Northland's Draft Long Term Plan 2012-2022

March-April 2012

Putting Northland first

NORTHLAND REGIONAL COUNCIL

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Welcome to our draft Long Term Plan

MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE

Welcome to this draft Long Term Plan - our vision for council's focus and direction for the next 10 years (2012-2002). We hope you'll get involved and send us your thoughts; including which proposals you support (and those you don't!) or other initiatives you'd rather see your rates spent on/ council involved in.

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

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

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

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

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

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

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

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

Another key focus for us over the next three years is developing and implementing the Regional Policy Statement. This document is arguably Northland's most important planning document because it sets out how the region's natural and physical resources should be managed. With your help, we're aiming to enable development and economic and social improvements, but also safeguard environmental bottom lines, Northland's special places and the things we – and those who will come after us - value.

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

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

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

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

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

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

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

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

Craig Brown
Chairman

Malcolm Nicolson
Chief Executive Officer

About this plan

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

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

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

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

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

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

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

Full details of major proposals

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

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

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

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

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

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

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

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

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

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

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

About our consultation

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

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

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

How to make a submission

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

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

Submission form – Northland's draft Long Term Plan

Submitter Details (please print clearly)

First name:	Surname:	Mr	Mrs	Ms
Organisation (if applicable):				
Postal address:				
Email address:	Post code:			
After hours telephone:	Business hours telephone:			

Please write your comments in the space provided and forward your submission to:

Draft Long Term Plan 2012-22 Submission Northland Regional Council Freepost 139690 Private Bag 9021, Whāngārei Mail Centre Whāngārei 0148	Online: via www.nrc.govt.nz\haveyoursay Fax: 09 438 0012 e-mail: mailroom@nrc.govt.nz

Submissions should reach the council by 3.00pm, Thursday 19 April 2012.
Submissions received after 3.00pm are considered "late submissions" and are considered at the council's discretion.

Would you like to attend a hearing to tell councillors in person more about your views? Please ✓
The hearing of submissions will be held between 2 May and 8 May 2012

	I DO NOT wish to appear in support of my submission
	I DO wish to appear in support of my submission

Please ✓ your preferred hearing venue – see page 9 for hearing dates

Whāngārei		Kaitāia		Kaikohe	
Kerikeri		Dargaville			

Your submission:
I support/oppose
Because:

How did you find out about this consultation on the Long Term Plan? *(please circle options)*

Word of mouth	Letterbox summary	Newspaper	Email alert from us	Twitter/Facebook
Council website	Radio advertising	Dargaville fieldays	Letter from us	Community Group

(There is space on the next page for more comments- you can also attach more pages if necessary)

Signature: ______________________________ Date: ____________________________

I support/oppose
Because:
I support/oppose
Because:

(Attach extra pages if necessary - Submissions presented to council are considered public documents subject to the provisions of the Local Government Official Information and Meetings Act 1987.)

Where to find more information

Full draft plan

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

Summary of the full draft plan

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

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

More about our activities, strategies and policies

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

Key consultation dates

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

COUNCILLOR CONTACT DETAILS

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Issues for consultation

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

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

Key issues described in this section include:

INCREASE IN RATES

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

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

- Biosecurity $100,000 – proposed additional resources to accelerate our current efforts to manage the region's pests, more fully explained on page 23.
- Monitoring costs for priority rivers $71,000 – ongoing additional monitoring costs for 14 new hydrometric sites for the priority rivers network to enable flood modelling and risk assessments and provide flood warning information.
- Biodiversity $63,000 – additional resources to target clusters of erosion prone land within catchments and collaborate with land owners in the implementation of soil conservation measures in priority areas (further information is on page118).
- National Policy Statement for Freshwater Management $110,000 – implementation costs which were unable to be absorbed into business as usual resourcing. Over the next 10 years, on a rolling basis as we work through the prioritised catchments we will be collecting data, modelling water quality and quantity, establishing goals and targets, drafting plans and consulting on them and implementing plan changes. More details are on pages 43-46.
- Māori engagement $30,000 – further resources to engage with Māori on resource management, economic development and participation in council's decision-making processes.

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

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

NEW COUNCIL OBJECTIVES

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

New council objectives:

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

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

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

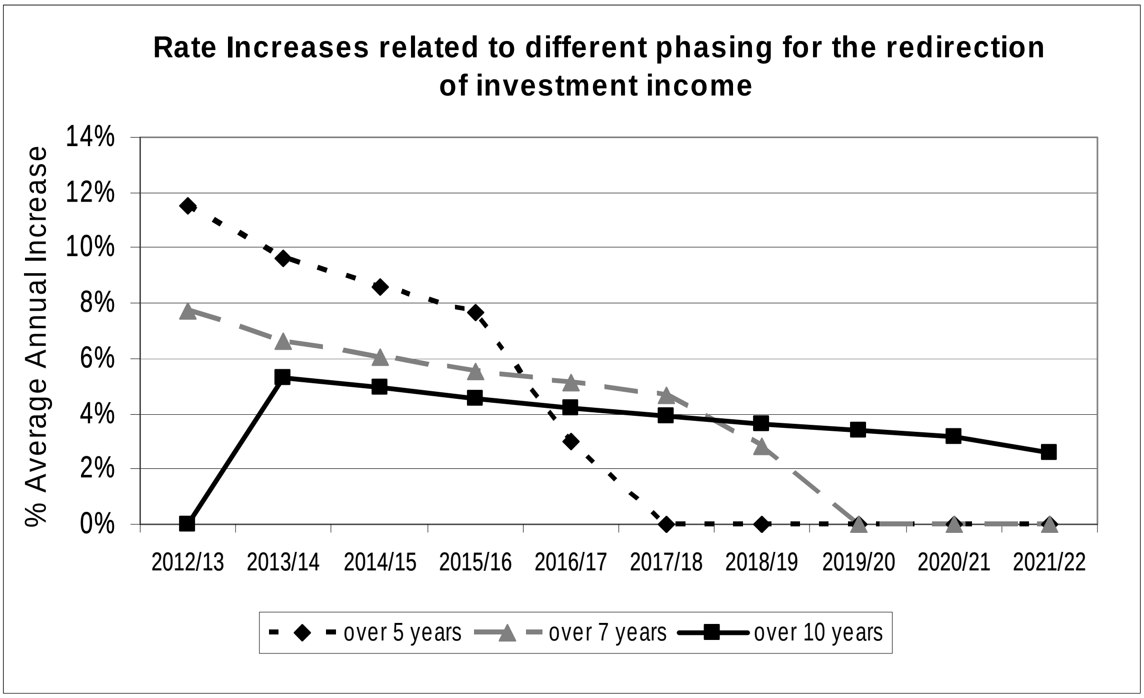
TRANSITION TO CHANGE USE OF INVESTMENT INCOME

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

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

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

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



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

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

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

CRITERIA FOR USING THE NEW INVESTMENT AND GROWTH RESERVE

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

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

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

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

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

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

CHANGE TO COUNCIL-CONTROLLED ORGANISATION STRUCTURE

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

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

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

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

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

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

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

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

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

REDUCED FUNDING FOR DESTINATION NORTHLAND LIMITED

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

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

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

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

NEW DIRECTION FOR MANAGING WATER

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

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

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

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

By December this year, we have to put in place a plan for how we phase these things in across Northland by 2030. It is a big job that will involve wide-reaching consultation and regional plan changes to set effective limits while maintaining local values for the water bodies. At this stage implementing the NPS Freshwater is within council's current service levels. (We are essentially continuing our monitoring work, investigating options for prioritising catchments, and continuing the improvement programmes we have in place.) However once we have worked with communities to prioritise action, identify objectives and limits, and chosen the tools for meeting those limits, service levels are likely to change. We therefore anticipate that as we prepare our next draft Long Term Plan (the one for 2015-18) we will be consulting with you on the strategic choices that need to be made (e.g. are we maintaining or improving water quality within this or that catchment), the things we must deliver (e.g. improved water quality within a specific timeframe, water we can swim in or collect shellfish from at the following sites, enough water for priority / all users, enhanced biodiversity), and what represents value for money and cost effectiveness.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NEW RIVER MANAGEMENT WORKS

Whāngārei flood detention dam

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

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

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

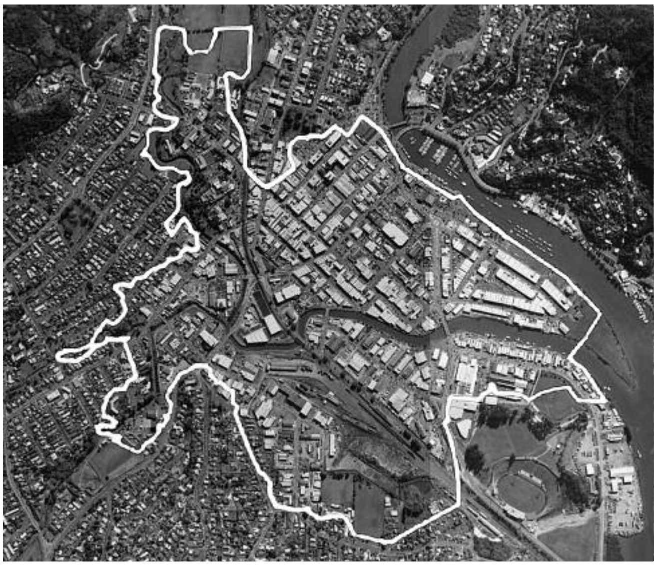
It is proposed that the dam build would be funded through an internal loan and repaid by extending the current Whāngārei urban rivers management rate. Two loan repayment options are provided for comment – over 15 years and over 25 years. The council's preferred option is using an internal loan to be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

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

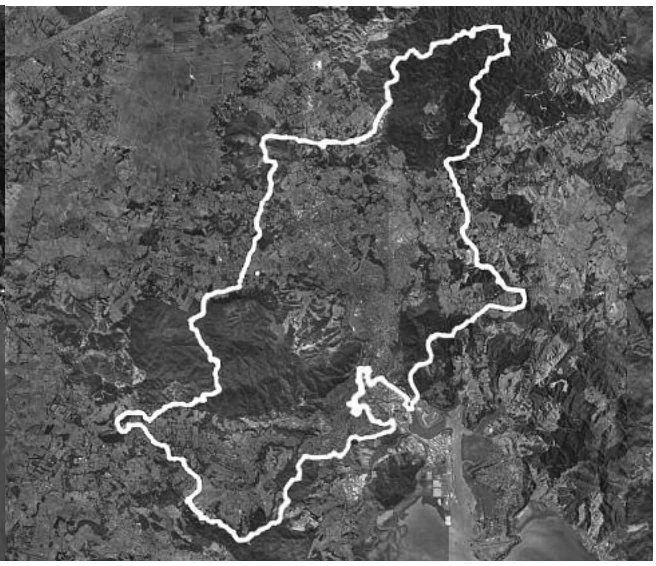
*****   Rates collected per SUIP**

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

Map 1: Properties in the CBD flood area



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



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

Background

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

Prior works - Stage 1

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

Further future works – Stage 3 plus

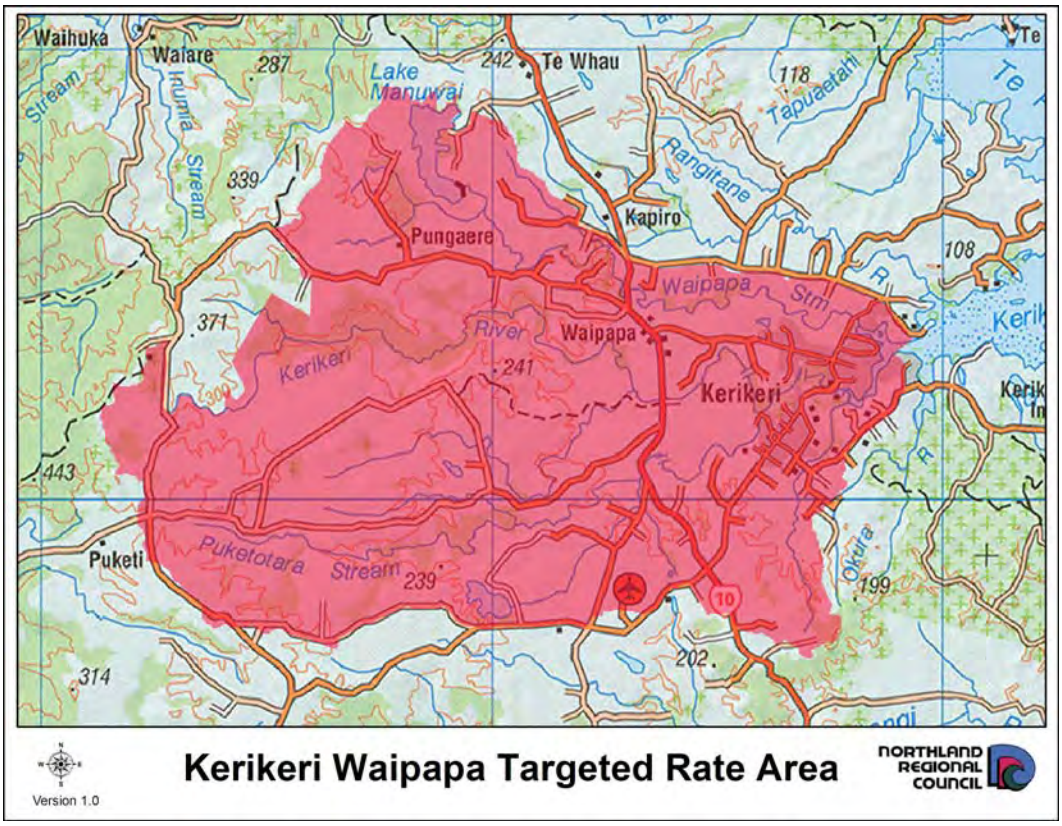
A further stage of works has been identified but may not be deemed necessary, or could be implemented on a reduced scale, pending a review of the effectiveness of the detention dam and the influence of this on further stages of work. The assessment could take several years to complete. The council has therefore not made any provision within the ten years of this long term plan for further works.
Further possible works include a grass-lined flood corridor along the banks of the Waiarohia and Raumanga Streams through the central business district (CBD), and further bridge upgrades and sections of flood walls where a grass-lined corridor is not feasible. The grass-lined flood corridor would link with the Whāngārei District Council's 20/20 Plus Central City Development Plan, providing further benefits beyond flood risk reduction. It has the potential to enable improved pedestrian and cycle access, recreational opportunities, potential for water quality enhancements and opportunities for enhanced commercial activity.

New rate and works for Kerikeri-Waipapa

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

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

Map 3: Properties within the proposed new targeted rate area



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Rating impact of the staged works (including GST)

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

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

Awanui Flood Management Scheme

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

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

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

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

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

BUS SERVICES IN KAITĀIA AND DARGAVILLE

The council is interested in hearing if you support providing funding assistance to bus services to operate in Kaitāia and Dargaville. If the services qualify for government subsidies then the remaining funding is proposed to be funded by the town/area being serviced. The council will need to establish a new targeted rate to collect the local share of funding. The district councils collect the regional council rates on our behalf and the new rates will attract more administration costs from the prospective district councils. Given the small expenditure involved for each rate we have requested that the district councils waive additional rating fees for the collection of this rate to make the service as affordable as possible. The Far North District Council has agreed to waive the rating fee as a means of supporting the local community. The Kaipara District Council is considering the proposal.

The council has been asked for funding assistance to enable the continued operation of the existing bus service operating in Kaitāia and for a bus service to operate full-time in Dargaville. The bus services will be assessed against the New Zealand Transport Agency's criteria and if they qualify will receive a 50% government subsidy. Kaipara District Council has requested the Dargaville bus service be accepted into the Super Gold Card subsidy scheme which would also generate a funding subsidy. Both the current services will have to improve their passenger numbers and business operations to become more economically viable to meet New Zealand Transport Agency's funding criteria. Council officers are working with both bus operators to improve the bus routes and increase the people travelling on the buses in an effort to meet the funding criteria.

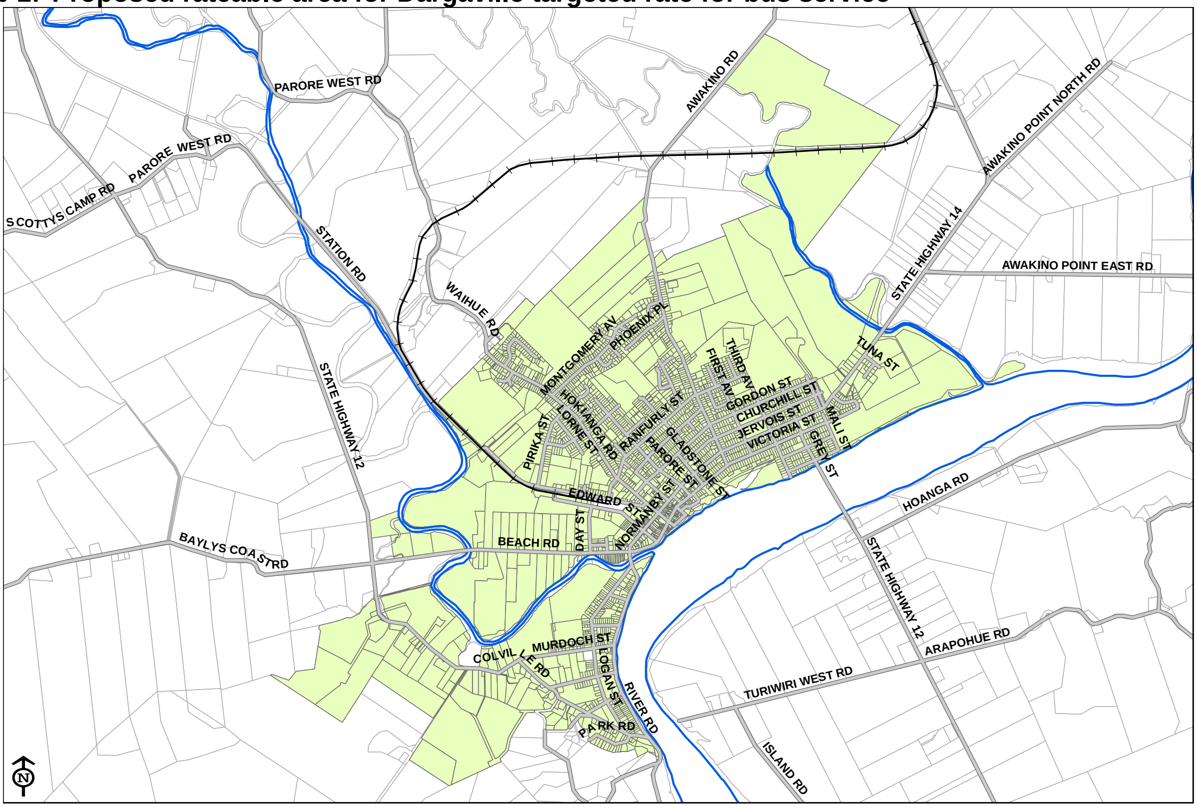
Targeted funding from the area that benefit from the bus service routes is considered to be the best form of funding for the local share. The Far North and Kaipara districts have multiple towns that act as service centres so a district rate has been discounted as a fair means of funding the bus services. The funding for both the bus services is not included in the financial statements within this plan as many variables exist and the overall funding amount is low (under $100,000) compared to the overall transport budget.

Dargaville bus service proposed targeted rate
The different funding scenarios for the proposed targeted rate for the Dargaville bus service is below:

Funded by Dargaville ratepayers only (refer map above for proposed area):

Government subsidies secured and no additional rating fees	Extra $22.65 per ratepayer
Government subsidies secured with rating fee	Extra $25.35 per ratepayer
No government subsidy and no additional rating fees	Extra $71.99 per ratepayer

Map 1: Proposed rateable area for Dargaville targeted rate for bus service



Do you support paying the targeted rate when fully subsidised?
Do you support paying the targeted rate without the subsidy?

More about the Dargaville bus proposal
Ritchies Bus Service is presently trialling a commercial public passenger transport service in Dargaville. It operates a twice daily scheduled service within the Dargaville township, to connect locals with essential services such as the doctor, supermarket and banks. Ritchies have been charging a flat fare of $5.00 per one-way trip.

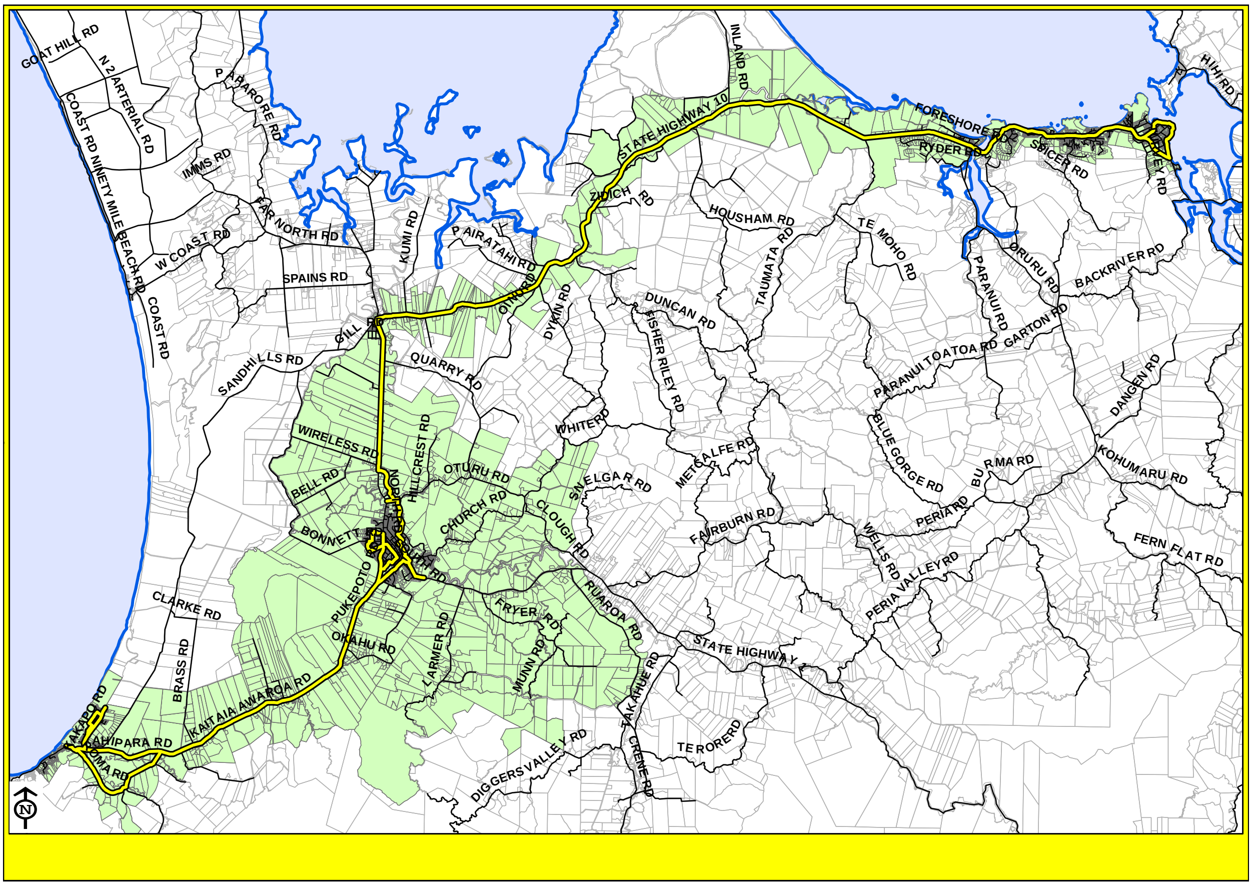
Funding of $40,000 has been included in the Draft 2012-2015 Regional Land Transport Programme for the introduction of a Concessionary Fare Scheme (subsidy per passenger carried) on the Dargaville service. If the Super Gold Scheme revenue is forthcoming then it is projected to provide $17,500. With a 50% subsidy from the New Zealand Transport Agency the local funding required is $11,250. The government subsidy will be dependent on the bus service becoming economically viable (meeting a benefit cost ratio of four) and securing long term local funding.

Kaitāia bus service proposed targeted rate
The different funding scenarios for the proposed targeted rate for the Kaitāia bus service is below:

Funded by Kaitāia ratepayers only (refer map above for proposed area):

Government subsidies secured	Extra $7.51 per ratepayer
No government subsidy	Extra $15.01 per ratepayer

Map 2: Proposed rateable area for Kaitāia targeted rate for bus service



Do you support paying the targeted rate when fully subsidised?
Do you support paying the targeted rate without the subsidy?

More about the Kaitāia bus proposal
A bus service (BusaboutKaitāia) has been operating in Kaitāia since 1 June 2009, initially with funding assistance from the Ministry for the Environment (an $80,000 grant to run bio-diesel motors). When the

grant ended in 2011 the bus operator, Community Business and Environment Centre (CBEC), approached the regional council for funding assistance in order to continue operating the service. In August 2011 the New Zealand Transport Agency (NZTA) and the Northland Regional Council agreed to fund a maximum of $35,000 each for the 2011-2012 financial year to keep the bus service operating.
CBEC operate a number of scheduled daily services between Kaitāia and Ahipara, and Kaitāia and Mangōnui. Recently introduced shoppers' runs between Kaitāia and Pak N Save at North Road are also proving popular. Fares range from $2.00 to $5.00 per person per trip.

The government subsidy for 2011/2012, is for a maximum of $35,000 through a concessionary fare scheme (subsidy per passenger carried). Continued funding from the government is dependent on the bus service becoming economically viable and securing long term local funding. The government subsidy for 2011/2012 was released on the understanding that it be used to assist in the growth of the service to the point that it reached a benefit cost ratio of four, having to improve from a ratio less than two. The proposal is to establish local funding from the community and secure the government subsidy to retain the bus service for the long term.

RESCUE HELICOPTER RATE

A new rate was introduced in 2009-2010 to help fund the rescue helicopter service for Northland. At the time, the new targeted rate was proposed as the funder of last resort for the rescue service (if the funding wasn't provided then the service may have had to be reduced). Council funding was necessary at that time because NEST (Northland Emergency Services Trust), the non-profit charitable trust that provides the emergency helicopter/air ambulance service in Northland, had lost a major sponsor.

Since then, the helicopter service has extended its capabilities by adding a third helicopter to its operations to ensure availability at all times and to respond to an increased demand in services. NEST's long term goal is to be debt-free by 2019 and to establish a helicopter replacement fund to support this target. To remain financially viable the Trust has acknowledged its continued need for council funding.

The council is proposing that the targeted rate continue so that NEST can both maintain its current level of service and realise its goal of becoming debt-free. The council has also taken into consideration the positive support that many Northlanders have shown in the past for both the rescue helicopter service itself and the provision of council rates to help fund it.

The funding contribution to NEST for 2012-2013 is $600,000 (excluding GST and rating costs); which requires a targeted rate of is $8.17 per property (including GST). This level of funding is budgeted across the ten year period.

Do you support continuing with the helicopter services targeted rate?

BIOSECURITY ADDITIONAL FUNDING

The council is proposing an additional $100,000 be spent annually on biosecurity programmes, which is about 5% more than the current annual budget. The biosecurity activity is the management of pest plants, pest animals and marine pests to reduce or eliminate their impact on environmental, economic, cultural and social values. Many of the natural values and areas in Northland are of international and national significance. They are often the last remaining ecosystems of their type in New Zealand or the world, and representative of the natural character of New Zealand or contain examples of values not protected elsewhere.

Northland is a narrow peninsula, has a warm climate, a large coastline, nine harbours, several estuaries, two customs clearance ports, and high numbers of tourists and vehicle movements. The diversity of primary industry (like dairying, horticulture, forestry) may increase resilience to pest impacts but it also widens the range of potential pest risks. Weeds are a constant threat and likely to be a risk to Northland's biodiversity in the future. Climate change predictions suggest that Northland will be hotter and drier, with more varied rainfall extremes (NIWA). Northland is already a weed hot spot for New Zealand, likely to become even more so in the future.

The council has a variety of programmes underway to eradicate pests that are not well established and to suppress and contain pests that are established; some widespread across the region. The programmes involve other pest agencies such as MAF Biosecurity New Zealand; other government agencies such as

Department of Conservation and community groups where they are willing to contribute their time and efforts. Some of the programmes attract government funding such as the containment of Manchurian rice grass. This programme began by targeting outlying areas to prevent further spread and now more heavily infested areas are being addressed.

The council proposes to use the additional funding to accelerate the programmes outlined in the strategy – the faster pests are eradicated (if possible) or at least contained then the less damage will be inflicted on our environment and our economy (through the impact on primary production i.e. aquaculture, forestry and farming and through higher rating in years to come). Eradicating pests before they establish is the most cost efficient management option in the long term. There are areas within Northland that receive little or no attention from any of the council or government funded projects and do not have an active community group undertaking pest management. These areas are generally in low populated areas. The council wishes to target more resources at the areas of importance that are currently lacking programmes or community attention and to accelerate programmes that would improve our rate of success.

Do you support the proposal to spend more on pest management?
Is there a particular programme that we should spend more on?

CHANGES TO MONITORING ACTIVITY

The council proposes to withdraw or reduce some specific service levels within our monitoring activity. These budget savings will allow council to redirect resources into other activities and to absorb other cost drivers - such as implementation of the Government's National Policy Statement on Freshwater. Each of the service changes is described below including the reason for the proposal at this time.

Chemical collection

The council proposes to cease its participation in the chemical collection service from 1 July 2012. It considers that the need for the service has diminished to a point where its value is limited.

Council originally set up a chemical collection service to deal with the long-lasting (more persistent) chemicals whose use had been banned or were being phased out (e.g. DDT, 245-T). The service provided Northlanders with easy access to responsible disposal of the chemicals and limited the amount of chemical that may have been dumped or buried and could result in on-going contamination issues.

The quantities of these long-lasting chemicals being collected have reduced significantly in recent years. Domestic chemicals are currently the most common type of chemical collected, and there is now a range of alternative disposal options available to residents.

Incident response

The council proposes to reduce its resourcing of the environmental incident response service (Environmental Hotline) by approximately 30%. Council responded to over 979 incidents over the last two years. . An analysis of the calls received has shown that significant staff resources are taken up responding to incidents of a minor nature that are unlikely to result in significant environmental effects. The freed up resources will be used more effectively within the monitoring activity.

All calls to the Environmental Hotline will still be assessed and staff will only follow up on calls that have a greater risk for more than minor environmental effects. Officers will determine the environmental risk based on written operational procedures.

Bathing sites
It is proposed that the number of coastal bathing sites monitored during the summer months be reduced from 85 to 55 sites.

Since 2009 the council has monitored up to 85 bathing sites around the region and provided the weekly results on our website. The number of sites was dramatically increased for the past two years to prove that most of Northland's coastal bathing sites have high water quality (the previous selection of sites included a large proportion of known trouble spots and were monitored as more of a public health service). Data from the enlarged sampling over the last two years has confirmed that most of Northland's coastal bathing sites have high water quality. The council now considers that the current bathing programme can be scaled back and still provide a representative picture of the region's coastal bathing sites.

Do you support the reductions in the monitoring activity?

COUNCIL'S INVESTMENT PORTFOLIO

Review of port shares
The council is currently reviewing its investment portfolio to ensure we are achieving the best return with a good mix of investments to balance any risk. The council's investment portfolio includes a 53.61% shareholding in Northport Corporation (NZ) Limited. The corporation has rationalised its operations over the last few years and is now essentially an investment company with holdings in Northport Limited (which operates the deep water port facility at Marsden Point), North Port Coolstores (1989) Limited (operates coolstores at Marsden Point) and Northland Stevedoring Services Limited. If the review of the investment portfolio concludes that our investment in the port corporation is no longer the best investment available, then the council will consult with Northland residents on a proposal to sell our shareholding.

The council's shareholding in the port corporation is listed as a strategic asset within the council's Significance Policy. Therefore the public consultation will follow the special consultative procedure which includes public notices, a widely distributed summary document and a full proposal with a submission and hearing process before a decision will be made.

Council's leasehold property investment
Council's overall investment portfolio includes cash, port shares and forestry holdings and has a current market value of $115 million. A key component of this portfolio is 142 land leases in the Whāngārei CBD and port area last valued at just over $48 million. The bulk of these leases are leasehold properties worth $35.8 million which council inherited from the Northland Harbour Board more than 20 years ago in 1989. Rent reviews are assessed on the unimproved land value and take no account of any improvements on the land.
At councillors' request, the property portfolio was recently independently reviewed to ensure these leasehold properties continued to represent the best use of ratepayer money. That review also considered whether council's ownership of these properties could be potentially limiting economic development in Whāngārei, with suggestions banks were reluctant to lend on – and leaseholders to invest in – land that leaseholders did not own.

The review found that the properties provided a stable and low-risk return to ratepayers which compared favourably to other investments. However the review noted it was possible that leasehold tenure will distort development within the city to some extent because of the negative perception by investors and owner occupiers towards leasehold tenure. The reviewers considered that "leasehold tenure will delay or inhibit redevelopment relative to freehold tenure; and/or inhibit agglomeration of smaller sites to accommodate more comprehensive redevelopment and/or higher and better uses".
Councillors have indicated an interest in selling some of the 76 longer term (perpetual leases with 21-year rent review periods) leases (together worth $16.2 million) on a discretionary, case-by-case basis and provided certain criteria are met.

These criteria include:

- Any sale would always be at or above market value with current leaseholders given first option to buy.
- A potential sale demonstrates clear economic development benefits including:
  - The intention to expand the business or upgrade current buildings or infrastructure.
  - Job creation.
  - Other business development opportunities that would not otherwise be available if the land was leasehold.

The proceeds from any sale would be reinvested as part of the council's balanced mixed investment portfolio.

Do you agree with the council's criteria for freeholding leasehold properties?

JOINING THE LOCAL GOVERNMENT FUNDING AGENCY

The council wishes to join the new Local Government Funding Agency as a shareholder, with an investment of $100,000. The new agency, a council-controlled trading organisation, has been founded by local and central government to enable local authorities to borrow at lower interest margins than would otherwise be available. As a shareholder the council would be eligible to borrow in excess of $20 million. While the council currently has no plans to borrow that large a sum; the agency's lower borrowing interest rate may make borrowing more attractive than lending internally from the council's investments (i.e. we should be able to earn more from our investments than the borrowing costs). The council expects to receive a return on its $100,000 investment, and its investment will also assist in making the agency viable.

The Local Government Funding Agency will require, as security for any borrowing from it and for related transactions, a charge over Northland Regional Council's rates and rates revenue. Such charges are normal and provided by most local authorities in relation to their borrowing requirements. The full proposal on joining the Local Government Funding Agency, a council-controlled organisation, is on page 38-42.

Do you support the council becoming a shareholder in the Local Government Funding Agency?

NEW SIGNIFICANCE POLICY

The council's Significance Policy gives direction on the level of information and consultation required for local government decisions. The council proposes to introduce further guidance on determining significance by defining thresholds and criteria for staff and councillors to use to support robust decision making. The Significance Policy also lists the council's strategic assets. The new policy proposes to add the Awanui River scheme assets as a strategic council asset. Strategic assets mean any asset that the council needs to retain in order to maintain its capacity to deliver on outcomes for the current and future communities. The ownership or control of a strategic asset can only be transferred if the proposal is included in a Long Term Plan; thereby ensuring community consultation must take place. The Awanui River scheme assets have been added as a strategic council asset as the community would be disadvantaged significantly if those assets were not maintained and renewed. As more river schemes assets are built they will be considered for inclusion as strategic assets.

The full new Significance Policy is included in the Long Term Plan on pages 45-48.

Do you support the new Significance Policy?
Do you have further additions for the policy?

REVISED POLICY ON THE DEVELOPMENT OF MĀORI CAPACITY

The council proposes to revise its policy on the development of Māori capacity to participate in the decision-making processes of local authorities.

Council acknowledges that to build Māori capacity it also needs to build its own capacity to engage. The council's first priority is to develop a better and more productive relationship with the iwi authority governance representatives. Council accepts this will be organic and not driven by our own rule based framework. Additions to the policy include the following initiatives - to underline our commitment council will:

- Attend training each triennium;
- When invited walk over their rohe with iwi governance representatives to understand the issues and opportunities for Māori;
- Welcome and take up invitations for marae visits and noho marae/marae stays.

Elected representatives and staff will have an opportunity to gain an appreciation of Māori culture and tikanga and will attend education programmes relating to Māoritanga and the Treaty of Waitangi. Once the first steps have been taken, council hopes to build a strong governance relationship with the iwi authority governance representatives that will see us broadening our relationship and engaging directly around major issues, proposals and consultations. We may develop understandings/codes of partnership and build upon existing forums for collective discussion, advice and decision making that then filter throughout the organisation and Northland. The full revised policy is included on pages 157-158 of this draft plan.

Do you support the revised policy?
Do you have further additions for the policy?

USER FEES AND CHARGES

We're proposing to adjust our user fees and charges each year to keep up with inflation. This year, a 2.5% increase would apply to all our user fees and charges except for farm dairy effluent discharge fees and Navigation, Water Transport and Maritime Safety Bylaw fees (which remain the same except for large boat ramps – see below). For farm dairy effluent discharge fees, a new scale of charges is being introduced for cases of significant non-compliance with consents to reflect the extra resourcing we have to put into these cases. The full schedule of fees and charges is on pages 275-316.

Navigation, Water Transport and Maritime Safety Bylaw Charges 2012
We're proposing to change our fees for owners of large boat ramp under this bylaw. Boat ramp owners are charged annual fees to help pay for navigational safety aids in Northland's harbours. Larger boat ramps tend to be busier, so to make our fees charging more fair, we're changing fees for ramps over 15 x 4.5 metres to $120 (including GST) annually. (The charge for smaller boat ramps would remain at $60 plus GST annually.) Overall, large boat ramp owners won't pay any more (because we're reducing our Resource Management Act administration fees for large boat ramps at the same time) – but it's a bylaw change so we're legally required to tell you about it.

Major Proposals

Five of the major proposals within this draft plan (summarised within the "Issues for consultation" section) are described more fully on the following pages:

PROPOSED INVESTMENT AND GROWTH RESERVE CRITERIA

A brief summary of the proposed criteria is on page 12.

Objective of Investment and Growth Reserve:

- To invest in economic projects/ventures within Northland to increase:
  - Jobs in Northland;
  - Average weekly household income of Northlanders;
  - GDP of Northland.

Types of funding allocations:

- Funding (grants and purchase of services) for operational expenditure for the new council-controlled organisation and/or council-controlled trading organisation to identify, progress, and monitor projects including:
  - Strategy development;
  - Feasibility assessment and business case development; and
  - Monitoring key performance indicators of projects with loaned funds from the reserve or directly invested funds by Northland Regional Council.
- Loan funding or directly invested funds for:
  - Capital expenditure for new ventures or expanding of existing businesses; and
  - Operating expenditure for a finite period of time on condition of sufficient capital expenditure committed to the project and a satisfactory business plan to demonstrate how operating expenditure will be covered after this time.
- Equity investment (that is the reserve can be used to buy shares/an ownership interest in a company).

Principles of the Investment and Growth Reserve:

- Any project that is determined to potentially have significant adverse impacts on social, environmental, economic, or cultural well-being will not be eligible for funding, regardless of the positive impacts.
- Loans, direct investments or equity investments will deliver an appropriate rate of return taking into account the level of risk, revenue flows and anticipated economic development and well-being improvement. (Appropriate return includes percentage return on investment, any potential capital and broader indirect benefits to the community.)
- To safeguard the council against risk the following guidelines have been adopted:
  - All potential recipients of funding will be assessed for credit worthiness.
  - All parties with whom the council intends to conclude major contracts will be subject to formal credit approval.
- For equity investments the council will set an anticipated distribution expectation for the portion of the return to be transferred back to the reserve.

Management of reserve

- All projects' will be assessed for funding eligibility against a business case assessment tool.
- Only projects recommended for funding as above will be considered by the council.
- Council resolves the allocation of all funds.
- Council (or the new council-controlled organisation/council-controlled trading organisation on behalf of the council), will issue a formal offer setting out the terms and conditions for funding to successful projects. This offer will include milestones and key performance indicators, and who will be responsible for monitoring performance.
- Funding allocations made will be monitored and performance will be reported quarterly to council.

- Funding for organisational operating expenditure (for the new council-controlled organisation and council-controlled trading organisation) from the reserve is capped at $1,000,000 per annum.

Assessment criteria
Projects eligible for funding will meet all of the following criteria:
- The project is located in the Northland region; and
- The project promotes viable, long term economic development (i.e. beyond immediate short-term employment and business activity); and
- Development can be achieved in a way that is consistent with social, environmental and cultural well-being.

Projects eligible for funding must also promote viable, long term economic development through meeting one or more of the following:
- Generating ongoing, net economic benefit to the region;
- Ongoing creation of new jobs;
- Alignment with a council priority for economic development, as set from time to time and documented in a council-controlled organisation's statement of intent;
- Increasing exports; and
- Being innovation based.

Quantum of funding
In determining the quantum of funding for any project, the council, using the business case evaluation, will consider:
- The extent to which the project promotes sustainable, regional economic development;
- The contribution the project will make to improving social, economic, environmental and cultural well-being in the region;
- The extent to which the project aligns with the vision of other organisations in the region;
- The project's fit with council's priorities;
- The extent to which the business case demonstrates that the people involved have the capacity and capability to undertake the project;
- Return on investment;
- Opportunity cost;
- Risk and in particular, the extent to which the project is inter-dependent with other projects;
- The amount of investment and type of commitments other parties are making to the project;
- Any security provided to council to secure the funding; and
- The need for reserve funding.

Formal business cases are evaluated to ensure:
- The investment has value and importance;
- The appropriate form of investment is made – i.e. a loan, direct investment or equity investment;
- The project will be properly managed;
- The partner has the capability to deliver the benefits;
- Public money is not being exposed to risk when private money is available for investment in the project;
- Decision makers have the information they need to decide between the relative merits of alternative proposals; and
- Projects with inter-dependencies are undertaken in the optimum sequence.

The business case process will be designed to be:
- Adaptable - tailored to the size and risk of the proposal;
- Consistent - the same basic business issues are addressed by every project;
- Business oriented - concerned with the business capabilities and impact, rather than having a technical focus;
- Comprehensive - includes all factors relevant to a complete evaluation;
- Understandable - the contents are clearly relevant, logical and, although demanding, are simple to complete and evaluate;
- Measurable - key aspects can be quantified so their achievement can be tracked and measured;
- Transparent - key elements can be justified directly;
- Accountable - accountabilities and commitments for the delivery of benefits and management of costs are clear.

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

CHANGE IN COUNCIL-CONTROLLED ORGANISATION STRUCTURE

The full proposal to establish a new council-controlled organisation and make changes to Northland Regional Council Community Trust follows and relates to the brief summary on page 13 under "Issues for consultation".

Summary
The council proposes to change the role of its existing council-controlled organisation (the Northland Regional Council Community Trust); change the ownership of Destination Northland Limited and to establish one or more new council-controlled organisations, including a council-controlled trading organisation.

The council wishes to improve Northland's economic performance, community well-being and engage in projects that generate profit. The council considers the current structure - the Northland Regional Council Community Trust delivering economic development through subsidiary organisations - is not best suited to achieve this. The current structure mixes fund management, business development for public benefit and commercial roles within a multitude of organisations with overlapping roles and responsibilities and one set of governance. Council believes changing the structure to set up single focus organisations, with the appropriate mix of skills (governance, management and technical) within and available to them, will better achieve its objectives for economic development. Council has discussed its concerns and aspirations with the trustees, directors and management of the existing entities and the proposal below reflects the discussions to date.

Under the proposal the Northland Regional Council Community Trust will have the sole responsibility of managing the existing Trust Fund to deliver the best possible returns as an income stream to the council. Enterprise Northland Trust would become a non-trading charitable entity. The charitable status of Enterprise Northland Trust will be maintained for use when an appropriate opportunity with public benefit arises.

Council's initial assessment of its options for promoting economic development suggests that it should set up a new council-controlled organisation to find and facilitate projects and a council-controlled trading organisation to develop and manage those projects. A council-controlled organisation is an organisation in which the council controls 50 per cent or more of the votes or has the right to appoint 50 per cent (or more) of directors or trustees. A council-controlled trading organisation is a council-controlled organisation that operates a trading undertaking for the purpose of making a profit. The benefits of separating these two roles into separate entities include:

- Each entity can focus on its core role (in the case of the council-controlled organisation finding, grooming, brokering, assessing projects, and public benefit versus delivery and commercial focus, trading and making a profit within the council-controlled trading organisation);
- Different governance skills are required for each role; and
- Different management and staff skills are required for each role.

However, there is merit in establishing a single entity to start with, a new council-controlled organisation, and then establishing a council-controlled trading organisation once appropriate projects for delivery have been identified. The council-controlled trading organisation could either sit under council or under the new council-controlled organisation, as illustrated in the diagram below. Alternatively the council could establish the council-controlled trading organisation, and either contract for or bring in house the finding, grooming, brokering, assessment and evaluation functions described above for the new council-controlled organisation.

Council wants to work with the Northland Regional Council Community Trust to transfer its shares/assets in Destination Northland Limited at value to one of the new entities. It is anticipated that the income from the Northland Regional Council Community Trust's Fund to Destination Northland Limited would reduce over time, as a new model for the industry and additional funding emerges. Council is not proposing to reduce its $100,000 contribution from rates to Destination Northland Limited.

The council wishes to engage with and consider the views of business and the community before it decides on which entities it establishes to further economic development. We have consulted with the Northland Regional Council Community Trust and Enterprise Northland Trust trustees, and the directors of Destination Northland Limited, as well as the management of each entity, on this proposal and the consequences of it and we will continue this discussion while we consult with the residents and ratepayers of Northland. We will also be seeking further legal and tax advice on the best structure to deliver council's economic development activities and aspirations, taking into account audit, reporting and administrative costs and appropriate separation of roles between council and a new council-controlled organisations and/or a council-controlled trading organisation.

Proposed new structure options

Diagram 1

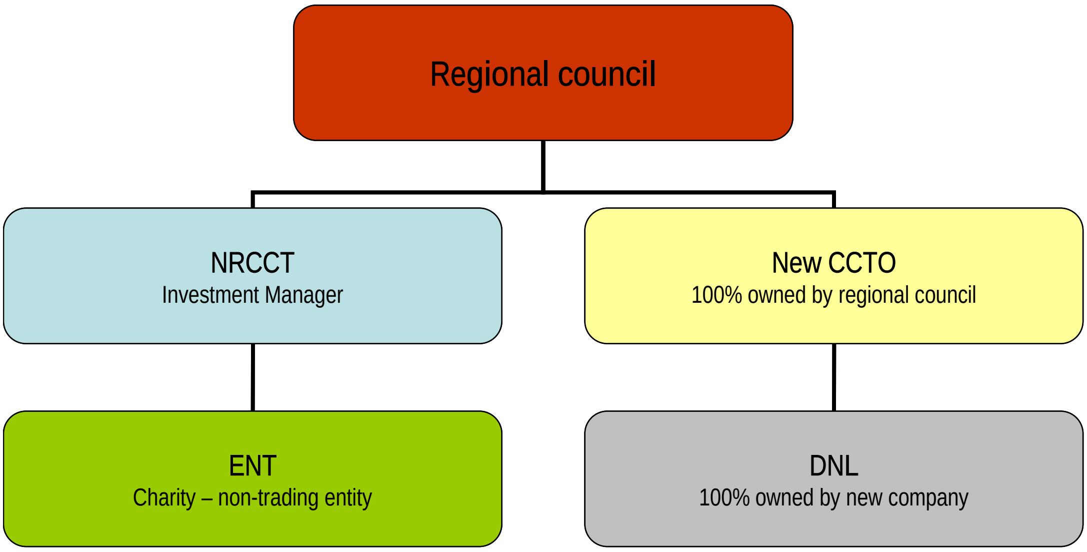
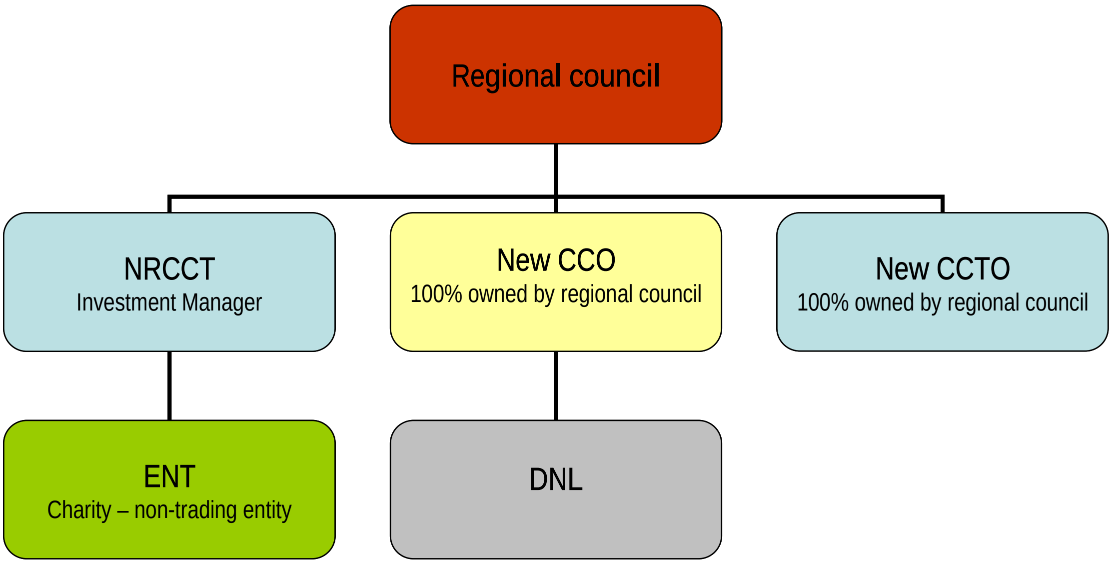


Diagram 2



NRCCT = Northland Regional Council Community Trust
CCTO = council-controlled trading organisation
CCO = council-controlled organisation
DNL = Destination Northland Limited

The final structure may differ from that portrayed in the diagrams above depending on the feedback and advice council receives. For example the new CCTO could be set up under the new CCO.

