subsidies and grants for capital purposes	-	-	-
-	Development and financial contributions	-	-	-
-	Increase / (decrease) in debt	-	-	-
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Total sources of capital funding	-	-	-
	APPLICATIONS OF CAPITAL FUNDING			
	Capital expenditure			
-	to meet additional demand	-	-	-
20,000	to improve levels of service	18,000	11,716	(6,284)
222,451	to replace existing assets	78,901	100,112	21,211
48,539	Increase / (decrease) in reserves	14,934	14,746	(188)
(549,719)	Increase / (decrease) of investments	(583,098)	(470,335)	112,764
(258,729)	Total applications of capital funding	(471,263)	(343,760)	127,503
258,729	Surplus / (deficit) of capital funding	471,263	343,760	127,503
-	Funding balance	-	-	-

Variations from Long Term Plan

Sources of operating funding

Subsidies and grants for operating purposes are less than the forecasted amount in the Long Term Plan due to a reduction in the level of funding received from the New Zealand Transport Agency.

Fees, charges and targeted rates for water supply are less than the forecasted amount in the Long Term Plan due to lower than forecasted pilotage and navigational

bylaw charge income combined with lower than anticipated bus fare revenue.

Applications of operating funding

Payments to staff and suppliers are less than the forecasted amount in the Long Term Plan predominantly due a number of work programmes being reviewed and revised to align with the reduced New Zealand Transport Agency subsidy funding.

Community Representation and Engagement

This group of activities only includes the Community Representation and Engagement activity.

Update on key projects

Local government reorganisation

The Local Government Commission produced its Draft Proposal for Local Government Reorganisation in Northland in 2013, with submissions closing on 21 February 2014 and hearings scheduled for March 2014.

The Commission has proposed a single council for Northland with seven community boards. This would be a new entity and the council would cease to exist. The council has told the Local Government Commission it can't support its draft proposal in its current form – and has asked it to do more work, then issue a fresh draft.

The Commission's proposal is available on its website and further information on council's position can be found at www.nrc.govt.nz/lgreform.

At the time of consulting the public on this Draft Annual Plan the outcomes of this process are far from certain. Council has therefore prepared this Draft Annual Plan in line with the Long Term Plan and intends to deliver its services and activities on a business as usual basis. As documented in our forecasting assumptions, council has not budgeted for specific costs associated with reorganisation, such as poll or transition.

The one exception to this is that council has included a small budget (\$50,000) for communication on reorganisation. During 2013/14 council received positive feedback from the public on the information it provided to Northland communities on the process and the commission's proposal and we see value in making

a specific budget available for this work to continue during 2014/15 should it be necessary.

Council will continue to examine whether this budget will be required (or would be sufficient) based on information from Local Government Commission and parliamentary processes that emerges before the end of May 2014, submissions and communications advice. This information and advice will be considered as part of deliberations and adoption of the Annual Plan.

Governance - Te Taitokerau Regional Māori Advisory Committee

Council is committed to establishing a relationship based on genuine partnership with Māori. It wants to promote Māori (whanau, hapu and iwi) participation and engagement in council processes and decision making and ensure it takes appropriate account of the principles of the Treaty of Waitangi.

Council therefore set up a working party in December 2013 and that working party then engaged with recognised iwi authorities in Tai Tokerau on the potential membership of a new committee, tentatively named 'Te Tai Tokerau Regional Māori Advisory Committee', and its terms of reference.

Council considers that this approach – collaboratively developing the purpose, mandate, functions and work programme of the committee with Māori – will enable lasting and meaningful relationships between Māori and council and create a commitment to the success of the committee.

It is envisaged that the committee will identify issues of regional significance to Māori including issues of significance to whanau, hapu and iwi which may be rohe specific during 2014.