Statutory consideration
Section 56 of the Local Government Act 2002 provides that a proposal to establish a council-controlled organisation (which includes a council-controlled trading organisation) must be adopted in accordance with the special consultative procedure before the local authority may establish or become a shareholder in the council-controlled organisation. The purpose of this consultation is to enable the council to establish one or more new council-controlled organisations, including a council-controlled trading organisation.

The current trust deed for Northland Regional Council Community Trust would need to be changed to reflect the new arrangement with approval sought from the Minister of Local Government.

Background
Council-controlled organisations are governed by their boards of directors or trustees, and operate at arm's length to the council. Council-controlled organisations are, however, accountable to the council. Council determines the objectives for each organisation and monitors their performance, and this is achieved through the statement of intent of the organisation. The council is also accountable to its ratepayers and residents for the performance of the council-controlled organisations.

The Northland Regional Council Community Trust is a council-controlled organisation, and the council appoints all of its trustees in line with trust deed and its own appointment of Directors Policy. It was established in 1996 for purposes "beneficial for the community principally in the Northland Region including charitable, cultural, philanthropic, recreational, heritage, and other purposes".

The trust deed includes objectives and defines the core activities of the Trust, which in summary focus on promoting and encouraging the development of a vibrant economy and investment in the development of the Northland region by:

- Providing technical assistance and advice;
- Performing a co-ordination and advocacy role;
- Facilitating access to business finance.

Northland Regional Council Community Trust manages an investment fund (the Trust Fund, valued at $10,253,000 at the end of the 2010-2011 financial year) and can under the current trust deed apply income from the Trust Fund to activities and entities that achieve the purpose of the Trust. Currently the Northland Regional Council Community Trust uses income from the Trust Fund to support Enterprise Northland Trust and Destination Northland Limited. Enterprise Northland Trust and Destination Northland Limited then use this money to engage in projects and initiatives that:

- Support industry;
- Build capacity;
- Aim to attract new business to, and expand existing businesses in Northland;
- Promote Northland as a place to work, invest and visit.

Both organisations currently rely on income from the Trust to operate.

Northland Regional Council Community Trust has also been growing/returning the capital of the Trust Fund. No income is therefore currently paid, applied or appropriated to any other entity or project other than Enterprise Northland Trust and Destination Northland Limited.

The Trustees of the Northland Regional Council Community Trust are currently the Trustees of Enterprise Northland and the Directors of Destination Northland Limited.

Current issues – reasons for the council-controlled organisation proposal
Given Northland's socio-economic situation, the council has explored the options and new ways of funding and delivering economic development and prosperity in Northland. It started this process last year with the redirection of its investment income into the Northland Regional Council's Investment Growth Reserve to fund specific projects that will increase Northland's economic performance and improve the environmental, social and cultural well-being of Northlanders.

Council has now reviewed its existing council-controlled organisation, the Northland Regional Council Community Trust (and with the Trust's help the role of its subsidiaries), the as yet to be established Infrastructure Development Authority, potential partnerships and joint ventures with industry and has concluded that the structure needs to change.

The purpose, objectives and activities of the Northland Regional Council Community Trust as contained in its trust deed, investing in Northland and Northland projects, the current focus on returning the fund to $12 million and providing a secure and steady income stream to Enterprise Northland Trust and Destination Northland Limited have proven to be incompatible.

The recession has impacted on returns on investment. The withdrawal of central (and local) funding of Enterprise Northland Trust and Destination Northland Limited, which has occurred as a result of the recession and central government reprioritisation of activity and reallocation of funding, has required the activity of the Enterprise Northland Trust to be significantly scaled back to fit within the available income stream. Promoting and encouraging the development of Northland's economy, and attracting substantial investment into the region, without a reliable source of operating income and access to capital has not been successful. There is no organisation within the group that is focused on generating a profit and Enterprise

Northland Trust cannot perform this role if it benefits individuals or causes it to engage in non-charitable activities if it is to retain its charitable status.

Council has reviewed its and Northland's needs and it wants to the right mix of organisations in place to:

- Deliver clearly defined roles;
- Generate higher returns on investment;
- Ring-fence financial risk associated with economic improvement projects;
- achieve a commercial focus and discipline for the delivery of economic improvement projects;
- Enable profits to be made;
- Have a charitable entity for projects that do not have a commercial focus;
- Attract external funding and/or partnerships; and
- Attract the right specialist skills at the governance, management and technical levels.

Because council considers that every organisation in its structure must have a clearly defined focus that does not overlap with another organisation in the structure, and that each has the necessary specialist skills available to it to achieve the step change Northland needs, the key change the council wishes to pursue is to establish one or more new council-controlled organisations, including a council-controlled trading organisation, to find; facilitate; monitor; and deliver projects that improve Northland's economic performance.

As a consequence the focus of the Northland Regional Council Community Trust and the Trustees would change and their role would be to manage the Trust Fund. Council proposes that Northland Regional Council Community Trust and Enterprise Northland Trust should retain its focus on community benefit, which has tax advantages. Operations for economic development would then sit with Destination Northland Limited, the Infrastructure Development Authority, or the new council-controlled organisations and/or council-controlled trading organisation, which ever was most appropriate for the project, programme or initiative.

Effects of the council-controlled organisation proposal

The establishment of a new council-controlled organisation and/or council-controlled trading organisation focused on finding, facilitating, managing and delivering projects that improve Northland's economic performance will have a positive effect on the economy of Northland and the socio-economic position of the region and its communities. It will also provide opportunities for the council to invest in and work with others on projects that will provide a return on that investment directly to Northlanders, either directly though a capital gain or indirectly for example through the creation of new jobs, more skilled work, a diversified economy and increased average incomes.

The objectives of the new council-controlled organisation and/or council-controlled trading organisation will contribute to the following new council objectives:

- Build a business friendly environment that encourages business and employment opportunities.
- Invest in Northland to increase Northland's economic performance and quality of living.
- Facilitate those infrastructural improvements that connect people in Northland and improve our links to the outside world.

Fuller explanation of the proposed changes

Northland Regional Council Community Trust

Council proposes to keep the Northland Regional Council Community Trust. Council has for some time however been concerned that the Trust's purpose and activities have been too broad for the current economic climate and the range of talent available in Northland, requiring a mix of governance and management skills that cover a large spectrum of specialism. In response to the current economic climate, and the need to concentrate on the Trust Fund, council proposes that the Northland Regional Council Community Trust activities should over the life of this plan narrow and focus on managing the investment fund to optimise the investment income and maintain the real value of the Trust Fund.

While the Trust Fund has been performing well: in 2010/2011 it had a capital gain of $413,000 (2009/10 - $403,000) and its income yield for the year was 5.53% (2009/10-6.29%) with a gross yield of 9.62% (10.46% 2009/10); the council believes that requiring the fund to return to the $12 million restricts the potential of the fund to be used for worthy purposes at the very time this use is most needed. Council therefore will adjust the Northland Regional Council Community Trust's capital target, the level at which the Trust Fund should be maintained.

Council considers that, where compatible with maintaining the capital, the Trust Fund itself should, over time, shift to increase the proportion of direct investment in Northland, Northland projects and Northland's well-being.

All the income derived from the Trust Fund (after growing the fund by an inflation adjustment to retain its real value) will pass to the council to the new Investment and Growth Reserve. Council has discussed this proposal with the current Trustees and is exploring with them the flow on consequences of this shift.

To achieve the purpose of the Northland Regional Council Community Trust new objectives are proposed:

- Maximise returns from the Northland Regional Council Community Trust's Fund while maintaining the real value of the capital base (increased annually by an inflation adjustment as measured against the base index of 30 June 2011, $10,253,000).
- Progressively shift the Fund's portfolio mix of investment into a greater proportion of investment directly and indirectly in Northland and the Northland economy while maintaining the base as above.

New performance targets and measures would also follow.

- Achieve an annual investment return on the operating balance of the Fund for each financial year at a rate to be determined by and recorded in the Northland Regional Council Community Trust's Statement of Intent.
- Provide a quarterly report to the council providing the information outlined in the statement of intent in respect of the Trust Fund.
- To annually distribute 100% of the gross income less an inflation adjustment and the Northland Regional Council Community Trust's operating costs to the council.

The Northland Regional Council Community Trust and its trustees would provide sound commercial governance to maximise the value of the investments and assets it manages, currently the Trust Fund. The new focus of the Northland Regional Council Community Trust would require a small number of trustees with investment acumen. The council proposes that two expert investors would suffice. The current Trust Deed requires that there be between four and eight trustees. This would reduce the number of trustees and associated expenses.

If after public consultation on this Long Term Plan and specific consultation with the Northland Regional Council Community Trust trustees the council proceeds with the refocusing of the Northland Regional Council Community Trust and resolves to amend the activities of the Trust then council will approach the Minister of Local Government for approval to amend the Trust Deed accordingly.

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

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

Enterprise Northland Trust

The Enterprise Northland Trust is not a council-controlled organisation. It is controlled by the Northland Regional Council Community Trust. It is a charitable trust and is established exclusively for charitable purposes with the principle object of encouraging business development in Northland for the benefit of the Northland region community as a whole. To date Enterprise Northland Trust has been the operational arm of the Northland Regional Council Community Trust.

The Enterprise Northland Trust has been adversely affected by the current economic climate and the reduced funding available to it.

The current funding arrangements for Enterprise Northland Trust will not meet the funding required (in excess of $1 million based on the proposed business plan) to carry out economic development activities. Council also considers that Enterprise Northland Trust cannot perform some of the activities it wishes to see occur (for example managing and delivering projects with the purpose to make a profit) without potentially compromising its charitable trust status.

New council-controlled organisation and/or council-controlled trading organisation

The current structure is also not suited to the council's new focus on economic development and council's desire to attract specialist governance and management skills and people that are business and performance orientated.

To avoid duplication, to get the right skills in governance, management and economic growth in place, and protect the charitable status of Enterprise Northland Trust, council proposes to establish one or more new council-controlled organisations and/or council-controlled trading organisation to find, facilitate and deliver projects and advice that improve Northland's economic performance. Council would, at least initially, fund the operational expenditure for the new council-controlled organisations and/or council-controlled trading organisations from the Northland Regional Council Investment and Growth Reserve, in line with reserve's criteria.

All funding from the reserve to these organisations will be based on agreed statements of intent, contracts for services, acceptable business plans and business cases. The council-controlled organisations and/or council-controlled trading organisation may also receive capital from the reserve (on approval from the council for a specific project).

The council-controlled trading organisation could set up subsidiaries, enter into partnerships or joint ventures at arms length from council, with a view to ensuring the most effective and efficient structures were employed to realise benefits of any particular project or business opportunity and minimise risk to the ratepayers. It would be free to make a profit if it could. If council set up only the council-controlled trading organisation it would carry out business case evaluation for council funding in-house or as a contract for service.

Council will assess and work with the Northland Regional Council Community Trust and Enterprise Northland Trust trustees and others to ensure that key projects that currently sit within Enterprise Northland Trust can move to the appropriate new organisation where they are supported by an acceptable business plan.

Council would like to see a close relationship between the organisations in this structure and itself and will focus on robust statement's of intent that deliver its objectives and on maintaining a good relationship between the directors of any new entities and itself and between the Chief Executive Officer of the new entity and council's own management team.

Other options
Other options considered over establishing a new council-controlled organisation and/or council-controlled trading organisation and refocussing Northland Regional Council Community Trust included:

- The status quo structure with Northland Regional Council Community Trust having continued oversight of Destination Northland Limited and Enterprise Northland Trust and the management of the Trust Fund.
- Making the economic development operations and management of the Trust Fund council operations (in-house economic development department with Trust Fund part of council's investment portfolio).

The status quo model does not allow for the desired expansion of functions requested by the council; particularly in taking on economic development projects that may involve capital gain or profit. The current mix of operations and Trust Fund management requires a diverse mix of governance skills which the council considers is not best served with one board.

There are costs associated with the in-house model too. Governance of the in-house functions could be absorbed within current arrangements and budgets but council considers there are significant downsides to this. (Council does not consider that it is the appropriate governance entity for fund management and that independent private enterprise and business expertise at the governance level is necessary and may not be able to be maintained through consecutive terms of office from councillors.)

The in-house model would need to replicate the resources of Enterprise Northland Trust but would not necessarily retain all the networks, knowledge and skill sets. Management and staff costs are currently funded from the Trust Fund, with some funding from government too. Working from within the council will be a detractor to some potential business and partnership opportunities and may exclude the new entity from attracting potential future government funding. So there are some costs, in the sense that we may not attract third party funding, associated with this option. If the Trust Fund was brought in house and all its income is transferred to the Investment and Growth Reserve, then the criteria for funding from the Reserve would need to change for council to fund its own operations from the Reserve. Another option would be for the council to apply some of the Trust Fund directly to its own operations. Economic development activities could be at greater risk in the future as the council comes under pressure for allocation of its funds. The in-house option does not affect Destination Northland Limited, as the council does not consider it appropriate to bring tourism functions in-house and is not seeking this from Northland Regional Council Community Trust.

The proposed model (which ever structure is chosen – diagram 1 or 2) will, by comparison, have low if any additional costs.

The estimated establishment costs for a council-controlled organisation is in the vicinity of $60,000. The proposed structure(s) would see a reduction in board members for Northland Regional Council Community Trust and the establishment of separate small boards for Destination Northland Limited and the new entity/entities for economic development. The charitable entity would be a non-trading entity that would have little costs unless reactivated for a particular purpose. Overall therefore the difference in costs is considered low.

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

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

Infrastructure Development Authority
The council amended the 2006-2016 Northland Community Plan in 2007 to provide for the establishment of the Infrastructure Development Authority as a council-controlled trading organisation but to date has not set up the Authority. Council may still pursue the Infrastructure Development Authority, potentially as a subsidiary of the new council-controlled organisation and/or council-controlled trading organisation.

Destination Northland Limited
Destination Northland Limited is the Regional Tourism Organisation. Regional tourism organisations are responsible for destination marketing - the promotion of, in our case, Northland to potential domestic and international visitors. Destination Northland Limited is a subsidiary company of Northland Regional Council Community Trust and is not a council-controlled organisation. The trustees of Northland Regional Council Community Trust have appointed themselves as directors of the company. Destination Northland Limited is advised by the Northland Tourism Development Group, which acts as a reference group for tourism research needs, planning, infrastructure, major initiatives and sector input on issues which may arise from time to time.

Since 2008, in collaboration with council and others, Destination Northland Limited has broadened its focus from purely tourism to promoting Northland as a place to work, invest and visit. Destination Northland Limited relies on approximately $250,000 of funding from the Northland Regional Council Community Trust (from income from the Trust Fund) as well as funding from Northland's local authorities. In 2011/12 the following amounts were committed: $100,000 from council; $80,000 from Far North District Council; $105,000 from Whāngārei District Council; $10,000 from Kaipara District Council; $50,000 from central government and $270,000 from industry.

Council recognises the part tourism has to play in the Northland economy. Council has therefore assumed that its $100,000 contribution from rates to Destination Northland Limited will continue over the life of this plan. It however would like to see Destination Northland Limited narrow its focus back to tourism in line with its philosophy that organisations in the group should have a distinct and singular focus. Council also thinks that in the longer term Destination Northland Limited could provide current levels of service without a contribution from the Northland Regional Council Community Trust's Trust Fund if the industry contribution increased. Council has consulted with Northland Regional Council Community Trust's trustees and Destination Northland Limited's directors on this matter, and with them want to explore with the, district councils and the industry a model that would meet the long term needs of the industry and current stakeholders and allow industry to take greater responsibility over time.

In line with discussions to date, council proposes to reduce the funding contribution from the Trust Fund income to Destination Northland Limited over a term still to be determined, whether it be via another entity or from the Investment and Growth Reserve.

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

Transition arrangements

If, following public consultation and the consideration of submissions received on the issue, the council decides to adopt the proposal to establish one or more council-controlled organisations and/or council-controlled trading organisation it will take some time to establish the entity/entities (appoint directors, develop statements of intent including performance measures and appoint management and staff). During this period of time the council intends to ensure that funding for Destination Northland Limited and Enterprise Northland Trust is sufficient to deliver the current activities and meet contractual arrangements. The funding will be provided from the council's Investment and Growth Reserve or directly from the Northland Regional Council Community Trust Fund.

It should be noted that these proposals do not alter the current operational strategies followed which has included:

- Developing strategic relationships with industries operating in Northland;
- Promotion of iwi economic development; and
- Support for strong sectoral groups.

The operational strategies will be reviewed by the directors of the new organisation if established.

JOINING THE LOCAL GOVERNMENT FUNDING AGENCY

The full version of the proposal to join the Local Government Funding Agency follows and relates to the brief summary on page 25 under “Issues for consultation”.

Introduction
The council is considering participating as a "Principal Shareholding Local Authority" in the New Zealand Local Government Funding Agency Limited (LGFA), which is a council–controlled trading organisation (CCTO).

The LGFA was established on 1 December 2011 by 18 local authorities and the Crown to enable local authorities to borrow at lower interest margins than would otherwise be available. The LGFA has been recognised in the Local Government Borrowing Act 2011, which has modified the effect of some provisions in the Local Government Act 2002.

All local authorities are able to borrow from the LGFA, but different benefits apply depending on the level of participation.

Principal Shareholding Local Authorities are those which invest capital in the LGFA, and are expected to receive a return on that capital. The council intends to invest $100,000, which is the minimum investment. As a Principal Shareholding Local Authority, the council would also be required to subscribe for uncalled capital in LGFA which would have to be paid up in the event that the LGFA required more capital. The Principal Shareholding Local Authorities will also be required to agree to source a certain proportion of their borrowing needs through the LGFA Scheme for an initial period.

Generally all local authorities borrowing from LGFA are required to enter into guarantees in favour of LGFA and other local authorities, and enter into certain equity commitments. Local authorities which enter into these commitments without being Principal Shareholding Local Authorities are referred to as Guaranteeing Local Authorities.

Any local authority that borrows from the LGFA will be issued borrower notes from the LGFA (to the value of 1.6% of the total amount borrowed). These will be held by the LGFA while the borrowing is outstanding and may in certain situations convert to shares in the LGFA.

Local authorities which borrow from the LGFA, without entering into the guarantees will be limited in the amount that can be borrowed, and will be required to pay significantly higher funding costs.

An Information Memorandum, describing the arrangements in more detail, is attached as Appendix 1, and forms part of this proposal. A number of terms which are used in this proposal are defined in that Information Memorandum.

Statutory Consideration
Section 56 of the Local Government Act 2002 (LGA 2002) provides that a proposal to establish a council-controlled organisation (CCO) (which includes a CCTO) must be adopted by special consultative procedure before a local authority may establish *or become a shareholder in the CCO*. At any level of participation, the council either will become a shareholder, or will enter into commitments that could result in it becoming a shareholder, in LGFA. The purpose of this consultation is to enable the council to acquire the shares and/or enter these commitments.

Reasons for Proposal
The council is proposing participating in the LGFA Scheme because it believes that it will enable it in the future to borrow at lower interest margins, and that this benefit outweighs the costs associated with the LGFA Scheme. **A discussion of these costs and benefits is included as Part C of the Information Memorandum.**

The council is proposing that its participation be as a Principal Shareholding Local Authority for two reasons:

(a) As discussed in the **Information Memorandum (in Part C)**, a return will be paid on the capital investment made by Principal Shareholding Local Authorities.

(b) A certain amount of capital (around $20,000,000) has been invested by local authorities and the Crown in the LGFA. As a Principal Shareholding Local Authority, the council will be contributing to this capital, which will help ensure the LGFA Scheme remains viable, and the council will be able to gain the benefits of participating in it.

The council is consulting on this proposal for the reasons set out above under "Statutory Consideration".

Analysis of Reasonably Practicable Options

The reasonably practicable options are as follows:

(a) Participate in the LGFA Scheme as a Principal Shareholding Local Authority.

(b) Participate in the LGFA Scheme as a Guaranteeing Local Authority, but not a Principal Shareholding Local Authority.

(c) Participate in the LGFA Scheme, but not as a Principal Shareholding Local Authority or as a Guaranteeing Local Authority.

(d) Not participate in the LGFA Scheme.

Part C of the Information Memorandum sets out an analysis of the costs and benefits of participating in the LGFA Scheme. That analysis is supplemented by some consideration of the council's specific circumstances below.

Should the council participate in the LGFA Scheme as a borrower?

The council does not currently have any borrowing. However, it anticipates that there may be situations in the future where it will be advantageous for the council to borrow. For example, it may be appropriate to borrow where the cost of borrowing would be less than the costs of breaking an existing investment. Also, there may be situations where borrowing leads to greater tax efficiencies. Borrowing is also sometimes the prudent course of action to ensure intergenerational equity in the funding of large projects. In any event, the council expects to remain a net investor over the coming ten years, in that its overall investments will be greater than its overall borrowing.

Presuming there are situations where it is advantageous for the council to borrow, participation in the LGFA Scheme as a Principal Shareholding Local Authority will enable the council to obtain lower interest rates on its borrowing than it might otherwise be able to obtain. The council believes that the benefit of these potential savings outweigh the costs referred to in the cost/benefit analysis in **Part C of the Information Memorandum**.

In addition, even if the council did not actually borrow within the next ten years, it considers there would be benefits to it participating in the LGFA Scheme as a Principal Shareholding Local Authority that outweighs the costs mentioned above. In particular, it is important for all local authorities in New Zealand that the LGFA remain as a viable player in the local authority debt market. Its existence is likely to help ensure lower interest rates across the market. The council's proposed participation would support the LGFA and help ensure it remains viable.

Consequently, the council proposes that option (d) is not adopted.

Should the council participate in the LGFA Scheme without being a Guaranteeing Local Authority?

If the council was to join the LGFA Scheme without being a Guaranteeing Local Authority, the cost of participating would be less. However, it would face higher funding costs, reducing the benefit of participating, and it is likely that it would only be able to borrow up to $20,000,000.

Consequently, the council is proposing to participate as a Guaranteeing Local Authority, and therefore proposes that option (c) is not adopted.

Should the council participate in the LGFA Scheme as a Principal Shareholding Local Authority?

The council believes that investing in the LGFA Scheme as a Principal Shareholding Local Authority is justified for the two reasons set out above. That is:

(a) **As discussed in the Information Memorandum (in Part C)**, a return will be paid on the capital investment made by Principal Shareholding Local Authorities.

(b) If the council participates as a Principal Shareholding Local Authority, that increases the chance that the LGFA Scheme will remain viable, and that the council will be able to gain the benefits of participating in it.

Consequently, the council is proposing that option (a) be adopted.

What is the risk of the Council participating in the LGFA Scheme as a Establishment Shareholding Local Authority as a result of the guarantee?
To participate as a Principal Shareholding Local Authority, the council is required to provide a guarantee in support of the LGFA and to all participating local authorities. The council has considered the risks associated with the guarantee and consider it to be low because: The only borrowers from LGFA will be Local Authorities and there has been no default by a Local Authority in New Zealand. In the event of a default, the LGFA will immediately be able to appoint a receiver and assess a special rate against all ratepayers in the defaulting Local Authority's district.

The LGFA will have considerable sources of capital and liquidity available to meet any shortfall in timing of payments before any call is made under the guarantee.

Operational risk is minimal due to the conservative borrowing and lending policies proposed as part of the LGFA scheme. Furthermore, it is proposed that all borrowing, investing, back office and hedging functions will be undertaken on behalf of LGFA by the Debt Management Office of the New Zealand Treasury.

Why can we not quantify the guarantee exposure?
At the time of preparing this plan for public consultation, council is unable to quantify council's potential exposure arising from the financial guarantee in support of the LGFA and to all participating council's. As a sector, councils are seeking independent advice on how the potential exposure can be measured. The exposure will be different for each council as it is proportionate to that council's rates. Once council is able to quantify the potential exposure, it is likely council will be required to recognise the amount of potential exposure as a liability to ensure its prospective financial statements complies with relevant reporting standards. .

Draft Investment Policy and Liability Management Policy to allow for participation in the LGFA
The council's involvement in the LGFA as a Principal Shareholding Local Authority is not provided for in the current Investment Policy, and specifics of the debt raising arrangements with the LGFA go beyond what is provided in the current Liability Management Policy (particularly the guarantee commitments).

Both these policies are included in the draft LTP. The proposed policies include variations from the current policies so as to enable the council's proposed involvement in the LGFA. These variations are explained below and set out in Appendices**2 and 3**.

Investment Policy
The proposed Investment Policy makes it clear that the council's investment activity includes participating as a Principal Shareholder in LGFA.

There will be a direct return on the council's investment in the LGFA, but it is acknowledged that this may be less than might be achieved by alternative investments. There is an additional benefit to the council in that the council's investment of capital makes it more likely that the LGFA Scheme, which will deliver benefits to the council, will remain viable.

The primary objective for council's interest in LGFA is to lower the council's cost of future borrowing.

Liability Management Policy
The proposed Liability Management Policy makes it clear that the council may participate in the LGFA Scheme, including borrowing from the LGFA and entering into the transactions relating to that borrowing described in **paragraph 63 of the Information Memorandum**.

The primary objective of these changes is to allow future borrowing by the council at lower interest margins than it would otherwise face.

Do you support the council becoming a shareholder in the Local Government Funding Agency?

Appendix 1 – Local Government Funding Agency Scheme – Information Memorandum

PART A – INTRODUCTION AND PURPOSE

Purpose of Information Memorandum

1. This Information Memorandum provides a description of the structure of the New Zealand Local Government Funding Agency Limited (LGFA), a recently incorporated company established to enable participating local authorities (Participating Local Authorities) to borrow at lower interest margins than they would otherwise pay.

2. The purpose of this Information Memorandum is to provide information to supplement any consultation materials prepared by local authorities consulting on whether to become involved with LGFA as a shareholder, guarantor and/or borrower.

3. This Information Memorandum is divided into three parts:
   (a) This Part A (Introduction and Purpose), which sets out the purpose of the Information Memorandum and provides some background on the purpose of, and rationale for, LGFA.
   (b) Part B (How LGFA Operates), which sets out the characteristics of LGFA, and the transactions that Participating Local Authorities will be entering into as part of their involvement with LGFA.
   (c) Part C (Local Authority Costs and Benefits), which sets out some of the costs and benefits to individual local authorities of being involved with LGFA.

Rationale for LGFA

New Zealand Local Authority debt market

4. New Zealand local authorities face a number of debt related issues. First, local authorities have significant existing and forecast debt requirements. Secondly, pricing, length of funding term and other terms and conditions vary considerably across the sector and are less than optimal. This is due to:
   (a) Limited debt sources – Local authorities' debt funding options are limited to the banks, private placements and wholesale bonds (issuance to wholesale investors), and, to a lesser extent, retail bonds. Increasing local authority sector funding requirements and domestic funding capacity constraints have the potential to further negatively impact pricing, terms and conditions and flexibility of the local authority sector debt.
   (b) Fragmented sector – There are 78 local authorities. Individually, a significant proportion of these local authorities lack scale.
   (c) Regulatory restrictions - Offshore (foreign currency) capital markets are closed to local authorities (other than Auckland Council) and the compliance process for local authority retail bond issuance is burdensome and generally restricts issuance to a six month window.

Addressing the local authority debt issues

5. Each of these issues needs to be addressed to rectify this situation. This was not likely to happen without an intervention like LGFA for the following reasons:
   (a) The New Zealand debt markets (at least in the foreseeable future) are likely to maintain the status quo.
   (b) Individually, a majority of local authorities will not be able to attain significant scale (except organically in the long-term).
   (c) At a sector level it may be possible to address the issue regarding regulation, but regulators are likely to remain reluctant to significantly ease restrictions on financial management across the sector without gaining significant comfort as to the sophistication of the financial management of all local authorities. Even if this issue was addressed by regulators, this change alone would be insufficient to provide a major step change.

6. LGFA has been established because the homogenous nature of local authorities, the large sector borrowing requirements, and the high credit quality / strong security position (i.e. charge over rates) of local authorities, created the opportunity for a centralised local authority debt vehicle to generate significant benefits.

7. There are numerous precedents globally of successful vehicles which pool local authority debt and fund themselves through issuing their own financial instruments to investors. Such vehicles achieve success through:
   (a) “Credit rating arbitrage” – Attaining a credit rating higher than that of the individual underlying assets (local authority borrowers) and therefore being able to borrow at lower margins.
   (b) "Economies of scale" – By pooling debt the vehicles can access a wider range of debt sources and spread fixed operating costs, thereby reducing the $ cost per $ of debt raised.
   (c) “Regulatory arbitrage” – The vehicles can receive a different regulatory treatment than the underlying local authorities, improving their ability to efficiently raise debt (e.g. through access to offshore foreign currency debt markets).

8. The offshore precedents are typically owned by the local authorities in the relevant jurisdiction (often with central government involvement), and that is the case for LGFA also.

PART B – HOW LGFA OPERATES

Basic structure of LGFA

9. LGFA is a limited liability company (and a council-controlled organisation) established in order to borrow funds and then on-lend those funds to local authorities at lower interest margins than those local authorities would otherwise pay to lenders in the absence of LGFA. For a number of reasons discussed below, it is expected that LGFA will be able to borrow at low enough interest margins to be able to do this.

10. LGFA's shares are held entirely by central government and local authorities. Central government currently holds 20% of the paid-up ordinary shares in LGFA, with the remaining 80% being held by local authorities (Principal Shareholding Local Authorities).

11. The Principal Shareholding Local Authorities contribute capital and, as compensation for their capital contribution, may receive a return on this capital. However, the over-arching objective is that the benefit of LGFA to local authorities is delivered through lower borrowing margins, rather than through dividends passed to shareholders.

12. As discussed below, it is possible that, in some circumstances, local authorities outside the Principal Shareholding Local Authority group will hold redeemable preference shares in LGFA.

Design to minimise default risk

13. One of the things which is critical to LGFA being able to deliver its anticipated benefits is it holding, and maintaining, a high credit rating (to achieve the credit rating arbitrage referred to in paragraph 7(a)). Consequently there are a number of features of LGFA intended to provide the protections for creditors which rating agencies require before agreeing to a high credit rating. These features are described in paragraphs 15 to 32 below.

14. Before agreeing to a high credit rating, rating agencies consider the risks of both short term and long term default. Short term default is where a payment obligation is not met on time. Long term default is where a payment obligation is never met. In many cases short term default will inevitably translate into long term default, but this is not always the case – a short term default may be caused by a temporary liquidity problem (i.e. a temporary shortage of readily available cash). On incorporation, LGFA was assigned a long-term foreign currency credit rating of AA and a long-term local currency credit rating of AA+ by Fitch Ratings.

Features of LGFA designed to reduce short term default risk

15. When a local authority borrows, the risk of short term default, although low, is probably significantly higher than its risk of long term default. In the long term it can assess and collect sufficient rates revenue to cover almost any shortfall, but such revenue cannot be collected quickly. Consequently, there is a risk that inadequate liability and revenue management could lead to temporary liquidity problems and short term default.

16. The principal asset of LGFA will be local authority debt, so such temporary liquidity risks are effectively passed on to LGFA. Consequently, the rating agencies look for safeguards to ensure that liquidity problems of a Participating Local Authority will not lead to a default by LGFA.

17. There are two principal safeguards that LGFA has or will put in place to manage short term default (liquidity) risk:
    (a) It will hold a certain amount of cash and other liquid investments (investments which can be quickly turned into cash).
    (b) It has a borrowing facility with central government which allows it to borrow funds from central government if required.

18. It is expected that these safeguards will sufficiently reduce any short term default risk.

Features of LGFA designed to reduce long term default risk

19. There are a number of safeguards that LGFA has or will put in place to manage long term default risk, the most important of which are set out below:
    (a) LGFA requires all local authorities that borrow from it to secure that borrowing with a charge over that local authority's rates and rates revenue (Rates Charge).
    (b) LGFA will maintain several sources of equity to safeguard its capital adequacy.
    (c) LGFA will require most, or possibly all, Participating Local Authorities (Guaranteeing Local Authorities) to guarantee the obligations of LGFA.
    (d) LGFA will hedge its exposure to interest rate and foreign currency fluctuations to ensure that such fluctuations do not significantly affect its ability to meet its payment obligations.
    (e) LGFA has risk management policies in place in relation to its borrowing and lending designed to minimise its risk. For example, it will impose limits on the percentage of lending which is made to any one local authority to ensure that its credit risk is suitably diversified.
    (f) LGFA will ensure that its operations are run in a way which minimises operational risk. It has done this from commencement of operations by outsourcing its operations to the New Zealand Debt Management Office (NZDMO) (which is a part of The Treasury). NZDMO manages the capital raising for central government, and has robust processes in place to manage operational risk. It is possible that at some point the operations function will be moved from NZDMO, but this will not be done unless LGFA is satisfied that it has alternative robust processes in place.

20. Additional detail in relation to the features referred to in paragraphs 19(a) to 19(c) is set out below.

Rates Charge

21. All local authorities borrowing from LGFA are required to secure that borrowing with a Rates Charge. Many, but not all, local authorities have a Rates Charge in place already.

22. This is a powerful form of security for LGFA, because it means that, if the relevant local authority defaults, a receiver can assess and collect sufficient rates in the relevant district or region to recover the defaulted payments. Consequently, it significantly reduces the risk of long term default by a local authority borrower.

23. From a local authority's point of view it is also advantageous, because, so long as the local authority does not default, it is entitled to conduct its affairs without any interference or restriction. This contrasts with most security arrangements, which involve restrictions being imposed on a borrower's use of its own assets.

Sources of equity

24. LGFA has several sources of equity to safeguard its capital adequacy:
    (a) Central government and the Principal Shareholding Local Authorities have contributed initial equity as the issue price of their initial shareholding.
    (b) Each Principal Shareholding Local Authority is required to hold uncalled capital which is equal in amount to its paid up equity contribution (Uncalled Capital). The Uncalled Capital is able to be called by LGFA if it determines that there is a risk of imminent default if the call is not made.

(c) Each Participating Local Authority will, at the time that it borrows from LGFA, contribute some of that borrowing back in the form of subordinated debt (Borrower Notes), which in certain circumstances may convert to redeemable preference shares in LGFA.

(d) In addition to the equity contributions made in conjunction with borrowing, all Guaranteeing Local Authorities are required to commit to contributing equity in certain circumstances. It is expected that calls on any such commitments will be limited to situations in which there is a risk of imminent default by LGFA.

Guarantee

25. Most, if not all, Participating Local Authorities will be required to enter into a guarantee (Guarantee) when they become a shareholder in, or borrower from, LGFA. Under the Guarantee, the Guaranteeing Local Authorities guarantee the payment obligations of LGFA to its creditors.

26. The purpose of the Guarantee is to provide additional comfort to lenders and other creditors (and therefore credit rating agencies) that there will be no long term default, though it may also be used to cover a short term default if there is a default which cannot be covered using the protections described in paragraphs 15 to 18 above, but which will ultimately be fully covered using the rates charge described in paragraphs 21 to 23.

27. The Guarantee will only ever be called if LGFA defaults. Consequently, a call on the Guarantee will only occur if the numerous safeguards put in place to prevent an LGFA default fail.

28. If any such default did occur, and the Guaranteeing Local Authorities were called on under the Guarantee, they could potentially be called on to cover any payment obligation of LGFA. Such payment obligations may (without limitation) include obligations in the following situations:
(a) A failure by LGFA to pay its principal lenders.
(b) A failure by LGFA to repay drawings under the liquidity facility with central government.
(c) A failure by LGFA to make payments under the hedging transactions referred to in paragraph 19(d).

Guarantee risk shared

29. While all Guaranteeing Local Authorities are jointly and severally liable for the entire LGFA debt guaranteed, claims against individual councils will initially be based on their proportion of the total Annual Rates Income of all Guaranteeing Local Authorities.

Benefits of being a Guaranteeing Local Authority

30. If a Participating Local Authorities is not a Guaranteeing Local Authority their borrowings are only allowed to reach a limited level, currently $20,000,000. Such local authorities may also be required to pay higher funding costs, either by paying higher interest margins or through some other mechanism.

31. Guaranteeing Local Authorities will, therefore, have the benefit of not having this low limit on borrowing, and paying lower funding costs.

Rates Charge

32. Guaranteeing Local Authorities are required to provide a Rates Charge to secure their obligations under the Guarantee and their obligations to contribute additional equity.

Characteristics designed to make borrowing from LGFA fair for all Participating Local Authorities

33. The principal risk involved with LGFA is that Participating Local Authorities will default on their payment obligations, which could, in turn, result in LGFA defaulting on its payment obligations. The greater this risk is, the less attractive participation in LGFA is for all Participating Local Authorities.

34. The Participating Local Authorities do not create this risk in equal amounts. There are some that carry a greater default risk than others, and therefore contribute disproportionately to the overall risk of LGFA. Those local authorities are also the local authorities that would be likely to pay the highest interest margins if they borrowed outside LGFA, and so potentially benefit the most from the establishment of LGFA.

35. To avoid, or at least minimise, what is effectively cross subsidisation of the higher risk local authorities by the lower risk local authorities, different interest margins are likely to be paid by different local authorities when they borrow from LGFA, with those carrying the higher default risk paying the higher interest margins.

Viability of LGFA dependent on participation levels

36. The modelling and other analysis done by Cameron Partners and Asia Pacific Risk Management prior to the establishment of LGFA suggests that LGFA will be viable (in that it will deliver sufficient benefits to justify its establishment and continued existence) if:
    (a) LGFA maintains a high enough credit rating; and
    (b) sufficient funds are borrowed through it to obtain the economies of scale benefits referred to in paragraph 7(b).

37. Consequently, the participation of sufficient local authorities, both initially as Principal Shareholding Local Authorities (to contribute initial capital) and in meeting their on-going borrowing requirements through LGFA is critical.

38. Principal Shareholding Local Authorities have contributed $20 million by way of paid-up initial capital contributions.

39. Principal Shareholding Local Authorities are also required to meet a certain proportion of their borrowing needs through LGFA for an initial period, to ensure that the critical amount of utilisation is achieved.

Summary of transactions a Council will enter into if it joins LGFA

40. If a Council joins LGFA as a Principal Shareholding Local Authority, it will:
    (a) subscribe for paid-up shares in LGFA to provide it with capital (see paragraphs 11 and 24(a));
    (b) subscribe for Uncalled Capital in LGFA (see paragraph 24(b) above);
    (c) commit to providing additional equity to LGFA under certain circumstances (see paragraph 24(d) above);
    (d) commit to meeting a certain proportion of its borrowing needs from LGFA;
    (e) borrow from LGFA;
    (f) subscribe for Borrower Notes (see paragraph 24(c));
    (g) enter into the Guarantee (see discussion in paragraphs 25 to 31 above);
    (h) provide a Rates Charge to secure some or all of its obligations to LGFA and LGFA's creditors (see discussion in paragraphs 21 to 23 and 32 above).

41. If a Council joins LGFA as a Guaranteeing Local Authority, but not as a Principal Shareholding Local Authority, it will enter into the transactions described in paragraph 40, other than those described in paragraphs 40(a) and 40(b).

42. If a Council participates in LGFA, but not as a Guaranteeing Local Authority (and therefore also not as a Principal Shareholding Local Authority) it will only enter into the transactions described in paragraph 40(e), 40(f) and 40(h).

PART C - LOCAL AUTHORITY COSTS AND BENEFITS

43. The costs and benefits to a Participating Local Authority will depend on whether it participates as a Principal Shareholding Local Authority, a Guaranteeing Local Authority, or simply as a borrower.

Benefits to local authorities that borrow through LGFA

44. It is anticipated that LGFA will be able to borrow at a low enough rate for LGFA to be attractive because of the three key advantages LGFA will have over a local authority borrower described in paragraph 7. That is – exploiting a credit rating arbitrage, economies of scale and a regulatory arbitrage.

45. In addition, LGFA will provide local authorities with increased certainty of access to funding and terms and conditions (including the potential access to longer funding terms e.g. ~ 10 yrs+).

46. The potential savings for a local authority in terms of funding costs will depend on the difference between the funding cost to that local authority when it borrows from LGFA and the funding cost to the local authority when it borrows from alternative sources. This difference will vary between local authorities.

47. The funding costs each local authority pays when it borrows from LGFA will be affected by the following factors, some of which are specific to the local authority:
   (a) the borrowing margin of LGFA;
   (b) the operating costs of LGFA;
   (c) any price adjustment made by LGFA for that specific local authority as a result of:
      (i) the credit quality of the local authority;
      (ii) the size of the borrowings of that local authority from LGFA; and
      (iii) the local authority being a Guaranteeing Local Authority or not.

48. The diagram below shows what will affect the amount of any funding cost savings.

LGFA Borrowing margin	+	LGFA operating costs	+	Return to LGFA investors	±	LGFA pricing adjustment	-	Individual LG conterfactual borrowing margin	=	Potential LG savings

Costs to local authorities that borrow through LGFA

49. The costs to Participating Local Authorities as a result of their borrowing through LGFA take two forms:
   (a) First, there are some risks that each Participating Local Authority will have to assume to participate, which create contingent liabilities (i.e. costs which will only materialise in certain circumstances).
   (b) Secondly, there is some cost associated with the Borrower Notes.

Risks

50. The features of LGFA structure described above which are included to obtain a high credit rating are essentially steps which remove risk from lenders to make their residual risk low enough to justify the high credit rating. These features remove risk, in part, by transferring it to Participating Local Authorities.

51. These risks are that:
   (a) in the case of Guaranteeing Local Authorities, a call is made under the Guarantee (see discussion in paragraphs 25 to 31 above);
   (b) in the case of Guaranteeing Local Authorities, a call is made for a contribution of additional equity to LGFA (see paragraph 24 above); and
   (c) in the case of all Participating Local Authorities, LGFA is not able to redeem their Borrower Notes (see paragraph 24 above).

52. Each of these risks is discussed in the paragraphs indicated next to the relevant risk. For the reasons set out in those discussions, it is anticipated that each of the risks is low.

Cost of Borrower Notes

53. As discussed in paragraph 24(c), all Participating Local Authorities will be required to invest in Borrower Notes when they borrow from LGFA. This carries a cost in addition to the risk referred to in paragraph 51(c), because the investment in Borrower Notes will, in most cases, be funded by borrowing from LGFA, and the cost of this funding will be higher than the return paid on the Borrower Notes.

54. It is anticipated that the Borrower Notes will pay an interest rate equal to LGFA's own cost of funds. Any interest payment is likely to be capitalised until maturity.

Cost/benefit analysis for the investment by Principal Shareholding Local Authorities

55. In addition to those costs and benefits that all Participating Local Authorities are expected to receive in relation to their borrowing from LGFA, Principal Shareholding Local Authorities will also hold shares in LGFA (Establishment Shares).

56. Establishment shares will pay a discretionary annual payment, which is an amount up to LGFA's own cost of funds plus 200 bps .

57. While it is the intention for LGFA to always pay the proposed annual payment on the Establishment Shares, this payment will not be made, or will be reduced, if the performance of LGFA means that LGFA does not consider it appropriate to make the payment.

58. Any local authority investor in Establishment Shares will also be required to subscribe for the same amount of Uncalled Capital in LGFA. This Uncalled Capital can be called at the discretion of LGFA under certain circumstances to ensure the on-going viability of LGFA. Once called the Uncalled Capital will have the same characteristics as Establishment Shares. This is an additional risk (and therefore contingent cost) for Principal Shareholding Local Authorities. Uncalled Capital is discussed in paragraph 24(b) above.

Appendix 2 – Proposed Investment Policy Wording

The following wording is included in the draft Investment Policy:

"**New Zealand Local Government Funding Agency Limited Investment**

Despite anything earlier in this Investment Policy, the council may invest in shares of the New Zealand Local Government Funding Agency Limited (**LGFA**), and may borrow to fund that investment.

The council's objective in making any such investment will be to:
(a) obtain a return on the investment; and
(b) ensure that the LGFA has sufficient capital to become and remain viable, meaning that continues as a source of debt funding for the council.

Because of this dual objective, the council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

If required in connection with the investment, the council may also subscribe for uncalled capital in the LGFA."

Appendix 3 – Proposed Liability Management Policy Wording

The following wording is included in the draft Liability Management Policy:

"**New Zealand Local Government Funding Agency Limited Investment**

Despite anything earlier in this Liability Management Policy, the council may borrow from the New Zealand Local Government Funding Agency Limited (**LGFA**) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:
(a) Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA;
(b) Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
(c) Commit to contributing additional equity (or subordinated debt) to the LGFA if required;
(d) Subscribe for shares and uncalled capital in the LGFA; and
(e) Secure its borrowing from the LGFA, and the performance of other obligations to the LGFA or its creditors with a charge over the council's rates and rates revenue."

NEW DIRECTION FOR MANAGING WATER

The council wants feedback on our proposed programme for implementing the Government's new direction for improving the management of the region's freshwater lakes, rivers, aquifers and wetlands. The full proposal on our programme follows and relates to the brief summary on page 14 under "Issues for consultation".

The National Policy Statement for Freshwater Management (the NPS Freshwater) was released in May 2011, and implementing it will be a major resource management focus for us over the term of this plan.

The primary aim of the NPS Freshwater is to safeguard the life-supporting capacity of water and its associated ecosystems, while providing for economic growth and the efficient use of water resources. It also seeks to maintain or improve the overall water quality in the region and protect values of outstanding water bodies and wetlands.

To implement the NPS Freshwater, regional councils are required to set:

- Freshwater goals (objectives / environmental outcomes that Northland seeks for that water, for example that is swimmable, that stock can drink it without treatment);
- Associated water quality limits (clear statements about or numbers that define what is acceptable / maximum contamination if we are to meet the goal);
- Flows (the amount of water that must remain in a river or stream),
- Levels (minimum water levels in lakes and aquifers) and
- Allocation limits (maximum rate that water can be taken from a river or total volume that can be taken from a lake or aquifer to meet the goal).

These requirements must be set for water bodies at a catchment level.

They will be set using a combination of good science, the values associated with water (such as its ability to support life and cultural values), how the water is used and the community values associated with those uses. We will work with the regional community, tangata whenua, and affected and interested parties to identify the values and goals and set the limits, flows and levels.

Council also needs to work out how to address water bodies that don't meet water quality or flow limits due to over extraction or contamination – this is known as 'over-allocation'. Over-allocation would need to be phased out via time limited targets – a "claw back" timed with reviews of existing water takes, discharge consents and possibly controls on land use activity where diffuse discharges (from water run off) are an issue.

All the requirements will go into the region's planning framework through a series of changes to the Water and Soil Plan (including consultation, submissions and hearing processes). This highly complex area of resource management also affects district planning and consenting and council intends to work with the district councils on the programme.

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

About Northland's water

Water is one of Northland's most precious natural resources and much of council's work revolves around it. Our rivers and streams, lakes, aquifers and wetlands are important for their supply of water for drinking, washing, fire fighting, agriculture, irrigation, industry and their ability to help us manage our wastes. They also have cultural and historic value, provide habitat for a range of plants and animals, provide us with food, and give us important recreational opportunities.

Pollution enters rivers and streams directly from discharges. For example, it comes directly from sewage from town and city treatment plants, industrial and stormwater discharges and farm dairy effluent; and indirectly from urban run-off and rural run-off after rainfall, which can contain sediment, nutrients, animal waste and agrichemical residues, from rainwater seeping through a landfill or contaminated site which contaminates the water (leachate), or leaking wastewater systems. Because our rivers are comparatively small, they have little capacity to dilute these contaminants.

The majority of Northland's rivers flow into harbours rather than open coastline. This means that poor river water quality can also affect the health of our harbours, which in turn affects the things we value and use of the harbours.

The programme to implement the NPS Freshwater
All regional councils are required to implement the NPS Freshwater. We must either complete implementation by the end of 2014, or adopt a staged programme by 12 December 2012 that sets out how it will be implemented by 2030. Like most other regional councils across the country, we are not in a position to complete the implementation by 2014 so we are opting to adopt the staged programme approach. The timing suits our current planning cycle as we are currently developing a new Regional Policy Statement – this is the council's primary planning document which has to give effect to the NPS Freshwater. The new Regional Policy Statement will be formally consulted on this year, and we aim to have it fully operative by 2015.

Implementing the Regional Policy Statement will involve changes to several regional plans, so we will aim to align this with plan changes needed to implement the NPS Freshwater. Each plan change will involve consultation with stakeholders, iwi and interested parties.

While we have no option but to implement, we do have some discretion over how fast it is done. We have identified three options for this timing, and we want your feedback on your preferred option. Note that if a water body is 'over-allocated' it doesn't meet quality and/or flow limits.

Option A – prioritised catchments (medium pace)	**Option B – no extra resourcing (slow pace)**	**Option C – significant extra resourcing (fast pace)**
▪ First priority catchments addressed by 2015. ▪ Majority of highly-allocated catchments addressed in 10 years. ▪ Second priority catchments within 10 years and third priority by 2030. ▪ Some additional water quality improvement. **Costs/benefits/risks**	▪ Address catchments on basis of information available. ▪ 20% of highly-allocated catchments addressed in 10 years. ▪ 1-2 plan changes in 10 years. ▪ May not meet 2030 deadline. ▪ Minimal additional water quality improvement. **Costs/benefits/risks**	▪ All highly allocated catchments addressed by 2015. ▪ All catchments addressed within 10 years. ▪ Over allocation remedied by 2030 (if not before). ▪ Further additional water quality improvements. **Costs/benefits/risks**
▪ Medium cost (data collect, plan changes). ▪ Medium limits to economic growth. ▪ Compliance with NPS. ▪ Low risk (adequate time for data collect and consultation).	▪ Low upfront cost (data collection, plan changes). ▪ Restricted economic growth. ▪ High risk of non-compliance.	▪ Higher up front cost (data collection, plan changes). ▪ Growth enabled. ▪ Compliance with National Policy Statement. ▪ Medium risk (data quality, adequacy of consultation, inconsistency with Regional Policy Statement).

For all three options, data collection is necessary to help set limits and flows (for quality and quantity purposes), and regional plan changes are needed to enable the limits to be imposed. The three options differ in the speed of the data collection and plan changes.

Option A: Prioritised catchments
This would address catchments on a priority basis, instead of all at once (which would require a significant increase in resources). Option A proposes prioritising catchments on the basis of known issues, with objectives, limits and flows set for the most urgent first. This option would have medium immediate cost with only a moderate increase in resourcing and cost (e.g. two additional people).

A prioritised approach would limit the risk of further over-allocation and uncertainty for water users in the most vulnerable catchments. It would also enable adequate time to gather data and consult with those that value and use the water bodies.

We would need to identify how we prioritise the catchments, and we want your input on how this would be done. The council proposes that each water body/catchment would be prioritised based on an assessment of its:

- Ecological values;
- Direct and indirect use values (e.g. water takes, swimming);
- Cultural and spiritual significance;
- Influence on coastal water quality;
- Interaction with other water bodies (e.g. groundwater);
- Level of existing allocation (quantity) and water quality; and
- Future pressures (e.g. population growth, climate change, and land use intensification).

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

Option B: No extra resourcing
This option would mean council addresses the NPS freshwater without extra resourcing and relies largely on information provided in existing programmes.

It is the slowest option, with the highest risk of over-allocation and non-compliance with the NPS Freshwater timeframes. It may also restrict the ability to grant further consents if default/interim limits or flows eventuate via further government policy (e.g. national environmental standards on water quality limits or ecological flows – these may set limits for us which potentially could stop future consent applications until we prove that the stream/river can support more allocation in terms of water quantity or quality).

This option has minimal additional direct cost, but risks could well outweigh that benefit.

Option C: Significant extra resourcing
This option would mean significant extra resourcing (e.g. four additional people), but objectives, limits and flows would be set for all water bodies within 10 years.

The benefits are compliance with the NPS Freshwater, low risk of further over-allocation and certainty for water users. However, the pace of this option could mean consultation and data collection are not likely to be as robust and objectives, limits and flows may not be as well considered as the other options. There is also the risk that the programme developed under Option C would pre-empt the Regional Policy Statement, meaning further plan changes to align with the Regional Policy Statement once finalised, which comes with additional costs.

Council's preferred option
The council's preferred option is Option A, as it is considered the most cost-effective and low-risk. Option A has been included in the budget projections in this draft plan. Option A provides for steady progress that will enable the council to meet the timeframes included in the NPS Freshwater and will avoid unnecessary limits on economic growth (through limiting future water allocations) and is aligned with the Regional Policy Statement led plan changes.

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

Interim limits
The NPS Freshwater requires that councils avoid over-allocation (exceeding water quality or water quantity limits).

Avoiding over-allocation requires water quality and quantity limits (flows and/or levels) to be set (technically, water cannot be over allocated if no limits are in place). Given the magnitude of the requirements of the NPS Freshwater, council may need to set interim water quality and quantity limits for some water bodies, particularly those that are not considered a high priority but may be vulnerable to contamination or takes (due to small size for example). Interim limits are likely to be required under each of the above options.

Interim limits will prevent further degradation by cumulative effects and remove the need to "claw-back" any water take or discharge consents potentially granted if limits were not in place. Interim limits for water quantity and quality would be set based on robust and best available science. The limits would need to be set by way of a plan change to the Regional Water and Soil Plan with associated consultation, submission and hearing processes.

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

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

- Waipoua
- Whirinaki
- Waipapa
- Mangamuka
- Punaruku
- Lake Ora
- Waikohatu
- Wairau.

Maps of these rivers, or sections of rivers, and lakes deemed to have outstanding values are shown in Appendix 18 of the Water and Soil Plan Maps. (Policy 9.05.01 regulates the taking use, damming and diverting of water for those water bodies.)

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

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

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

SIGNIFICANCE POLICY

The full version of the proposed new Significance Policy follows and relates to the brief summary on page 25 under “Issues for consultation”.

Policy objectives and overview

1. To ensure that the Northland community is fully consulted and able to actively participate in the consideration of issues, proposals, and decisions which are significant, including those that involve the community's strategic assets.
2. To ensure that council is informed of and carefully considers the consequences of decisions of significance during the process of decision making.
3. To help determine the appropriate means to engage with the community on a particular issue.

Councils make decisions on behalf of ratepayers all the time. Some decisions are more significant than others. The policy on significance, along with the council’s consultation practice, gives the council guidance on what it should consider in assessing the significance of a decision and what information it will make available to the public. It also guides which consultation processes council should follow for its decision making based on the significance of the decision to be made. The policy is about making better decisions in line with community expectations.

Strategic Assets

Northland Regional Council’s strategic assets are:

- Its interest in Northland Port Corporation (NZ) Ltd.
- Awanui river scheme.

A decision to transfer the ownership or control of a strategic asset to or from the local authority can only be taken if it has been provided for in the council’s Long Term Plan and therefore will be the subject of the special consultative procedure (as per section 97 Local Government Act 2002). The level of detail for the decision and consultation will be guided by this policy.

General Approach

Council will determine the significance of any issue requiring a decision on a case-by-case basis. Significance will be determined using the thresholds and criteria below. Where certain thresholds are met significance will be presumed to apply.

Any decision that is inconsistent with another council policy (including the Treasury Management Policy, Investment Policy, Revenue and Financing Policy, Liability Management Policy, Financial Strategy, and Policy on Partnerships with the Private Sector) will require an assessment of significance under this policy.

Issues, proposals, decisions or other matters that are part of the normal day-to-day operations of the council will not require formal consideration for significance.

Management decisions made by officers under delegated authority during the implementation of council decisions will not be deemed to be significant.

For example, if council has agreed to fund a major project or award a contract to supply a service, so long as the law and any council imposed terms have been complied with, the decision to release funding will not be a significant decision.

Council delegates responsibility for initially assessing significance to the Chief Executive Officer.

Our policy is to use existing consultation methods, principally the Long Term Plan.

Council will normally consult on any matters of significance through the preparation, review, or amendment to its Long Term Plan or Annual Plan. This ensures that we are efficient, use established processes and timing, propose options and make decisions in context with other major decisions, give people the opportunity to be heard, link our decisions to the council objectives (community outcomes) and comply with the law. However, where a significant decision is required to be made and cannot be combined with the Long Term Plan or Annual Plan, council will hold a separate consultation using the special consultative approach (outlined in the Local Government Act 2002).

What is significant?
Council will determine the significance of any issue requiring a decision by making judgements about the likely impact of that decision based on the following thresholds (1-9) and criteria (1-6):

Thresholds
Where any issue, proposal, decision or other matter triggers one or more of the thresholds 1-6 below then as a matter of council policy the matter is **presumed to be of high significance and to automatically trigger a requirement to consult** using the special consultative approach as part of the Long Term Plan or Annual Plan.

1. Transfer of ownership or control, replacement or abandonment of a strategic asset as defined by this policy (or the Local Government Act 2002).
2. A new activity is proposed.
3. Ceasing an activity is proposed.
4. An increase or decrease of 25% or more in the nature of an activity is proposed.
5. A new targeted rate is proposed.
6. The loss of council control of any council-controlled trading organisation or council-controlled organisation.

Proposals or decisions which are likely to have financial implications of, or in excess of the following thresholds (7-9) are presumed to have a **high degree of significance**. They will however, still be considered against the criteria spelt out below as the context for the decision is important in determining the degree of significance.

7. An increase of 5% or more of the general rate annually for an activity is proposed.
8. An increase of 10% or more of the targeted rate for an activity (where the increase is equal to or more than $100,000) is proposed.
9. Issues, assets or other matters that would incur expenditure in excess of $500,000 which are not already provided for in budgets or are not provided for in existing delegations, policies or other legislation. [This limit covers both a single issue, asset or matter as well as a package of the same aligned to deliver a single outcome or objective. This limit does not apply to expenditure funded from the Growth and Investment Reserve or changes to the council's investment portfolio.] Note that these investments will need to meet the council's Investment Policy.

Where any issue, proposal, decision or other matter does not trigger one or more of the above thresholds, and is not excluded by the policy, it will then be considered against the criteria contained in this policy to assess its significance.

Criteria
If an issue, proposal, decision or other matter satisfies two or more of the following criteria, the matter is likely to be significant. (Where a matter satisfies only one criterion it will be discussed with the CEO to determine what recommendation to council should be made. If a presumption of significance applies – as above or as indicated in the criteria below - then this should be highlighted to council and the staff recommendation will err on the side of caution.)

1. Impact
    a. Number of people affected - The proposal and/or decision adversely affects all or a large portion of the community.
    b. Scale of impact - The impact or consequences of the proposal and/or decision on the affected people will be substantial.
2. Reversibility - the degree to which a proposal or decision is reversible. (As a rule of thumb the more difficult it is to reverse the decision the greater its significance.)
3. Controversy – whether this type of decision has a history of generating a high degree of controversy or public interest in the region or New Zealand generally. (A high level of controversy requires the decision to be treated as more significant and therefore subject to a greater degree of community scrutiny.)
4. Strategic alignment - the extent to which the decision flows logically and consequentially from a significant decision already made, a strategy or policy already developed by council, or from a decision in the Long Term Plan (including any subsequent amendments) or the Annual Plan.

If there is alignment or logical flow and previous consultation, then the decision is less likely to be significant. Significance would therefore generally depend on the variations between the identified options, because the decision to do something has already been taken.

5. A decision that will, directly or indirectly, severely affect the capacity (including financial capacity) of council to carry out any activity identified in the Long Term Plan is presumed significant. (Without other criteria needing to be met.)
6. Precaution and risk management - Where the significance of a proposal and/or decision is unclear, then the council will treat the issue as being more rather than less significant. The degree of risk is a factor in determining significance. Council's risk management framework will be relevant.

As part of its consideration the council will take into account how important the decision, matter or thing is in terms of the achievement of, or ability to achieve, council objectives (community outcomes) as stated in the Long Term Plan.

Procedure for determining significance

Staff assessment:

7. Is a council decision required?
    - If yes, apply this policy. If no, stop. Policy does not apply.
8. Is the decision part of the normal day-to-day operations of the council?
    - If yes, stop. The decision is not significant. If no, continue to apply this policy.
9. Is the decision a management decision made by officers under delegated authority during the implementation of council decisions?
    - If yes, stop. The decision is not significant. If no, continue to apply this policy.
10. Staff assess whether a threshold 1-6 is met.
    - If yes, the decision is deemed significant. If no, move to 7-9.
11. Staff assess whether a threshold 7-9 is met.
    - If a threshold is met then staff will presume that the matter is significant and move to apply the criteria.
12. If a threshold is not met then staff determine whether the criteria for determining significance are met. (The "determining significance" flowchart attached will guide staff through this process.)
13. Staff will document the significance assessment and include reasons for the conclusions reached in the report to council under step 8 below.

Reports to council/committee:

14. Every report to council and its committee(s) will:
    - State the significance of the decision to be made.
    - Include reasons for the conclusions reached. (To be commensurate with the significance of the decision to be made.)
    - Include a recommendation to council on how the significance policy should be observed and on an appropriate course of consultation.
    - Highlight any risks or opportunities.

    When a significant decision is to be made, the staff will recommend to council (or committee):
    - The extent to which different options are to be identified and assessed; and
    - The degree to which benefits and costs are to be quantified; and
    - The extent and detail of the information to be considered; and
    - The extent and nature of any written record to be kept of the manner in which it has complied with those sections.

Decisions of council

15. Where council decides not to follow a staff recommendation on:
    - The significance of the decision and/or;
    - How the significance policy should be observed and/or;
    - On an appropriate course of consultation;

    then the reasons for that or those decisions will be recorded alongside the decisions made / council resolution in the minutes of the meeting.

16. If the council considers that the decision is significant it will agree or direct:
    - The extent to which different options are to be identified and assessed; and
    - The degree to which benefits and costs are to be quantified; and
    - The extent and detail of the information to be considered; and
    - The extent and nature of any written record to be kept of the manner in which it has complied with those sections.

Committees will not determine significance. If a committee disagrees with the staff recommendation on significance and consultation then the meeting minutes and the committee's recommendation to council will record the reasons for that recommendation.

17. Where council makes a decision that is inconsistent with this policy it will:
    - Identify the inconsistency.
    - Explain why it is proposing to proceed with an inconsistent decision.
    - Indicate whether it intends to amend this policy to accommodate the decision.

<u>This policy will not apply</u> where council thinks that failure to make a decision urgently would result in unreasonable or significant damage to property or risk to people's health and safety. Any actions taken will be reported in the relevant annual plan or annual report.

Background Legislation
The Local Government Act (LGA) 2002 requires the council to have a "policy on significance" adopted using the special consultative procedure. The requirements are set out in section 90 of the LGA 2002. Every decision the council makes must be made in accordance with the decision making requirements set out in sections 76 to 82 of the LGA 2002. It is also possible that a significant decision might be caught by section 97 (decisions that may only be taken if provided for in the Long Term Plan).
The Act includes definitions of "significant" and "significance":

"significance, *in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for, -*
(a) the current and future social, economic, environmental, or cultural well-being of the district or region
(b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision or matter
(c) the capacity of the local authority to perform its role, and the financial and other costs of doing so

significant, *in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance."*

For further details of the council's consultation processes see the Policy on consultation, contained in the council's Local Governance Statement.

Decision Making
When making a decision, the council must identify its objective and the range of sensible options for achieving it. The options then need to be assessed (including the costs and benefits of the options for the present and future well-being of the region, promotion of council objectives (community outcomes), impact on the local authority's present and future capacity and any other matters the council thinks are important). If the decision is significant and relates to land or a body of water, the council is also required to take into account the relationship of Māori and their culture and traditions with the land or water.

The council is required to give consideration to the views of affected and interested people in making its decision but has some flexibility as to how it consults except where it is required to use the special consultative procedure. Where the council has choice, council will align the consultation process with those affected by the decision, the scope of choice the council has, the level of significance and the wise use of council resources.

If council undertakes consultation, it will:
1. Provide people with reasonable access to relevant information;
2. Encourage people to present their views;
3. Give clear information on the purpose and scope of the consultation;
4. Provide reasonable opportunities for people to present their views;
5. Receive those views with an open mind;
6. Provide submitters with information on the decision and the reasons for the decision.

Do you support the new Significance Policy? Do you have further additions for the policy?

Financial Strategy

WHAT IS THE FINANCIAL STRATEGY?

The financial strategy supports and underpins Northland's Long Term Plan. It shows the financial impacts of the council's proposed choices, and how those impacts are felt by different parts of the community. It also explains the context in which the decisions made, the priorities (and the trade-offs) and the effect on rates.

The financial strategy is implemented through the following policies, which can be found within this plan.

- The Revenue and Financing Policy, which sets out how the council's activities should be funded;
- The Funding Impact Statement, which determines how rates are set for properties in Northland; and
- The Treasury Management Policy (including the Investment Policy and Liability Management Policy) which sets out how the council will manage its investments and borrowings (if any).

OVERVIEW

The council is required to manage its revenues, expenditure, assets, liabilities, investments and general dealings prudently and in a manner that promotes the current and future interests of our community. Over the ten years of this plan the council plans to:

- Maintain a strong balance sheet with a high weighting of assets to liabilities;
- Maintain a balanced budget;
- Remain a net investor, borrowing internally where appropriate, to fund the capital investment in its river management schemes;
- redIrect its investment income entirely away from funding operational expenditure (subsidising rates) to instead invest in economic development initiatives/projects.

Redirecting the investment income into economic development activities is the most significant change to our financial strategy since the last Long Term Plan, and it creates the biggest driver for rate increases across the region over the next decade. Several large river management projects also contribute to rates increases in targeted geographic areas. These areas either benefit from the proposed works or are within the catchments that contribute to the flooding problems. The impact on rates from these big flood management works are often ongoing, with loan repayments extending to 25 years. Throughout the life of this plan more projects will be scoped and results of any detailed investigations and works will be included in future long term plans.

The major challenge that has faced the council in developing this draft plan has been balancing an increased investment in the region through economic development initiatives and increased services, while keeping rates as affordable as possible. In turn, this has meant balancing the diverse expectations of the wider community with specific communities of interest. The council has aimed to strike that balance with the proposals in this draft plan, which include:

- Slowing the transition for redirecting council's investment income to the new Investment and Growth Reserve from five years to ten years, to lower the impact of the rates subsidy being withdrawn.
- Reducing operating expenditure for the Monitoring activity to offset some of the additional costs for implementing the Government's new National Policy Statement for Freshwater Management.
- Using the council's Forestry Income Equalisation Reserve for distinctive and one-off costs, including an additional provision for doubtful debts to lessen and smooth rate increases across the next 10 years.
- Only modestly increasing our spending on biosecurity to accelerate our efforts to manage the region's pests when the council and interest groups had expressed a desire to increase it further.
- Targeting our economic development efforts to projects to improve Northland's economy beyond its historic levels (compared nationally or regionally).
- Using the new Investment and Growth Reserve, rather than rates, to fund our economic development activities and make up for the shortfall in lower investment income from the Northland Regional Council Community Trust Fund (due to the current economic climate and lower government subsidies).
- Reducing the funding from our investment income to Destination Northland Limited, working with Northland Regional Council Community Trust to return Destination Northland Limited's focus to core tourism activities (which will lower expenditure) and to increase its funding from the tourism sector with support from Northland's local authorities.

BALANCED BUDGET

The council looks to operate a balanced budget whereby in each year the operating expenditure, including depreciation, is covered by sufficient operating revenue. To smooth rating increases, the council has conservatively estimated expenditure that is subject to a high degree of variability (such as hearing costs for the new Regional Policy Statement) on the understanding that the Forest Income Equalisation Reserve can be utilised if necessary. In addition council has agreed to fund certain operating expenditure from this reserve. The use of the forest equalisation reserve as a funding source still allows council to operate a balanced budget in accordance with the requirements of the Local Government Act 2002. The Forest Income Equalisation Reserve had a balance of approximately $2.4 million at 30 June 2011 (refer pages 180-187 of the plan for further information on council reserves).

POPULATION AND LAND USE CHANGES

Northland's population is expected to grow modestly by 0.5% annually (on average) over the ten year period of the plan. Small, short term population changes generally have very little impact on regional council services with existing resources coping with service demands without major adjustments. The low growth projection also means small or no increases in the number of rateable properties over the plan which means fewer opportunities for greater economies of scale (spreading the costs across more ratepayers).

The region's population structure is predicted to change by the end of the ten year period when the over 65 age group will make up 23.6%, compared to 19.3% nationally. An increased demand in passenger transport and disability transport services may result from the larger population group – the current SuperGold Card Scheme would accommodate this demand and the current bus services have the required capacity without incurring additional significant expenditure. It is assumed that there will be no change to the current government funding formula of the SuperGold card scheme.

The council is not anticipating any significant change in use of land within the region over the ten year period that would materially impact on the capital and operating costs forecast in this plan. For more details, see our forecasting assumptions on pages 164-173.

ECONOMIC GROWTH

Economic growth is vital for generating the resources needed to address some of the pressing problems affecting Northland, such as poor housing, health and education. In times of economic recession there is a greater need to invest in economic growth. However, there is little government support available to achieve a step-change in Northland's economy as funds have been necessarily diverted to rebuild Christchurch.

One indicator of a region's standard of living is gross domestic product (GDP) per person. Northland's GDP per person is the lowest among all 16 regions in New Zealand, and is about a third lower than the national average. Within Northland there is variation in GDP among the three territorial authorities. Per person/capita GDP in the Far North and Kaipara districts are about 20% lower than in Whāngārei – this is equivalent to about 60% of the national average, compared to 75% in Whāngārei.

Last year the council introduced a five-year transition to re-direct its investment income into the Northland Regional Council Investment and Growth Reserve. The reserve will be used to fund specific projects that will increase Northland's economic performance, increase the number of jobs in Northland and increase the average household income. Previously, all of the council's investment income helped fund council operations, providing a rates subsidy of about 20%.

In this draft plan, the council is proposing to extend that transition phase from five years to 10 years, to improve the affordability of the transition and to acknowledge the effects of the recession on individual households. The extended transition phase would reduce the size of the annual rate increases over the next 10 years and lessen the impacts of funding the additional work proposed in this plan.

OTHER CHALLENGES

There are big challenges ahead as Government passes on more responsibility to councils, through legislation, policy statements and environmental standards. The National Policy Statement for Freshwater Management has significant resourcing impacts for councils, and we have captured these in our forecasting assumptions and activities. The majority of these costs have been absorbed in existing resourcing with some minor changes in service delivery resulting for our monitoring activity which includes eliminating the chemical collection, reducing the bathing site monitoring and reducing our level of response to the Environmental Hotline reported incidents (details in the "Issues for consultation" section on page 23).

There is more work in the pipelines as the government rolls out potential changes in the way we manage biodiversity, forestry, flood risk, urban areas, and other natural and physical resources. Government is also pushing for councils to have smarter and more effective regulation, cut red tape and enable productivity.

This all means real pressure on the council to find efficiencies and savings across the life of this draft plan to keep activities within current funding levels. One way the council is keen to see this occur is through a mix of shared services, joint procurement, and working with others such as Iwi and community groups, the district councils and other government agencies and partners.

Another challenge we face is promoting economic development whilst continuing to safeguard the ratepayers' assets for future generations and this is a strong element to this financial strategy. We intend to increase the investment in Northland and in opportunities that deliver a return to Northland, while managing risk. The Treaty of Waitangi settlement process offers further opportunities to work with Iwi and consider investment opportunities together that will ultimately benefit all Northlanders.

KEY LEVEL OF SERVICE CHANGES AND IMPLICATIONS

The council's levels of service and operating programmes are established through the variety of policies, plans and strategies that the council has prepared and adopted in line with a range of legislation. Key planning documents include the Regional Policy Statement; regional plans for the coast, air, water and soil; biosecurity strategies for plant, animal and marine pests; land transport plans and strategies; civil defence emergency management plans; asset management plans for river management scheme assets and river management plans for the 27 priority rivers.

Changes are proposed in a number of the council's activities; most are minor in expenditure except for capital improvement projects for the river management schemes. The changes are briefly described below and covered in more detail in the "Issues for consultation" section on pages 10-26. The major proposals are explained in pages 27-48 following this financial strategy. Expenditure budgets within this draft Long Term Plan are set to deliver on these proposed levels of service and operating programmes.

River Management

The council proposes to increase the level of service within River Management, with more flood works proposed for Whāngārei, Kaeo-Whangaroa and Awanui, plus a new river management scheme (and new targeted river management rate) proposed for Kerikeri-Waipapa. More information on the proposed flood works are included on pages 15-19.

The impact of these projects is to increase certain targeted rates and the level of service. The increases in targeted rates are explained on page 57. As council works through investigations on the 27 prioritised river management plans, there will likely be more capital improvement project proposals in future long term plans. New and improved maintenance programmes are also an outcome of the detailed investigations which also reduce the impact of flooding.

Resource Management

Implementation of the National Policy Statement for Freshwater Management (and other national policies and environmental standards) happens under the Resource Management group of activities. While implementing a national directive isn't a new level of service, it increases the level of data collection, analysis, plan development, consent processing and ongoing monitoring services. In this draft plan we are seeking feedback on our proposed implementation approach – which is mostly concerned with the speed of the implementation and how quickly water quality improves. The preferred option given the current pressures on households and the council's desire to make rates affordable involves additional planning and monitoring costs over previous years of approximately $110,000.

A modest increase of $100,000 is proposed for the Biosecurity activity, to increase our efforts to manage the region's pests and protect our special and significant environment. This 5% increase in resources aims to accelerate existing programmes contained in the Regional Pest Management Strategy.

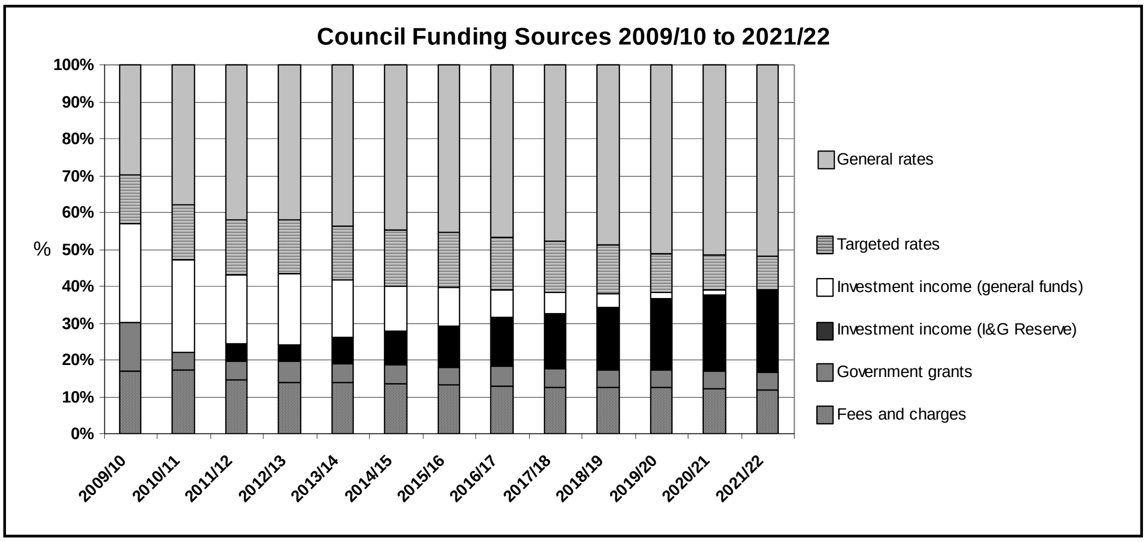
Economic Development

The council consulted on expanding its economic development focus in last year's Annual Plan with the establishment of the new Investment and Growth Reserve to enable investment in Northland for transformational projects. Extending the transition period for redirecting the investment income to the new Investment and Growth Reserve will lower the rating impact from the withdrawal of the rates subsidy. However, it will also reduce the funds available for investment in Northland's economy, which could slow the effect of improving the economy and job creation in Northland.

Reducing Destination Northland Limited's (the regional tourism agency) funding contribution from $350,000 to $100,000 has the potential to lower the level of service delivered by the agency. However, the phasing of the reduction will be negotiated to lower that risk and give Destination Northland Limited and the tourism sector every opportunity to secure funding from alternative sources and manage the return back to core tourism activities.

FUNDING SOURCES

The council's funding sources include targeted general rates, targeted rates, user fees and charges and grants and subsidies and investment income. The table below summarises the council's budgeted funding mix over the last three financial years and the future 10 years.



Funding sources	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
General Rates	30%	38%	42%	42%	44%	45%	45%
Targeted Rates	13%	15%	15%	15%	15%	15%	15%
Investment income (general funds)	27%	25%	19%	19%	16%	12%	11%
Investment income (I&G Reserve)	0%	0%	5%	5%	7%	9%	11%
Government grants	13%	5%	5%	6%	5%	5%	5%
Fees and charges	17%	17%	14%	14%	14%	13%	13%

Funding sources	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
General Rates	47%	48%	49%	51%	52%	52%
Targeted Rates	14%	14%	13%	11%	9%	9%
Investment income (general funds)	7%	6%	4%	2%	1%	0%
Investment income (I&G Reserve)	13%	15%	17%	19%	21%	22%
Government grants	5%	5%	5%	5%	5%	5%
Fees and charges	13%	13%	12%	13%	12%	12%

Over the term of the plan the use of funding sources changes. By 2020/2021 all investment income will be redirected to the Investment and Growth Reserve to be available for projects that contribute to economic wellbeing in Northland. General rates will be increased to fund council activities with user fees and charges increasing by inflation.

RATE LIMITS

The council has determined that total rates will not exceed 65% of total revenue and total rates increase will not exceed 10% of total expenditure. These limits on rates revenue and rates increases balance the need to address the range of issues facing the region over the next ten years and enable council to maintain a strong and sustainable financial position while remaining ever-mindful of the affordability of rates for the community.

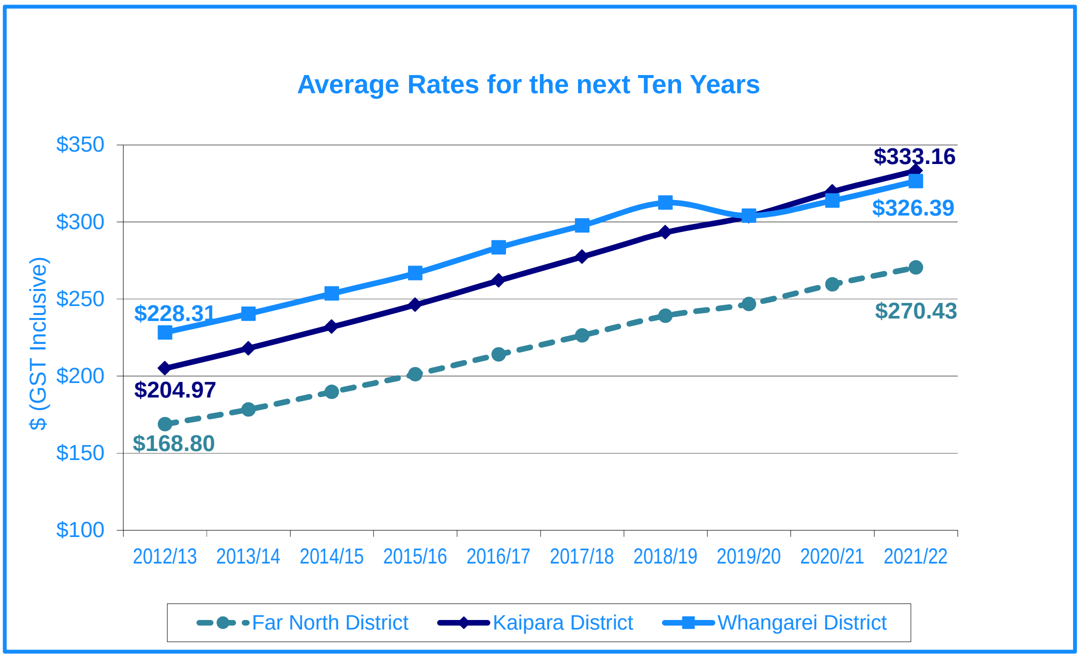
The council is confident in its ability to provide and maintain existing levels of service and to meet additional demands for services within these limits.

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Projected total rates	$15.6M	$16.7M	$17.7M	$19.3M	$20.4M	$21.7M
Projected total Rate Revenue Increase ($)	$1.1M	$1.1M	$1.0M	$1.6M	$1.1M	$1.3M
Projected total Rate Revenue Increase (%)	18%	7%	6%	9%	6%	6%
Projected Rates as a % of revenue	57%	57%	58%	60%	61%	61%
Projected total expenditure (operating and capital)	$27.1M	$31.0M	$35.8M	$35.3M	$30.7M	$31.4M
Projected rate increase as % of total expenditure	9%	4%	3%	4%	4%	4%

	2017/18	2018/19	2019/20	2020/21	2021/22
Projected total rates	$22.9M	$24.1M	$24.3M	$25.3M	$26.4M
Projected total Rate Revenue Increase ($)	$1.2M	$1.2M	$0.2M	$1.0M	$1.1M
Projected total Rate Revenue Increase (%)	5%	5%	1%	4%	4%
Projected Rates as a % of revenue	61%	62%	61%	61%	62%
Projected total expenditure (operating and capital)	$31.6M	$32.4M	$33.1M	$33.6M	$34.7M
Projected rate increase as % of total expenditure	4%	4%	1%	3%	3%

For examples of rates for the ‘average ratepayer’ by areas and targeted rates, see the Funding Impact Statement on pages 64-91 of this plan.

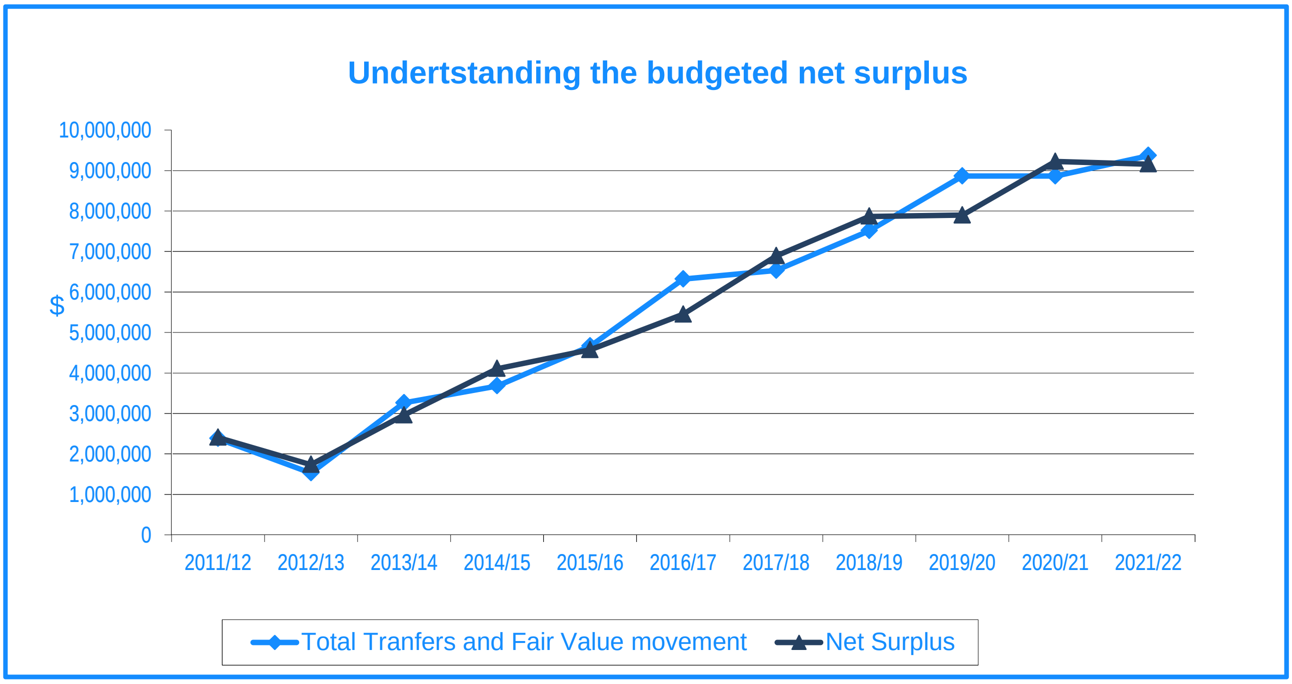
The graph below illustrates what the average rates (including GST) will be for each district commencing from the current 2011/12 financial year and ending at 2021/22. These rates include all rates levied in each district, except for the targeted river management scheme rates.



UNDERSTANDING THE BUDGETED NET SURPLUS

Council sets its rates at a sufficient level to ensure council can meet its expenditure and funding obligations. The annual *net surplus from operations* is the revenue leftover after council has paid for the cost of delivering this plan's annual operating programmes. The annual *net surplus from operations* represents the money available to fund capital expenditure; meet principal repayments on debt (internal borrowing); set aside investment revenue in the Growth and Investment Reserve; provide a small surplus to meet future contingencies.

The graph below shows the *net surplus from operations* and compares this with the net transfers to/from reserves and other gains (fair value movements). The transfers to/from reserves include the investment revenue set aside in the Growth and Investment Reserve and various internal repayments. As can be seen in the graph, the actual net surplus after taking account of the transfer to/from reserves and removing the non-cash fair value income is very modest.



GENERAL RATES

In 2012-2013 general rates will increase by 6.8%. The increase does not relate to the investment redirection as council is proposing to phase the redirection over ten years, rather than five as originally intended. Because approximately one-fifth of the total investment income (approximately $1.34 million) was redirected last year (incurring an average rate increase of $17.80), no increase in rates is required in 2012-13. In the 2013-2014 financial year there is a 6.54% increase in general rates, (1.21% relates to a general increase and 5.32% relates to the redirection of investment income). The staged phasing of redirecting investment income is completed in the 2020/2021 financial year. The Berl cost adjustor factors are included in the general rates

	2012/13	2013/14	2014/15	2015/16	2016/17
BERL Cost adjustor factors	2.4%	3.2%	3.2%	3.4%	3.5%
General rates (average increase)	6.80%	1.21%	2.35%	2.25%	2.94%
General rates (average increases) resulting from investment redirection	0.00%	5.32%	4.94%	4.56%	4.23%
Total (average) general rates	6.80%	6.54%	7.29%	6.81%	7.17%
Average increase in $ per ratepayer	$10.40	$10.68	$12.69	$12.72	$14.30

	2017/18	2018/19	2019/20	2020/21	2021/22
BERL Cost adjustor factors	3.4%	3.3%	3.3%	3.6%	3.5%
General rates (average increase)	2.55%	2.62%	2.20%	2.91%	1.91%
General rates (average increases) resulting from investment redirection	3.90%	3.63%	3.38%	3.17%	2.61%
Total (average) general rates	6.45%	6.25%	5.58%	6.09%	4.51%
Average increase in $ per ratepayer	$13.80	$14.23	$13.50	$15.53	$12.22

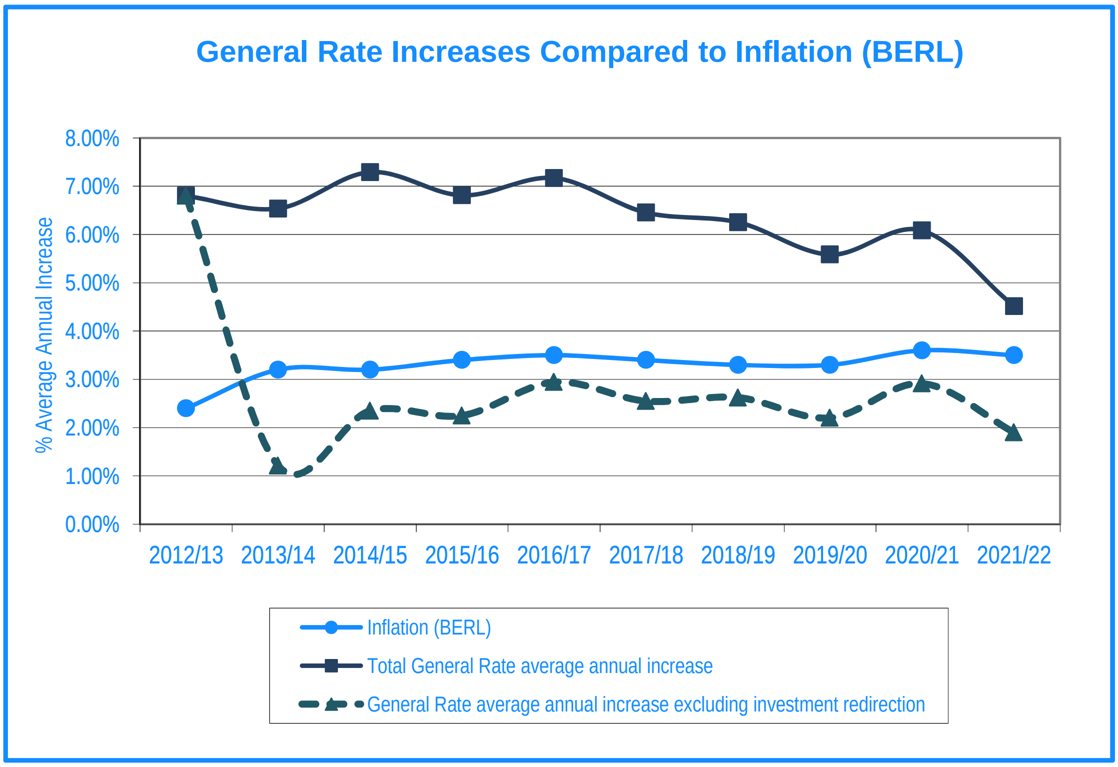
Investment and Growth Reserve
We forecast that a total of $44.89 million will have been transferred to the Investment and Growth Reserve by the end of the 2021-22 financial year for investing in economic development. This money will be spent on projects and activities that meet the funding criteria for the reserve and represent a significant opportunity for Northland to invest directly in its own success.

Years	Investment income redirected to Investment and Growth Reserve each year	Average rates subsidy no longer available per ratepayer (including GST)	Cumulative funds collected for Investment and Growth Reserve
2011-12	$ 1,342,138	$ 17.80	$ 1,342,138
2012-13	$ 1,342,138	$ 17.80	$ 2,684,276
2013-14	$ 2,013,207	$ 26.70	$ 4,697,483
2014-15	$ 2,684,276	$ 35.60	$ 7,381,759
2015-16	$ 3,355,345	$ 44.50	$10,737,104
2016-17	$ 4,026,414	$ 53.40	$14,763,518
2017-18	$ 4,697,483	$ 62.30	$19,461,001
2018-19	$ 5,368,552	$ 71.20	$24,829,553
2019-20	$ 6,039,621	$ 80.10	$30,869,174
2020-21	$ 6,710,690	$ 89.00	$37,579,864
2021-22	$ 7,305,628	$ 97.90	$44,885,492

During the phasing period, investment revenue not transferred to the Investment and Growth Reserve is applied as general funds and is used to reduce the rating requirement. If in any one year, the actual investment revenue is less than $6.7 million, council will calculate the amount to be transferred to the Investment and Growth reserve based on the actual revenue and the stage of phasing, for example in year three of the plan (year four of the phasing) 40% of the investment revenue would be transferred to the Investment and Growth Reserve. If in any one year, the actual investment revenue exceeds the forecasted revenue, the additional revenue will contribute to the surplus and form part of general funds. Council may by special resolution direct surpluses to be applied to fund particular activities.

Impact of inflation
The projected rates increases reflect the impact of the redirection of the investment income from funding operations and the impact of inflation. The full impact from price increases associated with inflation has been reduced through the use of council reserves. The forecast inflation factors developed by Business and Economic Research Limited (BERL) for the local government sector's ten year planning have been applied to the council's projected operational expenditure and revenue except for rates and the New Zealand Transport Agency's subsidies. Inflation adjustments range between 2.5-5.4% (staff costs at the lower end; electricity at the higher end).

Cost adjustors (percentage increase per annum) as set out in the forecasting assumptions on pages 166-168 have been applied over the ten year period of the plan. The graph below shows council's general rate increase compared to inflation (BERL) over the term of this plan and the amount of rate increase resulting from the investment redirection.



TARGETED RATES

The table below shows the projected targeted rate increases. Targeted rates include the various river scheme rates (including the new Kerikeri-Waipapa proposed rate), the Recreational Facilities Rate, the Regional Infrastructure Rate, the Rescue Helicopter Rate and the Transport Rate (Whāngārei only). All targeted rates, except for the river scheme rates and the Regional Recreational Facilities Rate, are constant and are projected to increase by the BERL cost adjuster only. The Regional Recreational Facilities Rate is significantly reduced (down to $279,447) in the 2019/2020 financial year as the $13 million contribution towards the Events Centre becomes fully funded and the rate ceases in 2020/21. This reduction of explains the reduced targeted rate revenue collected in those years.

Total Targeted Rates average revenue movements

2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
15.3%	6.1%	2.9%	11.9%	1.4%	1.5%	0.2%	0.2%	-19.2%	-6.7%	0.1%

PROPOSED CAPITAL EXPENDITURE ON FLOOD PROTECTION AND CONTROL WORKS

The council is looking to invest the following amounts in flood protection and flood control (River Management) capital works over the next ten years. The table shows new capital works for Kaeo, Whāngārei, Kerikeri-Waipapa and Awanui. Renewal works are also planned for Awanui, as the only scheme with assets due for replacement.

Scheme	2012/13	2013/14	2014/15	2015/16	2016/17
Kaeo	697,185			605,679	
Kaihū					
Awanui	152,805	52,805	3,921,251	58,409	58,409
Whāngārei Urban Rivers		6,876,728			
Kerikeri-Waipapa			2,130,048		
Total	849,990	6,929,533	6,051,299	664,088	58,409

Scheme	2017/18	2018/19	2019/20	2020/21	2021/22
Kaeo					
Kaihū					
Awanui	63,653	63,653	63,653	69,300	69,300
Whāngārei Urban Rivers					
Kerikeri-Waipapa					
Total	63,653	63,663	63,663	69,300	69,300

The capital infrastructure of river management schemes is expected to have a useful life of up to 150 years. Council has budgeted a 25 year loan repayment period for capital works undertaken on the Whāngārei urban river management scheme, Kerikeri-Waipapa rivers management scheme and the Awanui river management scheme. Council has budgeted a 3 year repayment period for the Kaeo river management scheme stage 1 capital works and a 7 year repayment period for the Kaeo stage 2 capital works. The actual repayment period will be agreed between council and the relevant community liaison committee and may vary.

Council will determine if the loans for capital works are to be internal or external when it borrows the funds. A loan period of 25 years is intended to achieve a degree of inter-generational equity. It allows ratepayers to fund the new infrastructure over an extended period of time, in part reflecting the the lifetime of the asset and the benefits from it. To ensure today's ratepayers are not funding both the new infrastructure and the future replacement of the same infrastructure, the funding resulting from the depreciation charge will be applied to loan repayments where renewal expenditure is not required to maintain the asset. After the loan has been repaid, depreciation will be applied to fund renewals.