How we measure performance

Level of service	Why it is important	Performance measure	Performance target	Baseline performance in LTP
Maintaining effective, open and transparent democratic processes	This is council in action – facilitating community participation in decision-making.	Submissions received on council's long term plan and annual plan.	Increasing number of submissions for Annual Plans and Long Term Plans	2010/11: 220 2012/13: 18
Maintaining effective, open and transparent democratic processes	Providing responses to submitter feedback enhances the experience of submitters and encourages their ongoing participation in local government decision making processes.	Time to respond to submitters post adoption of annual plans and long term plans.	Within one month of adoption	2010/11: One month 2012/13: Achieved
Providing effective advocacy on behalf of Northlanders on matters of regional significance	This is council in action – advocating for Northlanders on issues of importance to them.	Level of advocacy undertaken on issues of importance to Northland over and above government submission processes.	10 submissions made annually	New measure 2012/13: 13

Funding Impact Statement for Community Representation and Engagement

Annual Plan 2013/14 \$	Prospective Funding Impact Statement for period ending 30 June 2015	Draft Annual Plan 2014/15 \$	LTP Year 3 2014/15 \$	Variance to LTP \$
	SOURCES OF OPERATING FUNDING			
1,522,982	General rates, uniform annual general charges, rates penalties	1,824,434	1,680,399	144,035
-	- Targeted rates (other than a targeted water rates)	-	-	-
-	- Subsidies and grants for operating purposes	-	63,901	(63,901)
-	- Fees, charges and targeted rates for water supply	-	-	-
-	- Internal charges and overheads recovered	-	-	-
-	- Local authority fuel tax, fines, infringement fees and other receipts	-	-	-
1,522,982	Total operating funding	1,824,434	1,744,301	80,133
	APPLICATIONS OF OPERATING FUNDING			
1,891,164	Payments to staff and suppliers	2,069,261	2,026,399	(42,862)
-	- Finance Costs	-	-	-
423,262	Internal charges and overheads applied	606,616	481,711	(124,905)
-	- Other operating funding applications	-	-	-
2,314,426	Total applications of operating funding	2,675,877	2,508,110	(167,767)
(791,444)	Surplus / (deficit) of operating funding	(851,443)	(763,810)	(87,634)
	SOURCES OF CAPITAL FUNDING			
-	- Subsidies and grants for capital purposes	-	-	-
-	- Development and financial contributions	-	-	-
-	- Increase / (decrease) in debt	-	-	-
-	- Gross proceeds from sale of assets	-	-	-
-	- Lump sum contributions	-	-	-
-	Total sources of capital funding	-	-	-
	APPLICATIONS OF CAPITAL FUNDING			
	Capital expenditure			
-	- to meet additional demand	-	-	-
-	- to improve levels of service	-	-	-
-	- to replace existing assets	-	-	-
(165,000)	Increase / (decrease) in reserves	-	-	-
(626,444)	Increase / (decrease) of investments	(851,443)	(763,810)	87,634
(791,444)	Total applications of capital funding	(851,443)	(763,810)	87,634
791,444	Surplus / (deficit) of capital funding	851,443	763,810	87,634
-	Funding balance	-	-	-

Variations from Long Term Plan

Sources of operating funding

General rates are higher than budgeted in the Long Term Plan predominantly due to an increased distribution of general rates (based on net cost) allocated to fund this Activity.

Subsidies and grants for operating purposes is less than budgeted in the Long Term Plan as the Treaty Settlement process for Te Hiku iwi has not progressed as quickly as anticipated when the Long Term Plan 2012–2022 was adopted. The constitution of the Beach Management Board for Te Oneroa–a–Tōhe and the Crown subsidy of \$60,000 to administer it may not occur during the 2014/15 financial year, and is therefore not shown as subsidy and grant income associated with this activity.

If the legislation implementing the settlements takes effect during 2014/15, the anticipated subsidy should be available at the same time that expenditure on the Beach Management Board administration occurs and therefore this will have nil effect on the costs of administration associated with the Board. (The funding becomes available 60 business days after the date on which the settlement legislation comes into force.) The Deeds of Settlement also anticipate that the council will hold on behalf of the Beach Management Board a one off payment from the Crown to the Board (\$400,000). These funds are not council funds and are not and are not shown as council operating funding.

Within the Draft Annual Plan the non-councillor committee membership costs (for the committee tentatively named 'Te Tai Tokerau Regional Māori Advisory Committee') are funded from growth (in SUIPS and Rating Units) and the first year of the committee's work programme from our existing budgets for working with Māori and iwi liaison.

Applications of operating funding

Internal charges and overhead applied are greater than the Long Term Plan due to the increased organisational support costs allocated to this activity as a result of an increased corporate budget for doubtful debts.