The cost of funds is assumed to be 5% over the term of the loan. Any significant change in the cost of funds over the term of the loan may result in the repayment period being extended or the targeted rate being increased to service the loan. The table below shows the expected total revenue (excluding GST) to be levied by each Targeted River Management Rate over the term of the plan.

	2012/13	2013/14	2014/15	2015/16	2016/17
Targeted Awanui River Rate	422,859	422,859	850,319	850,319	850,319
Targeted Kaihū River Rate	78,611	81,127	83,723	86,570	89,599
Targeted Kaeo - Whangaroa Rivers Rate	130,784	130,784	130,784	189,732	189,732
Targeted Whāngārei Urban Rivers Rate	642,810	713,580	713,580	713,580	713,580
Targeted Kerikeri-Waipapa Rivers Rate	182,773	182,773	276,959	276,959	276,959
Total	1,457,837	1,531,123	2,055,365	2,117,160	2,120,189

	2017/18	2018/19	2019/20	2020/21	2021/22
Targeted Awanui River Rate	850,319	850,319	850,319	850,319	850,319
Targeted Kaihū River Rate	92,646	95,703	98,861	102,420	106,005
Targeted Kaeo - Whangaroa Rivers Rate	189,732	189,732	189,732	189,732	189,732
Targeted Whāngārei Urban Rivers Rate	713,580	713,580	713,580	713,580	713,580
Targeted Kerikeri-Waipapa Rivers Rate	276,959	276,959	276,959	276,959	276,959
Total	2,123,236	2,126,293	2,129,451	2,133,010	2,136,595

All the schemes that have both operational and capital works have had their rates revenue flat lined across the 10 years of the plan. The Targeted Kaihū River Rate only funds operational expenditure which is increasing by the rate of inflation.

ASSETS AND LIABILITIES

The council has a range of assets, the most significant of which (other than investments in our subsidiaries and shareholdings) are property, plant and equipment. Property, plant and equipment include infrastructure assets (river management schemes), owner-occupied land and buildings, plant and equipment, vessels, dredging equipment and navigational aids and vehicles.

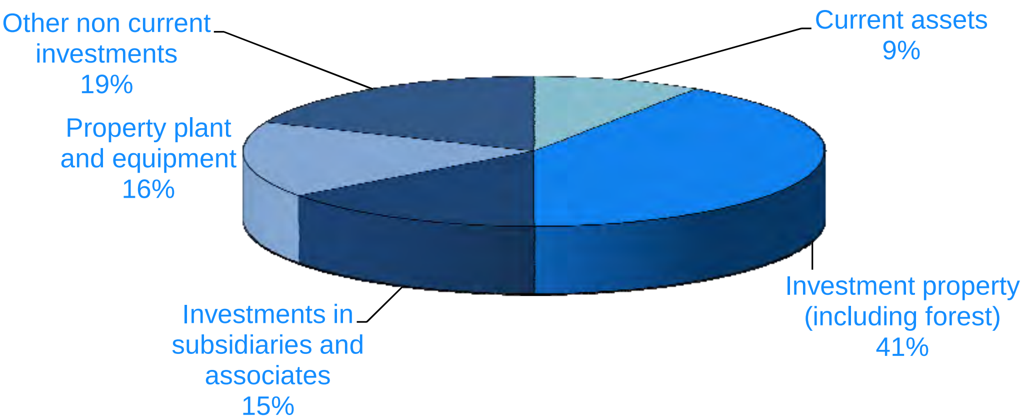
The council is currently a net investor – we have not borrowed from external sources. Council's investment assets include: cash, bonds and convertible notes; land and properties (including a forest); investment in the Northland Regional Council Community Trust Fund; and a 53.61% shareholding in Northland Port Corporation (NZ) Limited. Further details on the investment objectives are provided on page 63.

Our liabilities are approximately 5% of total council assets and are largely short-term made up of trade creditor balances owing at balance date.

The most significant change is expected to be the development of further river management schemes – infrastructure assets, which will be funded using either internal funds or external borrowing and repaid from targeted rates established for each separate scheme. This plan reflects using internal borrowing.

Over the term of this plan the council's balance sheet is expected to continue having a high weighting of assets to liabilities.

Composition of the council's assets

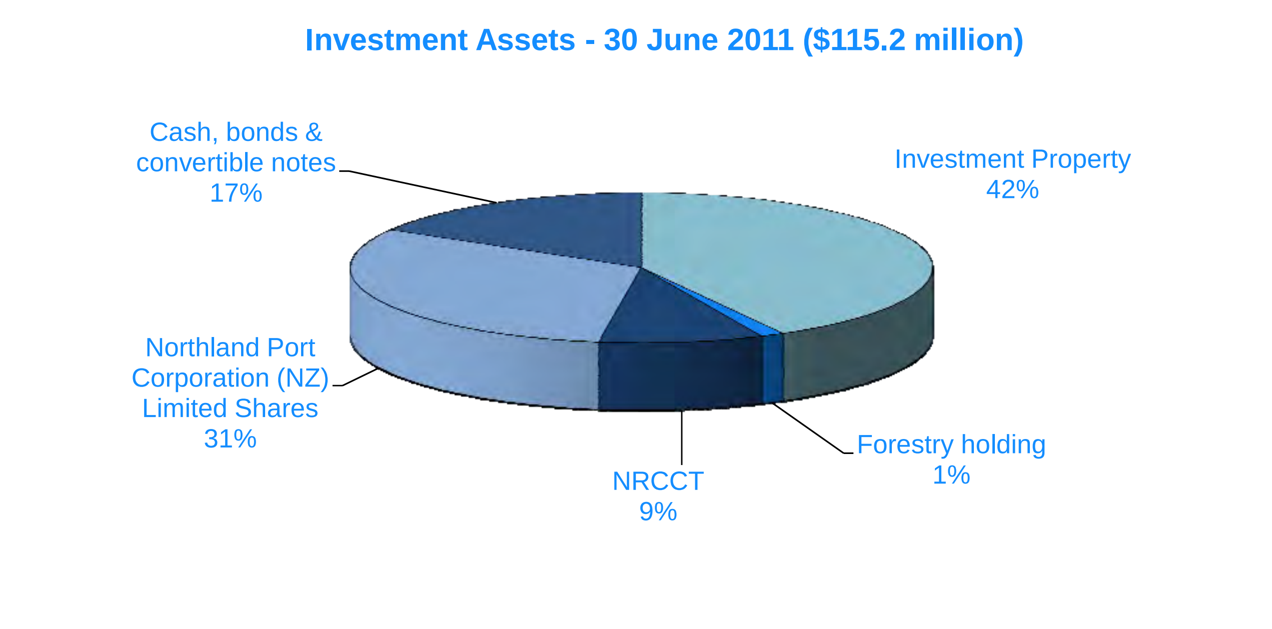


INFRASTRUCTURE ASSETS

The only infrastructure asset currently held by the council is the Awanui River Management Scheme (as at 30 June 2011). Infrastructure assets are revalued every three years and as at 30 June 2011 the scheme was valued at $8 million. An Asset Management Plan has been developed for the scheme, which sets out required maintenance and renewal expenditure to ensure the asset is appropriately managed and maintained. New infrastructure assets for the Whāngārei, Kaeo, Kerikeri-Waipapa river management schemes are planned to be built over the term of this plan and these will have Asset Management Plans developed for them. We intend to manage all these assets in accordance with their Asset Management Plans. Further information on the proposed capital works are provided on pages 15-19 of this plan.

INVESTMENT ASSETS

The council on its establishment in 1989 was vested with a number of leasehold investment properties and the Northland North Port Corporation (NZ) Ltd. As at 30 June 2011, council held the following assets:



The values above reflect market values at 30 June 2011. The council's Annual Report lists the historical value of Northland Port Corporation Limited which is $7,827,563.

The capital value of the council's non-cash investments is subject to market fluctuations, but generally over the long term, council considers the value will appreciate at a rate similar to or greater than inflation. Council is not intending to take active steps to maintain the real value of its investments in stocks, bonds and convertible notes given the current market conditions and its desire to use investment income for economic development projects. The exception is for the Northland Regional Council Community Trust Fund. Council intends to maintain the real value of the capital of the Northland Regional Council Community Trust Fund of $10.25 million by increasing the capital amount of the fund by the level of inflation forecast for each year of this plan. The fund's capital value may be subject to market fluctuations that are beyond the control of the council. Regardless of the nature and level of market fluctuations, council aims to increase the capital value of the fund, based on the opening capital value of $10.25 million. The inflation adjustment factors are based on BERL price adjustors and the annual inflation proofing adjustments are shown in the table below:

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
BERL Price Adjustor		2.40%	3.20%	3.20%	3.40%	3.50%	3.40%	3.30%	3.30%	3.60%	3.50%
Total value of fund at the end of the year (millions)	$10.253	$10.499	$10.835	$11.182	$11.562	$11.967	$12.374	$12.782	$13.204	$13.680	$14.158
Index	1000	1024	1057	1091	1128	1167	1207	1247	1288	1334	1381

We will continue to evaluate our investment portfolio to ensure its investment mix is appropriately diversified and is achieving the best possible return while managing risk. Over time the council intends to increase its direct investment in Northland to benefit the local economy where this is compatible with a balanced approach to our investments. Our Treasury Management Policy is informed by expert advice and contains the criteria by which our investment decisions are made.

INTERNAL AND EXTERNAL BORROWING

The council is currently a net investor and does not borrow from external sources. To date we have been able to use internal funds for large projects, such as the establishment of the Northland Events Centre and capital expenditure on river management schemes. In simple terms, internal borrowing means the council has been able to borrow from itself, by borrowing from its own reserves. Internal borrowing is beneficial as it means council does not have to raise expensive third party loans to fund its capital expenditure and at the same time seek secure and diverse investments for its available funds. Repayments (both capital and interest) are made from the appropriate targeted rate and interest is charged in a similar manner to council borrowing funds from a bank or other external party.

On some occasions, it may be financially advantageous to borrow externally even when the council has available reserves. This will particularly be the case if council investments earn a higher rate of return than the cost to borrow externally. The council intends to join the Local Government Funding Agency (LGFA) as a principle shareholder which will give us the ability to borrow from the agency on very competitive borrowing terms. Where it is financially prudent to do so, council may elect to access debt through the LGFA to take advantage of opportunities to invest in economic development projects.

For the purposes of budgeting, the cost of funds applied to internal borrowing for all loans established after 1 July 2012 is set at 5%. The cost of funds applied to borrowing that commenced prior to 1 July 2009 is set at 7%. The different rates reflect the rate of return that could have been achieved had the funds that were borrowed been available to invest in stocks and bonds at that time. If there are marked changes to the cost of borrowing from the LGFA or the return available on safe investments, the council may (by special resolution) set an internal borrowing rate that reflects the actual market conditions at the time the internal loan is established.

BORROWING LIMITS

Debt will be managed within the following macro limits. Financial covenants are measured on council only, not the consolidated group.

Financial covenant	Limit
Net debt/total revenue	<175%
Net interest/total revenue	<20%
Net interest/annual rates revenue	<25%
Liquidity	>110%

Total revenue is defined as cash earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non government capital contributions (e.g. vested assets).
Net debt is defined as total debt less liquid financial assets and investments.
Liquidity is defined as external debt plus committed loan facilities plus liquid investments dividend by external debt.
Financial covenants are measured on council only, not the consolidated group.

FUNDING PRINCIPLES

The funding of activities and work programmes is based upon a number of principles. The application of these principles is outlined in the *Revenue and Financing Policy* on pages 206-215. First is the principle of beneficiary or exacerbator pays. Where a party directly benefits from the service provided by the council or causes the council to provide a service or incur expenditure, then where possible that party directly pays for that service.

Second, where the council is providing services that are part of national programmes or there are government subsidies for providing certain services, then the council will claim for those government grants/subsidies.

Third, where the council provides services to a specific area or group within the regional community but there is no mechanism to direct charge those beneficiaries or exacerbators, then the council will use targeted rates to match the costs and benefits of these services.

The balance of council's funding requirements will be funded by general funds. Targeted general rates (made up of the Targeted Land Management Rate and the Targeted Council Services Rate) are used to fund public goods where it is impossible or impractical to clearly identify customers or users, or to fully recover costs from users or exacerbators. Targeted general rates are also used to fund those activities that council considers to provide a public benefit or public good. For reasons of fairness and equity, targeted general rates are considered to be the most appropriate way in which to fund these activities.

The council's investment income was traditionally used to reduce general funding (that is, it subsidised the Targeted Council Services Rate and the Targeted Land Management Rate requirement). Until last year all of the council's investment income helped fund council operations, providing a rates subsidy of about 20%. Following public consultation for the 2011/2012 Annual Plan, the council decided to re-direct its investment income into the Northland Regional Council Investment and Growth Reserve. The redirection started in July 2011 and is being phased in over the next ten years of this plan. During the transition period, net investment revenue available for general funds will be applied to reduce the rating burden and will fall within general rates/funds.

POLICY ON GIVING SECURITIES FOR BORROWING

Council's borrowings and interest rate risk management instruments will generally be secured by way of a charge over rates and rates revenue. Where appropriate council may seek project financing which may have a charge over the project or specific assets rather than rates. The use of special funds and reserve funds – and internal borrowing of special funds/reserve funds and other funds – will be on an unsecured basis.

If council borrows externally, it will need to put in place a debenture trust deed prior to accessing external funding. In such circumstances, the security offered by council ranks 'Pari Passu' for all stock issues by council. Under a debenture trust deed the council's borrowing is secured by a floating charge over all council rates levied under the Rating Act. From time to time, with prior council and debenture trustee approval, security may be offered by providing a charge over one or more of council's assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset which it funds (such as operating lease or project finance).
- Council considers a charge over physical assets to be appropriate.
- Any pledging of physical assets must comply with the terms and conditions contained within the debenture trust deed.

Council also proposes to become a principal shareholder in the Local Government Funding Agency (LGFA) – see pages 37-40 of this plan for further information. As a principal shareholding local authority in the LGFA, the council would be required to:

- Subscribe for uncalled capital in LGFA which would have to be paid up in the event that the LGFA required more capital.
- Enter into guarantees in favour of LGFA and other local authorities, and enter into certain equity commitments.

As a principle shareholder, the council would be able to borrow from the LGFA and, in connection with that borrowing, enter into the following related transactions to the extent it considers necessary or desirable.

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA;
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required;
- Subscribe for shares and uncalled capital in the LGFA; and
- Secure its borrowing from the LGFA, and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

INVESTMENT MANAGEMENT

Council aims to manage its assets prudently and its general objectives are to:

- Manage investments to optimise returns in the long term whilst balancing the risk and return considerations;
- Safeguard its assets/capital;
- Have a diverse portfolio (to manage the risk) but increase the investment in Northland over time;
- Focus on economic benefits/economic wellbeing from investments in projects or activities;
- Retain the Northland Port Corporation (NZ) Limited as this is deemed to be a strategic asset;
- Minimise the council's costs and risks in the management of its borrowings;
- Minimise the council's exposure to adverse interest rate movements;

- Borrow funds and transact risk management instruments within an environment of control and compliance under the council approved Treasury Risk Management Policy so as to protect the council's financial assets and costs; and
- To comply with the financial ratios and limits stated within the Treasury Management Policy.

The council recognises that as a responsible public authority all investments held should be low risk in terms of balancing capital risk to return considerations. Council also recognises that low risk investments generally mean lower potential returns.

INVESTMENT MIX

Council maintains a diverse range of investments, which may include the following assets:

- Direct equity investments in CCO/CCTO's and other shareholdings;
- Property investments including land, buildings, ground leases, farms and forests and land held for development;
- In-house managed financial investments with the assistance of advisory services, incorporating the management of working capital and longer term fixed income investments.

COUNCIL'S OBJECTIVES FOR HOLDING AND MANAGING INVESTMENTS

Investment	Objective for holding investment	Targeted return
Investment property (freehold and leasehold)	To provide an income stream be available for projects that contributes towards economic wellbeing for Northland. Subject to the powers and provisions conferred under the Local Government Act 2002, Public Bodies Leases Act 1969 and the Property Act 2007 to achieve the best commercial return possible on all investment properties. To meet statutory obligations in relation to endowment properties. To hold assets on behalf of the regional community for strategic protection/development of the region.	>6.5%
Northland Port Corporation (NZ) Limited - 53.61% shareholding	To provide an income stream be available for projects that contributes towards economic wellbeing for Northland. To hold an investment asset on behalf of and for the benefit of Northland. To recognise and optimise both the strategic and economic significant the Port contributes to the region. To optimise the ports activities with the economic structure of the Northland Region. The Local Government Act 2002 classifies a local authority's shareholding in a port company as a Strategic Asset.	Dividend >$1.4 million
Investments in bonds and convertible notes	To provide an income stream be available for projects that contributes towards economic wellbeing for Northland. Protection of council's investment council's investment capital and maximising returns.	>50bps above 90 day bank bill rate
Forestry holding	To provide an income stream be available for projects that contributes towards economic wellbeing for Northland. Development, maintenance and protection of council's timber plantations in order to maximise long term revenue whilst meeting council's environmental responsibilities.	7% pa internal rate of return to 2041
Northland Regional Council Community Trust fund (applied to fund economic development in Northland)	To fulfil the objectives outlined in the NRCCT Trust Deed (i.e. to "promote and encourage the development of a vibrant economy that creates wealth and jobs and provides choices and opportunities for people to live, work and invest in Northland, while recognising the value of its unique environment for present and future generations").	>6%

MEASURES OF FINANCIAL HEALTH

Several financial heath measures have been developed to demonstrate trends of financial sustainability over the period of this plan. These measures are shown in the table below.

Return on investment assets
This metric shows the amount of interest and dividend income generated each year by the council's total investment asset base.

2010/11	2011/12	2012/13	2013/14	2014/15	201516	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
10.0%	5.4%	5.0%	5.2%	5.1%	4.9%	4.9%	4.9%	4.8%	4.7%	4.7%	4.8%

Rates to total revenue
This metric shows the percentage of council's total revenue that is collected through rates.

2010/11	2011/12	2012/13	2013/14	2014/15	201516	2016/17	2017/18	2018/19	2019/2020	2020/21	2021/22
53.0%	56.9%	56.8%	58.3%	60.1%	60.3%	61.1%	61.8%	62.1%	61.6%	60.9%	61.7%

General rates to total rates
This metric shows the percentage of council's total rate revenue that is collected through rates.

2010/11	2011/12	2012/13	2013/14	2014/15	201516	2016/17	2017/18	2018/19	2019/2020	2020/21	2021/22
71.7%	73.9%	74.2%	75.0%	74.3%	75.4%	76.4%	77.6%	78.7%	82.9%	84.7%	85.3%

Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of
Northland Regional Council's Long-term Plan Statement of Proposal
for public consultation for the ten years commencing 1 July 2012

The Auditor-General is the auditor of Northland Regional Council (the Regional Council). The Auditor-General has appointed me, F Caetano, using the staff and resources of Audit New Zealand, to report on the Long-term Plan Statement of Proposal (LTP Statement of Proposal) for public consultation on her behalf. We have audited the Regional Council's LTP Statement of Proposal dated 6 March 2012, for public consultation for the ten years commencing 1 July 2012.

The Auditor-General is required by section 84(4) of the Local Government Act 2002 (the Act) to report on:

- the extent to which the LTP Statement of Proposal complies with the requirements of the Act; and
- the quality of information and assumptions underlying the forecast information provided in the LTP Statement of Proposal.

Opinion

Overall Opinion

In our opinion the Regional Council's LTP Statement of Proposal dated 6 March 2012 provides a reasonable basis for long term integrated decision-making by the Regional Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the Regional Council.

In forming our overall opinion, we considered the specific matters outlined in section 84(4) of the Act which we report on as follows:

Opinion on Specific Matters Required by the Act

In our view:

- **the Regional Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment; and**
- **the underlying information and assumptions used to prepare the LTP Statement of Proposal provide a reasonable and supportable basis for the preparation of the forecast information.**

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 6 March 2012. This is the date at which our opinion is expressed.

The basis of the 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 International Standard on Assurance Engagements 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). We have examined the forecast financial information in accordance with the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.

Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the LTP Statement of Proposal does not contain material misstatements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves performing procedures to obtain audit evidence about the forecast information and disclosures in the LTP Statement of Proposal. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the information in the LTP Statement of Proposal. In making those risk assessments we consider internal control relevant to the preparation of the Regional Council's LTP Statement of Proposal. We consider internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Council's internal control.

Our audit procedures also include assessing whether:

- the LTP Statement of Proposal provides the community with sufficient and balanced information about the strategic and other key issues, choices and implications it faces to provide an opportunity for participation by the public in decision making processes;
- the Regional Council's financial strategy, supported by financial policies is financially prudent, and has been clearly communicated to the community in the LTP Statement of Proposal;
- the presentation of the LTP Statement of Proposal complies with the legislative requirements of the Act;
- the decision-making and consultation processes underlying the development of the LTP Statement of Proposal are compliant with the decision-making and consultation requirements of the Act;
- the information in the LTP Statement of Proposal is based on materially complete and reliable asset or activity information;
- the agreed levels of service are fairly reflected throughout the LTP Statement of Proposal;
- the Regional Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within the LTP Statement of Proposal are based on best information currently available to the Regional Council, and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information complies with generally accepted accounting practice in New Zealand;
- the rationale for the activities is clearly presented;
- the levels of service and performance measures are reasonable estimates and reflect the key aspects of the Regional Council's service delivery and performance; and
- the relationship of the levels of service, performance measures and forecast financial information has been adequately explained within the LTP Statement of Proposal.

We do not guarantee complete accuracy of the information in the LTP Statement of Proposal. Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the LTP Statement of Proposal and determining compliance with the requirements of the Act. We evaluated the overall adequacy of the presentation of information. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council

The Council is responsible for preparing a LTP under the Act, by applying the Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The Council is also responsible for such internal controls as it determines is necessary to enable the preparation of a LTP that is free from material misstatement.

The Council's responsibilities arise from section 93 of the Act.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the LTP Statement of Proposal and reporting that opinion to you based on our audit. This responsibility arises from section 15 of the Public Audit Act 2001 and section 84(4) of the Act.

It is not our responsibility to express an opinion on the merits of any policy content within the LTP Statement of Proposal.

Independence

When reporting on the LTP Statement of Proposal 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 this report and in conducting the annual audit, 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
Auckland, New Zealand

Financial Overview

This section provides a brief overview of the expenditure, sources of funding and rate projections for the council over the life of the plan.

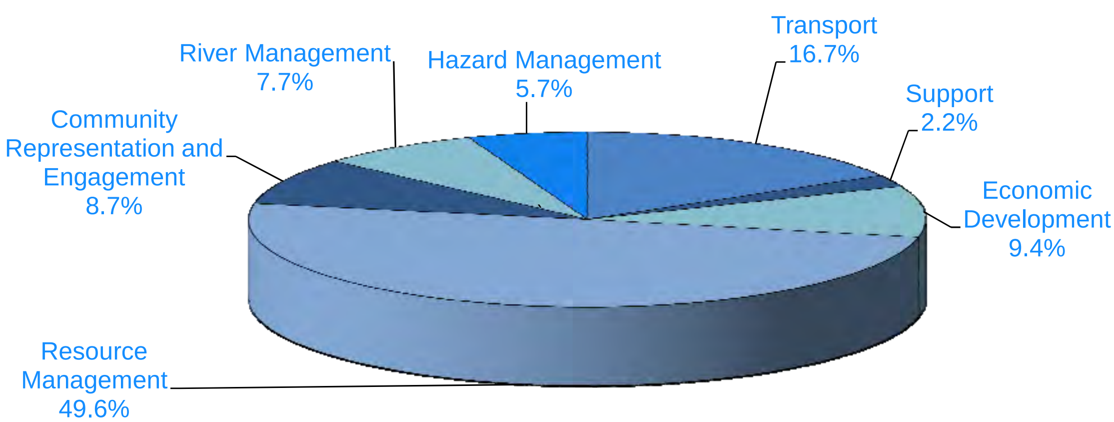
Operational spending
The financial forecasts signal $27.8 million of operating expenditure to support service delivery in 2012-2013. The Resource Management group of activities accounts for the largest portion (49.6% of $27.8 million in 2012/13). The activities within the Resource Management group include: Consents; Monitoring, Land and Biodiversity, Planning and Policy and Biosecurity.

The operating expenditure for each activity group and the proportion that this comprises of the total operating expenditure in Year 1 of the plan is set out in the table and graph below.

Operating funding requirements (excluding GST)

Group of activities	2012/13 ($000)	2013/14 ($000)	2014/15 ($000)	2015/16 ($000)	2016/17 ($000)	2017/18 ($000)	2018/19 ($000)	2019/20 ($000)	2020/21 ($000)	2021/22 ($000)
Resource Management	13,812	13,821	14,175	14,793	15,326	15,730	16,156	16,330	16,998	17,350
Economic Development	2,622	2,642	2,665	2,544	2,540	2,580	2,610	2,588	2,561	2,618
Transport	4,635	4,745	4,895	5,043	5,590	5,409	5,542	5,637	5,795	5,870
Hazard Management	1,589	1,541	1,575	1,601	1,645	1,692	1,739	1,793	1,849	1,899
River Management	2,147	1,605	1,668	1,776	1,820	1,885	1,940	1,982	2,058	2,111
Community Representation and Engagement	2,417	2,629	2,553	2,593	2,820	2,732	2,802	3,064	2,973	3,047
Support	614	657	586	650	551	293	335	306	359	366
Total	27,836	27,640	28,117	29,001	30,292	30,321	31,123	31,700	32,593	33,260

Total Operational Expenditure by Group of Activity 2012-2013



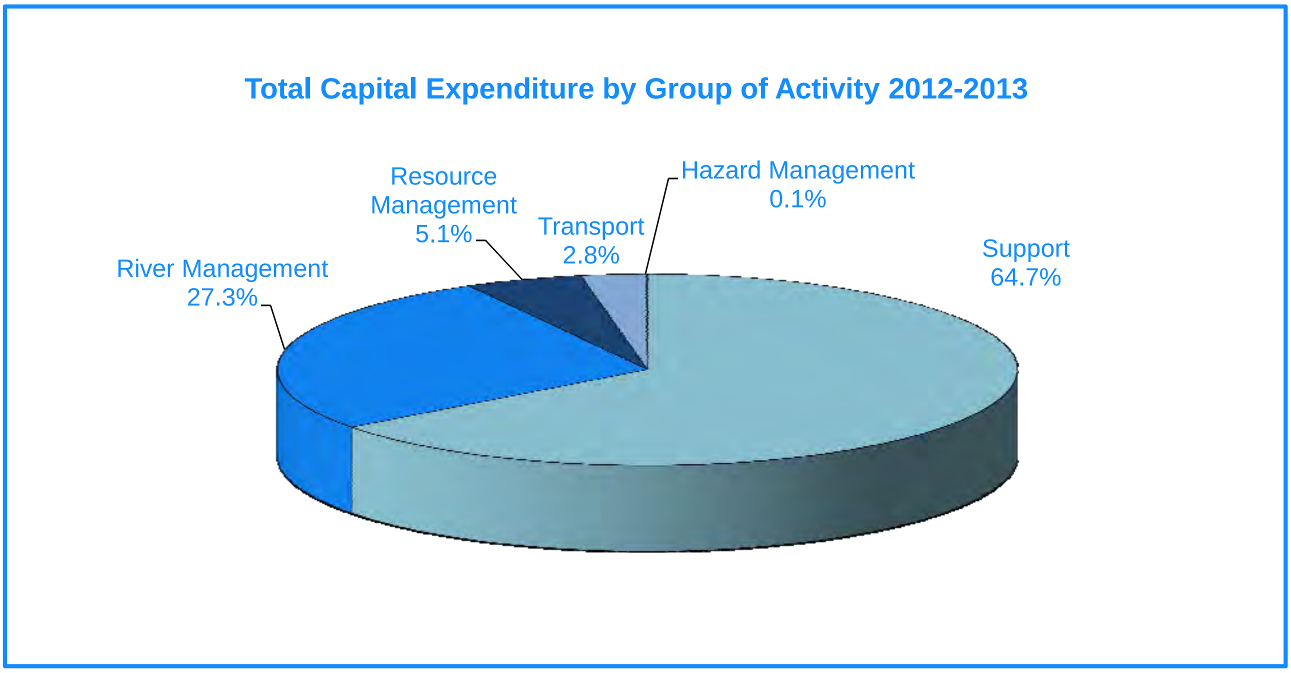
Capital spending

The total capital expenditure funding requirement anticipated for 2012-2013 is $3.1 million. The largest share of capital expenditure in Year 1 is for Information Technology ($1.6 milllion) which comes under the Support Services Activity. Included within the $1.6 million of Information Technology capital expenditure is $1.4 million of unspent capital expenditure originally budgeted in the 2011-2012 that has been deferred into 2012-2013.

The capital expenditure for each activity group and the proportion that this comprises of the total capital expenditure in Year 1 of the plan is set out in the table and graph below.

Capital funding requirements (excluding GST)

Group of Activities	2012/13 ($000)			2013/14 ($000)	2014/15 ($000)	2015/16 ($000)	2016/17 ($000)	2017/18 ($000)	2018/19 ($000)	2019/20 ($000)	2020/21 ($000)	2021/22 ($000)
	New	Proposed carry forward	Total									
Resource Management	161	-	161	89	90	120	52	58	56	137	64	62
Transport	89	-	89	287	112	100	52	253	97	108	85	294
Hazard Management	2	-	2	2	-	-	-	-	-	-	-	-
River Management	853	-	853	6,930	6,051	667	59	64	67	64	69	74
Support	628	1,397	2,025	880	936	819	916	866	1,021	1,056	829	1,003
Total	1,732	1,397	3,130	8,188	7,189	1,706	1,080	1,241	1,240	1,365	1,048	1,432



Sources of funding of council activities

Council funds its activities based on the Revenue and Financing Policy set out on pages 206-215 of this Plan. The overall funding requirement consists of the operating expenditure (less depreciation) and capital expenditure as set out in the preceding tables, plus principle repayments towards any internal borrowing and the funding of any contributions to councils reserve funds. Refer to page 68 for a breakdown of council's funding sources.

Rate requirements

Under the proposed plan, general rates will typically increase by 6% to 8% annually over most of the next 10 years. On averages that's about $11 to $15 including GST a year. The policy of transferring our investment income from subsiding rates and into economic development commenced in 2011-2012, and although it is proposed to slow the transition period (over 10 years instead of 5); it is still the biggest driver behind the rates increases signalled in the plan.

Inflation is another contributor to our rate increases. Unfortunately, the inflation rate is completely outside our control but it is necessary to budget for the impact of inflation upon council's future costs.

A new targeted river management rate is being proposed for properties situated in the Kerikeri, Waipapa and Wairoa river catchments. Initially the proposed targeted rate would be $48.90 including GST a year increasing to $74.10 including GST from 2014-2015. The funds collected from this rate will contribute to river maintenance and flood reduction work to reduce flood risks in the Kerikeri Waipapa and Wairoa river catchments.

The existing targeted river management rates remain unchanged in 2012-13 (year 1 of the plan), with proposed increases in the latter years scheduled to coincide with any flood protection capital work programmes.

The key forecasting assumptions and risks underlying the financial information presented throughout the plan are provided on pages 164-173.

Rating Funding Impact Statement

The prescribed funding impact statement required by section 15 of schedule 10 of the Local Government Act 2002 and the Local Government (Financial Reporting) regulations 2011 is set out on pages 86-89.

The following table shows total gross expenditure and lists by rate and income type the funding derived from each source for easy reference.

Excluding GST	Annual Plan 2011 - 2012 $	Year 1 2012-2013 $	Year 2 2013-2014 $	Year 3 2014-2015 $	Year 4 2015-2016 $	Year 5 2016-2017 $
Operational Expenditure	23,921,039	26,771,849	26,515,836	26,862,183	27,661,215	28,938,289
Capital Expenditure	4,008,595	3,129,506	8,187,529	7,188,958	1,706,407	1,079,650
Total Gross Expenditure	27,929,634	29,901,355	34,703,364	34,051,141	29,367,622	30,017,940
Funded by						
Council Service Rate	6,966,873	7,279,686	7,855,008	8,525,519	9,204,020	9,960,435
Land Management Rate	4,567,144	5,148,014	5,451,463	5,822,633	6,198,094	6,628,546
Targeted Regional Infrastructure Rate	593,602	593,544	593,602	593,602	593,602	593,602
Targeted Regional Recreational Facilities Rate	1,218,065	1,226,775	1,233,300	1,239,466	1,245,663	1,251,892
Other Targeted Rates	2,255,533	2,494,981	2,613,288	3,136,676	3,198,260	3,266,050
NRC Community Trust Income	-	434,021	387,741	393,789	377,665	372,186
Grants and Subsidies	1,370,884	1,557,323	1,458,125	1,512,750	1,510,612	1,798,068
User charges	3,956,038	4,090,314	4,216,055	4,316,860	4,425,200	4,577,518
Rental Income	3,427,314	3,588,448	3,633,523	3,758,416	3,794,341	3,852,383
Interest Income	1,717,631	1,524,385	1,422,136	1,253,348	1,383,195	1,631,841
Dividend Income	1,328,574	1,439,289	1,439,289	1,439,289	1,439,289	1,439,289
Forestry Income	-	-	-	-	372,205	-
Sundry Income	23,055	122,030	125,935	129,965	134,384	139,087
Cash reserves from/(to)	504,920	402,545	4,273,899	1,928,828	(4,508,909)	(5,492,958)
Total Funding	27,929,634	29,901,355	34,703,364	34,051,141	29,367,622	30,017,940

Excluding GST	Year 6 2017-2018 $	Year 7 2018-2019 $	Year 8 2019-2020 $	Year 9 2020-2021 $	Year 10 2021-2022 $
Operational Expenditure	28,938,172	29,711,543	30,260,519	31,125,504	31,774,328
Capital Expenditure	1,241,476	1,240,048	1,365,140	1,047,625	1,432,334
Total Gross Expenditure	30,179,648	30,951,591	31,625,660	32,173,130	33,206,663
Funded by					
Council Service Rate	10,701,893	11,470,791	12,214,228	13,059,408	13,753,573
Land Management Rate	7,046,051	7,481,271	7,896,079	8,381,316	8,766,616
Targeted Regional Infrastructure Rate	593,602	593,602	593,602	593,602	593,602
Targeted Regional Recreational Facilities Rate	1,258,151	1,264,442	279,447	-	-
Other Targeted Rates	3,267,977	3,270,803	3,272,825	3,275,026	3,277,240
NRC Community Trust Income	390,224	409,108	416,051	383,608	403,943
Grants and Subsidies	1,649,558	1,704,849	1,731,187	1,784,852	1,797,102
User charges	4,695,463	4,812,823	4,934,023	5,070,477	5,207,910
Rental Income	3,868,734	3,879,422	3,841,681	3,841,681	3,855,725
Interest Income	1,957,390	2,279,551	2,587,891	3,032,270	3,498,903
Dividend Income	1,439,289	1,439,289	1,439,289	1,439,289	1,439,289
Forestry Income	-	-	-	523,037	-
Sundry Income	143,816	148,562	153,465	158,989	164,554
Cash reserves from/(to)	(6,832,499)	(7,802,921)	(7,734,108)	(9,370,427)	(9,551,795)
Total Funding	30,179,648	30,951,591	31,625,660	32,173,130	33,206,663

Rates

Uniform Annual General Charge
The council does not assess a Uniform Annual General Charge.

Targeted General Rates
The Northland Regional Council levies two rates which are applied as targeted general rates, these being the targeted Council Services rate and the targeted land management rate. Targeted general rates are paid on all rateable properties in the Northland region.

TARGETED COUNCIL SERVICES RATE

What it funds
The council will fund activities which are carried out pursuant to the Resource Management Act 1991, the Local Government Act 2002, the Maritime Transport Act 1994 and Maritime Bylaws and any other activities which are not covered by any other funding source, by a targeted council services rate. This rate will fund the costs remaining after appropriate user fees and charges and a share of investment income, where available, have been taken into account.

How it is set
The targeted council services rate is a fixed rate, differentiated by location. The rate is calculated on the total projected capital value, as determined by the certificate of projected valuation of each constituent district in the Northland region. An additional $1.73 (including GST) per separately used and inhabited parts (SUIP) of rating units is to be levied across the Whāngārei Constituency to provide $68,081 to fund the ongoing maintenance needs of the Hātea River channel. This rating policy recognises that a differentiated fixed charge on separately used or inhabited parts (SUIP) of each rating unit or per rating unit (property) links better to environmental planning, strategic planning, education, public advice, the public good elements of issuing resource consents, regional advocacy and transport planning where the link to land value is very weak.

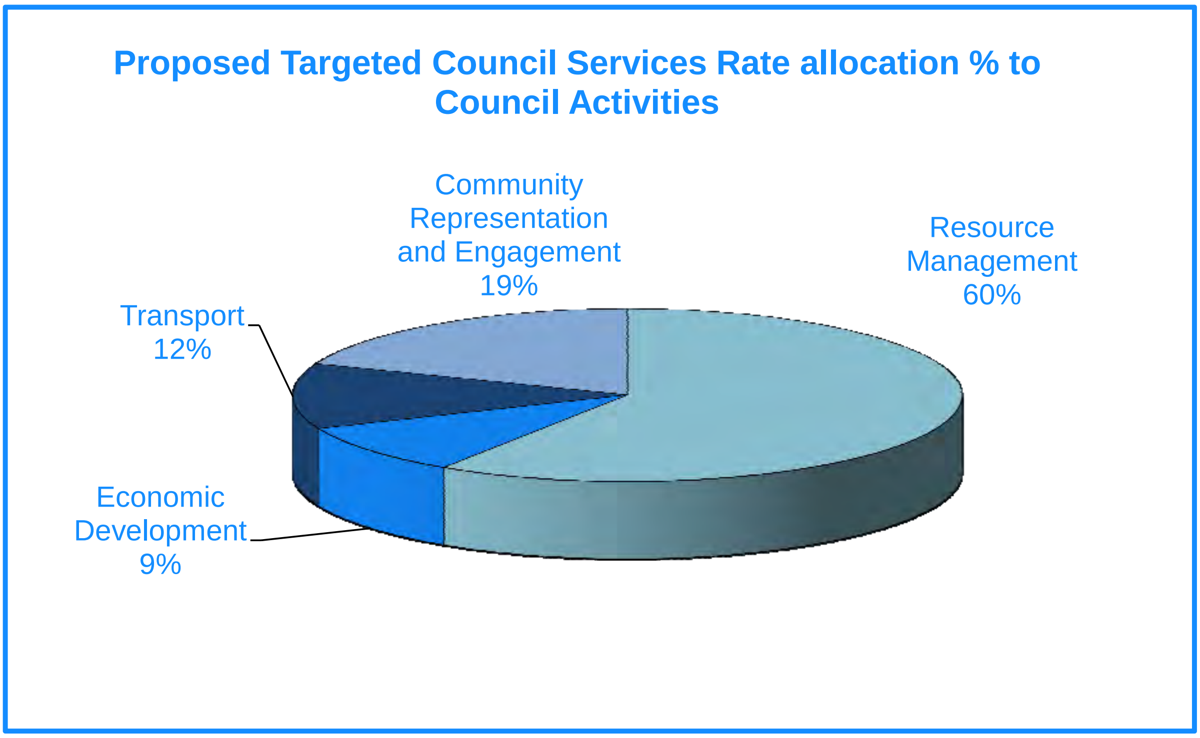
For efficiency, the Regional Recreational Facilities Rate, the Targeted Council Services Rate and the Targeted Rescue Helicopter Services Rate will be shown as a single amount on the face of the joint regional and district rates assessments issued by the Kaipara District Council and the Far North District Council, with the amounts and descriptions of the separate rates shown clearly on the reverse of all assessments.

How much is the rate?
The estimated total Targeted Council Services Rate amounts to $8,371,639 (including GST) for the 2012/2013 financial year.

The general rate payable in respect of each rating unit in the Kaipara District, and each separately used or inhabited parts (SUIP) of rating units in the Far North and Whāngārei Districts of the Northland region, will be levied as follows:

District	Excluding GST	Including GST	
Far North constituency	$73.38	$84.39	per SUIP
Kaipara constituency	$89.94	$103.43	per rating unit
Whāngārei constituency	$89.81	$103.28	per SUIP

How is the rate applied?
Council Services Rate allocation % to activities



TARGETED LAND MANAGEMENT RATE

What it funds
The council will fund activities that are carried out pursuant to the Biosecurity Act 1993, the Soil Conservation and Rivers Control Act 1941 and the Civil Defence Emergency Management Act 2002 and the implementation of the Resource Management Act, by a land value based targeted rate.

The targeted land management rate will specifically fund land and general river management planning, minor river works and pest plant and pest animal control functions that have a direct relationship to land.

The land value rates to be levied across all sectors of the Northland community recognises that all communities benefit from the protection of forests, the prevention of soil erosion, and the minimisation of damage by floodwaters and resulting improvements in the quality of natural water.

How it is set
This rate is levied on the land value of each rating unit or separately used and inhabited part (SUIP) of a rating unit in the region. The rate is set as a cents in the dollar, per dollar of the actual rateable land value. This varies by district, as it is set and allocated on the basis of projected land value. The council does not apply a differential on this rate.

How much is the rate?
The estimated total targeted land management rate amounts to $5,920,216 (including GST) for the 2012/2013 financial year.

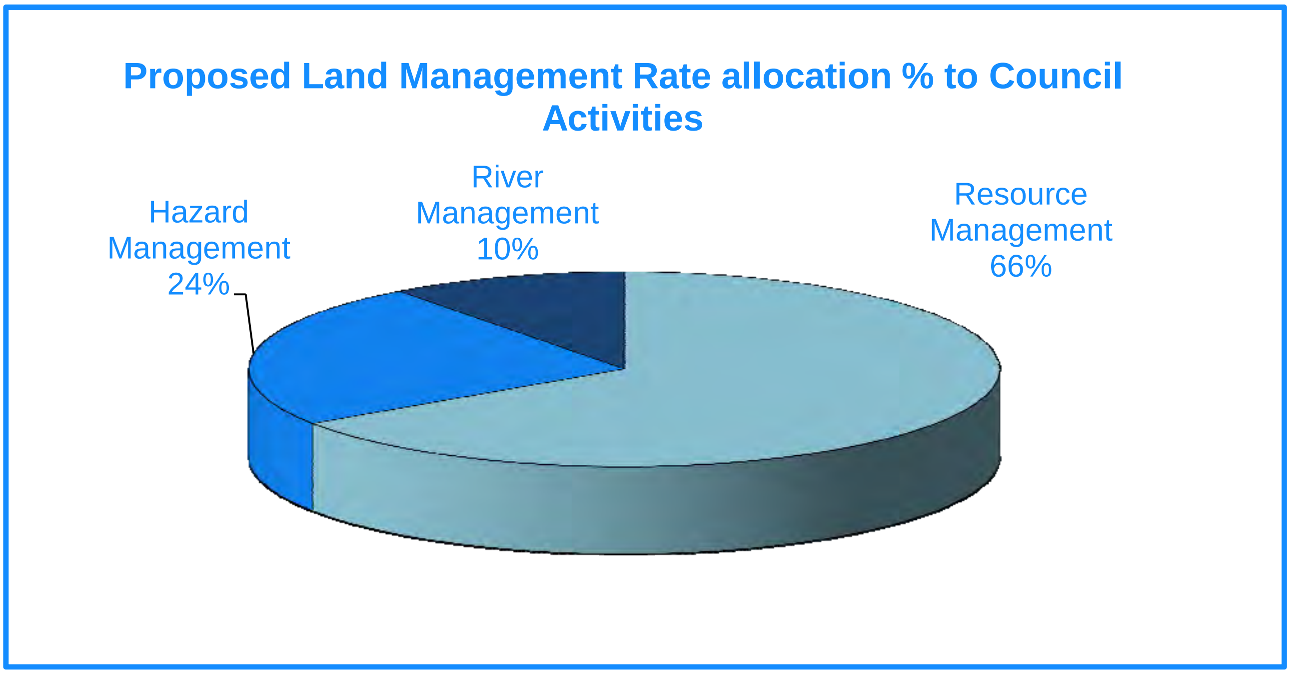
The following table shows the actual and equalised land value for each district and sets the rate in the dollar for each district based on the equalised land values.

The following table shows the actual and equalised land value for each district and sets the rate in the dollar for each district based on the equalised land values.

District	Actual Land Value $(000)'s	Equalised Land Value $(000)'s	Rate per $100,000 of Actual Land value Excluding GST	Rate per $100,000 of Actual Land value Including GST
Far North District	8,626,265	7,872,243	$22.47	$25.84
Kaipara District	3,541,000	3,541,000	$24.62	$28.31
Whāngārei District	9,888,632	9,497,734	$23.65	$27.19

It is important to note that if all districts had the same valuation date each district would have the same rate per dollar each $100,000 of actual land value.

How is the rate applied?
Land Management rate allocated % to activities



TARGETED RATES

The following targeted rates are intended for 2012/2013:

TARGETED RATE – NORTHLAND REGIONAL RECREATIONAL FACILITIES

What it funds
It is intended to fund the development of the regional events centre.

How it is set
The Northland Regional Recreation Facilities Rate will be a targeted and differentiated rate of $28.75 (including GST) to each separately used or inhabited part (SUIP) of rating units in the Whāngārei District constituency and $5.75 (including GST) separately used or inhabited part (SUIP) of rating units in the Far North District constituency and $5.75 (including GST) per rating unit in the Kaipara District constituency.

For efficiency the Regional Recreational Facilities Rate, the Targeted Council Services Rate and the Targeted Rescue Helicopter Services Rate will be shown as a single amount on the face of the joint regional and district rates assessments issued by the Kaipara District Council and Far North District Council, with the amounts and descriptions of the separate rates shown clearly on the reverse of all assessments.

How much is the rate?
The estimated total Northland region recreational facilities targeted rate amounts to $1,410,791 (including GST) for the 2012/2013 financial year. The rate is to be levied as follows:

District	Excluding GST	Including GST	
Far North constituency	$5.00	$5.75	per SUIP
Kaipara constituency	$5.00	$5.75	per rating unit
Whāngārei constituency	$25.00	$28.75	per SUIP

How is the rate applied?
This rate is applied 100% to the development of the regional events centre which forms part of the Economic Development Activity.

TARGETED RATE – REGIONAL INFRASTRUCTURE

What it funds
The council will fund activities relating to the development and/or completion of regional infrastructure projects, beginning with the Marsden Point Rail Link project.

How it is set
This rate is levied on the land value of each rating unit or separately used and inhabited part (SUIP) of a rating unit in the region. The rate is set as a cents in the dollar, per dollar of the actually rateable land value. This varies by district, as it is set and allocated on the basis of projected land value. The council does not apply a differential on this rate.

How much is the rate?
The estimated total Targeted Regional Infrastructure Rate amounts to $682,576 (including GST) for the 2012/2013 financial year.

The following table shows the actual and equalised land value for each district and sets the rate in the dollar for each district based on the equalised land values.

District	Actual Land Value $(000)'s	Equalised Land Value $(000)'s	Rate per $100,000 of Actual Land value Excluding GST	Rate per $100,000 of Actual Land value Including GST
Far North District	8,626,265	7,872,243	$2.59	$2.98
Kaipara District	3,541,000	3,541,000	$2.84	$3.26
Whāngārei District	9,888,632	9,497,734	$2.73	$3.14

It is important to note that if all districts had the same valuation date each district would have the same rate per dollar each $100,000 of actual land value.

How is the rate applied?
This rate is applied 100% to the funding Infrastructure Development Activity. The proceeds from this rate will be applied to funding the Marsden Point Rail Link designation.

TARGETED RATE – RESCUE HELICOPTER SERVICES

What it funds
The council will collect the Targeted Rescue Helicopter Services Rate to provide funding certainty to the Northland Emergency Services Trust which administers the Northland Rescue Helicopter. The rescue helicopter provides emergency services to the benefit to all Northlanders.

How it is set
The Northland Rescue Helicopter Service Rate will be levied by way of a targeted fixed rate set on a uniform basis.

The Rescue Helicopter Service Rate is to be levied as a targeted fixed rate set on a uniform basis. The fixed charge is to be levied on each rating unit in the Kaipara District and each separately used or inhabited parts (SUIP) of rating units in the Far North and Whāngārei Districts of the Northland Region.

For efficiency the Regional Recreational Facilities Rate, the Targeted Council Services Rate and the Targeted Rescue Helicopter Services Rate will be shown as a single amount on the face of the joint regional and district rates assessments issued by the Kaipara District Council and Far North District Council, with the amounts and descriptions of the separate rates shown clearly on the reverse of all assessments.

How much is the rate?
The estimated total targeted rescue helicopter service rate amounts to $714,331 (including GST) for the 2012/2013 financial year.

The fixed charge is set for on each rating unit in the Kaipara District and each separately used or inhabited parts (SUIP) of rating units in the Far North and Whāngārei Districts of the Northland region being $8.17 (including GST) or $7.10 (excluding GST).

How is the rate applied?
The targeted rescue helicopter rate collected will be applied to the Northland Emergency Services Trust. The collection and payment of this rate forms part of the Economic Development Activity.

TARGETED RATE – TRANSPORT RATE (WHĀNGĀREI DISTRICT)

What it funds
To fund the local contribution required to fund the Whāngārei bus passenger transport service.

How it is set
The rate is to be set by way of a set fixed charged levied on each separately used or inhabited parts (SUIP) of rating units in the Whāngārei District.

The rate is set for on each separately used or inhabited parts (SUIP) of rating units in the Whāngārei District.

How much is the rate?
The estimated total targeted transport rate amounts to $478,380 (including GST) for the 2012/2013 financial year.

The fixed charge will be set at $12.12 (including GST) or $10.54 (excluding GST) for each separately used or inhabited parts (SUIP) of rating units in the Whāngārei District.

How is the rate applied?
The targeted transport rate will be applied to the Regional Transport Management Activity to subsidise bus passenger transport in the Whāngārei District.

TARGETED RATE - AWANUI RIVER FLOOD MANAGEMENT RATE

What it funds
To fund works on the Awanui Flood Management Scheme.

How it is set
The Awanui River Management Scheme is funded by a targeted and differentiated rate based on indirect benefit, direct benefit and to the extent that land use increases the need for the scheme (for example, clearing land of forest), as set out in that Management Plan and its Rating District for the Awanui River Catchment and tributaries as described in the Awanui River Flood Management Scheme.
The rate is set differentially as follows:

		Excluding GST	Including GST
1.	Urban rate class UA (floodplain location) $128.11 (including GST) direct benefit plus $12.81 (including GST) indirect benefit, total per each separately used or inhabited parts of a rating unit:	$122.54	$140.92

		Excluding GST	Including GST
2.	Urban rate classes UF (higher ground) $12.81 (including GST) direct benefit plus $12.81 (including GST) indirect benefit, total per rating each separately used or inhabited parts of a rating unit:	$22.28	$25.62
3.	Commercial differential factor:		3.0
4.	Rural rate differentiated by class, $7.88 (including GST) per each separately used or inhabited parts of a rating unit of indirect benefit plus a rate per hectare for each of the following classes of land in the defined Kaitāia Flood Rating District.	$6.85	$7.88

The rating classifications and the rate charged are illustrated as follows:

Awanui River Management Rate: Description

Class	Description	Rate per Ha/$ Excluding GST	Rate per Ha/$ Including GST
A1 / A2	Maximum benefit; peat basins, low-lying reclaimed tidal land; alluvial land at risk from frequent ponding and flooding.	$14.13	$16.24
B1 / B2	High benefit land subject to floodwater flows but not ponding as floods recede.	$10.59	$12.18
C	Moderate benefit; land floods less frequently and water clears quickly.	$7.06	$8.12
E	Land in flood ways and ponding areas that receive no benefit and land retained in native bush that provides watershed protection.	-	-
F	Contributes runoff waters, and increases the need for flood protection.	$0.56	$0.65

How much is the rate?
The estimated total Awanui River management rate amounts to $486,288 (including GST) for the 2012/2013 financial year. The revenue sought from each category of rateable land will be as follows:

		Total Revenue Excluding GST	Total Revenue Including GST
Class A	Rural	$42,321	$48,669
Class B	Rural	$33,467	$38,488
Class C	Rural	$11,414	$13,126
Class F	Rural	$11,324	$13,023
Indirect benefit	Rural	$11,788	$13,556
Urban A		$175,953	$202,346
Urban F		$14,482	$16,654
Commercial differential	Majority Urban	$122,110	$140,426
Total Rate		**$422,859**	**$486,288**

How is the rate applied?
The rate is applied 100% to Awanui River Management works which forms part of the River Management Activity.

TARGETED RATE - KAIHŪ RIVER FLOOD MANAGEMENT RATE

What it funds
To fund works on the Kaihū River Management Scheme.

How it is set
To fund channel maintenance work carried out in accordance with the Kaihū River Flood Management Plan by way of a targeted and differentiated rate based on the level of benefit to land and rating units, falling within the Kaihū River Management area.
The Council will set the rate differently as follows:

1. Class A - land on the floodplain and side valleys downstream of the Rotu Bottleneck, rate is applied per hectare of land.
2. Class B - land on the floodplain and tributary side valleys between Ahikiwi and the Rotu Bottleneck, rate is applied per hectare of land.
3. Catchment rate - balance of land within the Kaihū River rating area not falling within class A and class B, rate is applied per hectare of land.
4. Urban contribution - a contribution from Kaipara District Council instead of a separate rate per property.

The rating classifications and the rate charged are illustrated as follows:

Kaihū River Management Rate: Description

Class	Description	Rate per hectare/$ Excluding GST	Rate per hectare/$ Including GST
A	Land on the floodplain and side valleys downstream of the Rotu Bottleneck.	$22.28	$25.62
B	Land on the floodplain and tributary side valleys between Ahikiwi and the Rotu Bottleneck.	$11.14	$12.81
Catchment Rate	Balance of rateable land within the Kaihū River rating area.	$1.67	$1.92
Urban Contribution	A contribution from Kaipara District Council instead of a separate rate per property	$4,951	$5,694 per annum

How much is the rate?
The estimated targeted Kaihū River management rate amounts to $90,404 (including GST) in the 2012/2013 financial year. The revenue sought from each category of rateable land will be as follows:

	Total Revenue Excluding GST	Total Revenue Including GST
Class A	$25,022	$28,775
Class B	$17,215	$19,797
Catchment Rate	$31,424	$36,138
Urban Contribution	$4,951	$5,694
	$78,612	**$90,404**

How is the rate applied?
The rate is applied 100% to Kaihū River Management works which forms part of the River Management activity.

TARGETED RATE – KAEO-WHANGAROA RIVERS MANAGEMENT RATE

What it funds
This rate will be used to fund operational and capital flood scheme works in Kaeo and Tauranga Bay, and minor river maintenance works to clear flood debris and gravel from streams from Taupo Bay to Te Ngaire.

How it is set
A targeted fixed Whangaroa Rivers Flood management rate for the 2012/2013 year, set on a uniform basis across all rateable properties within the former Whangaroa Ward (falling between rating roles 100 -199). The fixed Whangaroa Rivers Flood Management rate is payable in respect of each separately used or inhabited parts of rating units falling between rating roles 100 -199.

How much is the rate?
The estimated targeted Whangaroa Rivers management rate amounts to $150.405 (including GST) in the 2012/2013 financial year. The fixed levy of $74.53 (including GST) or $64.81 (excluding GST) will be applied to each separately used or inhabited part of rating units falling between rating roles 100 -19.

How is the rate applied?
The rate is applied 100% to Whangaroa Rivers Management works which forms part of the River Management Activity.

TARGETED RATE – WHĀNGĀREI URBAN RIVERS MANAGEMENT RATE

What it funds
To fund the operational costs and capital costs (detention dam 2013/14) of the flood risk reduction project for Whāngārei.

How it is set
The rate is to set by a targeted rate differentiated by location and category and set as a fixed amount each separately used or inhabited part (SUIP) of rating units as follows:

		Excluding GST	Including GST
1.	Commercial properties located in the Whāngārei CBD flood area	$215.50	$247.83
2.	Residential properties located in the Whāngārei CBD flood area	$81.90	$94.19
3.	Properties located in the contributing water catchment area	$28.88	$33.21

How much is the rate?
The estimated targeted Whāngārei urban Rivers management rate amounts to $739,231 (including GST) in the 2012/2013 financial year. The revenue sought from each category is as follows:

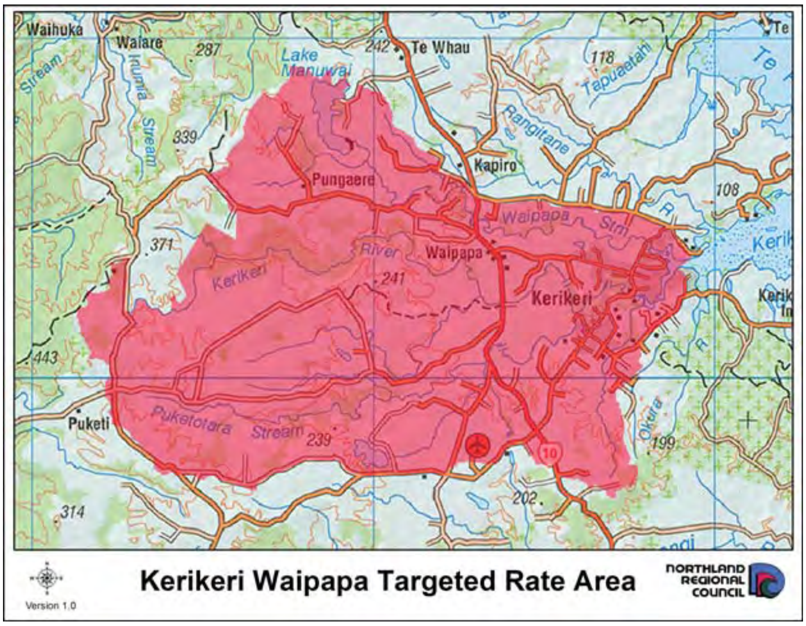
		Excluding GST	Including GST
1.	Commercial properties located in the Whāngārei CBD flood area	$164,157	$188,780
2.	Residential properties located in the Whāngārei CBD flood area	$10,762	$12,376
3.	Properties located in the contributing water catchment area	$467,891	$538,075

How is the rate applied?
The rate is applied 100% to Whāngārei urban rivers management works which form part of the River Management Activity.

RATE – KERIKERI WAIPAPA RIVERS MANAGEMENT RATE

What it funds
This rate will be used to fund operational river works and detailed investigations into flood scheme design options within the Kerikeri Waipapa area.

How it is set
A targeted fixed Kerikeri Waipapa Flood management rate for the 2012/2013 year is set on a uniform basis across all rateable properties identified as contributing catchments within the Kerikeri Waipapa area as illustrated in the map below:



How much is the rate?
The estimated targeted Kerikeri Waipapa Rivers management rate amounts to $210,189 (including GST) in the 2012/2013 financial year.

The fixed levy of $48.90 (including GST) or $42.53 (excluding GST) will be applied to each separately used or inhabited part of the identified rating units falling within the catchment area.

How is the rate applied?
The rate is applied 100% to Kerikeri Waipapa Rivers Management works which forms part of the River Management Activity.

FURTHER RATING INFORMATION

Three Northland district councils collect rates on behalf of the Northland Regional Council and hold delegated powers to discount, remit, postpone or add penalties to the regional rate, as resolved by the Far North District, Kaipara District and Whāngārei District Councils.

A rating unit or separately used or inhabited part of a rating unit is defined as follows:

A separately used or occupied part of a rating unit includes any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement, or any part or parts of a rating unit that are used or occupied by the ratepayer for more than one single use.

Northland Regional Council will apply the definitions of the Far North District, Kaipara District and Whāngārei District Councils to determine a rating unit within each district.

Equalisation of Rates
Each district in Northland is independently revaluated by Quotable Value over a three-yearly cycle (one district per year). To ensure that property valuations in the remaining two districts are current, a registered valuer also provides the council with "an estimate of projected value" of property values in those districts. (This is provided for in Section 131 of the Local Government (Rating) Act 2002). The council's Targeted Council Service Rate is set differentiated by the projected capital value of each district. The council's Targeted Land Management Rate and Targeted Regional Infrastructure Rate are set according to the projected land value in each district. In the case of the Targeted Land Management Rate and the Targeted Regional Infrastructure Rate, it is important to realise that if all the districts had the same valuation date, then each district would have the same rate per dollar of actual land value.

Inspection and objection to Council's Rating information Database
The Rating Information Database (RID) for each district are available at the relevant district council and on the district council's websites, the website addresses are:

- www.fndc.govt.nz
- www.wdc.govt.nz
- www.kaipara.govt.nz

Ratepayers have the right to inspect the Rating Information Database records and can object on the grounds set out in the Local Government (Rating) Act 2002.

HOW MUCH WILL MY RATES BE?

Presented on the next pages is a selection of example rates for properties falling within each constituent district in the Northland Region. The tables show the total rates that different groups of ratepayers will incur under this Plan.

The estimated rates detailed above are based on the revenue required from each rate and the estimated capital or land values of the constituent District's of the region. The capital or land values of the constituent part of the region used to set the rates will be based on the District valuation rolls as at 30 June. Therefore values may differ from those used in these calculations.

Ratepayers in the Whāngārei District constituency

Whāngārei ratepayers will be levied per separately used and inhabited parts of rating units:

(1) A targeted council services rate, differentiated by location, projected capital value as assessed by certificate of projected value of the district at 30 June, with an additional charge of $1.73 (including GST) to fund the maintenance of the Hātea Channel;
(2) A targeted land management rate based on the equalised land value of the property, and
(3) A targeted fixed Regional Recreational Facilities Rate, differentiated by location;
(4) A targeted Regional Infrastructure rate based on the land value of the property;
(5) A targeted fixed transport rate;
(6) A targeted fixed rescue helicopter services rate;
(7) A targeted Whāngārei Urban Rivers management rate. All rates include GST.

Whāngārei Urban/Rural/Other Land Management Rate = LV rate in the $ = 0.0002719 Infrastructure Rate= LV rate in the $ = 0.0000314	Land Value	2012-2013 Rates Including GST	2011-2012 Rates Including GST
Residential Property (non CBD)			
Targeted Council Services Rate		$103.28	$96.47
Targeted Land Management rate	$120,000	$32.63	$27.95
Northland Regional Recreational Facilities Rate		$28.75	$28.75
Regional Infrastructure rate		$3.76	$3.64
Transport rate		$12.12	$12.04
Rescue Helicopter Services Rate		$8.17	$8.22
Total Regional Rates (including GST)		$188.71	$177.07
Residential Property (non CBD)			
Targeted Council Services Rate		$103.28	$96.47
Targeted Land Management rate	$225,000	$61.18	$52.40
Northland Regional Recreational Facilities Rate		$28.75	$28.75
Regional Infrastructure rate		$7.05	$6.82
Transport rate		$12.12	$12.04
Rescue Helicopter Services Rate		$8.17	$8.22
Total Regional Rates (including GST)		$220.56	$204.70
Residential Property in CBD area			
Targeted Council Services Rate		$103.28	$96.47
Targeted Land Management rate	$225,000	$61.18	$52.40
Northland Regional Recreational Facilities Rate		$28.75	$28.75
Regional Infrastructure rate		$7.05	$6.82
Transport rate		$12.12	$12.04
Rescue Helicopter Services Rate		$8.17	$8.22
Whāngārei Urban Rivers Management Rate		$94.19	$94.19
Total Regional Rates (including GST)		$314.75	$298.89
Residential Property in Stormwater Catchment Area			
Targeted Council Services Rate		$103.28	$96.47
Targeted Land Management rate	$225,000	$61.18	$52.40
Northland Regional Recreational Facilities Rate		$28.75	$28.75
Regional Infrastructure rate		$7.05	$6.82
Transport rate		$12.12	$12.04
Rescue Helicopter Services Rate		$8.17	$8.22
Whāngārei Urban Rivers Management Rate		$33.21	$33.21
Total Regional Rates (including GST)		$253.77	$237.91

Whāngārei Urban/Rural/Other Land Management Rate = LV rate in the $ = 0.0002719 Infrastructure Rate= LV rate in the $ = 0.0000314	Land Value	2012-2013 Rates Including GST	2011-2012 Rates Including GST
Farm Property			
Targeted Council Services Rate		$103.28	$96.47
Targeted Land Management rate	$2,750,000	$747.79	$640.48
Northland Regional Recreational Facilities Rate		$28.75	$28.75
Regional Infrastructure rate		$86.22	$83.33
Transport rate		$12.12	$12.04
Rescue Helicopter Services Rate		$8.17	$8.22
Total Regional Rates (including GST)		$986.33	$869.29
Commercial Property (non CBD)			
Targeted Council Services Rate		$103.28	$96.47
Targeted Land Management rate	$2,000,000	$543.85	$465.80
Northland Regional Recreational Facilities Rate		$28.75	$28.75
Regional Infrastructure rate		$62.70	$60.60
Transport rate		$12.12	$12.04
Rescue Helicopter Services Rate		$8.17	$8.22
Total Regional Rates (including GST)		$758.87	$671.88
Commercial Property in CBD area			
Targeted Council Services Rate		$103.28	$96.47
Targeted Land Management rate	$2,000,000	$543.85	$465.80
Northland Regional Recreational Facilities Rate		$28.75	$28.75
Regional Infrastructure rate		$62.70	$60.60
Transport rate		$12.12	$12.04
Rescue Helicopter Services Rate		$8.17	$8.22
Whāngārei Urban Rivers Management Rate		$247.83	$247.83
Total Regional Rates (including GST)		$1,006.70	$919.71

Ratepayers in the Kaipara constituency

Kaipara ratepayers will be levied:

(1) A targeted council services rate, differentiated by location, projected capital value as assessed by certificate of projected value of the district at 30 June;
(2) A targeted land management rate based on the equalised land value of the property, and
(3) a targeted fixed Regional Recreational Facilities Rate, differentiated by location;
(4) a targeted Regional Infrastructure rate based on the land value of the property;
(5) a targeted fixed rescue helicopter services rate per rating unit, and
(6) a Kaihū River Management Rate, based on land area, and level of benefit to land and rating units.

Kaipara Urban/Rural Land Management Rate = LV rate in the $ = 0.0002831 Infrastructure Rate = LV rate in the $ = 0.0000326	Land Value	2012-2013 Rates Including GST	2011-2012 Rates Including GST
Residential property			
Targeted Council Services Rate		$103.43	$104.25
Targeted Land Management Rate	$120,000	$33.97	$25.70
Northland Regional Recreational Facilities Rate		$5.75	$5.75
Regional Infrastructure rate		$3.92	$3.34
Rescue Helicopter Services Rate		$8.17	$8.22
Total Regional Rates (including GST)		$155.24	$147.26
Residential property			
Targeted Council Services Rate		$103.43	$104.25
Targeted Land Management Rate	$225,000	$63.70	$48.20
Northland Regional Recreational Facilities Rate		$5.75	$5.75
Regional Infrastructure rate		$7.34	$6.26
Rescue Helicopter Services Rate		$8.17	$8.22
Total Regional Rates (including GST)		$188.39	$172.68
Farm property			
Targeted Council Services Rate		$103.43	$104.25
Targeted Land Management Rate	$2,750,000	$778.57	$589.05
Northland Regional Recreational Facilities Rate		$5.75	$5.75
Regional Infrastructure rate		$89.77	$76.45
Rescue Helicopter Services Rate		$8.17	$8.22
Total Regional Rates (including GST)		$985.68	$783.72
Commercial property			
Targeted Council Services Rate		$103.43	$104.25
Targeted Land Management Rate	$900,000	$254.80	$192.78
Northland Regional Recreational Facilities Rate		$5.75	$5.75
Regional Infrastructure rate		$29.38	$25.02
Rescue Helicopter Services Rate		$8.17	$8.22
Total Regional Rates (including GST)		$401.53	$336.02

Additional for properties in the **Kaihū** River Catchment	Land Value		2012-2013 Rates $ Including GST	2011-2012 Rates $ Including GST
10 hectares	$120,000			
		Class A	$256.22	$256.22
		Class B	$128.10	$128.10
		Class C	$19.20	$19.20
100 hectares	$600,000			
		Class A	$2,562.20	$2,562.20
		Class B	$1,281.00	$1,281.00
		Class C	$192.00	$192.00

Ratepayers in the Far North constituency

Ratepayers in the Far North constituency
Far North District ratepayers will be levied per separately used and inhabited parts of rating units:

(1) A targeted council services rate, differentiated by location, projected capital value as assessed by certificate of projected value of the district at 30 June;
(2) A targeted land management rate based on the equalised land value of the property;
(3) A targeted fixed Regional Recreational Facilities Rate, differentiated by location;
(4) A targeted Regional Infrastructure rate based on the equalised land value of the property;
(5) A targeted fixed rescue helicopter services rate. All rates include GST.

Far North Land Management Rate = LV rate in the $ = $0.0002584 Infrastructure Rate = LV rate in the $ = $0.0000298	Land Value	2012-2013 Rates Including GST	2011-2012 Rates Including GST
Residential/Commercial/Other			
Targeted Council Services Rate		$84.39	$83.52
Targeted Land Management Rate	$120,000	$31.00	$27.48
Northland Regional Recreational Facilities Rate		$5.75	$5.75
Regional Infrastructure rate		$3.57	$3.58
Rescue Helicopter Services Rate		$8.17	$8.22
Total Regional Rates (including GST)		$132.89	$128.55
Residential/Commercial/Other			
Targeted Council Services Rate		$84.39	$83.52
Targeted Land Management Rate	$225,000	$58.13	$51.53
Northland Regional Recreational Facilities Rate		$5.75	$5.75
Regional Infrastructure rate		$6.70	$6.71
Rescue Helicopter Services Rate		$8.17	$8.22
Total Regional Rates (including GST)		$163.14	$155.72
Residential/Commercial/Other			
Targeted Council Services Rate		$84.39	$83.52
Targeted Land Management Rate	$2,750,000	$710.51	$629.75
Northland Regional Recreational Facilities Rate		$5.75	$5.75
Regional Infrastructure rate		$81.92	$81.95
Rescue Helicopter Services Rate		$8.17	$8.22
Total Regional Rates (including GST)		$890.74	$809.19

Ratepayers in the Far North constituency (continued)

Ratepayers in the Far North constituency – properties falling in the Awanui river catchment area
Far North District ratepayers will be levied per separately used and inhabited parts of rating units:
(1) A targeted council services rate, differentiated by location, projected capital value as assessed by certificate of projected value of the district at 30 June;
(2) A targeted land management rate based on the equalised land value of the property;
(3) A targeted fixed Regional Recreational Facilities Rate, differentiated by location;
(4) A targeted Regional Infrastructure rate based on the equalised land value of the property;
(5) A targeted fixed rescue helicopter services rate;
(6) A Awanui River Management Rate, classes UA/UF and A to F. All rates include GST.

Far North District Land Management Rate = LV rate in the $ = $0.0002584 Infrastructure Rate = LV rate in the $ = $0.0000298	Land Value	2012-2013 Rates Including GST	2011-2012 Rates Including GST
Residential & Commercial Urban area of 1 hectare or less			
Targeted Council Services Rate		$84.39	$83.52
Targeted Land Management Rate	$120,000	$31.00	$27.48
Northland Regional Recreational Facilities Rate		$5.75	$5.75
Regional Infrastructure rate		$3.57	$3.58
Rescue Helicopter Services Rate		$8.17	$8.22
Plus Awanui river management rates applicable to:			
Urban UA Low Land $		$140.92	$140.92
Urban UF Hills $		$25.62	$25.62
Commercial Urban UA $		[1] $422.76	$422.76
Lifestyle - 10 hectares			
Targeted Council Services Rate		$84.39	$83.52
Targeted Land Management Rate	$450,000	$116.27	$103.05
Northland Regional Recreational Facilities Rate		$5.75	$5.75
Regional Infrastructure rate		$13.40	$13.41
Rescue Helicopter Services Rate		$8.17	$8.22
Plus Awanui River Management Rates applicable to:			
Rural Commercial A		[1] $495.08	$495.08
Rural Commercial B		[1] $373.28	$373.28
Rural Class A		$170.28	$170.28
Rural Class B		$129.68	$129.68
Rural Class C		$89.08	$89.08
Rural Class E		$7.88	$7.88
Rural Class F		$14.38	$14.38
Farm property – 100 hectares			
Targeted Council Services Rate		$84.39	$83.52
Targeted Land Management Rate	$2,750,000	$710.51	$629.75
Northland Regional Recreational Facilities Rate		$5.75	$5.75
Regional Infrastructure rate		$81.92	$81.95
Rescue Helicopter Services Rate		$8.17	$8.22
Plus Awanui River Management Rates applicable to:			
Farm Class A		$1,631.88	$1,631.88
Farm Class B		$1,225.88	$1,225.88
Farm Class C		$819.88	$819.88
Farm Class E		$7.88	$7.88
Farm Class F		$72.88	$72.88

[1] Commercial properties for the Awanui River flood management rate are subject to the 3:1 commercial differential on class UA ($140.92 including GST) for urban commercial; $16.24 per ha for Rural Commercial A and $12.18 per ha for Rural B. The rural commercial rate also includes a single rate of $7.88 to reflect the indirect benefit. Note that commercial and industrial activities in rural zones that have a lower area and land value will be rated less than the illustrated differentials above – refer to rating factors previously set out (and multiply by the differential factor of 3). Those properties with greater land values and hectares than illustrated above will consequently pay proportionately more than shown in the second and third sections of the table.

Ratepayers in the Far North constituency (continued)

Ratepayers in the Far North constituency – properties falling in rating areas 100-199 the former Whangaroa Ward paying the Kaeo-Whangaroa Rivers Management Rate

Far North District ratepayers will be levied per separately used and inhabited parts of rating units:
(1) A targeted council services rate, differentiated by location, projected capital value as assessed by certificate of projected value of the district at 30 June
(2) A targeted land management rate based on the equalised land value of the property;
(3) A targeted fixed Regional Recreational Facilities Rate, differentiated by location;
(4) A targeted Regional Infrastructure rate based on the equalised land value of the property;
(5) A targeted fixed rescue helicopter services rate
(6) A targeted Whangaroa Rivers Management Rate set on a uniform basis across all properties within the former Whangaroa Ward (rating rolls 100-199). All rates include GST.

Including GST Land Management Rate = LV rate in the $ = $0.0002584 Infrastructure Rate = LV rate in the $ = $0.0000298	Land Value	2012-2013 Rates Including GST	2011-2012 Rates Including GST
Residential/Commercial/Other			
Targeted Council Services Rate		$84.39	$83.52
Targeted Land Management Rate	$120,000	$31.00	$27.48
Northland Regional Recreational Facilities Rate		$5.75	$5.75
Regional Infrastructure rate		$3.57	$3.58
Rescue Helicopter Services Rate		$8.17	$8.22
Kaeo - Whangaroa Rivers Management Rate		$74.53	$74.53
Total Regional Rates (including GST)		$207.42	$203.08
Residential/Commercial/Other			
Targeted Council Services Rate		$84.39	$83.52
Targeted Land Management Rate	$225,000	$58.13	$51.53
Northland Regional Recreational Facilities Rate		$5.75	$5.75
Regional Infrastructure rate		$6.70	$6.71
Rescue Helicopter Services Rate		$8.17	$8.22
Kaeo - Whangaroa Rivers Management Rate		$74.53	$74.53
Total Regional Rates (including GST)		$237.67	$230.25
Residential/Commercial/Other			
Targeted Council Services Rate		$84.39	$83.52
Targeted Land Management Rate	$2,750,000	$710.51	$629.75
Northland Regional Recreational Facilities Rate		$5.75	$5.75
Regional Infrastructure rate		$81.92	$81.95
Rescue Helicopter Services Rate		$8.17	$8.22
Kaeo - Whangaroa Rivers Management Rate		$74.53	$74.53
Total Regional Rates (including GST)		$965.27	$883.72

Ratepayers in the Far North constituency (continued)

Ratepayers in the Far North constituency – properties falling in the Kerikeri Waipapa Catchment
Far North District ratepayers will be levied per separately used and inhabited parts of rating units:

(1) A targeted council services rate, differentiated by location, projected capital value as assessed by certificate of projected value of the district at 30 June
(2) A targeted land management rate based on the equalised land value of the property;
(3) A targeted fixed Regional Recreational Facilities Rate, differentiated by location;
(4) A targeted Regional Infrastructure rate based on the equalised land value of the property;
(5) A targeted fixed rescue helicopter services rate
(6) A targeted Kerikeri Waipapa Rivers Management Rate set on a uniform basis across all properties falling within the Kerikeri Waipapa catchment area. All rates include GST.

Land Management Rate = LV rate in the $ = $0.0002584 Infrastructure Rate = LV rate in the $ = $0.0000298	Land Value	2012-2013 Rates Including GST	2011-2012 Rates Including GST
Residential/Commercial/Other			
Targeted Council Services Rate		$84.39	$83.52
Targeted Land Management Rate	$120,000	$31.00	$27.48
Northland Regional Recreational Facilities Rate		$5.75	$5.75
Regional Infrastructure rate		$3.57	$3.58
Rescue Helicopter Services Rate		$8.17	$8.22
Kerikeri - Waipapa Rivers Management Rate		$48.90	$ -
Total Regional Rates (including GST)		$181.79	$128.55
Residential/Commercial/Other			
Targeted Council Services Rate		$84.39	$83.52
Targeted Land Management Rate	$225,000	$58.13	$51.53
Northland Regional Recreational Facilities Rate		$5.75	$5.75
Regional Infrastructure rate		$6.70	$6.71
Rescue Helicopter Services Rate		$8.17	$8.22
Kerikeri - Waipapa Rivers Management Rate		$48.90	$ -
Total Regional Rates (including GST)		$212.05	$155.72
Residential/Commercial/Other			
Targeted Council Services Rate		$84.39	$83.52
Targeted Land Management Rate	$2,750,000	$710.51	$629.75
Northland Regional Recreational Facilities Rate		$5.75	$5.75
Regional Infrastructure rate		$81.92	$81.95
Rescue Helicopter Services Rate		$8.17	$8.22
Kerikeri - Waipapa Rivers Management Rate		$48.90	$ -
Total Regional Rates (including GST)		$939.64	$809.19

Draft Prospective Funding Impact Statement

The draft prospective Funding Impact Statement is stated excluding GST. The total estimated gross expenditure for the Northland Regional Council for 2012/13 is $29,901,355. Total expenditure will be funded from the sources listed. These funding/financing sources are consistent with the Revenue and Financing Policy on pages 206-215 of this draft plan.

For the 2012-2022 LTP, periods ending 30 June: (Excluding GST)	Annual Plan 2011 -2012 $	Year 1 2012-2013 $	Year 2 2013-2014 $	Year 3 2014-2015 $	Year 4 2015-2016 $	Year 5 2016-2017 $
Sources of Operating Funding						
General rates, uniform annual general charges, rates penalties	11,534,017	12,427,700	13,306,472	14,348,152	15,402,114	16,588,981
Targeted rates (other than a targeted water rates)	4,067,200	4,315,300	4,440,189	4,969,743	5,037,526	5,111,544
Subsidies and grants for operating purposes	1,370,884	1,557,323	1,458,125	1,512,750	1,510,612	1,798,068
Fees, charges and targeted rates for water supply	3,956,038	4,090,314	4,216,055	4,316,860	4,425,200	4,577,518
Interest and dividends from investments	3,046,205	2,963,674	2,861,425	2,692,637	2,822,484	3,071,130
Local authorities fuel tax, fines, infringement fees and other receipts	3,450,369	4,144,499	4,147,199	4,282,170	4,678,595	4,363,656
Total Operating Funding [1]	27,424,714	29,498,810	30,429,466	32,122,312	33,876,531	35,510,897
Applications of Operating Funding						
Payments to staff and suppliers	23,920,039	26,770,849	26,514,836	26,861,183	27,660,215	28,937,289
Finance Costs	1,000	1,000	1,000	1,000	1,000	1,000
Other operating funding applications	-	-	-	-	-	-
Total Applications of Operating Funding [2]	23,921,039	26,771,849	26,515,836	26,862,183	27,661,215	28,938,289
Surplus / (Deficit) of Operating Funding	3,503,675	2,726,961	3,913,630	5,260,130	6,215,316	6,572,608
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	3,113,005	2,531,201	7,304,818	6,422,521	849,272	75,681
To replace existing assets	895,590	598,305	882,711	766,437	857,135	1,003,969
Increase / (decrease) in reserves	2,378,278	730,668	(4,360,999)	(2,315,386)	4,054,709	5,139,182
Increase / (decrease) of investments	(2,883,198)	(1,133,213)	87,100	386,558	454,200	353,776
Total Applications of Capital Funding	3,503,675	2,726,961	3,913,630	5,260,130	6,215,316	6,572,608
Surplus / (Deficit) of Capital Funding	(3,503,675)	(2,726,961)	(3,913,630)	(5,260,130)	(6,215,316)	(6,572,608)
Funding Balance	-	-	-	-	-	-

All the funding impact statements within this plan are presented for compliance with Local Government (Financial Reporting) Regulations 2011. It is not prepared in compliance with generally accepted accounting practice. It should not be relied upon for any other purpose than compliance with the Local Government (Financial Reporting) Regulations 2011.

Year 6 2017-2018 $	Year 7 2018-2019 $	Year 8 2019-2020 $	Year 9 2020-2021 $	Year 10 2021-2022 $	For the 2012-2022 LTP, periods ending 30 June (Excluding GST)
					Sources of Operating Funding
17,747,944	18,952,062	20,110,307	21,440,724	22,520,189	General rates, uniform annual general charges, rates penalties
5,119,730	5,128,847	4,145,874	3,868,628	3,870,842	Targeted rates (other than a targeted water rates)
1,649,558	1,704,849	1,731,187	1,784,852	1,797,102	Subsidies and grants for operating purposes
4,695,463	4,812,823	4,934,023	5,070,477	5,207,910	Fees, charges and targeted rates for water supply
3,396,679	3,718,840	4,027,180	4,471,559	4,938,192	Interest and dividends from investments
4,402,774	4,437,092	4,411,197	4,907,316	4,424,222	Local authorities fuel tax, fines, infringement fees and other receipts
37,012,147	38,754,512	39,359,768	41,543,556	42,758,457	Total Operating Funding [1]
					Applications of Operating Funding
28,937,172	29,710,543	30,259,519	31,124,504	31,773,328	Payments to staff and suppliers
1,000	1,000	1,000	1,000	1,000	Finance Costs
-	-	-	-	-	Other operating funding applications
28,938,172	29,711,543	30,260,519	31,125,504	31,774,328	Total Applications of Operating Funding [2]
8,073,975	9,042,969	9,099,248	10,418,052	10,984,129	Surplus / (Deficit) of Operating Funding
					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
465,991	511,561	472,102	241,552	189,056	To improve levels of service
775,485	728,487	893,038	806,073	1,243,279	To replace existing assets
6,533,036	7,512,582	7,470,816	8,862,595	9,367,650	Increase / (decrease) in reserves
299,463	290,339	263,292	507,832	184,145	Increase / (decrease) of investments
8,073,975	9,042,969	9,099,248	10,418,052	10,984,129	Total Applications of Capital Funding
(8,073,975)	(9,042,969)	(9,099,248)	(10,418,052)	(10,984,129)	Surplus / (Deficit) of Capital Funding
-	-	-	-	-	Funding Balance

For the 2012-2022 LTP, periods ending 30 June:	Annual Plan 2011 -2012 $	Year 1 2012-2013 $	Year 2 2013-2014 $	Year 3 2014-2015 $	Year 4 2015-2016 $	Year 5 2016-2017 $
Reconciliation to the Prospective Statement of Comprehensive Income						
Capital expenditure - included above, not in Comprehensive Income.	4,008,595	3,129,506	8,187,529	7,188,958	1,706,407	1,079,650
Investment Movements - included above, not in Comprehensive Income.	(2,883,198)	(1,133,213)	87,100	386,558	454,200	353,776
Forestry Asset Revaluation - included in Comprehensive Income, not above.	102,060	71,727	91,421	98,891	(305,589)	230,702
Emission Trading Scheme income- included in Comprehensive Income, not above.	-	-	75,369	-	-	-
Infrastructural Asset Revaluation - included in Comprehensive Income, not above.	-	-	742,795	-	-	1,178,709
Transfers from/(to) Special reserves - included above, not in Comprehensive Income.	2,378,278	730,668	(4,360,999)	(2,315,386)	4,054,709	5,139,182
Depreciation Expense - included in Comprehensive Income, not above.	(1,200,308)	(1,063,734)	(1,123,677)	(1,255,044)	(1,339,785)	(1,354,082)
Total Comprehensive Income for the Years per the Statement of Comprehensive Income	2,405,427	1,734,954	3,699,538	4,103,976	4,569,942	6,627,937
Note 1						
Targeted Council Service Rate	6,966,873	7,279,686	7,855,008	8,525,519	9,204,020	9,960,435
Land Management Rate	4,567,144	5,148,014	5,451,463	5,822,633	6,198,094	6,628,546
Regional Infrastructure Rate	593,602	593,544	593,602	593,602	593,602	593,602
Regional Recreational Facilities Rate	1,218,065	1,226,775	1,233,300	1,239,466	1,245,663	1,251,892
Targeted Rates	2,255,533	2,494,981	2,613,288	3,136,676	3,198,260	3,266,050
NRC Community Trust Income	-	434,021	387,741	393,789	377,665	372,186
Grants and Subsidies	1,370,884	1,557,323	1,458,125	1,512,750	1,510,612	1,798,068
User charges	3,956,038	4,090,314	4,216,055	4,316,860	4,425,200	4,577,518
Rental Income	3,427,314	3,588,448	3,633,523	3,758,416	3,794,341	3,852,383
Interest Income	1,717,631	1,524,385	1,422,136	1,253,348	1,383,195	1,631,841
Dividend Income	1,328,574	1,439,289	1,439,289	1,439,289	1,439,289	1,439,289
Forestry Income	-	-	-	-	372,205	-
Sundry Income	23,055	122,030	125,935	129,965	134,384	139,087
Total Operating Funding	27,424,714	29,498,810	30,429,466	32,122,312	33,876,531	35,510,897
Note 2						
Resource Management	12,390,950	13,531,613	13,534,189	13,879,602	14,484,760	15,017,179
Economic Development	2,500,713	3,317,655	3,285,578	3,252,170	3,070,433	3,000,500
Transport	4,092,573	4,488,557	4,594,139	4,742,228	4,886,072	5,433,081
Hazard Management	1,424,844	1,716,979	1,666,272	1,697,593	1,727,418	1,775,607
River Management	1,516,821	2,107,164	1,733,075	2,006,168	2,205,494	2,231,785
Community Representation and Engagement	2,046,946	2,390,640	2,602,176	2,526,078	2,566,644	2,793,791
Support Services	5,912,533	5,468,951	5,593,364	5,741,291	5,885,627	5,953,508
Less internal charges recovered	(5,964,340)	(6,249,710)	(6,492,958)	(6,982,947)	(7,165,233)	(7,267,161)
Total Applications of Operating Funding	23,921,039	26,771,849	26,515,836	26,862,183	27,661,215	28,938,289

Year 6 2017-2018 $	Year 7 2018-2019 $	Year 8 2019-2020 $	Year 9 2020-2021 $	Year 10 2021-2022 $	For the 2012-2022 LTP, periods ending 30 June:
					Reconciliation to the Prospective Statement of Comprehensive Income
1,241,476	1,240,048	1,365,140	1,047,625	1,432,334	Capital expenditure - included above, not in Comprehensive Income.
299,463	290,339	263,292	507,832	184,145	Investment Movements - included above, not in Comprehensive Income.
200,048	238,001	239,791	272,183	(338,398)	Forestry Asset Revaluation - included in Comprehensive Income, not above.
-	-	-	-	-	Emission Trading Scheme income- included in Comprehensive Income, not above.
-	-	1,392,048	-	-	Infrastructural Asset Revaluation - included in Comprehensive Income, not above.
6,533,036	7,512,582	7,470,816	8,862,595	9,367,650	Transfers from/(to) Special reserves - included above, not in Comprehensive Income.
(1,383,231)	(1,411,716)	(1,439,467)	(1,467,965)	(1,485,723)	Depreciation Expense - included in Comprehensive Income, not above.
6,890,793	7,869,254	9,291,620	9,222,271	9,160,008	Total Comprehensive Income for the Years per the Statement of Comprehensive Income
					Note 1
10,701,893	11,470,791	12,214,228	13,059,408	13,753,573	Targeted Council Service Rate
7,046,051	7,481,271	7,896,079	8,381,316	8,766,616	Land Management Rate
593,602	593,602	593,602	593,602	593,602	Regional Infrastructure Rate
1,258,151	1,264,442	279,447	-	-	Regional Recreational Facilities Rate
3,267,977	3,270,803	3,272,825	3,275,026	3,277,240	Targeted Rates
390,224	409,108	416,051	383,608	403,943	NRC Community Trust Income
1,649,558	1,704,849	1,731,187	1,784,852	1,797,102	Grants and Subsidies
4,695,463	4,812,823	4,934,023	5,070,477	5,207,910	User charges
3,868,734	3,879,422	3,841,681	3,841,681	3,855,725	Rental Income
1,957,390	2,279,551	2,587,891	3,032,270	3,498,903	Interest Income
1,439,289	1,439,289	1,439,289	1,439,289	1,439,289	Dividend Income
-	-	-	523,037	-	Forestry Income
143,816	148,562	153,465	158,989	164,554	Sundry Income
37,012,147	38,754,512	39,359,768	41,543,556	42,758,457	Total Operating Funding
					Note 2
15,421,208	15,847,048	16,021,397	16,688,930	17,040,727	Resource Management
2,969,631	2,923,050	2,844,969	2,806,430	2,863,694	Economic Development
5,249,928	5,380,828	5,474,122	5,632,054	5,703,495	Transport
1,826,606	1,877,465	1,936,165	1,998,259	2,051,615	Hazard Management
2,265,502	2,295,547	2,312,902	2,357,489	2,385,762	River Management
2,705,777	2,775,617	3,037,122	2,946,364	3,020,347	Community Representation and Engagement
5,929,949	6,051,996	6,190,010	6,522,942	6,628,338	Support Services
(7,430,428)	(7,440,008)	(7,556,168)	(7,826,964)	(7,919,647)	Less internal charges recovered
28,938,172	29,711,543	30,260,519	31,125,504	31,774,328	Total Applications of Operating Funding

SUMMARY TABLE OF RATES

The following table illustrates the distribution of the regional rate on the actual and forecast bases for the current year and the next financial year 2012/2013. The actual and projected apportionment of rates between constituent districts of Northland is as follows, based on the Valuation Roll at 30 June in each year:

District Valuation Roll

Estimate - 30 June 2012

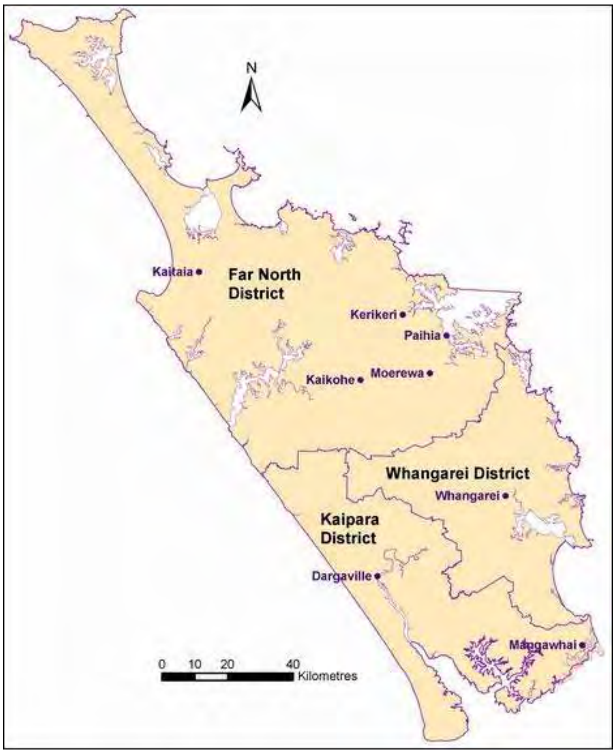
	No of RU[1] (Kaipara) or SUIP (others)	Capital Value $000s	Land Value $000s	Equalised Capital Value $000s	Equalised Land Value $000s	Equalised CV%	Equalised LV%
Far North District	35,260	14,375,926	8,626,265	13,237,209	7,872,243	35.84%	37.65%
Kaipara District	12,760	5,871,000	3,541,000	5,871,000	3,541,000	15.89%	16.93%
Whāngārei District	39,467	18,549,577	9,888,632	17,830,410	9,497,734	48.27%	45.42%
Total Valuation - Northland	87,487	38,796,502	22,055,897	36,938,618	20,910,977	100.00%	100.00%

	Budgeted Rates 2012-2013 (Including GST)				Budgeted Rates 2011-2012 (Including GST)			
	Far North District	Kaipara District	Whāngārei District	Total $	Far North District	Kaipara District	Whāngārei District	Total $
Targeted Council Services Rate (calculated on CV)								
Rate per SUIP	$84.39			2,975,637	$83.52			2,914,253
Rate per RU		$103.43		1,319,762		$104.25		1,315,603
Rate per SUIP			$103.28	4,076,240			$96.47	3,782,048
				8,371,639				8,011,904
Targeted Land Management Rate (calculated on LV)								
Rate per $ of Actual LV	0.0002584			2,228,752	0.0002290			1,955,549
Rate per $ of Actual LV		0.0002831		1,002,511		0.0002142		988,553
Rate per $ of Actual LV			0.0002719	2,688,953			0.0002329	2,308,114
				5,920,216				5,252,216
Regional Recreation Facilities (fixed)								
Rate per SUIP	$5.75			202,745	$5.75			200.802
Rate per RU		$5.75		73,370		$5.75		72,630
Rate per SUIP			$28.75	1,134,676			$28.75	1.127.344
				1,410,791				1,400,775
Targeted Infrastructure (calculated on LV)								
Rate per $ of Actual LV	0.0000298			256,966	0.0000298			254,388
Rate per $ of Actual LV		0.0000326		115,585		0.0000278		128,411
Rate per $ of Actual LV			0.0000314	310,025			0.0000303	299,842
				682,576				682,642
Targeted Rescue Helicopter Rate (fixed)								
Rate per SUIP	$8.17			287,898	$8.22			286,891
Rate per RU		$8.17		104,185		$8.22		103,768
Rate per SUIP			$8.17	322,248			$8.22	322,363
				714,331				713,022

	Budgeted Rates 2012-2013 (Including GST)				Budgeted Rates 2011-2012 (Including GST)			
	Far North District	Kaipara District	Whāngārei District	Total $	Far North District	Kaipara District	Whāngārei District	Total $
Targeted Transport Rate (fixed)								
Rate per SUIP								
Rate per RU								
Rate per SUIP			$12.12	478,380			$12.04	472,048
				478,380				472,048
Whāngārei Rivers Management Rate								
Rate per SUIP								
Rate per RU								
Rate per SUIP				739,231				681,697
				739,231				681,697
Awanui River Management Rate (on area)								
Far North District - Rural				128,199				128,199
Far North District Urban				358,089				358,089
See page 73 for further details on the Awanui River Management Rate				486,288				486,288
Kaihū River Management Rate								
Kaipara				90,404				90,404
See page 74 for further details on the Kaihū River Management Rate								
Kaeo-Whangaroa Rivers Management Rate								
Far North (Kaeo only)				150,405				150,405
See page 75 for further details on the Kaeo-Whangaroa River Management Rate								
KeriKeri-Waipapa								
Far North (Kerikeri-Waipapa only)				210,189				
See page 76 for further details on the Kerikeri-Waipapa Rivers Management Rate								
Total Rates (Including GST)								
Far North District				$6,798,879				$6,248,576
Kaipara District				$2,705,818				$2,699,369
Whāngārei District				$9,749,752				$8,993,456
				$19,254,449				$17,941,401

About our region

Our region
Northland is known as "the birthplace of the nation". It is also known for its national icons, such as ancient kauri forest and its scenic and accessible coastline (a national treasure), sheltered harbours, many offshore islands and ecosystems of important conservation value.