Support Services

The funding impact statement below is for council's support services – the organisation's corporate and support functions. It includes expenditure and funding sources for commercial activities (interest, dividends and rental income) finance operations, records administration, human resources, communications, information technology and other administration.

Annual Plan 2013/14 \$	Prospective Funding Impact Statement for period ending 30 June 2015	Draft Annual Plan 2014/15 \$	LTP Year 3 2014/15 \$	Variance to LTP \$
	SOURCES OF OPERATING FUNDING			
-	General rates, uniform annual general charges, rates penalties	-	-	-
-	Targeted rates (other than a targeted water rates)	-	-	-
-	Subsidies and grants for operating purposes	-	-	-
52,217	Fees, charges and targeted rates for water supply	62,763	39,406	23,357
6,559,550	Internal charges and overheads recovered	7,720,716	6,855,642	865,074
6,609,852	Local authority fuel tax, fines, infringement fees and other receipts	7,281,279	5,941,993	1,339,286
13,221,619	Total operating funding	15,064,758	12,837,041	2,227,717
	APPLICATIONS OF OPERATING FUNDING			
5,800,911	Payments to staff and suppliers	6,619,298	5,732,245	(887,053)
1,000	Finance Costs	1,000	1,000	-
16,720	Internal charges and overheads applied	19,891	17,346	(2,545)
-	Other operating funding applications	-	-	-
5,818,631	Total applications of operating funding	6,640,189	5,750,591	(889,599)
7,402,988	Surplus / (deficit) of operating funding	8,424,569	7,086,450	1,338,119
	SOURCES OF CAPITAL FUNDING			
-	Subsidies and grants for capital purposes	-	-	-
-	Development and financial contributions	-	-	-
-	Increase / (decrease) in debt	-	-	-
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Total sources of capital funding	-	-	-
	APPLICATIONS OF CAPITAL FUNDING			
	Capital expenditure			
-	to meet additional demand	-	-	-
435,034	to improve levels of service	180,000	388,734	208,734
553,776	to replace existing assets	761,049	546,890	(214,159)
1,961,651	Increase / (decrease) in reserves	1,685,996	2,587,134	901,138
4,452,527	Increase / (decrease) of investments	5,797,524	3,563,692	(2,233,832)
7,402,988	Total applications of capital funding	8,424,569	7,086,450	(1,338,119)
(7,402,988)	Surplus / (deficit) of capital funding	(8,424,569)	(7,086,450)	(1,338,119)
-	Funding balance	-	-	-

Variations from Long Term Plan

Sources of operating funding

Local authorities' fuel tax, fines, infringement fees and other receipts are greater than the Long Term Plan forecast predominantly due to the Northland Port Corporation dividend being greater than originally forecast. Originally a \$0.065 per share dividend was incorporated into the Long Term Plan; however, the dividend was revised in this Draft Annual Plan to \$0.115 per share (additional \$1.1M). In addition, a dividend from Regional Software Holdings limited of \$250,000 has been introduced into the Draft Annual Plan that was not included in the Long Term Plan.

The increase in internal charges and overheads recovered represents the larger level of support services costs (above the Long Term Plan) charged out to other council activities as part of our Support Service cost allocation process.

Applications of operating funding

Payments to staff and suppliers are higher than budgeted in the Long Term plan due an increase in doubtful debts provision, increased audit fees, the redirection of depreciation and an allowance for aerial photography.

During 2014/15 council intends to acquire new aerial imagery through a broad partnership model – as it has in the past. Each of the district councils in Northland are preparing their draft annual plan budgets with funding for this acquisition. Northpower is also committed to the project.

Council will coordinate the project and receive funding from the partners. As this Draft Annual Plan is being prepared there is the opportunity for the councils of Northland and Northpower to leverage funding from LINZ (with potentially other central government departments also contributing) during 2014 and 2015 to complete this project. Council is assuming that there will be a \$200,000 contribution from LINZ to council in the 2013/14 year and that this funding will be carried over from 2013/14 to 2014/15 to part fund the project.

Council anticipates that the district councils of Northland and Northpower will contribute a further \$150,000 during 2014/15 and council's contribution of approximately \$100,000 is funded from general rates.