Northland is a long, narrow peninsula with a subtropical climate. 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 in both socio-economic patterns and environmental characteristics.

Our people
Our population has continued to grow and is estimated to be 159,000 at June 2011 (148,000 in in 2006 census). The largest ethnic group is New Zealand European, however, Northland has a a growing Māori population, predicted to increase from 31% to 36% by 2016. The largest age group in Northland is 10-14 year olds. We also have a significant number of older people too – 16.3% of people in Northland are aged 65 years and over, compared with 13.2% of the total New Zealand population.

Our culture
Cultural tourism is an integral part of the experience that Northland offers. Art and heritage trails guide visitors throughout the region along the Twin Coast Discovery Highway. Northland's transparent waters are one of the favourite recreational playgrounds for lovers of anything aquatic. There are few places in the world that can match what Northland has to offer. Beneath the waters lie many attractions too with some of the world's top and most easily accessible dive and snorkelling sites. The warm waters of Northland make this New Zealand's natural playground.

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 stone store at Kerikeri, the missionary houses at Waimate, Kerikeri and Russell and the Waitangi Treaty House and National Reserve.

Our economy
Northland has the most diverse economy of New Zealand's 16 regions. Manufacturing (including the Marsden Point Oil Refinery) is the largest industry, accounting for around 17% of Northland's GDP. The primary sector (agriculture, forestry and fishing) contributes about 14% followed by business and property services (11%). For the five years prior to the 2008-2011 recession Northland's economy had been growing in line with the national economy, this had been an improvement on past years.

Northland's economy is now struggling to recover after the long recession. Economic output in the year to March 2011 is estimated to have increased by just 0.2% in real terms, following on from a 1.5% decrease in the year to March 2010. The recession has been deeper and longer in Northland. The national economy grew by 1% in the year to March 2011 after decreasing by 0.4% in the year to March 2010.

The number of people unemployed in Northland has remained relatively static over the past year, at almost 7000, equivalent to 9% of the labour force. The current level and rate of unemployment in Northland is similar to those that existed in the late 1990s/early 2000s. Since early 2008, the biggest decreases in employment have occurred in the construction, agriculture, forestry and fishing, and retail/wholesale trade sectors. The number of house sales in the year to March 2011 fell by 22% compared to the previous year, with a 7% decrease in the average house price. The fall in prices in Northland was among the steepest in the country. Residential consents have fallen to their lowest level in more than a decade. Prospects for non-residential construction are better, with the value of consents being close to the 10-year average.

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. High-intensity rains can cause severe flooding. Droughts are also 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. Northland's subtropical weather and wide range of places for things to live means we have many different plants and animals, many of them found nowhere else. Our ecosystems of importance include rivers, lakes and wetlands, forest and shrublands and our coastal environment. We also have a range of pest animals and plants we need to eradicate or manage with the help of the community.

Many of Northland's rivers are relatively short with small catchments. The Wairoa River is Northland's largest river draining a catchment area of 3650 km² (29% of Northland's land area). Most of the major rivers flow into harbours, rather than discharging to the open coast, which has significant implications for coastal water quality. The region has a large number of small and generally shallow lakes but we also have Lake Taharoa of the Kai Iwi group which is one of the largest and deepest dune lakes in the country – it covers an area of 237 hectares and is 37 metres deep. Our groundwater is a valuable resource as it is used by many towns and rural settlements for domestic water supply, irrigation and stock drinking water. Northland also has one geothermal field around Ngāwhā Springs, to the east of Kaikohe.

Northland has a diverse history of mining and a significant ongoing mining industry presence. During 2009 the region produced 3.6 million tonnes of minerals with a value of $35.1 million (excluding the value of cement). Mineral production in Northland is currently dominated by:

- Limestone for the Golden Bay Cement plant at Portland which produces more than half of the cement used in New Ze and also exports cement;
- High quality china clay, produced at Matauri Bay, for export;
- Aggregate; being produced at more than fifty quarries throughout Northland;
- Limestone; used mainly as fertiliser in farming, from more than twenty quarries; and
- Sand; both from onshore and offshore resources, for building and industrial use.

Mineral resource assessments that have been carried out in the past suggest that the region potentially has a wide variety of mineral deposits and resources (estimated at $47 billion, excluding aggregate, limestone and sand) and that there is a very real possibility of future mineral exploration investment, new mining operations and consequent economic growth within the region if that potential can be realised. However, before this economic potential could be realised, the reports noted that there needed to be sufficient mineral exploration to locate and define these resources.

Last year the council, with its partners the Far North District Council, government (Ministry of Economic Development, NZ Petroleum Minerals) and Enterprise Northland Trust, seized the opportunity to fill in some of the information gaps and commissioned a state of the art aerial survey (mapping aeromagnetic and radiometric methods) of Northland's mineral and resource potential. GNS Science is, as we go to print, completing its interpretation of the data that was gathered and council is working with its partners to produce an Information Memorandum for official release in April 2012.

Obtaining subsurface information by drilling is expensive so when the survey data is added to existing geological mapping and other available sources of subsurface information, drilling can be much more effectively targeted, reducing ground exploration and disturbance and minimising cost. The information is also expected to be useful to a broad range of non-mineral industry sectors – for example agriculture, forestry, horticulture, hazard assessment, and infrastructure providers. Marketing opportunities are currently being explored.

Our infrastructure
The present transportation network includes 6530 kilometres of road, a rail link from Auckland via Whāngārei to Otiria, a deepwater port at Marsden Point and commercial airports at Whāngārei, Kerikeri and Kaitāia. The only permanent public transport service is the urban bus service in Whāngārei with bus trials underway in Dargaville and Kaitāia. The Marsden Point Oil Refinery is a nationally significant asset. The refinery provides 70% of New Zealand's domestic market for petrol, 84% of the diesel, 83% of the jet fuel, all of the fuel oil and 75% of the bitumen that goes on our roads.

The Northport deepwater port offers a number of opportunities. The majority of cargo through the port is timber-related, fertiliser or cement, with kiwifruit as a seasonal addition. A rail link between the port and the main trunk line is in development with land purchases and designations complete. Further progress has been postponed while KiwiRail investigates the economic viability of the Northland-Auckland rail line.
Kerikeri airfield has customs clearance services available and is within flying distance for light aircraft arriving/departing from New Zealand to Norfolk Island, Noumea in New Caledonia or Lord Howe Island, which can be used as a stepping stone to the Australian mainland. Kaitāia airport has the longest sealed runway in Northland (1405 m) and Kaikohe airfield has the longest grass runway in Northland (1500 m).
In Northland there is a very small hydro-electric power station on the Wairua River and a geothermal power plant at Ngawha. The vast majority of Northland's power needs are generated from outside the region and transmitted via the national grid from Auckland. Marine turbines are being investigated for the mouth of the Kaipara Harbour and wind power generation is being investigated for Pouto Peninsula, Ahipara, Glinks Gully and Baylys Beach.

Currently the government is funding the installation of ultra fast broadband in Whāngārei (the first area to receive the initiative in the country) through a local fibre company. Most of the region has broadband but it is comparatively slow.

Additional information

The following text highlights some further background to the process involved with developing the Long Term Plan and describes the concurrent public consultation underway for the Regional Land Transport Programme.

CONSULTATION ON DRAFT REGIONAL LAND TRANSPORT PROGRAMME 2012-2015

The Regional Land Transport Programme (the programme) is being released for consultation at the same time as the Long Term Plan. The programme is essentially a "programme of works" through which the New Zealand Transport Authority and approved organisations in the Northland region bid for funding assistance from the National Land Transport Fund. This programme covers the 2012 – 2015 financial period.

The lists of activities in this programme were either identified by the councils (and other agencies with transport interests) in the region or proposed by the New Zealand Transport Agency. The activities include:

- Maintenance, operations, renewals and minor capital works for roading (including state highways);
- New and improved infrastructure for roading (including state highways);
- Public transport services;
- Road user safety;
- Walking and cycling; and
- Transport planning.

The programme includes proposed activities for local road projects and state highways in the Northland region over the next three years and aims for the most efficient and effective use of the existing infrastructure to improve safety, route security and resilience along the network. It also contains a 10-year financial forecast. The programme is prepared by the Regional Transport Committee and is required to undertake consultation on the draft programme in accordance with the Local Government Act 2002.

For a copy of the draft Regional Land Transport Programme, or to make a submission, visit www.nrc.govt.nz/haveyoursay.

NEW MEASURES TO SHOW VALUE FOR RATES – NEW GROUPS OF ACTIVITIES

While reviewing its activities and setting its new direction the council has taken the opportunity to also overhaul the measures for each group of activities – these are indicators used to determine whether the activities are being delivered as intended and giving ratepayers value for their rates. One of the purposes of developing the Long Term Plan is to define the levels of service delivered by each activity; define the costs in delivery the services/activities and show how we will measure if we are effectively delivering on them.

The previous Long Term Plan had 175 measures across 11 groups of activities. The draft 2012-22 Long Term Plan has 27 measures across 6 groups of activities. We have not dropped any of the activities but regrouped our activities to better reflect the interaction between them; to reduce unnecessary duplication and to make the plan more concise. The former Communications group of activities has largely been absorbed into the council's support services as the communications resources are used by all the council activities. The cost associated with the environmental education activity is within the Community Representation and Engagement new group.

The new set of measures reflect the major levels of service for each group of activities – we identified the major aspects of our activities by assessing the major risks being managed in delivering the activity; the most valued aspect of the activity from your perspective (we looked at past submissions; complaints; what you know about the activity – the end output or outcome); our legal responsibilities; and what could be practically measured for ongoing comparisons.

IRIS – INTEGRATED REGIONAL INFORMATION SOFTWARE

The council is establishing a council-controlled organisation with five other regional councils for the purposes of collaboratively developing and maintaining a software application suite for use by regional councils in the delivery of their activities under a long-term plan. The application suite being developed is called IRIS – Integrated Regional Information Software.

The council consulted on establishing the IRIS council-controlled organisation with the other regional councils in its 2009-2019 Long Term Plan.

The main drivers of the Integrated Regional Information Software project are:

- Continuity of supply;
- Influence/control of the destiny of regional council sector specific software;
- Risk reduction;
- Economies of scale;
- Standardisation of practice and/or adoption of best practice.

It is intended that the council-controlled organisation will be formed and become operative post 1 July 2012. This council-controlled organisation will be a limited liability company. The shareholders of the council-controlled organisation will be the six regional councils that are developing the Integrated Regional Information Software suite.

The council will hold shares in the council-controlled organisation. By committing its share of the costs of development, the council will be financing the council-controlled organisation. The operating costs will be recovered from the participating councils using an agreed recovery formula taking into account each councils size and use of the system. The council will maintain its ownership of the council-controlled organisation as long as it continues to operate and the council continues to utilise the products developed by the council-controlled organisation. Once established, the council-controlled organisation will prepare a statement of intent. This statement of intent will form the basis of key performance targets and other measures by which the performance of the council-controlled organisation may be judged.

LEGISLATIVE CHANGES TO THE LONG TERM PLAN

The council's Long Term Plan needs to meet certain legal requirements under the Local Government Act 2002. This legislation was amended in 2010 to improve the effectiveness of local government long term plans and included the following changes from previous long term plans:

- A new definition for "community outcomes" and the deletion of mandatory consultation, identification and reporting processes.
- Inclusion of a financial strategy to show the overall effects of proposals on the council's services, rates, debt and investments.
- A set format for all councils to use for the funding impact statements to show consistency across the sector and allow for easier comparisons between councils.
- The previous year's financial information is included in the statements for easier comparison.
- Many policies included in former long term plans can now be amended outside of the long term plan process; after this plan is adopted the council's treasury management policies can be amended without public consultation.
- Mandatory groups of activities have been introduced for flood protection and control works – we have called this 'river management'.
- A list of our reserves (with their purpose) and the associated amounts (in the fund and expected to be withdrawn or deposited in the period).

New council objectives and council's vision

COUNCIL OBJECTIVES

The council has defined a set of new council objectives for the development of this Long Term Plan and future direction for the council as an organisation. The council objectives are the outcomes that the council aims to achieve in order to promote the social, economic, environmental and cultural well-being of the region (and meet the new legal definition of "community outcomes"). The council objectives have not been prioritised by the council – while each is equally important there will be periods of time over the life of this plan when some will be given a stronger emphasis and proportion of resources as policies and plans are developed and initiatives implemented.

The council will report its progress against each of the new council objectives within its Annual Report. Measures for reporting against each council objective will be developed following the adoption of the Long Term Plan.

The previous two long term plans (2006 and 2009) included a set of "community outcomes" that were identified by the community as the priorities for action to achieve community well-being. The community identified these outcomes after a significant consultation process by the council that involved independent facilitators, many stakeholder forums, a public telephone poll and submissions. The resulting outcomes across the country were very similar and aimed to improve our quality of life across the four well-beings (environment, economic, cultural and social). Under previous legislation every council had to undertake the identification process every six years. This Long Term Plan has been developed under new local government legislation which includes a new definition of "community outcomes" changing from the community's identified priorities to the outcomes the council aims to achieve in order to promote the social, economic, environmental and cultural well-being of the region.

New council objectives:

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

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

OUR VISION

Creating a region of choice

OUR MOTTO

Putting Northland first

OUR MISSION

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

OUR VALUES

- Put our community and region first
- Be a champion for our natural environment
- Be forward thinking and innovative
- Be flexible and open
- Be responsive and deliver value
- Be professional and accountable
- Work with others

OUR VALUES IN ACTION

Put our community and region first
Provide regional leadership, focussed on working towards strategies and action which will make a positive difference to Northland's communities and people.

Be a champion for our natural environment
We will provide policies, guidance and resources to enable our community to manage and enhance its environmental sustainability.

Be forward thinking and innovative
We will always look long-term at issues facing our region and seek innovative solutions.

Be flexible and open
We will adapt to change quickly, listen carefully to our communities and act fairly and openly in everything we do.

Be responsive and deliver value
We are committed to understanding what is important to Northlanders and take action to deliver value to them.

Be professional and accountable
We strive to deliver the highest levels of professionalism and we are responsible to the people and ratepayers of the Northland region.

Work with others
We will work together and in partnership with others to achieve the most effective and affordable outcome for the Northland region.

WHATUNGARONGARO HE TANGATA TOITU TE WHENUA –

MANKIND PASSES ON BUT THE EARTH REMAINS FOR ALL ETERNITY

E rua ano nga hua e kite ana e te tangata i te wā e ora ana e ia i runga i te mata o te whenua.
Ko nga mea na Te Atua i hanga, me nga mea na te tangata ano i hanga.

Ta Te Atua i hanga ai, he taonga, he mea tapu, tapu rawa, mei ata tiaki marika, mehemea ngaro ai, ka ngaro mo ake tonu atu.

Ta te tangata i hanga ai, he taputapu noa iho māna, ka whakamahia, ka whakapaua, ka whakarerea, e taea noa iho te whakahoua.

During a person's time on earth, he or she will see only two things;
Things created by the hand of God and things manufactured by the hand of man.

Things created by the hand of God are of divine creation and are given the sacred description of Taonga.
Being most sacred, they must be protected at all costs for once lost, they are lost forever.

Things manufactured by the hand of man are personal belongings and are for his or her convenience only.
As such, they are usable, consumable, disposable and replaceable.

HOW WE INTEND TO ACHIEVE THESE OBJECTIVES

Each of the council objectives is listed below with a table showing which council activities contribute towards achieving them. A commentary on how each of the groups of activities contributes to the council objectives can be found on the group of activity pages 107-152.

Council objective:
Maintain the quality of the relatively unspoilt parts of Northland's environment, improve degraded areas and promote the setting aside of special and significant environmental areas for the enjoyment of our people.

Related well-beings – environmental, cultural, social

Related council strategies/plans/policies	Related council activities	Current and future projects/initiatives	Proposed performance measures
▪ Regional Policy Statement ▪ Coastal Plan ▪ Regional Water and Soil Plan ▪ Air Quality Plan ▪ Pest Management strategies ▪ Marine Oil Spill Contingency Plan ▪ Wetland Strategy	▪ Resource management planning ▪ Biosecurity ▪ Land and biodiversity ▪ Consents ▪ Monitoring ▪ Oil pollution response ▪ Harbour safety and navigation	▪ New Regional Policy Statement ▪ Plan changes to regional plans ▪ Freshwater NPS initiatives ▪ Wetlands strategy ▪ Pest management strategies ▪ Integrated harbour management plans ▪ Estuarine restoration projects – mangrove management ▪ Soil conservation plans ▪ Lakes strategy ▪ Coastcare programme ▪ Marine protected areas ▪ Environment Fund ▪ Soil conservation and sediment/erosion control programme ▪ Mapping special places (Regional Policy Statement project)	▪ Water quality ▪ Oil pollution response ▪ Natural hazard profiling ▪ Safe pilotage ▪ Pest management ▪ Air quality

Council's strategic resource management policies, plans, programmed and projects all contribute to the achievement of this objective. The new Regional Policy Statement (currently in draft) and the proposed programme for implementing the National Policy Statement for Freshwater will be central to the future achievement of the objective. Between them, they focus on managing key aspects of Northland's environment such as improving the region's water quality, and improving the management of the our precious coast, including it's natural character, Northland's landscapes, natural features, historic heritage, wetlands, lakes and biodiversity. Our current programmes: e.g. Coastcare, oil spill response, pest management, wetlands, state of the environment monitoring, the Environment Fund, all support the objective and along with our resource management plans, will shape and in turn be shaped by our progress towards this objective.

In achieving this objective we are also contributing to other objectives, such as the sustainable use of our environment to progress our collective well-being, and encouraging our collective pride. Therefore progress against this objective will be achieving gains in not only Northland's environmental well-being but also in our cultural and social well-being. There are also significant economic benefits to be had in moving forward on these objectives. For example: having sufficient water at a suitable quality creates recreation and business opportunities; well managed heritage, landscapes and coastal environment attracts us, visitors, and investment, creating regional wealth and job opportunities, and the services we get from a well managed environment - clean air, water filtration, soil maintenance and erosion and flood control - all have an economic value to Northland.

Council objective:

Build a business friendly environment that encourages business and employment opportunities.

Related well-being – economic

Related council strategies/plans/policies	Related council activities	Current and future projects/initiatives	Proposed performance measures
▪ Regional Policy Statement ▪ Strategy for the Sustainable Economic Development of Northland	▪ Resource management planning ▪ Consents ▪ Monitoring ▪ Harbour safety and navigation ▪ Economy ▪ Community representation and engagement	▪ New Regional Policy Statement ▪ Plan changes to regional plans ▪ Council's business improvement initiatives (NRC) ▪ Business advisory services (EN) ▪ Economic monitoring information (NRC) ▪ Marine protected areas ▪ Horticulture strategy ▪ Energy Forum	▪ Timeliness consents processing ▪ Advocacy

Council is at the forefront of some of the most challenging issues for Northland. The decisions it makes directly influence Northland's well-being and have far-reaching economic, environmental, social and cultural implications, not just today but for generations to come. Council has initiated a stronger internal focus on being business friendly and over the lifetime of this plan will continually review its policy and planning processes to ensure that decision making is based on good advice, which is informed by a range of stakeholders and interests, skills and expertise, mindful of the contexts in which we and Northland operates, with relevant criteria for judging options. We will work with the business community to identify critical consent process improvements required within the council and how best to carry them out while meeting legal obligations. We will continue to work with our partners on the ground, the individuals and their representative organisations, to share knowledge, develop management approaches and to improve resource management performance in Northland.

Council objective:
Facilitate those infrastructural improvements that connect people in Northland and improve our links to the outside world.

Related well-being – economic, social

Related council strategies/plans/policies	Related council activities	Current and future projects/initiatives	Proposed performance measures
▪ Regional Land Transport Programme ▪ 30 Year Transport Strategy ▪ Priority River Management Plans ▪ Navigation and Safety Bylaw ▪ Strategy for the Sustainable Economic Development of Northland	▪ Transport ▪ Maritime operations ▪ Economic development ▪ Resource management ▪ Civil defence emergency management ▪ Natural hazard Management ▪ River management ▪ Community representation and engagement	▪ Economic development initiatives ▪ River works ▪ Regional roading network priorities ▪ Airport review ▪ Port projects ▪ Rail projects ▪ Broadband ▪ Energy Forum projects	▪ Bus service ▪ Pilotage services ▪ River design standards ▪ Economic development measures ▪ Advocacy

The council signals its continued support to progress infrastructural improvements within the region. The Regional Land Transport Programme is a regionally coordinated programme that prioritises infrastructure projects associated with land transport. The council provides the planning and administration support for Northland's Regional Transport Committee.

The council has made provision for the rail link to the Marsden Point deep water port by purchasing the land along the proposed route in a joint venture with Ontrack. The council's river management activity includes addressing flooding in prone areas to improve access and land productivity. The council is working through the 27 priority rivers with investigations and design work for capital improvements and annual maintenance programmes.

Council objective:

Encourage the sustainable use of our environment in ways that will progress our collective quality of living.

Related well-being – economic, environmental, social, cultural

Related council strategies/plans/policies	Related council activities	Current and future projects/initiatives	Proposed performance measures
▪ Regional Policy Statement ▪ Regional Air Plan ▪ Regional Coastal Plan ▪ Regional Water and Soil Plan ▪ Sustainable Land Management strategies ▪ Pest Management strategies ▪ Civil Defence Emergency Management Plan ▪ River Management Plans	▪ Resource Management Planning ▪ Consents ▪ Monitoring ▪ Maritime Operations ▪ Economic Development ▪ Biosecurity ▪ Land and Biodiversity ▪ Natural hazard management ▪ Oil pollution response ▪ Transport ▪ River management ▪ Community Representation and Engagement	▪ Freshwater national policy statement initiatives ▪ Regional Policy Statement direction ▪ Soil conservation plans ▪ Environment Fund ▪ Pest management strategies ▪ Dairying and Clean Streams Accord ▪ Integrated harbour management plans ▪ Top wetlands project ▪ Soil conservation and sediment/erosion control programme ▪ Coastcare Programme ▪ Transport initiatives ▪ Lakes strategy	▪ River systems ▪ River maintenance ▪ Water quality ▪ Air quality ▪ Natural hazard profiling ▪ Pest management ▪ Consent significant non-compliance ▪ Bus service ▪ Economic development ▪ Advocacy ▪ Consent significance non-compliance

One of the key pillars of any regional council is to encourage the sustainable use of the environment as regional councils have the responsibility under the Resource Management Act of managing the region's natural and physical resources for community use and enjoyment today and into the future. The council ensures that as a region we strike the right balance between the competing values and interests of people in those resources - in their use, development and protection. The council is actively managing sustainability of our resource by working with, and assisting others to manage Northland's resources wisely; from advice, to managing pest plants and animals, assisting with farm plans and riparian planting, through to issuing consents to undertake activities, monitoring compliance with those consents and taking action to fix issues when required. Our strategy, policy and planning role focuses on how we can enable development and economic and social improvements, and also safeguard the environmental bottom lines, Northland's special places and the things we value.

Managing Northland's natural and physical resources is a complex task. The regional council is not the only body interested in resource management. Individuals, groups, communities, tangata whenua, the district councils, our neighbouring council, Auckland Council, and multiple agencies, are all involved and all wish to see their interests and goals achieved. Effective resource management in Northland involves setting goals and then striving to achieve them through a mixture of advocacy, education, encouragement, regulation, economic assistance, enforcement and other forms of intervention. It depends on working with others, taking a long term view and recognising and considering the social, economic, environmental and cultural effects of our decisions.

Council objective:
Invest in Northland to increase Northland's economic performance and quality of living.

Related well-being – economic, social

Related council strategies/plans/policies	Related council activities	Current and future projects/initiatives	Proposed performance measures
▪ Strategy for the Sustainable Economic Development of Northland	▪ Economic development	▪ Investment and Growth Reserve funding allocations ▪ Enterprise Northland Growth projects ▪ Northland Regional Council Community Trust Fund ▪ Northland Regional Council's investment portfolio	▪ GDP per resident ▪ Employment rate ▪ Business growth

The council is committed to supporting the recovery of Northland's economy and furthering its resilience and ability to provide prosperous fulfilling work/lives for Northlanders in the future. The new Investment and Growth Reserve is one means of supporting new and expanding business ventures and projects in Northland. The council has requested that the investments held by the council and the Northland Regional Council Community Trust be shifted over time to increase the proportion of direct investment in Northland, Northland projects and Northland's well-being; where compatible with achieving similar or better investment returns.

Council objective:
Promote the awareness and appreciation of our heritage, landforms, freshwater and marine environment to encourage our collective pride in Northland.

Related well-being – cultural, environmental

Related council strategies/plans/policies	Related council activities	Current and future projects/initiatives	Proposed performance measures
▪ Regional Policy Statement ▪ Navigation and Safety Bylaw ▪ Regional Coastal Plan ▪ Regional Water and Soil Plan ▪ Sustainable Land Management strategies ▪ Pest Management strategies	▪ Resource Management Planning ▪ Consents ▪ Monitoring ▪ Education ▪ Land and Biodiversity ▪ Natural hazard management ▪ Biosecurity ▪ Maritime services	▪ Consultations on plan changes ▪ Consent conditions ▪ Monitoring of consents ▪ Promotional publications and advertising ▪ Freshwater national policy statement initiatives ▪ Mapping special places (Regional Policy Statement project)	▪ Monitoring of consents ▪ Water quality ▪ Pest management ▪ Consent significant non-compliance

Northland is known as "the birthplace of the nation" and is known for its many national icons, such as ancient kauri forest and its scenic and accessible coastline (a national treasure), sheltered harbours, many offshore islands and ecosystems of important conservation value. The council wishes to instil more collective pride in our region by increasing Northlanders' awareness and appreciation of Northland's abundant and diverse features that make it a very special place.

ABOUT OUR KEY PLANNING DOCUMENTS

Regional Policy Statement
The Regional Policy Statement provides the framework for managing resources of our region in a sustainable way. People depend on a healthy environment and the benefits it provides for their well-being and long-term economic success. The council manages the region's natural and physical resources for community use and enjoyment today and into the future by working with others and using efficient processes. Through the Regional Policy Statement we focus on the regionally significant issues that need attention and the overall Northland framework for resource management. Our aim is to ensure our resources are well governed and managed to meet the needs of Northlanders, to provide for their environmental, cultural, social and economic values, and get the greatest long term benefits. We enable development but also safeguard the environmental bottom lines and Northland's special places and the things we value.

We are currently developing a new Regional Policy Statement for Northland. Within the policy statement we must give effect to the government's directions set down in national policy statements. The Regional Policy Statement is then given effect through Northland's regional and district plans by implementing the direction set down.

Key to the development of the Regional Policy Statement is tangata whenua and public participation and engagement to ensure that they strike the right balance between use, development and protection. This balance needs to ensure that we are able to provide for our own well-being today while ensuring there are sufficient resources available for future generations to provide for theirs. Our regional planning documents are therefore intended to enable activities that have minor adverse effects to be carried out with minimal controls, cost effectively, while providing greater guidance and direction (including the requirement to get a resource consent) for activities that could produce a greater negative environmental, social, cultural or economic effect.

Managing Northland's natural and physical resources is a complex task. We define, design and implement tools to change behaviour to achieve council objectives. Effective resource management in Northland therefore involves a mixture of advocacy, education, encouragement, regulation, economic instruments, and other forms of intervention.

Regional Coastal Plan
The Regional Coastal Plan covers the region's "coastal marine area", which is the area from mean high water springs to the 12 nautical mile (22.2 km) limit of New Zealand's territorial sea. The purpose of the regional coastal plan is to assist the council, in conjunction with the Minister of Conservation, to promote the sustainable management of resources in the coastal marine area.
The regional coastal plan for Northland manages the following activities:

- Structures (e.g. wharves and boat ramps)
- Reclamation and impoundment
- Discharges to water
- Dredging
- Moorings and Marinas
- Aquaculture

It does not cover fisheries management. This is dealt with separately by the Ministry of Fisheries.

Regional Air Quality Plan
The regional air quality plan applies to air in the whole of the Northland region, excluding the coastal marine area. The plan identifies the significant air quality issues and sets out policies and rules so that these will be managed. Air quality in the coastal marine area is managed through the Regional Coastal Plan for Northland.
The Regional Air Quality Plan for Northland applies to all types of discharges to air including:

- Agrichemical spray application
- Abrasive blasting
- Burning of fuel or waste
- Odour
- Industrial pollution
- Dust

Regional Water and Soil Plan
The regional water and soil plan covers the effects of land use activities on water and soil in Northland above the line of mean high water springs. This plan is important for our region considering that we have 1.26 million hectares of land, 26,700 km of rivers and 3480 hectares of natural lake area to manage. The Plan identifies the significant water and soil issues faced by Northlanders and seeks to address these through the policies and rules. It also proactively promotes a programme of environmental education, advocacy, information provision and advice. The Regional Water and Soil Plan for Northland covers the following activities:

- Discharges to land such as landfills, rubbish dumps and tips, sewage, stormwater, agricultural discharges, industrial and trade discharges
- Discharges to water
- The taking, using, damming or diverting of surface and groundwater
- Building and modifying structures in river and lake beds
- Introducing plants to river and lake beds
- Drainage and river control activities
- Earthworks
- Vegetation clearance
- Activities within the Riparian Management Zone along rivers, lakes, and the coastal marine area.

Regional Land Transport Strategy
The Northland 30 Year Transport Strategy 2010-2040 is an in-depth look at where Northland's transport is now, where the region wants to be in 30 years and how it intends to get there. Legally, Northland must produce a strategy like this – with its broad 30 year outlook - every six years. More detailed planning reflecting the overall thrust of the strategy is then developed – and updated – every three years via a Regional Land Transport Programme.

The vision of the document is 'People and freight in Northland have access to an affordable, integrated, safe, responsive and sustainable transport system. To achieve the 2040 Northland transport vision, eight outcomes have been developed to help us plan the priorities we need to focus on. They are:

- A sustainable transport system.
- A safe transport system.
- A region that is well-connected to Auckland and other parts of New Zealand.
- A well-developed and maintained transport network.
- Bulk freight moved from road-based to rail and coastal shipping.
- Improved transport choices and accessibility to key services.
- More efficient port services.
- Enhancing the environmental and cultural values of Northland through strategic transportation planning.

Key initiatives in the strategy include:

- The long term goal of four-laning State Highway 1 from Auckland to the Bay of Islands.
- The development of an international airport in the Bay of Islands.
- Developing a strategic route to direct freight traffic away from State Highway 1.
- The long term goal of bridging the Hokianga Harbour.
- Linking Northport to the national rail network.

Civil Defence Emergency Management Plan
The Civil Defence Emergency Management Plan demonstrates how we deliver civil defence emergency management activities within the region over the next 5 years. In support of its mission "Working together to create resilient communities in Northland", the plan has four key goals:

1. Increasing community awareness, understanding, preparedness and participation in civil defence emergency management; through public education initiatives and community-led civil defence emergency management planning.
2. Reducing the risks from hazards in Northland; by improving the Group's understanding of hazards and by developing and monitoring a Group-wide risk reduction programme which demonstrates how individual agency initiatives contribute to overall regional risk reduction.
3. Enhancing capability to manage civil defence emergencies; through increasing the number and capability of civil defence emergency management staff and by having effective plans, systems and procedures in place to respond to emergencies.
4. Enhancing capability to recover from civil defence emergencies; through a continued focus on Recovery Plans, Professional Development and Exercises.

Regional Pest Management Strategy
The Regional Pest Management Strategies are an action plan that describes why - and how - plant, animal and marine pests will be controlled in Northland. The Strategies aim to educate landowners and the wider public about the threats potential pest species pose and ways to stop these pests reaching Northland. Where a pest is already established here, the Strategies offer a number of options to reduce the threat (or threats) it poses. These include:

- publicity and promotion
- advice to individual landowners
- regulation
- control by the council (either directly or by using contractors)
- joint agency agreements
- support for Community Pest Control Areas.

The strategy was adopted in June 2010 and typically has a life of five years before it is reviewed. The new strategy has an increased focus on site led programmes as opposed to species led. Site led programmes are considered more strategic with an emphasis on sites of significance and communities motivated to control pests in the long term. There is also a focus on increased surveillance in order to detect pests at the early invasion stages so we don't get another 'possum' or 'gorse' pest.

Strategy for the Sustainable Economic Development of Northland 2001-2011
The goals of the strategy developed in 2007 were to increase capability throughout our region at child, adult, community/marae and business/Hapu/Iwi levels; improve the structure and balance of the Northland economic profile, and increase overall prosperity. The strategies included delivering secure infrastructure to Northland; positioning Northland for investment and growth; establishing a regionally supported process for identifying/developing Northland leaders; deliver improved educational/skills outcomes that lift Northland's productivity and prosperity; instil an enterprise focus in youth prior to transition from school to the workplace; establish integrated "single entry" business growth and support process; encourage research activity in Northland through increased presence and collaboration between NorthTec, universities and crown research institutes; Intensify sector strategic activity – across all key sectors.

Post consultation on this draft Long Term Plan when the proposals have been finalised and the shape of the council-controlled structure is determined the strategy will be refreshed to reflect the new situation.

River Management Plans
The Priority Rivers Flood Risk Reduction Project identified 27 river catchments where the risks of flooding were unacceptable to the communities and essential infrastructure. Five of the river catchments were being managed when this project began; the remaining 22 priority river catchments have had river management plans developed which assessed the potential flood risks and identified potential mitigation options in order to reduce the impacts of flooding on our communities. The plans have been developed using a common methodology for hydrologic and hydraulic modelling, risk management and option identification. This allows for a consistent approach to river management to be applied throughout the region.

The river management plans are intended to be living documents that will evolve over time to assist in guiding future development within the catchment, whilst retaining and improving on the natural river environment with a basis for considering flood risk reduction initiatives.

Marine Oil Spill Contingency Plan
The Northland Marine Oil Spill Contingency Plan details the council's response to oil spills in the marine environment. The primary objectives of this contingency plan are:

- to prevent further pollution from the marine oil spill; and
- to contain and clean up the marine oil spill in a manner that does not cause further damage to the marine environment, or any unreasonable danger to human life, or cause an unreasonable risk of injury to any person.

The plan includes specific objectives about timeframes for evaluating reported oil spills, mobilising an appropriate response operation and commencing clean-up operations.

Group of activities

Introduction
For the purpose of this Plan the council has arranged its business into six groups of activities, namely:

- Resource Management
- River Management
- Economic Development
- Hazard Management
- Transport
- Community representation and engagement

The following sections of this plan summarise the plans and programmes for each one of the council's groups of activities in detail for 2012/2013, in indicative terms for 2013/2014 and 2014/2015, and in general terms for the seven years after that. Information is presented to identify the activities within each of the groups and to identify the background rationale for delivery of the activities, including the council objectives to which each group of activities primarily contributes. The estimated levels of expenditure and how that expenditure is to be funded are also outlined. Funding proposals are consistent with the council's Revenue and Financing Policy.

Performance measures and targets by which performance maybe judged in relation to intended levels of service are included for each group of activities. These essentially outline the key aspects or outcomes, in terms 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, sufficient to allow performance to be meaningfully assessed.

Change in groupings and performance measures
While reviewing its activities and setting its new direction the council has taken the opportunity to also overhaul the measures for each group of activities – these are indicators used to determine whether the activities are being delivered as intended and giving ratepayers value for their rates. One of the purposes of developing the Long Term Plan is to define the levels of service delivered by each activity; define the costs in delivery the services/activities and show how we will measure if we are effectively delivering on them.

The previous Long Term Plan had 175 measures across 11 groups of activities. The draft 2012-22 Long Term Plan has 27 measures across 6 groups of activities. We have not dropped any of the activities but regrouped our activities to better reflect the interaction between them; to reduce unnecessary duplication and to make the plan more concise. The former communications group of activities has largely been absorbed into the council's support services as the communications resources are used by all the council activities. The cost associated with the environmental education activity is within the Community Representation and Engagement new group.

The new set of measures reflect the major levels of service for each group of activities – we identified the major aspects of our activities by assessing the major risks being managed in delivering the activity; the most valued aspect of the activity from your perspective (we looked at past submissions; complaints; what you know about the activity – the end output or outcome); our legal responsibilities; and what could be practically measured for ongoing comparisons.

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.

ABOUT RESOURCE MANAGEMENT

Northland's resources include our people, our economy, our environment, our infrastructure, and our culture. Our natural and physical resources play a significant part in our economic prosperity, in our health, in our environmental values, and our cultural identity. People depend on a healthy environment and the benefits it provides for their well-being and long-term economic success. For example, our access to resources, such as water, has been fundamental for our development and identity as a region.

Regional councils have the responsibility of managing the region's natural and physical resources for community use and enjoyment today and into the future. Council's aim is to ensure our resources are well governed and managed to meet the needs of Northlanders and Northland. The council ensures that as a region we strike the right balance between the competing values and interests of people in those resources - in their use, development and protection. Within this group of activities council has an active role in managing, working with, and assisting others to manage Northland's resources wisely; from advice, to managing pest plants and animals, assisting with farm plans and riparian planting, through to issuing consents to undertake activities, monitoring compliance with those consents and taking action to fix issues when required. Our strategy, policy and planning role focuses on how we can enable development and economic and social improvements, and also safeguard the environmental bottom lines, Northland's special places and the things we value.

Managing Northland's natural and physical resources is a complex task. The regional council is not the only body interested in resource management. Individuals, groups, communities, tangata whenua, the district councils, our neighbouring council, Auckland Council, and multiple agencies, are all involved and all wish to see their interests and goals achieved. It is no wonder that there are many different views on how resource management should occur and what should be a priority where competing interest and values arise. We also know we cannot achieve our resource management goals alone. If we can coordinate and integrate our efforts with others, and between the resources themselves, then our ability to manage those resources wisely is greatly enhanced. Council therefore develops and maintains a range of relationships and networks to set and achieve goals. We are working more closely with Māori to develop a better relationship and understanding which will improve resource management in and for Northland.

Effective resource management in Northland therefore involves setting goals and then striving to achieve them through a mixture of advocacy, education, encouragement, regulation, economic assistance, enforcement and other forms of intervention. It depends on working with others, taking a long term view and recognising and considering the social, economic, environmental and cultural effects of our decisions. The council, through its committee structure, is leading the process of identifying the significant resource management issues for Northland, setting new goals and getting the right policies and tools in place to achieve them. As we do with our other plans, council will monitor and critically evaluate how well we have done to meet the goals set in the new Regional Policy Statement for Northland and will gather the evidence and give advice to council and others on what needs to be done where progress has not been as anticipated.

Resource Management Planning
The council has developed and maintains (through reviews and plan changes) a number of regional planning documents to address Northland's resource management issues, implement central government requirements and comply with legal requirements. They are the Regional Policy Statement, which promotes the sustainable management of natural and physical resources by providing an overview of the significant resource management issues of the region and setting the goals, and policies and tools to manage them,

and Regional Coastal Plan, as well as the Regional Water and Soil Plan and a Regional Air Quality Plan, which each address specific resource management concerns).
Our regional plans are intended to enable activities that are unlikely to have minor adverse effects to be carried out with minimal controls and cost effectively. Greater guidance, direction and control exist for activities that could produce a greater negative environmental, social, cultural or economic effect.

We are developing a new Regional Policy Statement for Northland. It is council's intention that it should:

- Focus on Northland's significant resource management issues;
- Better balance economic and environmental needs, values and aspirations in its management approaches;
- Put people at its centre;
- Enable working in partnership with others – individuals, land owners, the community, tangata whenua;
- Be affordable and be effective;
- Capable of adapting to changing circumstances; and
- Encourage innovation.

Northland's regional and district plans must implement the new Regional Policy Statement when it takes effect – which will be in the first half of the lifetime of this Long Term Plan. The new Regional Policy Statement will therefore be a key regional framework for achieving the environmental, social, cultural and economic well-being of Northland and its people. (For more information see page 113.)

Key to the development and implementation of these planning documents is tangata whenua and community, stakeholder and district council participation and engagement, which relies on strong relationships and a willingness to explore new opportunities and ways of managing Northland's resources.

Council also scans the horizon, gathers information from a variety of sources, including other councils, and analyses trends and events that may affect the council's ability to plan for the wise management of resources on behalf of Northlanders and the effectiveness of Northland's regional plans and policy statement. We prepare and review strategies, policy, legislation, regulations, and guidelines in co-operation with internal and external groups and working parties and make submissions, comment and respond to other organisations' resource management documents and policy initiatives and provide input into district council planning and consent processing. We meet with others face to face and appear in support of our submissions at hearings where this is in the interests of residents.

We support a precautionary approach to genetic engineering by the Environmental Protection Authority and provide a contingency fund for expert assessment of applications for outdoor trials or use of genetically modified organisms in Northland as notified by the Authority ($10,000). We also participate in the Northland inter-council working group on the management of genetically modified organisms in Northland.

We do all this with the aim of improving decision making, promoting regional interests and policies, and to achieve the integrated management of resources. This is important in ensuring that the regional community is represented in other processes that have a potential impact on the current and/or future well-being of Northland.

Consents
The council processes resource consent applications in a way that results in sustainable resource management as determined by regional plans and the Resource Management Act. Applications are assessed against the policies, objectives, rules and standards set in the regional plans and requirements of the Act to determine the extent to which others are potentially affected by the proposal and should be involved with its consideration. The council aims to be efficient in processing resource consents as it recognises that timeframes are important for developers and residents wishing to undertake a project or develop their business. The council issued 1284 resource consents last year and maintained an excellent performance record, processing 98% of consent applications within the statutory timeframes.

The resource consents fall into the following categories:

- Discharge of contaminants to land, air and water;
- Land use activities including riparian management areas;
- Coastal structures and other activities in the foreshore and seabed;
- Water takes both surface, geothermal and groundwater;
- Dams;
- Bore construction;
- Diversion of water.

We are committed to ensuring our processes and procedures create a business friendly environment and will review them regularly for opportunities for improvement. We will work with the business community to identify critical consent process improvements required within the council and how best to implement them. Where these opportunities require changes to our planning documents these will occur where possible with other plan changes, in a timely and cost effective manner. This complements the work council does feeding lessons learnt in the consenting process through to its strategy, planning and policy work.

Alongside providing advice on resource consents to potential applicants, council provides advice and responds to enquiries from others on consents and plan requirements to enable the community to better understand the implications of the legislation and to participate more effectively in consent processes.

Monitoring

Monitoring is critical to ensuring Northland's resources are managed sustainably. Resource managers need to know and understand the current state, trends and pressures on our resources to be effective. They need to know if the issues, goals, policies and plans they have are suitable and whether their implementation is effective. It provides information to show how we are performing in relation to our environmental targets this also allows us to determine how effective our plans are in achieving the stated targets.

Council reports to the public regularly on the state of Northland's resources though our State of the Environment reporting programme, which covers Northland's people, environment, economy, infrastructure, heritage and is comprehensively updated every five years with annual reports in the intervening years. (This can be accessed at http://www.nrc.govt.nz/Resource-Library-Summary/Environmental-Monitoring/State-of-the-Environment-Monitoring/) Monitoring results are presented in report cards, technical reports and through real-time or up-to-date data on our website. Council gathers the information to report using a range of monitoring networks (river, lake, groundwater, bathing site, coastal, air, biological and habitat, and rainfall) and programmes, from others including government and local authorities, in partnership with others for example from industry and research institutes, and through specific council investigations and research into particular resources and issues, such as groundwater and sediment.

Monitoring provides us with much of the evidence for the resource management issues council prioritises and funds through this plan and the management tools we use. Council uses this information to assess where it or others could effectively intervene, generating options such as education, advocacy, economic assistance, through partnerships (with for example, iwi or hapu, industry, or other public bodies), using the Regional Policy Statement and/or our Regional Plans, which it can then test with others.

The monitoring information is therefore critical to all our resource management work. It shows if we are on track, it highlights the gaps in our knowledge and shapes what we need to do, or learn more about, for the future. Without it our strategic resource management planning and actions would not be defensible. The information is also useful to others, including government, the district councils, researchers, businesses looking to locate or expand here, organisations and interest groups.

The council also uses a range of methods to promote, and if necessary, enforce good resource management practice and compliance with resource consents, regional plan rules and other statutory environmental standards. These methods include advice, education, workshops, warnings, abatement notices, infringement notices and prosecutions. In 2010-11 the council monitored over 4000 resource consents, taking formal enforcement action on over 400 with five leading to prosecutions. The council's vision is for all consent holders to be compliant with their consent conditions and we will continue to work with consent holders to enable this to occur.

Council's monitoring department is also responsible for responding to the council's 24 hour, 7 day Environmental Hotline. The environmental hotline handled 1057 calls last year compared to 979 the previous year. The highest categories of incidents related to air pollution, burning or smoke-nuisance. The majority of the reported incidents did not require follow-up being the result of natural events or were allowed under legislation and regional plan rules. Last year 12% were referred to other agencies for action and 7% had enforcement action taken by the regional council. The council proposes to reduce our level of response to the Environmental Hotline – full details are on page 23.

Waste management and contaminated sites

For contaminated sites council carries out incident response, and has a role in investigating and documenting its findings. In particular it:

- Maintains a database of potentially contaminated sites;
- Promotes the assessment and remediation of significantly contaminated sites; and
- Promotes the availability of contaminated sites information through the LIM and PIM systems by providing information to the district councils on potentially contaminated sites, related site assessments and remediation.

Land and biodiversity

Promoting the use of sustainable land management practices is an important council activity. Sustainable land management helps to buffer the whole regional economy against climatic events, such as floods and droughts, and product-price fluctuations, whilst assisting to maintain and enhance the environment of the Northland region. Sustainable land management practices minimise the offsite effects of primary production, helping to protect water quality, coastal environments, soil health and also to maintain and enhance biodiversity.

Our goals in this area are to increase the amount of erosion control work completed in the priority areas, reduce sedimentation, maintain productivity and contribute to improved water quality. The council is concentrating on the following interrelated priorities:

- Water quality - nutrient/sediment management, the Soil Conservation and Sediment/Erosion Control programme, the Dairying and Clean Stream Accord and regional implementation plan, and using natural processes and techniques such as wetlands and planting along the river margins and banks to enhance water quality.
- Biodiversity - wetland (Top Wetland project) and lake enhancement along with better ways of monitoring whether our activities are achieving the goals we seek (as opposed to monitoring the amount of activity we do).
- Soil conservation - conservation, erosion prevention and control and the tree planting of non-productive or at risk land including investigating carbon farming options.
- For coastal environments - management of vehicles on beaches; the CoastCare programme and the protection and enhancement of coastal dunes for erosion control; estuary and land-interface management.

To achieve its goals council works with primary sector interest groups, community groups and land owners to optimise the promotion of sustainable land management activities and our land and biodiversity advisors often have an educational role and act as change agents with individuals and within the wider community. The council's Environment Fund is used as an economic incentive for the implementation of sustainable land management practices, by providing funding assistance to landowners for implementing works that result in sustainable land management outcomes. The fund is targeted to supporting activities within the priority resource areas.

Biosecurity

Harmful pests threaten our forests, waterways and marine life, putting our health, culture and regional economy at risk. The council works with other agencies and communities to control pests, remove others and identify new pests before they can have an impact. The method of pest control depends on the severity of the problem. Some pests are so well established they are unable to be eradicated; however, where the infestation is caught early we can aim to remove the pest altogether or keep it isolated to certain areas. The council works with landowners to target regional pest plants and animals and helps the rural economy by controlling introductions of wild animals which could introduce diseases like bovine tuberculosis.

Pest management includes the development, review and implementation of management strategies aimed at reducing or preventing the unwanted damage of pests and ensuring Northlanders are informed and active in pest management. To achieve this, council:

- Undertakes control or eradication of certain species;
- Undertakes surveys of pest populations;
- Prepares plans for pest control ;
- Liaises and collaborates with other pest management agencies such as the Department of Conservation, the Ministry of Agriculture and Forestry, Biosecurity New Zealand and research organisations such as Landcare research, NIWA and universities;
- Educates and works with community groups to encourage participation in pest control programmes in their local areas; and
- Develops smarter, more cost effective control tools such as biological control agents, in collaboration with other agencies and research agencies.

The council's Environment Fund provides a funding stream to assist landowners protecting high value private forest from pest animals (possum, rats, mustelids and cats). We now have 36 Community Pest Control Areas established where neighbours and communities have banded together to control pests within a particular site. These represent more than 800 owners and cover 32,675 hectares of private land involving individuals, community trusts and Māori shareholder land. The scheme requires a signed management agreement between the council and landowners in which the council agrees to the initial knock-down of pests and subsidises a share of the maintenance costs over five years. After the first year the landowners/communities accept an increasing share of the control costs so that by year six the community is maintaining the project using its own resources.

Both funding streams are incentives to get the community and private landowners involved in pest management as council resources alone cannot battle the problem in a sustainable manner.

WHY WE PROVIDE RESOURCE MANAGEMENT

In summary, Northland's resources are the building blocks for the well-being of Northland and Northlanders. Northland's economy is largely base on primary industry, with well over half the region's land devoted to farming, along with extensive exotic forestry and horticultural land uses. Our natural and physical resources are a large part of who we are and what makes Northland special and their wise management generates opportunities for Northlanders.

The regional planning documents and the processes used to develop them provide the basis for the long term management of the region's natural and physical resources to achieve the maximum benefits possible, minimise conflict and allocate resources efficiently while ensuring environmental bottom lines, and the needs and values of Northlanders are met.

A regional approach is necessary to ensure that Northland's significant resource management issues are tackled in an integrated, coordinated, comprehensive, cost effective and forward looking manner. The council's consenting, monitoring, biosecurity, and land and biodiversity functions deliver the plans and measure our progress against the intended results.

The council has statutory responsibilities to deliver these functions under the Resource Management Act 1991, the Soil Conservation and Rivers Control Act 1941; the Biosecurity Act 1993, the Hazardous Substances and New Organism Act 1996, national policy statements and national environmental standards.

HOW RESOURCE MANAGEMENT CONTRIBUTES TO THE COUNCIL OBJECTIVES

Our resource management activity contributes to the following council objectives:

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

The development of the new Regional Policy Statement, implementing national policy, such as the Freshwater National Policy Statement (and for example delivering its objectives around maintaining and improving the region's water quality) and the New Zealand Coastal Policy Statement our consenting, monitoring and reporting, our land and biodiversity and our biosecurity work all contribute to the quality of our environment and our understanding of it.

We are working with Northland's district councils on identifying and managing Northland's special places, mapping its high and outstanding natural character areas (in the coastal environment) and its outstanding natural landscapes and features.

We are committed to ensuring our processes and procedures create a business friendly environment and will review them regularly for opportunities for improvement. We will work with the business community to identify critical consent process improvements required within the council and how best to implement them within the legislative framework we must work within. Where these opportunities require changes to our planning documents these will occur where possible with other plan changes, in a timely and cost effective manner, making the most of planned consultation with our communities. This complements the work council does feeding lessons learnt in the consenting process through to its strategy, planning and policy work.

Through the development of our regional plans we engage with a wide sector of the community which raises the awareness of Northland's unique features and heritage. The biosecurity, monitoring and land and biodiversity departments are active across Northland with communities at promoting sustainable land management practices; pest control practices and an appreciation of Northland's environment.

There are no **significant negative effects** on well-being from the Resource management activity at the regional level, although the effects on individuals may be significant to them. Effects on community well-being are assessed during the development and reviews of the council's major planning documents, and for individual resource consent applications. The overall objective of this activity is to achieve the sustainable management of the region's natural and physical resources which means striking the right balance between the use, development, and protection of resources for the benefit of current generations and future generations. There are costs and benefits in attempting to do this and they are explicitly factored into the goals and the management approaches chosen.

KEY ISSUES FOR CONSULTATION

Freshwater National Policy Statement implementation programme
Full details of the proposed programme are on pages 41-44 with a summary on page 14.

Reduced monitoring services
Full details of the changes to monitoring services are on page 23.

Increased resourcing for biosecurity
Full details of the proposed increase in resourcing for biosecurity programmes are on page 23.

PROJECTS

New Regional Policy Statement
We are developing a new Regional Policy Statement for Northland. This is important because:

- The new Regional Policy Statement provides an overview of the region's significant resource management issues and sets out how they will be managed. It will focus the efforts of council, and others, in resource management.
- Regional and District Plans must "give effect" to its management approaches. (Ensuring we all have common objectives and consistent policies for managing Northland's resources and that they are managed in an integrated way.)
- Resource consent decisions across Northland must have regard to the Regional Policy Statement - so it could directly affect what you want to do or protect in the future in Northland.

Council started this process in 2010 because reviews of Northland's current Regional Policy Statement showed us that a lot had changed since the 1990s, when we started developing the current one. For example:

- The law has changed. The direction of any new Regional Policy Statement will now have greater influence on regional and district plans and we are required to integrate infrastructure with land use.
- There is increased regional emphasis on the economic and social well-being of people in Northland.
- New or more significant challenges, such as climate change, water and integrated infrastructure, are required to be addressed as a matter of priority.
- Co-governance and shared management with Māori has evolved.
- We have a much better understanding of the pressures on our environment, how our economy works, patterns of development, and how the natural and social systems inter-relate.
- We also saw some shortcomings in the scope of issues identified in the current Regional Policy Statement, the options we chose and the resources we had available to do the job. As a result, we decided that we need to write a new Regional Policy Statement.

Early work developing the new Regional Policy Statement has identified the regionally significant issues for tangata whenua. Key resource issues identified so far include:

- Water (both its quality and availability);
- Ecosystems (communities of plants and animals that live and interact in the same area);
- The best use of resources for Northland's economic well-being;
- Our built environment and infrastructure;
- Natural hazards and their risks;
- Northland's outstanding features, landscapes, natural character and historic heritage.

Currently the council is analysing the feedback we received on our working draft new Regional Policy Statement, which included the issues described above and was widely circulated, with a view to refining its content for formal statutory consultation during 2012. The council is committed to a collaborative process that inspires fresh thinking about options to manage our resource and development activities. Things will change and improve as we further develop the new Regional Policy Statement, which will occur over the first half of this plan.

National policy direction – national policy statements and environmental standards
Alongside our work delivering the Freshwater National Policy Statement we will also review and make changes to the relevant regional plans and the Regional Policy Statement to give effect to other national policy statements and environmental standards such as the New Zealand Coastal Policy Statement.

Soil Conservation and Sediment-Erosion Control
Over the next three years the council intends to further support and promote soil conservation and sediment-erosion control initiatives through a programme of works that involves collaboration with landowners and industry. We propose to target clusters of erosion prone land within catchments and collaborate with land owners in the implementation of soil conservation resources in priority areas. The objectives of this approach are to increase the amount of erosion control work completed in the priority areas, reduce sedimentation, maintain productivity and contribute to improved water quality.

Top Wetlands Strategy
The council will progress with phases two and three of the Top Wetlands Strategy project, which aims to work with interested landowners to maintain and enhance their wetlands on a priority basis. Phase one identified 355 of Northland's best wetlands ranking them into groups of the best wetlands by region, ecological district and wetland type. From this list, the owners of the 153 best wetlands will be contacted, explaining the intentions of the project and providing information specific to their wetland.

Phase Two of the project is to develop generic care standards for the different wetland types which can be used as a template when developing individual wetland restoration plans. These standards will be described in a Wetlands Strategy for Northland. The Strategy will set out time bound objectives and options for wetland care, recovery and monitoring and will link in with council plans as well as national priorities. Phase Three of the project involves implementation and monitoring. The council intends to work with landowners of Top Wetlands to address the needs of their wetland by offering advice, encouragement and funding support for works that will protect or enhance their wetland.

Marine protected areas
The council is working with others on the potential to establish (or similar) a marine protected area for Northland's east coast. Preliminary investigations acknowledge the potential value of a (national) marine park or something similar could offer the region, and the importance of protecting and promoting iconic sites and activities in the proposed park area. The marine park proposal is also in keeping with the council's desire to manage the region's natural resources for community benefit and realise economic benefit. This proposal is not purely a protection proposal, but includes potential for economic as well as social activities to occur. There is also an opportunity for iwi engagement and collaboration.

Within this draft Long Term Plan a budget of $25,000 has been provided for each of the first three years to progress business case investigations for the east coast proposal and other opportunities to improve the management of the marine environment. The council has also written to central government to support the government's Marine Protected Areas policy implementation in Northland.

Lakes Strategy
Council is developing and will implement a regional strategy for the management of Northland's unique lakes based on a broader range and depth of research than has previously been undertaken. This work will combine management of water quality, biodiversity values and biosecurity of Northland lakes and land use in their catchments, both surface and groundwater.
Northland has over 400 freshwater lakes, many of which are coastal dune lakes. Other lake types include volcanic lakes, those created by lava flows damming streams and a small number of man-made lakes. Dune lakes, the most common lake type in Northland only occur in five places in the world. Northland has the highest number of dune lakes both nationally and internationally, including a full range of lake types, but understanding about the functioning and value of these lakes is currently limited.

The final lake management strategy will include an assessment of the environmental, economic, social and cultural values and the threats to those values. This will enable the strategy and subsequent management actions to contribute to council objectives and other policies and plans such as the Regional Water and Soil Plan, Regional Policy Statement and National Policy Statement for Freshwater Management. All aspects of the development of the strategy will be undertaken in collaboration between council, research providers, the Department of Conservation, district councils and Māori.

Internal business improvement
Council is at the forefront of some of the most challenging issues for Northland. The decisions it makes directly influence Northland's well-being and have far-reaching economic, environmental, social and cultural implications, not just today but for generations to come. Over the lifetime of this plan, council will continually review its policy and planning processes to ensure that decision making is based on good advice, which is informed by a range of stakeholders and interests, skills and expertise, mindful of the contexts in which we and Northland operates, with relevant criteria for judging options. We know that to get the good advice we need the right processes, systems, frameworks and culture and that this is an ongoing process of improvement and refinement. These internal improvements and projects are therefore cross-organisational.

We want to develop monitoring and targets that lead to better outcomes, that are more indicative of Northland's well-being, and which can be attributed to our actions and the actions of those around us. We will investigate and develop a suite of sustainability measures – measuring what truly matters to Northlanders. This will go wider than gross domestic product and the environmental monitoring results reflected in this plan and will take into account cultural, social and environmental costs and benefits as well as the benefits of a growing economy.

The way we implement our decisions is also important. We will work with the business community to identify critical consent process improvements required within the council and how best to carry them out. We will continue to work with our partners on the ground, the individuals and their representative organisations, to share knowledge, develop management approaches and to improve resource management performance in Northland.

HOW WE MEASURE OUR PERFORMANCE

The council has a specific committee, the Regional Policy and Development Committee, to oversee the development of the new draft Regional Policy Statement. The committee includes members from the three district councils in the region.

The council's Environment Management Committee receives regular project updates on the activities within the monitoring, biosecurity and land and biodiversity activities and oversees the development and review of the Regional Pest Management Strategy.

Every five years the council produces the State of the Environment Report for the region which collates information on the health of our region's natural and physical resources and helps us to review what is happening in our environment, why it is happening and what we are doing about it.

The council's Audit and Finance Committee receives quarterly reports for spending against budgets and the performance against the following major measures and targets for the Resource management group of activities; these are also captured in the council's Annual Report.

Timeframes for performance targets
Unless timeframes are stated all the performance targets apply for the 10 years of the plan.

Level of service	Why it is important	Performance measure	Performance target	Baseline
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/hapu.	2010/2011 Contracts - 2 Joint management agreements – 0 Joint decision making and planning arrangements – 0 Monitoring programmes – 2 (Biosecurity (CPCA) and Monitoring (Aurere Estuary).
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 five annually.	2010/2011 - 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. Shellfish collection is safe in open coastal areas.	The compliance rates for meeting the Suitability for Recreation Grade (SFRG) is maintained or improved based on the 20 core bathing sites monitored for trends. Levels of indicator bacteria in open coastal waters at 15 popular shell fish collections sites is maintained or improved.	Refer below for the 20 core bathing sites results. New measure – the 2012/13 measurements will act as the baseline for future reporting.
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.	Refer below for the 10 representative river network sites with their associated median macroinvertebrate community index scores.

Level of service	Why it is important	Performance measure	Performance target	Baseline
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
Efficient and effective compliance monitoring of resource consents.	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 year – 60 2011/12 year – 45 Inspections for the 2011/12 year have already been completed.
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 year – 100%
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 year – 90%
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 year – 75%
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.

Level of service	Why it is important	Performance measure	Performance target	Baseline
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.	At least 98% of all applications are processed within the statutory timeframes with bore permits processed within 5 working days (shorter than statutory timeframe).	2010/11: 99.5% 2009/10: 98.8% 2008/09: 98.6% 2007/08: 98.1% 2006/07: 98.3% 2005/06: 98.4%

These measures were selected as the major aspects for Resource Management after considering the level of risk either posed by the council's activities or the risk that these activities are intended to minimise; the importance of the activities as rated by residents in the past (from submissions, community surveys, feedback to officers, the Environmental Hotline, presentations to council meetings); the government's policy direction and the council's objectives.

Bathing sites - Suitability for Recreation Grade (SFRG)
The Suitability for Recreation Grade (SFRG) is calculated by combining the Microbiological Assessment Category (MAC) – a review of the water quality data available for a site – and the Sanitary Inspection Category (SIC) – a review of potential and actual sources of contamination at a site.

Compliance rates for permanent bathing monitoring sites

Site Name	Site Number	% Compliance 2007-08	% Compliance 2009-10	% Compliance 2010-11
Opononi	106011	100	100	92
Taipa	105777	92	100	92
Paihia – Waitangi bridge	101183	92	100	75
Pahi – rocky groyne	102579	100	89	100
Tinopai – below shops	102310	100	100	100
Taurikura	101262	92	100	88
Matapouri – second bridge	100712	85	94	88
Church Bay	105448	100	100	94
Pacific Bay	108313	100	94	82
Pataua South – east of beach	104986	92	100	94
Onerahi – play ground	101600	100	94	88
Ruakaka – by motor camp	108314	100	94	88
Lang's beach – mid beach	108318	100	100	94
Teal Bay	101331	92	100	100
Waipu Cove	108316	100	94	94
Kerikeri – Stone Store	101530	77	72	67
Waipoua River	108613	85	83	92
Waipapa River – Puketi	103248	92	100	100
Lake Waro – Hikurangi	107272	100	100	82
Raumanga Stream	103246	54	100	82

River water quality – Macroinvertebrate Community Index (MCI)
Stream macroinvertebrates are an ideal indicator of stream health and are monitored annually at each river network site. The quantity and types of macroinvertebrates (e.g. mayflies, caddisflies, true flies, snails) present within a stream reflects the environment over their life cycle (of at least a year or more) as macroinvertebrates do not move great distances, and are more or less confined to the area of stream being sampled. The macroinvertebrate community of a stream lives with the stresses and changes that occur in the aquatic environment, whatever their cause, including those that are due to human activities (such as nutrient enrichment from diffuse and point-source discharges) as well as natural events such as floods and droughts.

The higher the macroinvertebrate community index (MCI) result the better the condition of the stream. A score of 120 or greater indicates 'clean water', scores between 100 and 119 indicate 'possible mild pollution', scores between 80 and 99 indicate 'probable moderate pollution', and scores lower than 80 are considered as having 'probable severe pollution'.

MCI median results for 10 representative river network sites

River network site	MCI median	Period
Waipoua at SH12	129.01	2004-2011
Victoria at Thompsons Bridge	116.08	1997-2011
Waiarohia at Whau Valley	101.37	1997-2011
Opouteke at suspension bridge	94.25	1997-2011
Punakitere at Taheke	99.26	2001-2011
Whakapara at cableway	94.06	1997-2011
Kaihū at gorge	87.49	2004-2011
Mangere at Knight Rd Bridge	80.40	1997-2011
Manganui at Mitaitai Rd	70.21	2001-2011
Waitangi at Watea	56.55	1997-2011

ASSUMPTIONS SPECIFIC TO RESOURCE MANAGEMENT

Future government policy in the form of **national policy statements and environmental standards** will not result in significant unforeseen cost implications. The council has not allowed for any additional expenses in the plan for additional expenses associated with implementing future government policy statements or standards. While the likelihood of further government direction is reasonable the government generally provides lead in time to allow financial planning and the scale of costs to regional councils are reasonably low; easily catered for in an Annual Plan budget process. The costs of implementing environmental standards are typically recovered through consent processes.

The current **transfer of functions** to/from other councils will continue for the term of the plan for:

- Building consent processing for dams (to Waikato Regional Council).
- Northland Regional Council processing land use consents for dams and structures adjoining the coastal marine area within the Far North district; and
- Far North District Council processing.
- Coastal permits for the sale of liquor within the coastal marine area of the Far North district.
- Discharge permits for on-site wastewater consents within the Far North district.
- Land use consents for minor structures adjoining the coastal marine area within the Far North district.

The budgets associated with the transfer of functions listed above reflect the historic costs associated with the transfer of functions; there are no increases or decreases associated with them. Should these contracts be terminated, then the council would be required to become a Building Consent Authority (estimated to cost $50,000) or negotiate with another district council for these services. Additional staffing resources would be required to fulfil the consenting responsibilities if the council became a Building Control Authority; these would typically be recovered through consent processes.

Commitments to the **collaborative arrangements for the community pest control areas** will be met over the life of the plan and council will only establish up to five new arrangements annually. The expenditure for community pest control areas will remain within the annual budget of $250,000. The first year contribution from the council for an additional community pest control area programme is estimated at less than $10,000.

Northland remains **free of bovine tuberculosis** (TB) for the life of the plan. No allowance has been made in the plan for future Vector Control subsidies to the Animal Health Board for tuberculosis control.

LEVEL OF SERVICE CHANGE

No service levels were changed in the 2011-2012 financial year from the previous year or Long Term Plan. Minor levels of service are proposed to change in the Monitoring activity which are fully described in the Issues for consultation section on page 23.

FUNDING IMPACT STATEMENT FOR RESOURCE MANAGEMENT

Draft Prospective Funding Impact Statement for the 2012-2022 LTP, periods ending 30 June	Annual Plan 2011 -2012 $	Year 1 2012-2013 $	Year 2 2013-2014 $	Year 3 2014-2015 $	Year 4 2015-2016 $	Year 5 2016-2017 $
Sources of Operating Funding						
General rates, uniform annual general charges, rates penalties	6,905,149	7,670,249	8,187,105	8,896,602	9,726,314	10,529,225
Targeted rates (other than a targeted water rates)	-	-	-	-	-	-
Subsidies and grants for operating purposes	85,000	85,000	85,000	85,000	85,000	85,000
Fees, charges and targeted rates for water supply	2,501,237	2,538,168	2,619,389	2,703,210	2,795,119	2,892,948
Internal charges and overheads recovered	45,000	131,921	135,015	139,379	143,384	147,166
Local authorities fuel tax, fines, infringement fees and other receipts	2,000	2,000	2,064	2,130	2,202	2,280
Total Operating Funding	9,538,386	10,427,338	11,028,574	11,826,321	12,752,020	13,656,618
Applications of Operating Funding						
Payments to staff and suppliers	9,118,222	9,966,980	9,882,254	10,068,253	10,591,147	10,983,054
Finance costs	-	-	-	-	-	-
Internal charges and overheads applied	3,272,728	3,564,633	3,651,935	3,811,348	3,893,613	4,034,125
Other operating funding applications	-	-	-	-	-	-
Total Applications of Operating Funding	12,390,950	13,531,613	13,534,189	13,879,602	14,484,760	15,017,179
Surplus / (Deficit) of Operating Funding	(2,852,564)	(3,104,275)	(2,505,615)	(2,053,281)	(1,732,741)	(1,360,561)
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	74,833	105,200	14,861	29,182	66,515	456
to replace existing assets	57,200	55,500	74,221	61,026	53,740	51,860
Increase / (decrease) in reserves	-	-	-	-	-	-
Increase / (decrease) of investments	(2,984,597)	(3,264,975)	(2,594,697)	(2,143,488)	(1,852,996)	(1,412,876)
Total Applications of Capital Funding	(2,852,564)	(3,104,275)	(2,505,615)	(2,053,281)	(1,732,741)	(1,360,561)
Surplus / (Deficit) of Capital Funding	2,852,564	3,104,275	2,505,615	2,053,281	1,732,741	1,360,561
Funding Balance	-	-	-	-	-	-

Year 6 2017-2018 $	Year 7 2018-2019 $	Year 8 2019-2020 $	Year 9 2020-2021 $	Year 10 2021-2022 $	Draft Prospective Funding Impact Statement for the 2012-2022 LTP, periods ending 30 June
					Sources of Operating Funding
11,308,988	12,105,469	12,815,713	13,710,949	14,387,470	General rates, uniform annual general charges, rates penalties
-	-	-	-	-	Targeted rates (other than a targeted water rates)
85,000	85,000	85,000	85,000	85,000	Subsidies and grants for operating purposes
2,991,308	3,090,022	3,191,992	3,306,904	3,422,646	Fees, charges and targeted rates for water supply
151,843	155,615	160,072	165,617	169,829	Internal charges and overheads recovered
2,357	2,435	2,515	2,606	2,697	Local authorities fuel tax, fines, infringement fees and other receipts
14,539,496	15,438,540	16,255,292	17,271,076	18,067,642	Total Operating Funding
					Applications of Operating Funding
11,214,964	11,571,485	11,616,788	12,080,484	12,359,813	Payments to staff and suppliers
-	-	-	-	-	Finance costs
4,206,244	4,275,563	4,404,609	4,608,445	4,680,913	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
15,421,208	15,847,048	16,021,397	16,688,930	17,040,727	Total Applications of Operating Funding
(881,712)	(408,507)	233,895	582,146	1,026,915	Surplus / (Deficit) of Operating Funding
					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
471	487	503	521	539	to improve levels of service
57,748	55,393	136,449	63,841	61,355	to replace existing assets
-	-	-	-	-	Increase / (decrease) in reserves
(939,931)	(464,387)	96,943	517,785	965,020	Increase / (decrease) of investments
(881,712)	(408,507)	233,895	582,146	1,026,915	Total Applications of Capital Funding
881,712	408,507	(233,895)	(582,146)	(1,026,915)	Surplus / (Deficit) of Capital Funding
-	-	-	-	-	Funding Balance

River Management

The River management group of activities only includes River management and is considered to be the mandatory activity called "Flood protection and control works" under the Local Government Act 2002.

ABOUT RIVER MANAGEMENT

River management began with the development and implementation of flood risk reduction plans for the 27 priority rivers (or groups of streams) in Northland. In 2010 the council completed river management plans for each of these rivers/groups of streams and the ongoing development and implementation of these flood risk reduction plans is now the primary focus of the river management activity. The council, in conjunction with local river management liaison committees, undertakes the development, implementation and maintenance of flood control works and assets.

The river management works include:

- Channel and floodplain maintenance works, such as the removal of accumulated sediment and vegetation from rivers and floodplains, both for flood schemes and minor works on a priority basis.
- Asset management and the maintenance of existing flood scheme capital assets, such as floodgates and stopbanks on the Awanui River Scheme.
- Construction of new flood scheme control works, such as stopbanks.

The design of appropriate flood control works requires river flow data and computer hydraulic modelling systems. The council has rain and river automatic recorders to measure the performance of river works.

The 27 rivers that were identified as carrying the highest levels of flood risk are (in alphabetical order not priority order):

Awanui	Awapokonui (Pakanae)	Awaroa-Rotokakahi and Pawarenga Streams
Hātea	Helena Bay River	Kaeo
Kaihū	Kawakawa	Matangirau
Ngunguru	Otaika	Panguru
Pupuke	Ruakaka	Taupo River
Tauranga River	Waiarohia-Raumanga	Waihou (Panguru)
Waihou (Rahiri-Rangiahua)	Waimä and Punakitere-Otaua	Waimamaku
Waipapa-Kerikeri	Wairau (Maungaturoto)	Waitangi
Whāngārei Heads streams	Whangaroa Streams (Totara North, Te Ngaere, Wainui and Mahineapua)	Whirinaki

Six river management liaison committees have been established for the Awanui, Kaihū, Kerikeri-Waipapa, Waitangi, Kaeo River-Whangaroa Streams (Kaeo, Pupuke, Tauranga River, Whangaroa Streams, Taupo River and Matangirau) and Urban Whāngārei Rivers (Hātea and Waiarohia-Raumanga). The committees provide a stakeholder forum for participation in the management of flood risk reduction in the river catchment areas, and assist the council to develop and refine river management plans and the review/implementation of measures to reduce flood risk.

WHY WE PROVIDE RIVER MANAGEMENT

River flooding provides the highest natural hazard risk to the Northland region because of the extensive development on floodplains and the region's exposure to high intensity rainfall events. Flooding threatens human life, disrupts communications and access, damages property and infrastructure including the productivity of farmland. The regional council delivers flood protection and control works to reduce the risks associated with river flooding and erosion to protect human life and maximise the region's productivity. The community has shown their support for this activity through requests for river maintenance and through membership on the river management liaison committees. The Kaihū and Awanui river management schemes were transferred to the regional council from the district councils because river management was considered a function of regional councils.

HOW RIVER MANAGEMENT CONTRIBUTES TO COUNCIL OBJECTIVES

The river management activity contributes to the following council objectives:

- Facilitate those infrastructural improvements that connect people in Northland and improve our links to the outside world.
- Encourage the sustainable use of our environment in ways that will progress our collective quality of living.

The proposed programme of river management works includes infrastructural improvements that are intended to improve our access around our region in times of flooding. The river maintenance and new river works are managed with sustainability of the environment as a primary objective. Examples include the extraction of gravel providing a local resource while reducing flood risk and in some cases reducing bank erosion; and enabling increased opportunities for land use.

There are no **significant negative effects** on well-being from the River Management activity. When new river works are being assessed any significant negative effects are addressed in the design or the works are not approved (as in the recent case of the Kaihū River flood management scheme). This could include a change in the distribution of floodwaters affecting landowners differently from in the past; the economic effects on ratepayers from the implementation of a new targeted rate; the increase in sediment to harbours and estuaries from a more efficient river system and/or works required near or on land that has cultural significance.

KEY ISSUES FOR CONSULTATION

The key issues for consultation include the following capital works projects:

- Whāngārei detention dam proposal.
- Kerikeri-Waipapa flood reduction proposal and maintenance works (including a new rate).
- Kaeo Stage 2 proposal.

Details of these projects, with the associated options and rating impact can be found in the "Issues for consultation" section on pages 15-19. Details of the outcomes of the Kaihū river works investigations are also explained.

HOW WE MEASURE OUR PERFORMANCE

The council has regular meetings with the local river management liaison committees that have been established and reports to them on progress with design works, new capital river works and maintenance works. The council's Environment Management Committee also receives regular project updates and provides oversight for setting up new liaison committees as new priority plans are worked on. The council's Audit and Finance Committee receives quarterly reports for spending against budgets and the performance against the following major measures and targets for the River Management group of activities; these are also captured in the council's Annual Report.

Timeframes for performance targets

Unless timeframes are stated all the performance targets apply for the 10 years of the plan.

Level of service	Why it is important	Performance measure	Performance target	Baseline performance
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
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

These measures were selected as the major aspects for the River Management group of activities after considering the level of risk either posed by the council's activities or the risk that these activities are intended to minimise; the importance of the activities as rated by residents in the past (from submissions, community surveys, feedback to officers, the Environmental Hotline, presentations to council meetings); the government's policy direction and the council's objectives.

ASSUMPTIONS SPECIFIC TO RIVER MANAGEMENT

Climate change will match the Ministry for Environment's climate change predictions, which are based on recommendations from the International Panel on Climate Change (IPCC). Capital works budgets within this plan include an allowance to accommodate climate change impacts. The likelihood of climate impacts being under assessed is considered to be medium with low financial impact. Variations to long term budget forecasts and levels of service will be required and will be addressed by subsequent long term plans. The Ministry for Environment's guidelines on climate change, the Awanui River Scheme Asset Management Plan and the priority rivers project hydraulic modelling results were all utilised in developing this assumption and the impacts.

The replacement of the Rust Avenue bridge in Whāngārei (part of Stage One of the Whāngārei Urban Rivers works) will only proceed with **funding contributions** from the Whāngārei District Council and New Zealand Transport Agency.

The 24 **resource consents** (comprised of 80 sub type authorisations) held for river management will continue to provide authorisation for activities and new resource consents will be obtained where required for new activities allowing the capital works programme to be implemented within budgets. There is a low risk that resource consents will expire and not be renewed or applications for new activities or consent renewals are declined. Additional works may be required to obtain the necessary resource consent; incurring more expense. Further consultation would be undertaken if the costs became significantly different from the original projections.

LEVEL OF SERVICE CHANGE

Changes in prior year – 2011/12

A new Whängärei Urban River Management Rate was established for 2011-12 to fund Stage One of the CBD Flood Scheme. The works budget was $681,697 and included maintenance of the existing river channels and bridges with the replacement of the Rust Avenue Bridge. The works will be funded through a differentiated uniform annual charge as follows (refer to maps on page 16 for areas):

- Commercial properties in the CBD flood area will pay $247.83 (including GST).
- Residential properties in the CBD flood area will pay $94.19 (including GST).
- Properties in the contributing water catchment area will pay $33.21 (including GST).

A new Kaeo-Whangaroa River Management Rate was established to fund Stage One of the Kaeo flood scheme works valued at $637,577 (including GST). The works proposed for Stage One involved constructing a stopbank immediately east of the Kaeo township; raising State Highway 10 east of the police station; constructing a deflection bank near the cemetery and installing a river bypass spillway near the school stopbank. The works have been altered to enable Ministry of Education funding to be utilised; details are on pages 18-19. The new rate was $74.53 (including GST) for all ratepayers in the former Whangaroa Ward and involved repayment of the works over a seven year period and included the river maintenance works in the area.

Changes in this plan

Changes for the Awanui River flood management scheme are fully described in the next section under Asset information. Proposed capital improvements for Whāngārei, Kerikeri-Waipapa and Kaeo-Whangaroa will lower the flood risk to those communities. The proposed projects are fully described under the Issues for consultation section of the plan.

ASSET INFORMATION

The council currently has river management assets (stopbanks and floodgates) on the Awanui River and has applied for resource consents to build stopbanks in the Kaeo area. The Awanui River assets are proposed to be defined as council strategic assets in the council's new Significance Policy within this draft Long Term Plan. The Awanui river scheme assets have been added as an strategic council asset as the community would be disadvantaged significantly if those assets were not maintained and renewed. As more river schemes assets are built they will be considered for inclusion as strategic assets.

The key objectives of the Awanui River Flood Management Scheme, and respective levels of service currently provided by the council are:

Objective 1: Urban flood risk reduction

- To reduce river flood risk to buildings and people in urban Kaitāia and Awanui to an agreed standard as determined through consultation with the Awanui River Management Liaison Committee (herein after referred to as the Liaison Committee) and the public.

Level of service for Objective 1: Urban flood risk reduction

- Provide information (by an effective hydraulic model) on flood risk and options to reduce flood risk, including cost, to enable the Liaison Committee to agree a standard of risk reduction.
- Implement risk reduction measures in accordance with the standard agreed by the Liaison Committee.
- Update Asset Management Plan to include agreed standard and implement changes through the Long Term Plan in accordance with the programme agreed in consultation with the Liaison Committee.
- Undertake maintenance of the river channels and renewals of scheme assets in accordance with the river maintenance schedule agreed in consultation with the Liaison Committee.

Objective 2: Rural flood risk reduction

- To reduce river flood risk that results in the loss of agricultural production and infrastructure on the floodplain of the Awanui River and its tributaries (with the exclusion of designated ponding areas, which include Lake Tarawhataroa and areas excluded from the targeted rate on this basis) to an agreed standard as determined through consultation with the Liaison Committee and the public.

Level of service for Objective 2: Rural flood risk reduction

- Maintain rural stop banks
- Maintain floodgate outlets to a standard that excludes pasture damaging flooding
- Condition assessment inspections and preventative maintenance of floodgate outlets are undertaken annually and the asset register updated.
- Undertake maintenance of the river channels in accordance with the river maintenance schedule agreed in consultation with the Liaison Committee.

Objective 3: Coastal flood risk reduction

- To reduce the incidence of flooding by sea water on low-lying and reclaimed land around the southern shores of Rangaunu Harbour.

Level of service for Objective 3: Coastal flood risk reduction

- Maintain coastal stop banks.
- Maintain floodgate outlets to a standard that excludes pasture damaging flooding.
- Condition assessment inspection and preventative maintenance of floodgate outlets undertaken annually and asset register updated.
- Undertake maintenance of the river channels in accordance with the river maintenance schedule agreed in consultation with the Liaison Committee

Objective 4: Soil conservation

- Implementation of soil conservation measures on identified erosion prone land to reduce sedimentation and the costs of maintaining the channels; and

Level of service for Objective 4: Soil conservation

- Complete mapping and assessment of the catchment to identify erosion prone land and determine priorities for soil conservation implementation.
- Utilise the Northland Regional Council's Environment Fund to assist land owners implement soil conservation measures within identified priorities.

Desired level of service

The key difference between the existing levels of service and desired levels of service relate to the capacity of assets. Currently the design standard of the scheme stop bank assets is not accurately known or defined. Work is underway to define the design standard via hydraulic modelling to assess the current capacity of the assets and hence the as-built design standard. This work will enable the council and stakeholders to assess the risk and cost benefit of management options for the future. The gaps between the existing and desired levels of service will be progressively closed over time through the progression of the hydraulic modelling and capital improvement projects that aim to progressively improve on the delivery of levels of service.

The desired levels of service, where different from existing levels of service are:

Objective 1: Urban flood risk reduction
- To reduce river flood risk to buildings and people in urban Kaitāia and Awanui to a 1% annual exceedance probability (AEP) flood (100 year flood) design standard.

Level of service for Objective 1: Urban flood risk reduction
- Flood scheme assets are designed and maintained to provide river flood protection to a 1% AEP flood (100 year flood) design standard.

Objective 2: Rural flood risk reduction
- To reduce river flood risk that results in the loss of agricultural production and infrastructure on the floodplain of the Awanui River and its tributaries (with the exclusion of designated ponding areas, which include Lake Tarawhataroa and areas excluded from the targeted rate on this basis), that is, reduce the frequency of pasture damaging floods (which is no more than 72 hours duration of ponding) to a 5% AEP flood (20 year flood) design standard.

Level of service for Objective 2: Rural flood risk reduction
- Confirm via comparison of stopbank survey levels and 5% AEP flood levels (via hydraulic model long sections) the adequacy of the stopbanks in providing protection for up to a 5% AEP flood (20 year).
- Maintain rural stop banks to a design standard that provides protection for up to a 5% AEP flood (20 year).
- Maintain floodgate outlets to a standard that excludes pasture damaging flooding for up to a 5% AEP flood (20 year).

Objective 3: Coastal flood risk reduction
- To reduce the incidence of flooding by sea water on low-lying and reclaimed land around the southern shores of Rangaunu Harbour to a 5% AEP flood (20 year).

Level of service for Objective 3: Coastal flood risk reduction
- Maintain coastal stop banks to a design standard that provides protection for up to a 5% AEP flood (20 year).
- Maintain floodgate outlets to a standard that excludes pasture damaging flooding for up to a 5% AEP flood (20 year).

The Awanui River management assets are provided and maintained to meet the level of service identified above. The proposed capital improvement programme includes a project to increase the discharge capacity through the Waihoe Channel through the installation of a further outlet and/or floodgates near the existing Waihoe floodgates during 2012/13 at a cost of $100,000. This upgrade will assist to reduce the duration of impoundment of floodwaters in the Lake Tangonge storage area, which will have benefits for the productive values of the land in this area and also the quality of the water discharged back into the Awanui River. Further work is planned during 2012/13 to assess the effectiveness, feasibility and design of options to reduce flood risk to urban Kaitāia.

All maintenance budgets are included in the operational expenses of the council. New capital expenditure programmes and replacement capital expenditure programmes are included in the capital expenditure budgets. Further detail on the maintenance and capital programmes in relation to the Awanui River scheme assets may be obtained by reference to the asset management plan.

PROJECTS

Minor river works
In addition to river schemes, Northland Regional Council also proposes to undertake a programme of minor river works in a number of the Priority River catchments. The works typically involve gravel management, removal of debris, obtaining resource consents and working with the community and other stakeholders to implement works to reduce flood risk. Implementation of the programme will require collaboration with landowners, the local communities and other stakeholders. A draft programme of works has been identified, and this is expected to continue to evolve and change over time, pending outcomes from collaboration with landowners, the local communities and other stakeholders. The draft programme for the first three years of the Long Term Plan is summarised below:

2012/13

- Waima maintenance assistance.
- Panguru and Lower Waihou maintenance assistance.
- Pawarenga Streams maintenance assistance.
- Whirinaki maintenance assistance.
- Waihou maintenance assistance.
- Kawakawa township stopbank resource consent.
- Works to reduce flood risk to Otiria and Moerewa including resource consents.
- Waitangi maintenance assistance.
- Awapokonui maintenance assistance.
- Contingencies and critical debris removal.

2013/14

- Waima resource consents for alluvial fan bunded floodway and maintenance assistance.
- Panguru and Lower Waihou maintenance assistance.
- Pawarenga Streams maintenance assistance.
- Whirinaki maintenance assistance.
- Waihou maintenance assistance.
- Ngunguru gravel management.
- Contribution towards Kawakawa township stopbank construction.
- Waitangi maintenance assistance.
- Awapokonui maintenance assistance.
- Otaika lower river willow removal and lower floodplain overflow channel including resource consent.
- Helena Bay debris/gravel removal.
- Waimamaku maintenance assistance.

2014/15

- Contribution towards Waima bunded floodway construction (earth bunds/poplar barriers).
- Panguru and Lower Waihou maintenance assistance.
- Pawarenga Streams maintenance assistance.
- Whirinaki floodway resource consents.
- Waihou maintenance assistance.
- Waitangi maintenance assistance.
- Awapokonui channel approach realignment near SH12 bridge including resource consent.
- Otaika River lower river willow removal maintenance on regrowth.
- Helena Bay lower river improvements near Russell Road.
- Waimamaku maintenance assistance.
- Contingencies and critical debris removal.

Proposed capital improvement programme

2012/13	Awanui - upgrade of Waihoe floodgate.
2013/14	Whāngārei detention dam proposal.
2014/15	Kerikeri-Waipapa flood reduction proposal.
2015/16	Kaeo Stage 2 proposal.

Details of these proposed projects, with the associated options and rating impact can be found in the "Issues for consultation" section on pages 15-19.

FUNDING IMPACT STATEMENT FOR RIVER MANAGEMENT

Draft Prospective Funding Impact Statement for the 2012-2022 LTP, periods ending 30 June	Annual Plan 2011 - 2012 $	Year 1 2012-2013 $	Year 2 2013-2014 $	Year 3 2014-2015 $	Year 4 2015-2016 $	Year 5 2016-2017 $
Sources of Operating Funding						
General rates, uniform annual general charges, rates penalties	335,537	527,121	608,195	712,630	760,910	795,024
Targeted rates (other than a targeted water rates)	1,225,037	1,457,841	1,531,126	2,055,368	2,117,160	2,120,189
Subsidies and grants for operating purposes	-	144,195	-	-	-	-
Fees, charges and targeted rates for water supply	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-
Total Operating Funding	1,560,574	2,129,157	2,139,321	2,767,998	2,878,070	2,915,213
Applications of Operating Funding						
Payments to staff and suppliers	1,370,795	1,859,743	1,303,556	1,264,439	1,312,936	1,342,969
Finance costs	19,405	14,016	191,397	493,015	637,445	627,524
Internal charges and overheads applied	126,622	233,406	238,123	248,714	255,113	261,292
Other operating funding applications	-	-	-	-	-	-
Total Applications of Operating Funding	1,516,821	2,107,164	1,733,075	2,006,168	2,205,494	2,231,785
Surplus / (Deficit) of Operating Funding	43,753	21,992	406,245	761,830	672,576	683,429
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	554,415	799,785	6,876,728	5,992,890	608,542	-
to replace existing assets	-	53,405	52,805	58,409	58,409	59,093
Increase / (decrease) in reserves	81,456	(726,813)	(6,441,697)	(5,321,315)	(99,958)	487,364
Increase / (decrease) of investments	(592,118)	(104,385)	(81,591)	31,846	105,583	136,972
Total Applications of Capital Funding	43,753	21,992	406,245	761,830	672,576	683,429
Surplus / (Deficit) of Capital Funding	(43,753)	(21,992)	(406,245)	(761,830)	(672,576)	(683,429)
Funding Balance	-	-	-	-	-	-

Year 6 2017-2018 $	Year 7 2018-2019 $	Year 8 2019-2020 $	Year 9 2020-2021 $	Year 10 2021-2022 $	Draft Prospective Funding Impact Statement for the 2012-2022 LTP, periods ending 30 June
					Sources of Operating Funding
864,208	916,517	943,861	1,025,719	1,072,742	General rates, uniform annual general charges, rates penalties
2,123,236	2,126,293	2,129,451	2,133,010	2,136,595	Targeted rates (other than a targeted water rates)
-	-	-	-	-	Subsidies and grants for operating purposes
-	-	-	-	-	Fees, charges and targeted rates for water supply
-	-	-	-	-	Internal charges and overheads recovered
-	-	-	-	-	Local authorities fuel tax, fines, infringement fees and other receipts
2,987,444	3,042,810	3,073,312	3,158,730	3,209,337	Total Operating Funding
					Applications of Operating Funding
1,390,549	1,439,428	1,472,340	1,528,617	1,574,706	Payments to staff and suppliers
603,164	578,974	554,976	530,872	507,191	Finance costs
271,789	277,145	285,586	298,000	303,865	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
2,265,502	2,295,547	2,312,902	2,357,489	2,385,762	Total Applications of Operating Funding
721,942	747,263	760,410	801,241	823,575	Surplus / (Deficit) of Operating Funding
					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
-	3,165	-	-	3,506	to improve levels of service
63,653	63,653	63,653	69,300	70,109	to replace existing assets
484,153	480,185	482,537	474,355	473,543	Increase / (decrease) in reserves
174,136	200,259	214,220	257,586	276,417	Increase / (decrease) of investments
721,942	747,263	760,410	801,241	823,575	Total Applications of Capital Funding
(721,942)	(747,263)	(760,410)	(801,241)	(823,575)	Surplus / (Deficit) of Capital Funding
-	-	-	-	-	Funding Balance

Economic development

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

ABOUT ECONOMIC DEVELOPMENT

The economic development activities to be delivered from council's new council-controlled organisation or by the existing Enterprise Northland Trust include:

- Chasing economic development projects for the council (and others) to invest in (initially using the Investment and Growth Reserve).
- Helping put together business cases for economic development projects.
- Assessing economic development projects (and their business cases) for the council (and others) to invest in.
- Managing projects on behalf of the council.
- Directly assisting projects though business incubation, removing (some) risk (e.g. by getting resource consents, securing land, securing partners).
- Advising council on opportunities and barriers to economic development in Northland.
- Delivering the business grow and skills development service provision, funded by central government.
- Collaborate with industry sector groups; Māori development groups and support regional forums e.g. Northland Energy Forum, Digital Forum, rail project, oyster shell project.

The council will directly support economic development by:

- Embedding the provision for economic well-being 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.

In the council's previous Long Term Plan for 2009-2019 the council proposed to develop a Regional Growth Programme for Northland. The programme was to consider social, environmental and cultural factors alongside economic and growth opportunities. Once developed, it was anticipated that the council would work closely with its economic development agency, Enterprise Northland Trust and key stakeholders to implement, monitor and review the programme over time to ensure maximum effectiveness and advantage for Northlanders is achieved. The council has instead decided to focus on selected economic development projects and as part of the last Annual Plan has established the Northland Regional Council Investment and Growth Reserve to fund eligible projects. Within this draft Long Term Plan is the council's proposed criteria for funding projects from the new reserve. Please refer to pages 27-28 for full details of the proposed criteria.

The current and proposed roles and funding of the Northland Regional Council Community Trust, Enterprise Northland Trust and Destination Northland Limited along with further background are fully described on pages 29-36. In 1996, the council established the Northland Regional Council Community Trust from the proceeds of the sale of shares in the Northland Port Corporation Ltd. Trading as "Enterprise Northland", the Trust's mission is "to promote and encourage sustainable economic development for the benefit of the people of Northland". The Trust is a council-controlled organisation under the Local Government Act 2002, and operates on the basis of an annual Statement of Intent presented to the council each year. Destination Northland Limited is the regional tourism organisation and responsible for destination marketing – the promotion of, in our case Northland to potential domestic and international visitors. Since 2008 Destination Northland Limited has broadened its focus to the promotion of Northland as a place to work, invest and visit rather than having primarily a tourism focus. Destination Northland still has an important role to play in assisting Northland businesses and communities to maximise and manage the sustainable economic benefits of increased visitor numbers.

Joint venture with Ontrack for the proposed Marsden Point rail link

The council has entered into a joint venture with Ontrack to purchase and hold land along the proposed route for a rail link to Marsden Point deep water port so it will be possible for a rail link to be built in the future and the land is not developed in the interim. Council has purchased a total of eight properties along the proposed Marsden Point rail corridor at a cost of $11.32 million (excluding GST). Seven of these properties were purchased during 2007-2008 and 2008-2009 and one further property was purchased in the 2010-2011 year. The residential dwellings and farm land are leased to ensure the properties are well maintained and to help offset the holding costs. As at 30 June 2011, the properties were valued at $7.50 million.

All properties are a long-term investment and the council expects the value of the properties to recover over the longer term when the recession is over. Over the long term, when it becomes economic to do so, council intends to retain the designated corridor and to sell any surplus land. The rail designation is expected to be granted with a decision made within the next few months. A draft consent order has been prepared and signed off by the parties and has been provided to the Environment Court for its decision. No final decision being made as yet as to whether the rail link will be built and when. A review is currently being carried out by KiwiRail on the overall viability of the rail line north of Auckland and it is hoped that this will have a positive outcome for the joint venture. The council is involved through the Regional Transport Committee advocating for retaining rail in Northland.

Recreational facilities rate – Northland Events Centre
The council built the $16 million Northland Events Centre in 2010 and it was formally opened on 28 May 2011. The council contributed $13 million and the Whāngārei District Council contributed $3 million towards the construction. The events centre has since been transferred to the Whāngārei District Council and is being operated by a trust. The council's contribution is being repaid from the Regional Recreational Facilities Rate with Whāngārei ratepayers paying $28.75 and the Kaipara and Far North ratepayers paying $5.75 annually (including GST).

Emergency services helicopter rate
The council established a new regional rate in 2009-2010 to contribute $600,000 funding annually to the Northland Emergency Services Trust for the operation of the rescue helicopter/air ambulance service in Northland. The rate was established as the funder of last resort for the rescue service (if the funding wasn't provided then the service may not have been able to be maintained) and was necessary because the Northland Emergency Services Trust, the non-profit charitable trust that provides the service, had lost a major sponsor. Since then the helicopter service has coped with an increase in demand for its services and extended its capabilities by adding a third helicopter to its operations to ensure availability at all times. The council is proposing that the targeted rate continue on the basis that without the funding from rates the Northland Emergency Services Trust would have to reduce its current operations and level of response and because there has been support from Northlanders in the past for the service and the targeted rate.

Internal business improvement
Council will over the lifetime of this plan continually review its policy and planning processes to ensure that decision making is based on good advice, which is informed by a range of stakeholders and interests, skills and expertise, mindful of the contexts in which we and Northland operates, with relevant criteria for judging options. We know that to get the good advice we need the right processes, systems, frameworks and culture and that this is an ongoing process of improvement and refinement. These internal improvements and projects are therefore cross organisational. We will work with the business community to identify critical consent process improvements required within the council and how best to carry them out. We will continue to work with our partners on the ground, the individuals and their representative organisations, to share knowledge, develop management approaches and to improve resource management performance in Northland.

WHY WE PROVIDE ECONOMIC DEVELOPMENT

Central government's economic development policy recognises that regions and regional economic development are key drivers of New Zealand's overall economic performance. As a regional authority, the Northland Regional Council makes a significant contribution to the economic development of the Northland region through infrastructure development and environmental management. The council also considers it is in a position to commit to the investment necessary to move the region forward and that the region's current economic performance is no longer a viable option for Northland. To that end the council established the new Northland Regional Council Investment and Growth Reserve in 2010-2011 to reverse the cycle of underinvestment and lead by example through investing directly in projects that deliver real benefits to current and future generations of Northlanders. The council aims to find new ways to bring investment into the region and create rewarding business and employment opportunities.

Economic development is vital for generating the resources needed to address some of the pressing problems affecting Northland such as poor housing, health and education. In times of economic recession there is a greater need to invest in economic development to give confidence to others so they will invest here to reduce socio-economic disparities and stimulate employment growth. The government's funding for economic development has been limited severely by the need to divert funds to rebuild Christchurch.

Therefore there are very few sources of funding available to achieve a step change in the economy of Northland. Until last year all of the council's investment income helped fund council operations; providing a rates subsidy of about 20%. The council introduced a five year transition to re-direct its investment income into the Northland Regional Council Investment and Growth Reserve last year as part of the 2011-12 Annual Plan; and in this draft Long Term Plan is proposing to extend the transition phase to 10 years. The extended transition phase is proposed to alleviate, to some degree, the impact of funding additional work that is proposed in this plan and to acknowledge the effects of the recession on individual households. This reserve will be used to fund specific projects that will increase Northland's economic performance and the number of jobs in Northland.

HOW ECONOMIC DEVELOPMENT CONTRIBUTES TO COUNCIL OBJECTIVES

The Economic Development activity contributes to the following council objectives:

- Build a business friendly environment that encourages business and employment opportunities.
- Invest in Northland to increase Northland's economic performance and quality of living.
- Facilitate those infrastructural improvements that connect people in Northland and improve our links to the outside world.

The council is committed to internal business improvement projects to ensure the council offers a business friendly environment that is not perceived as a barrier to doing business. We will be working with the business community to identify critical consent process improvements required within the council and how best to carry them out. We will continue to work with our partners on the ground, individuals and their representative organisations, to share knowledge, develop management approaches and to improve resource management performance in Northland.

Our investment in Northland is a key platform within this Long Term Plan with the council's investment income being utilised for economic development projects and ventures to improve Northland's economy, increase the number of jobs in Northland and increase the average weekly household income for Northlanders. The projects and ventures that qualify for funding from the new Investment and Growth Reserve will be located in the Northland region; will promote viable, long term economic development (i.e. beyond immediate short-term employment and business activity); and development can be achieved in a way that is consistent with social, environmental and cultural well-being.

The expanded economic development activities to be provided by the council's new council-controlled organisation and/or council-controlled trading organisation includes finding, facilitating and delivering on projects and ventures that will improve Northland's economic performance. Infrastructural improvements that remove barriers for business development and enable better access for businesses will be investigated.

There are no **significant negative effects** on well-being from the Economic Development activity. The council believes there will be positive effects on cultural, social and environmental well-being for the region once Northland's economic performance improves. Some individuals may consider that the increase in rates to allow the council's investment income to be utilised for economic development causes them a negative economic effect. On average, the annual rates increase for the transition of the investment income over the 10 years amounts to less than $10 a year which the council does not consider to be significant.

KEY ISSUES FOR CONSULTATION

The following issues relating to the economic development activity are raised for consultation:

- Extending the transition phase for redirecting the investment income to the new Northland Regional Council Investment and Growth Reserve to reduce the impact on rates – more details on page 11.
- Changing the council-controlled organisation structure and roles for Northland Regional Council Community Trust and Enterprise Northland Trust – more details on pages 29-36.
- Reducing the funding contribution to Destination Northland Limited from approximately $350,000 to $100,000 in three years time – more details on pages 35.
- The reasons for funding the rescue helicopter have changed from being the funder of last resort to keep the service afloat to funding a comprehensive service that would need to reduce in capability without the rate funding contribution – more details on page 22.

HOW WE MEASURE OUR PERFORMANCE

The council's Audit and Finance Committee receives quarterly reports from Northland Regional Council Community Trust, Enterprise Northland Trust and Destination Northland Limited on progress against the performance measures within their Statement of Intent and spending against budgets. The following major measures and targets for the Economic Development group of activities will also be reported quarterly to the council and these are captured in the council's Annual Report.

Timeframes for performance targets
Unless timeframes are stated all the performance targets apply for the 10 years of the plan.

Key aspect of activity	Why it is important	Performance measure)	Performance target	Baseline
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.	Year ended June 2011 - 91.5% Year ended June 2010 - 90.38%
		Business growth – business start-ups expressed as a percentage of business turnover (start-ups and closures). See note below.	Increases annually.	Year ended June 2011 - 40% Year ended June 2010 - 43%
		Economic growth – real GDP per usual resident population.	Increases annually.	Year ended June 2011 - $21,244 Year ended June 2010 - $21,112

These measures were selected as the major aspects for Economic Development after considering the level of risk either posed by the council's activities or the risk that these activities are intended to minimise; the importance of the activities as rated by residents in the past (from submissions, community surveys, feedback to officers, the Environmental Hotline, presentations to council meetings); the government's policy direction and the council's objectives.

Business growth performance measure
A result of 50% means that there were as many business start-ups as there were closures. So a result below 50% means there were less businesses in operation than previously. A good result for Northland is considered to be anywhere above 60%.

ASSUMPTIONS SPECIFIC TO ECONOMIC DEVELOPMENT

This draft Long Term Plan has assumed that the income from the Northland Regional Council Community Trust is received by the council and is used to partly fund Destination Northland Limited for the first three years and partly fund economic development activities by the council's new council-controlled organisation. After three years the income from the Trust Fund is only used to partly fund economic development activities by the council's new council-controlled organisation.

The $350,000 funding for Destination Northland reduces to $100,000 (funded from Council Services Rate) in Year 4 (2015-16) and remains at the lower level for the remaining years of the plan.

LEVEL OF SERVICE CHANGE

The council indicated a change in its economic development activity last year in establishing the new Northland Regional Council Investment and Growth Reserve using investment income to fund economic development projects that would improve Northland's economy, create more jobs and increase average household income. The council proposes to establish a new council-controlled organisation (and/or trading organisation) for the operational work involved in finding, facilitating and delivering on projects to be funded from the income received from the Northland Regional Council Community Trust and the new Investment and Growth Reserve.

FUNDING IMPACT STATEMENT FOR ECONOMIC DEVELOPMENT

Draft Prospective Funding Impact Statement for the 2012-2022 LTP, periods ending 30 June	Annual Plan 2011 -2012 $	Year 1 2012-2013 $	Year 2 2013-2014 $	Year 3 2014-2015 $	Year 4 2015-2016 $	Year 5 2016-2017 $
Sources of Operating Funding						
General rates, uniform annual general charges, rates penalties	461,900	682,745	697,574	714,173	577,675	572,114
Targeted rates (other than a targeted water rates)	2,431,687	2,441,477	2,449,253	2,455,878	2,462,536	2,469,228
Subsidies and grants for operating purposes	-	-	-	-	-	-
Fees, charges and targeted rates for water supply	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	409,298	774,130	791,913	898,780	1,022,408	1,197,502
Total Operating Funding	3,302,885	3,898,352	3,938,740	4,068,831	4,062,619	4,238,844
Applications of Operating Funding						
Payments to staff and suppliers	1,483,619	2,438,394	2,455,396	2,469,943	2,388,397	2,380,545
Finance costs	1,006,656	696,114	643,706	587,073	526,059	460,441
Internal charges and overheads applied	10,437	183,147	186,476	195,154	155,977	159,514
Other operating funding applications	-	-	-	-	-	-
Total Applications of Operating Funding	2,500,713	3,317,655	3,285,578	3,252,170	3,070,433	3,000,500
Surplus / (Deficit) of Operating Funding	802,172	580,698	653,162	816,661	992,186	1,238,344
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	-	-	-	-	-	-
Increase / (decrease) in reserves	818,636	332,248	340,159	404,052	442,014	502,600
Increase / (decrease) of investments	(16,464)	248,450	313,003	412,609	550,172	735,744
Total Applications of Capital Funding	802,172	580,698	653,162	816,661	992,186	1,238,344
Surplus / (Deficit) of Capital Funding	(802,172)	(580,698)	(653,162)	(816,661)	(992,186)	(1,238,344)
Funding Balance	-	-	-	-	-	-

Year 6 2017-2018 $	Year 7 2018-2019 $	Year 8 2019-2020 $	Year 9 2020-2021 $	Year 10 2021-2022 $	Draft Prospective Funding Impact Statement for the 2012-2022 LTP, periods ending 30 June
					Sources of Operating Funding
599,957	609,650	622,886	607,599	645,483	General rates, uniform annual general charges, rates penalties
2,475,952	2,482,711	1,498,186	1,219,211	1,219,686	Targeted rates (other than a targeted water rates)
-	-	-	-	-	Subsidies and grants for operating purposes
-	-	-	-	-	Fees, charges and targeted rates for water supply
-	-	-	-	-	Internal charges and overheads recovered
1,439,964	1,729,838	2,056,350	2,393,054	2,833,143	Local authorities fuel tax, fines, infringement fees and other receipts
4,515,873	4,822,199	4,177,422	4,219,864	4,698,312	Total Operating Funding
					Applications of Operating Funding
2,414,042	2,440,664	2,414,335	2,379,349	2,433,398	Payments to staff and suppliers
389,659	313,492	256,706	245,550	245,550	Finance costs
165,930	168,894	173,928	181,531	184,746	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
2,969,631	2,923,050	2,844,969	2,806,430	2,863,694	Total Applications of Operating Funding
1,546,242	1,899,149	1,332,452	1,413,434	1,834,619	Surplus / (Deficit) of Operating Funding
					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
591,866	678,547	(204,930)	(496,249)	(482,754)	Increase / (decrease) in reserves
954,376	1,220,602	1,537,382	1,909,683	2,317,373	Increase / (decrease) of investments
1,546,242	1,899,149	1,332,452	1,413,434	1,834,619	Total Applications of Capital Funding
(1,546,242)	(1,899,149)	(1,332,452)	(1,413,434)	(1,834,619)	Surplus / (Deficit) of Capital Funding
-	-	-	-	-	Funding Balance

Hazard Management

This group of activities includes:

- Civil defence emergency management
- Natural hazard management
- Oil pollution response

ABOUT HAZARD MANAGEMENT

The council works collaboratively with the three district councils to form the Civil Defence Emergency Management Group to facilitate the co-ordination of inter-agency emergency reduction, readiness, response and recovery, and to develop and implement a region wide Civil Defence Emergency Management Plan. The council provides leadership, co-ordination, project management and funding for the management group, the co-ordinating executive group, the lifelines group and the welfare advisory group. Responsibilities of the Northland Civil Defence Emergency Management Group include:

- Establishing a number of "clusters" to deliver services and to ensure that the goals outlined in the Civil Defence Emergency Management Plan are achieved;
- Providing office space for the logistical and administrative support;
- Developing policy, plans and protocols to ensure an integrated and coordinated approach to activities region-wide across the 4 R's - reduction, readiness, response and recovery;
- Developing and implementing the training and exercise programmes that include all agencies across the sector in the region;
- Providing resources, facilities and trained personnel for the Group Emergency Operations Centre to ensure effective response co-ordination and control of emergencies;
- Commissioning and project management of natural hazards studies in order to reduce potential effects;
- Co-ordinating and contributing to recovery efforts; and
- Participating in and contributing to national level studies and projects facilitated by the Ministry and the scientific sector.

In addition, the CDEM Group has:

- Developed a warning system to alert communities of the possibility of any event which could potentially threaten property, infrastructure or human life;
- Developed and tested a number of plans to ensure that appropriate systems and response and recovery mechanisms are in place to ensure that communities' needs are met during and after any emergency, including the establishment of a Welfare Advisory Group, Rural Support Trust and Lifelines Utility Group; and
- Established plans for response, recovery, welfare, warnings, public information management, lifelines protocols and priority restoration of assets in the region.

Natural hazard management aims to identify, assess and provide information on natural hazards and associated risks, along with the preparation and implementation of risk reduction plans, for the primary purpose of reducing the current and future risk from natural hazards to people and property to as low as reasonably practicable in the circumstances that exist. This activity informs the Civil Defence Emergency Management activity for their planning and reduction strategies and informs the regional plans and policy statements developed under the Resource Management group of activities to help avoid/mitigate future risk from inappropriate land management use/practices.

Natural hazard management focuses on risk avoidance, or if avoidance is not practical, risk reduction to reduce the potential for damage to property and loss of life. This is achieved by firstly assisting a community to understand the risks which threatened it, and then understanding the limits of any mitigation measures that may be employed. Through this activity the council promotes the awareness of risk from natural hazards and ways to mitigate or reduce risk, which enables people to utilise the opportunities provided by the natural environment without creating unacceptable levels of additional risk. We also undertake risk assessment, by collecting data on hazards such as flooding and coastal erosion, using this data to help develop and refine information that informs people of the potential hazards and risks. This activity also focuses on developing plans to reduce risk from natural hazards, and working with the community to implement and revise plans.

The Oil pollution response activity aims to prevent further pollution from marine oil spills and to contain and clean them up to avoid or mitigate the effects on Northland's environment. This work includes:

- Maintaining a contingency plan including memorandums of understanding with primary response partners;
- Maintaining a team of trained oil spill responders and a 24/7 response capability, including on-call Regional On Scene Commander coverage;
- Ensuring Maritime New Zealand owned oil spill response equipment stockpiled in the region is fit for use;
- Conducting and participating in scenario based regional oil spill response exercises;
- Approving Tier 1 oil transfer site plans and inspecting the sites to ensure they meet spill prevention and response requirements; and
- Responding to and cleaning up marine oil spills.

WHY WE PROVIDE HAZARD MANAGEMENT

A regional approach to civil defence emergency management reduction, readiness, response and recovery allows for the consistent coordination of emergency services and support organisations which includes the regional and three district councils. The government set up this regional approach in 2002 under the Civil Defence Emergency Management Act.

The Northland region is exposed to a range of natural hazards including storm/cyclone, tsunami, volcano, land instability, earthquake, rural fire and drought, with river flooding providing the highest risk to the Northland region from natural hazards due to the extensive development on flood plains and Northland's exposure to high intensity rainfall events. It is a core function of regional councils to minimise the effects from these hazards on life, property and the quality of the environment. The council is legally obliged by the Civil Defence Emergency Management Act and the Soil Conservation and Rivers Control Act to develop and implement plans to reduce risks associated with hazards.

Preventing oil spills and minimising the impacts of an oil spill is a key priority to every New Zealander in order to protect our environment and enable recreational activities on and around our waters. Preventing an oil spill through appropriate measures and processes also has economic benefits for high risk businesses. The council has responsibility under the Maritime Transport Act (1994) to plan for and have in place, contingency measures to deal with oil spills in the coastal areas of Northland, within the territorial sea.

HOW HAZARD MANAGEMENT CONTRIBUTES TO COUNCIL OBJECTIVES

The hazard management activity contributes to the following council objectives:

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

There are no significant negative effects from delivering the Hazard management group of activities. Some people may feel their rights have been reduced in order to provide for the well-being of the wider public or future generations, in those situations where natural hazards are identified on land which may restrict its use or development or where risk reduction measures have been identified on private land.

Oil pollution response operations have the potential for negative effects on the environment. Response options are analysed and resources prioritised in order to minimise significant negative effects.There is potential for wāhi tapu sites, kaimoana areas to be effected during an oil pollution response. When required, Iwi involvement is requested to assist with cultural matters to avoid significant negative effects.

HOW WE MEASURE OUR PERFORMANCE

The Civil Defence Emergency Management Group meet quarterly to receive progress reports against the objectives and projects included in the five year Northland Civil Defence Emergency Management Plan. Debriefs of every emergency response are conducted within a month of the emergency and improvements are built into the community response plans and emergency centre procedures. The council's Environment Management Committee receives regular project updates and provides oversight for the Hazard Management and Oil Spill Response activities. The council's Audit and Finance Committee receives quarterly reports for spending against budgets and the performance against the following major measures and targets for the Hazard management group of activities; these are also captured in the council's Annual Report.

Timeframes for performance targets
Unless timeframes are stated all the performance targets apply for the 10 years of the plan.

Levels of service	Why it is important	Performance measure	Performance target	Baseline (with recent trends if available)
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% of the time.	New measure.
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% of the time	2010/11 – 100%
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% of the time	New measure
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% of the time.	100% for the past 3 years.
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 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.	Maintain hazard information for river flooding and beach profiles.	Priority beach profile sites updated biennially. Flood level monitoring at priority rivers updated within 1 month following every large flood event.	New measure New measure

These measures were selected as the major aspects for Hazard Management after considering the level of risk either posed by the council's activities or the risk that these activities are intended to minimise; the importance of the activities as rated by residents in the past (from submissions, community surveys, feedback to officers, the Environmental Hotline, presentations to council meetings); the government's policy direction and the council's objectives.

PROJECTS

- Implement, monitor and report on the Civil Defence Emergency Management Group Plan for Northland.
- Review the Civil Defence Emergency Management Group Plan for Northland in preparation for the next plan.
- Prepare and adopt a new plan in 2014 and 2019, in accordance with the Civil Defence Emergency Management Act.

ASSUMPTIONS SPECIFIC TO HAZARD MANAGEMENT

There are no assumptions specific to the Hazard Management group of activities.

LEVEL OF SERVICE CHANGE

No service levels were changed in the 2011-2012 financial year from the previous year or Long Term Plan and no service levels are proposed to change in this plan.

FUNDING IMPACT STATEMENT FOR HAZARD MANAGEMENT

Draft Prospective Funding Impact Statement for the 2012-2022 LTP, periods ending 30 June	Annual Plan 2011 - 2012 $	Year 1 2012-2013 $	Year 2 2013-2014 $	Year 3 2014-2015 $	Year 4 2015-2016 $	Year 5 2016-2017 $
Sources of Operating Funding						
General rates, uniform annual general charges, rates penalties	1,151,183	1,272,253	1,289,321	1,260,093	1,325,637	1,426,559
Targeted rates (other than a targeted water rates)	-	-	-	-	-	-
Subsidies and grants for operating purposes	78,918	71,132	73,408	75,757	78,333	81,075
Fees, charges and targeted rates for water supply	3,000	1,000	1,032	1,065	1,101	1,140
Internal charges and overheads recovered	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	19,000	122,230	125,757	129,398	133,389	137,638
Total Operating Funding	1,252,101	1,466,615	1,489,518	1,466,313	1,538,461	1,646,411
Applications of Operating Funding						
Payments to staff and suppliers	1,144,432	1,249,845	1,196,064	1,214,882	1,232,340	1,268,845
Finance costs	-	12,924	6,924	-	-	-
Internal charges and overheads applied	280,412	454,210	463,283	482,711	495,079	506,762
Other operating funding applications	-	-	-	-	-	-
Total Applications of Operating Funding	1,424,844	1,716,979	1,666,272	1,697,593	1,727,418	1,775,607
Surplus / (Deficit) of Operating Funding	(172,743)	(250,364)	(176,754)	(231,280)	(188,958)	(129,196)
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	42,270	2,000	2,064	-	-	-
to replace existing assets	-	-	-	-	-	-
Increase / (decrease) in reserves	100,000	120,000	138,470	-	-	-
Increase / (decrease) of investments	(315,013)	(372,364)	(317,288)	(231,280)	(188,958)	(129,196)
Total Applications of Capital Funding	(172,743)	(250,364)	(176,754)	(231,280)	(188,958)	(129,196)
Surplus / (Deficit) of Capital Funding	172,743	250,364	176,754	231,280	188,958	129,196
Funding Balance	-	-	-	-	-	-

Year 6 2017-2018 $	Year 7 2018-2019 $	Year 8 2019-2020 $	Year 9 2020-2021 $	Year 10 2021-2022 $	Draft Prospective Funding Impact Statement for the 2012-2022 LTP, periods ending 30 June
					Sources of Operating Funding
1,518,085	1,617,959	1,720,147	1,826,528	1,918,994	General rates, uniform annual general charges, rates penalties
-	-	-	-	-	Targeted rates (other than a targeted water rates)
83,831	86,598	89,455	92,676	95,919	Subsidies and grants for operating purposes
1,179	1,217	1,258	1,303	1,348	Fees, charges and targeted rates for water supply
-	-	-	-	-	Internal charges and overheads recovered
141,909	146,196	150,625	155,615	160,642	Local authorities fuel tax, fines, infringement fees and other receipts
1,745,004	1,851,971	1,961,485	2,076,122	2,176,903	Total Operating Funding
					Applications of Operating Funding
1,300,533	1,341,043	1,383,912	1,423,121	1,465,178	Payments to staff and suppliers
-	-	-	-	-	Finance Costs
526,073	536,422	552,253	575,138	586,436	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
1,826,606	1,877,465	1,936,165	1,998,259	2,051,615	Total Applications of Operating Funding
(81,602)	(25,494)	25,320	77,862	125,289	Surplus / (Deficit) of Operating Funding
					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
-	-	-	-	-	Increase / (decrease) in reserves
(81,602)	(25,494)	25,320	77,862	125,289	Increase / (decrease) of investments
(81,602)	(25,494)	25,320	77,862	125,289	Total Applications of Capital Funding
81,602	25,494	(25,320)	(77,862)	(125,289)	Surplus / (Deficit) of Capital Funding
-	-	-	-	-	Funding Balance

Transport

This group of activities includes:

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

ABOUT TRANSPORT

Regional transport management

The overall aim of transport operations and planning is to achieve an affordable, integrated, safe, responsive and sustainable land transport system. The council's regional transport management work includes strategic planning for the future transport needs of the region and the active operational involvement in regional road safety issues through:

- Convening the Regional Transport Committee which includes representatives from the council, three district councils, NZ Police, NZ Transport Agency, environmental sustainability; economic development; safety and personal security; public health; access and mobility and cultural interests.
- Developing, implementing and monitoring the Regional Land Transport Strategy for Northland.
- Preparing a Regional Public Transport Plan.
- Developing the Regional Road Safety Action Plan.
- Preparing the Regional Land Transport Programme.

The 30 Year Transport Strategy for Northland (which incorporates the Regional Land Transport Strategy) is required to take a 30 year view in addressing the following objectives:

- Ensuring environmental sustainability
- Assisting economic development
- Assisting safety and personal security
- Improving access and mobility
- Protecting and promoting public health.

Regionally strategic projects are identified for rail, airports and ports and include:

- Coordinating a working party of the Regional Transport Committee to provide direct input and engagement with KiwiRail regarding the review of the North Auckland rail line
- Strategic review of the three airports within Northland with a particular focus on the opportunities for improvements, including the potential for an international airport in the mid north
- Review of the issues and opportunities for port networks within the upper North Island.

Passenger transport administration

Passenger transport is about providing affordable, safe, integrated, responsive, accessible and sustainable transport services to the public. The council's Passenger Transport Administration activity includes:

- Administration of the Whāngārei Urban City Link bus service;
- Investigating the viability of operating subsidised public passenger services in other areas;
- Administration of the Total Mobility Scheme in Whāngārei for the transport disadvantaged.
- Investigating the viability of operating Total Mobility Schemes into other areas;
- Registration and administration of public passenger transport services; and
- Maintaining an electronic register of commercial passenger services.

Harbour safety and navigation

The council promotes the safety of people using the harbours and coastal areas of Northland. In line with best accepted practice promoted by Maritime New Zealand, the council has adopted the New Zealand Port and Harbour Marine Safety Code which uses formal risk assessment processes to provide harbour safety management and navigation systems. The council promotes and regulates navigation safety on all coastal and harbour waters throughout the region and out to 12 nautical miles, and makes Navigation Safety Bylaws that cover all boating and shipping activities in Northland's waters. The council also provides and maintains aids to navigation, provides the services of a regional harbourmaster, harbour wardens, education and advice and if necessary, enforcement and a maritime incident response system. In addition, the council provides pilotage services to cruise ships in the Bay of Islands. There is a programme of summer patrols to promote compliance with navigation bylaws and to carry out educational activities to promote greater navigation and boating safety. The council's vessels also provide services to other council departments for purposes of water quality monitoring and enforcement of the marine pollution regulations.

WHY WE PROVIDE TRANSPORT

The transport network is New Zealand-wide with connections world-wide. Having a regional coordination, operational and planning role makes sense for ensuring efficient and integrated management of the network and its funding. Harbour navigation and safety management is provided for the safe movement of commercial and recreational vessels, and promotes and regulates safe boating and shipping practices to minimise maritime accidents to protect the environment and losses to property and persons. Regional councils are obliged to engage in a range of land transport planning, passenger transport and harbour management activities.

Northland harbours provide direct access to world-wide markets and handle very large oil tankers, cargo ships, cruise ships and fishing vessels. Coastal trades include cement, oil products and fuel provision direct to Auckland. Northland is one of the most popular recreational boating areas in New Zealand with some of the best diving, fishing and sightseeing in the world, and is the first point of entry for the majority of visiting foreign yachts. Ship and boat repair facilities, tourism, commercial boating and port and refinery operations provide core economic benefits and employment to the region.

The preparation of the 30 year Transport Strategy is a requirement under the Land Transport Management Act 2003 and is required to be taken into account by road controlling authorities and the New Zealand Transport Agency during the formulation of their own land transport programmes. The council is responsible for the implementation of the regional component of the strategy and the oversight of other activities incorporated within the strategy.

Under the New Zealand Transport Agency’s funding procedures, only regional councils may apply for government funding for subsidised public transport services, Total Mobility Schemes and related public transport administrative functions. The registration of commercial public transport services by the council is required under the section 31 of the Public Transport Management Act 2008.

HOW TRANSPORT CONTRIBUTES TO COUNCIL OBJECTIVES

The transport activity contributes to the following council objectives:

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

The Harbour safety and navigation activity provide the aids to navigation that enable a safe environment for recreational and commercial marine use which protects the environment from the adverse effects of maritime accidents (e.g. oil leakage). The maritime department is pro-active in managing the marine area to allow for the ever changing uses and needs of the marine sector. The maritime resources of vessels and skilled skippers are used by other council departments for purposes of water quality monitoring, and marine pollution regulations enforcement and education. Providing for safe navigation in harbours allows for continued economic use of the resources available. Harbour Safety management systems encourage key stakeholder involvement allowing business development in a safe manner. The public are consulted regarding changes to their harbours, and public concerns are addressed.

Harbours provide key economic benefits to Northland from tourism, fishing, diving, and access to kai moana. Whāngārei provides access to multiple ship repair, maintenance and ship-building industries that could not operate without an efficient harbour. Additionally Marsden point refinery is critical to New Zealand’s economic well-being, and provides employment to a large skilled workforce. Northport provides an export point for logs, woodchip and other general goods. The Bay of Islands provides an access point for cruise ships bringing tens of thousands of visitors to the region each summer, and provides income to the council by way of pilotage fees. The Bay of Islands is one of the most popular recreational boating areas in New Zealand, and both the Bay of Islands, and Whāngārei, provide the first official ports of entry for visiting foreign yachts. Northlanders identify with the sea, and are proud of their coastline. Careful management of navigational safety is important for the region.

The transport network provides for the efficient and economic movement of goods and people around the region. Projects to provide new and improved infrastructure ensure environmental sustainability by taking into consideration the environmental impacts of the region's transport infrastructure. All buses operating on the CityLink Service in Whāngārei are fitted with Euro 4 low emission motors. The subsidised public transport service and the Total Mobility Scheme provides opportunities for the transport disadvantaged to access places of work, retail, medical and recreation.

There are no **significant negative effects** from delivering the Transport group of activities.

KEY ISSUES FOR CONSULTATION

The key issues for consultation include proposals to establish permanent bus services in Dargaville and Kaitāia. Details of these proposals are included in the "Issues for consultation" section on pages 20-21. The funding for both of these services is not included in the financial statements within this draft plan.

HOW WE MEASURE OUR PERFORMANCE

The council administers the Regional Transport Committee which has representatives from each of the three district councils and the New Zealand Transport Agency as well as representatives for the transport objectives. The Regional Transport Committee receives regular updates on the progress with the Regional Land Transport Programme and 30 Year Transport Strategy including financial reporting. The council receives updates on projects within the Harbour safety and navigation activity at the monthly council meetings. The council's Audit and Finance Committee receives quarterly reports for spending against budgets and the performance against the following major measures and targets for the Transport group of activities; these are also captured in the council's Annual Report.

Timeframes for performance targets
Unless timeframes are stated all the performance targets apply for the 10 years of the plan.

Levels of service	Why it is important	Performance measure	Performance target	Baseline
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 and serious injury motor vehicle crashes in Northland.	Crashes involving fatalities: 2012 <20 2013 <18 2014 <17 2015-21 <17 Crashes involving serious injuries 2012 <30 2013 <22 2014 <20 2015-21 <18	The number of crashes for both categories for the past five years is below this table. Crashes involving fatalities – average for last 5 years = 24.4. Crashes involving serious injuries – average for last 5 years = 40.4.
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.	2008/09 269,556 (+17%) 2009/10 289,485 (+7%) 2010/11 287,006 (-1%)
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% of the time.	New measure.
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 BOI harbours.	Zero incidents related to pilotage.	2009/10 – 0 2010/11 – 0

These measures were selected as the major aspects for Transport after considering the level of risk either posed by the council's activities or the risk that these activities are intended to minimise; the importance of the activities as rated by residents in the past (from submissions, community surveys, feedback to officers, the Environmental Hotline, presentations to council meetings); the government's policy direction and the council's objectives.

Number of crashes with fatalities and serious injuries for the period 2007-2010.

Year	Fatalities	Serious Injuries
2007	28	115
2008	27	107
2009	31	89
2010	20	86
2011	7	53

ASSUMPTIONS SPECIFIC TO TRANSPORT

There are no assumptions specific to the Transport group of activities.

LEVEL OF SERVICE CHANGE

No service levels were changed in the 2011-2012 financial year from the previous year or Long Term Plan. New public bus services are proposed for Dargaville and Kaitāia to be funded by targeted rates. These proposed rates are not included in the financial statements of the draft Long Term Plan as the new service is subject to community support and meeting the funding criteria for New Zealand Transport Agency. The combined funding from targeted rates is less than $100,000.

FUNDING IMPACT STATEMENT FOR TRANSPORT

Draft Prospective Funding Impact Statement for the 2012-2022 LTP, periods ending 30 June	Annual Plan 2011 - 2012 $	Year 1 2012-2013 $	Year 2 2013-2014 $	Year 3 2014-2015 $	Year 4 2015-2016 $	Year 5 2016-2017 $
Sources of Operating Funding						
General rates, uniform annual general charges, rates penalties	728,233	889,482	978,299	1,084,255	1,180,319	1,319,173
Targeted rates (other than a targeted water rates)	410,476	415,982	459,810	458,497	457,830	522,127
Subsidies and grants for operating purposes	1,206,966	1,196,996	1,237,797	1,288,091	1,347,279	1,631,994
Fees, charges and targeted rates for water supply	1,425,382	1,514,146	1,557,450	1,573,180	1,588,234	1,641,259
Internal charges and overheads recovered	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	6,055	9,800	10,114	10,437	10,792	11,170
Total Operating Funding	3,777,112	4,026,405	4,243,469	4,414,460	4,584,454	5,125,722
Applications of Operating Funding						
Payments to staff and suppliers	3,579,290	3,861,272	3,955,161	4,071,878	4,190,596	4,733,172
Finance costs	-	-	-	-	-	-
Internal charges and overheads applied	513,283	627,286	638,978	670,350	695,476	699,908
Other operating funding applications	-	-	-	-	-	-
Total Applications of Operating Funding	4,092,573	4,488,557	4,594,139	4,742,228	4,886,072	5,433,081
Surplus / (Deficit) of Operating Funding	(315,460)	(462,152)	(350,670)	(327,767)	(301,617)	(307,359)
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	204,480	47,600	34,485	11,715	36,561	1,140
to replace existing assets	68,515	40,900	252,068	100,112	63,872	51,290
Increase / (decrease) in reserves	52,731	(26,606)	17,128	14,746	11,844	8,981
Increase / (decrease) of investments	(641,186)	(524,046)	(654,351)	(454,341)	(413,894)	(368,770)
Total Applications of Capital Funding	(315,460)	(462,152)	(350,670)	(327,767)	(301,617)	(307,359)
Surplus / (Deficit) of Capital Funding	315,460	462,152	350,670	327,767	301,617	307,359
Funding Balance	-	-	-	-	-	-

Year 6 2017-2018 $	Year 7 2018-2019 $	Year 8 2019-2020 $	Year 9 2020-2021 $	Year 10 2021-2022 $	Draft Prospective Funding Impact Statement for the 2012-2022 LTP, periods ending 30 June
					Sources of Operating Funding
1,350,683	1,451,187	1,568,835	1,696,129	1,784,695	General rates, uniform annual general charges, rates penalties
520,542	519,843	518,237	516,406	514,561	Targeted rates (other than a targeted water rates)
1,480,726	1,533,251	1,556,732	1,607,177	1,616,183	Subsidies and grants for operating purposes
1,659,370	1,676,539	1,694,242	1,714,064	1,734,023	Fees, charges and targeted rates for water supply
-	-	-	-	-	Internal charges and overheads recovered
11,550	11,931	12,324	12,768	13,215	Local authorities fuel tax, fines, infringement fees and other receipts
5,022,871	5,192,751	5,350,370	5,546,544	5,662,676	Total Operating Funding
					Applications of Operating Funding
4,521,608	4,639,662	4,710,829	4,835,095	4,892,676	Payments to staff and suppliers
-	-	-	-	-	Finance costs
728,320	741,166	763,292	796,959	810,819	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
5,249,928	5,380,828	5,474,122	5,632,054	5,703,495	Total Applications of Operating Funding
(227,057)	(188,078)	(123,752)	(85,510)	(40,818)	Surplus / (Deficit) of Operating Funding
					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
35,356	14,853	12,576	-	43,421	to improve levels of service
218,028	81,689	95,577	84,687	250,816	to replace existing assets
6,081	2,943	(242)	(3,748)	(7,283)	Increase / (decrease) in reserves
(486,522)	(287,562)	(231,663)	(166,449)	(327,772)	Increase / (decrease) of investments
(227,057)	(188,078)	(123,752)	(85,510)	(40,818)	Total Applications of Capital Funding
227,057	188,078	123,752	85,510	40,818	Surplus / (Deficit) of Capital Funding
-	-	-	-	-	Funding Balance

Community Representation and Engagement

This group of activities only includes the Community representation and engagement activity.

ABOUT COMMUNITY REPRESENTATION AND ENGAGEMENT

The Northland community is represented by eight councillors to make decisions for the Northland Regional Council. The council is divided into three constituencies in line with the boundaries of the three districts making up the Northland region. Community representation is as follows:

- Whängärei constituency – four members
- Far North constituency – three members
- Kaipara constituency – one member

The Northland Regional Council has four committees to assist it to achieve its purpose in governing within its legal mandate. The Community Representation and Engagement activity guides the council's operations in accordance with the requirements of the Local Government Act 2002 including:

- The identification of council objectives.
- The preparation of the council's long term plans and annual plans.
- Monitoring the council's progress towards achieving its objectives.
- Implementing the council's policy for decision making under the Local Government Act 2002.
- Implementing the council's policy on undertaking consultation and seeking community views under the Local Government Act 2002.
- Organising and monitoring the electoral process for regional council elections.

WHY WE PROVIDE COMMUNITY REPRESENTATION AND ENGAGEMENT

Community representation through elected councillors is the central part of the democratic process and is dictated by statutory requirements. Essentially the role of elected members is to provide good governance over the functions and responsibilities of the Northland Regional Council. The Local Government Act 2002, the Local Government Official Information and Meetings Act 1987, the Local Electoral Act 2002 and other relevant legislation sets out the role of elected members and places obligations relating to the conduct of regional council business. These obligations are designed to ensure that the council:

- Conducts its business in an open, transparent and democratically accountable manner; and
- Gives effect to its identified priorities and desired outcomes in an efficient and effective manner.

HOW COMMUNITY REPRESENTATION AND ENGAGEMENT CONTRIBUTES TO COUNCIL OBJECTIVES

The Community Representation and Engagement activity contributes to the following council objectives:

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

As policy-maker for the council the councillors play an instrumental role in contributing to the council objectives through understanding and representing the views of the region and encouraging the participation of others in our decision-making. Having transparent decision-making processes that are easily understood helps to encourage community participation. The council will continue to provide opportunities for Māori to gain knowledge of council processes and to support avenues for Māori to participate in the decision-making processes. The council will also continue to recognise the special relationship Māori have with the natural and physical resources of the region. Once the first steps have been taken, council hopes to build a strong governance relationship with the iwi authority governance representatives that will see us broadening our relationship and engaging directly around major issues, proposals and consultations.

Two key policy processes for this term of council is the development of this Long Term Plan (which occurs every three years) and the new Regional Policy Statement (which occurs about every 10 years). The proposals within this draft Long Term Plan are intended to address our active contribution towards all of the council objectives and the Regional Policy Statement is addressing matters that relate to the sustainable use of our natural and physical resources.

There are no **significant negative effects** from delivering the Community Representation and Engagement group of activities.

HOW WE MEASURE OUR PERFORMANCE

The council's Audit and Finance Committee receives quarterly reports for spending against budgets and the performance against the following major measures and targets for the Community representation and engagement group of activities; these are also captured in the council's Annual Report.

Timeframes for performance targets
Unless timeframes are stated all the performance targets apply for the 10 years of the plan.

Levels of service	Why it is important	Performance measure	Performance target	Baseline
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 plans and annual plan.	Increasing number of submissions for Annual Plans and Long Term Plans.	220 submissions - 2011/2012 Annual Plan. 500 submissions – 2010/2011 Annual Plan. 612 submissions – 2009-19 Long Term Plan.
Maintain 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.	2011/2012 Annual Plan – one month.
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

Participation in our decision-making and advocacy by the council were selected by the council as the major aspects for the Community Representation and Engagement activity.

Funding impact statement for Community Representation and Engagement

Draft Prospective Funding Impact Statement for the 2012-2022 LTP, periods ending 30 June	Annual Plan 2011 - 2012 $	Year 1 2012-2013 $	Year 2 2013-2014 $	Year 3 2014-2015 $	Year 4 2015-2016 $	Year 5 2016-2017 $
Sources of Operating Funding						
General rates, uniform annual general charges, rates penalties	1,148,798	1,385,850	1,545,979	1,680,399	1,831,259	1,946,887
Targeted rates (other than a targeted water rates)	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	60,000	61,920	63,901	-	-
Fees, charges and targeted rates for water supply	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	8,000	-	-	-	-	-
Total Operating Funding	1,156,798	1,445,850	1,607,899	1,744,301	1,831,259	1,946,887
Applications of Operating Funding						
Payments to staff and suppliers	1,681,635	1,942,742	2,146,366	2,048,659	2,077,735	2,294,124
Finance costs	-	-	-	-	-	-
Internal charges and overheads applied	365,311	447,897	455,811	477,419	488,909	499,668
Other operating funding applications	-	-	-	-	-	-
Total Applications of Operating Funding	2,046,946	2,390,640	2,602,176	2,526,078	2,566,644	2,793,791
Surplus / (Deficit) of Operating Funding	(890,148)	(944,790)	(994,278)	(781,778)	(735,385)	(846,905)
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	-	-	-	-	-	-
Increase / (decrease) in reserves	-	-	(144,480)	-	-	(159,569)
Increase / (decrease) of investments	(890,148)	(944,790)	(849,798)	(781,778)	(735,385)	(687,336)
Total Applications of Capital Funding	(890,148)	(944,790)	(994,278)	(781,778)	(735,385)	(846,905)
Surplus / (Deficit) of Capital Funding	890,148	944,790	994,278	781,778	735,385	846,905
Funding Balance	-	-	-	-	-	-

Year 6 2017-2018 $	Year 7 2018-2019 $	Year 8 2019-2020 $	Year 9 2020-2021 $	Year 10 2021-2022 $	Draft Prospective Funding Impact Statement for the 2012-2022 LTP, periods ending 30 June
					Sources of Operating Funding
2,106,023	2,251,281	2,438,866	2,573,800	2,710,805	General rates, uniform annual general charges, rates penalties
-	-	-	-	-	Targeted rates (other than a targeted water rates)
-	-	-	-	-	Subsidies and grants for operating purposes
-	-	-	-	-	Fees, charges and targeted rates for water supply
-	-	-	-	-	Internal charges and overheads recovered
-	-	-	-	-	Local authorities fuel tax, fines, infringement fees and other receipts
2,106,023	2,251,281	2,438,866	2,573,800	2,710,805	Total Operating Funding
					Applications of Operating Funding
2,185,252	2,246,276	2,491,894	2,376,427	2,441,061	Payments to staff and suppliers
-	-	-	-	-	Finance costs
520,525	529,341	545,228	569,937	579,286	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
2,705,777	2,775,617	3,037,122	2,946,364	3,020,347	Total Applications of Operating Funding
(599,754)	(524,336)	(598,256)	(372,564)	(309,542)	Surplus / (Deficit) of Operating Funding
					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
-	-	(176,064)	-	-	Increase / (decrease) in reserves
(599,754)	(524,336)	(422,192)	(372,564)	(309,542)	Increase / (decrease) of investments
(599,754)	(524,336)	(598,256)	(372,564)	(309,542)	Total Applications of Capital Funding
599,754	524,336	598,256	372,564	309,542	Surplus / (Deficit) of Capital Funding
-	-	-	-	-	Funding Balance

ASSUMPTIONS SPECIFIC TO COMMUNITY REPRESENTATION AND ENGAGEMENT

In November 2011 the Crown and three iwi of Te Hiku o Te Ika (Te Aupōuri, NgāiTakoto and Te Rarawa) agreed that deeds of settlement setting out collective redress and redress specific to each iwi are ready for presentation to the members of the iwi to decide on ratification. Te Hiku o Te Ika a Maui (the tail of the fish of Maui) is the region from the Hokianga Harbour to Mangōnui, northwards. There are five iwi in the region – Ngāti Kuri, Te Aupōuri, NgāiTakoto, Ngāti Kahu and Te Rarawa. Each deed of settlement sets out in detail redress packages that are proposed to settle all the historical claims of the iwi and are made up of:

- An agreed historical account and Crown acknowledgements (which form the basis for a Crown apology);
- Cultural redress; and
- Financial and commercial redress.

Co-governance arrangements over public conservation land (with the Crown) and Te Oneroa-a-Tōhē/Ninety Mile Beach (with local councils – Far North District Council and Northland Regional Council) are agreed between the iwi and the Crown with shared cultural redress payments as contribution to the Te Oneroa-a-Tōhē/Ninety Mile Beach co-governance arrangement ($400,000 for Te Oneroa-a-Tōhē Board, $412,500 for the recognition of Te Aupōuri, Ngāi Takoto and Te Rarawa historical and cultural association).

Council has budgeted an extra $30,000 for iwi engagement each year over the life of the plan. Council has assumed that it will support the Board through "committee secretariat" support along with Far North District Council. The settlement process that sets up the Board will provide some of the initial funding for the operation and support of the Board. Council has also budgeted for staff support for the development of the Beach Management Plan in years 1-3 ($8,000 in years 1 and 2; $4,000 in year 3).

LEVEL OF SERVICE CHANGE

No service levels were changed in the 2011-2012 financial year from the previous year or Long Term Plan and no service levels are proposed to change in this plan. The increase in expenditure from 2011-12 reflects minor increases to a wide range of expenses.

Council-controlled organisations

NORTHLAND REGIONAL COUNCIL COMMUNITY TRUST

The Northland Regional Council Community Trust (which trades as Enterprise Northland), is classified as a council-controlled organisation under the criteria set down in section 6 of the Local Government Act 2002. The Trust currently has two subsidiaries Destination Northland Limited and the Enterprise Northland Trust, neither of which are classified as council-controlled organisations. To be classified as a council-controlled organisation, council must have the right to appoint 50% or more of the trustees/directors. The Trust Deed of the Northland Regional Council Community Trust expressly provides that all the trustees be appointed by the Northland Regional Council, whereas council does not have the right to appoint any trustees or directors of either Enterprise Northland Trust or Destination Northland Limited. The council has a policy on the appointment of directors and trustees to council organisations (included on page 159) in this draft Long Term Plan.

Within this draft plan is a proposal to change the role of the Northland Regional Council Community Trust to fund management only, and work with the Northland Regional Council Community Trust to change the ownership of its subsidiary Destination Northland Limited and to change the role of Enterprise Northland Trust to a non-trading entity that will remain available for a suitable activity requiring its charitable status when the opportunity arises. See pages 29-36 for more details on the council's proposal.

The information below follows through on the proposal and therefore lists the proposed nature and scope of the Northland Regional Council Community Trust's activities and the performance measures and targets assuming its new role as a fund manager only. These may therefore be subject to change dependent on the outcome of consultation and the discussions the council will have with the Northland Regional Council Community Trust's trustees.

Nature and scope of the Northland Regional Council Community Trust's activities

The principal objectives of the Trust will be to:

- Maximise returns from the Northland Regional Council Community Trust's Fund while maintaining the real value of the capital base (increased annually by an inflation adjustment as measured against the base index of 30 June 2011, $10,253,000).
- Progressively shift the Fund's portfolio mix of investment into a greater proportion of investment directly and indirectly in Northland and the Northland economy while maintaining the base as above.

Key performance targets and measures for the NRCCT group:

- Achieve an annual investment return on the operating balance of the Fund for each financial year at a rate to be determined by and recorded in the Northland Regional Council Community Trust's Statement of Intent.
- Provide a quarterly report to the council providing the information outlined in the statement of intent in respect of the Trust Fund.
- To annually distribute 100% of the gross income less an inflation adjustment and the Northland Regional Council Community Trust's operating costs to the council.

Support Services

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

Draft Prospective Funding Impact Statement for the 2012-2022 LTP, periods ending 30 June	Annual Plan 2011 - 2012 $	Year 1 2012-2013 $	Year 2 2013-2014 $	Year 3 2014-2015 $	Year 4 2015-2016 $	Year 5 2016-2017 $
Sources of Operating Funding						
General rates, uniform annual general charges, rates penalties	803,217	-	-	-	-	-
Targeted rates (other than a targeted water rates)	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-
Fees, charges and targeted rates for water supply	26,419	37,000	38,184	39,406	40,746	42,172
Internal charges and overheads recovered	5,919,340	6,117,789	6,357,943	6,843,568	7,021,849	7,119,995
Local authorities fuel tax, fines, infringement fees and other receipts	6,052,221	6,200,013	6,078,776	5,934,062	6,332,287	6,086,197
Total Operating Funding	12,801,198	12,354,802	12,474,903	12,817,035	13,394,882	13,248,364
Applications of Operating Funding						
Payments to staff and suppliers	5,542,046	5,451,874	5,576,039	5,723,128	5,867,065	5,934,580
Finance costs	1,000	1,000	1,000	1,000	1,000	1,000
Internal charges and overheads applied	369,486	16,077	16,324	17,162	17,562	17,928
Other operating funding applications	-	-	-	-	-	-
Total Applications of Operating Funding	5,912,533	5,468,951	5,593,364	5,741,291	5,885,627	5,953,508
Surplus / (Deficit) of Operating Funding	6,888,665	6,885,851	6,881,539	7,075,745	7,509,255	7,294,856
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	2,237,007	1,576,616	376,680	388,734	137,654	74,086
to replace existing assets	769,875	448,500	503,616	546,890	681,114	841,726
Increase / (decrease) in reserves	1,325,455	1,031,839	1,729,421	2,587,131	3,700,809	4,299,806
Increase / (decrease) of investments	2,556,328	3,828,897	4,271,822	3,552,990	2,989,678	2,079,239
Total Applications of Capital Funding	6,888,665	6,885,851	6,881,539	7,075,745	7,509,255	7,294,856
Surplus / (Deficit) of Capital Funding	(6,888,665)	(6,885,851)	(6,881,539)	(7,075,745)	(7,509,255)	(7,294,856)
Funding Balance	-	-	-	-	-	-

A change in council rates as a source of operating funding for the Communications department has occurred since the 2011/12 Annual Plan was developed. The majority of the costs associated with the Communications department are now treated as a council overhead and redistributed across the council's activities. The exception is the cost associated with Environmental Education which is now included in the Community representation and engagement activity

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Year 6 2017-2018 $	Year 7 2018-2019 $	Year 8 2019-2020 $	Year 9 2020-2021 $	Year 10 2021-2022 $	Draft Prospective Funding Impact Statement for the 2012-2022 LTP, periods ending 30 June
					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
43,606	45,045	46,531	48,206	49,893	Fees, charges and targeted rates for water supply
7,278,585	7,284,393	7,396,096	7,661,347	7,749,818	Internal charges and overheads recovered
6,203,673	6,265,532	6,216,562	6,814,831	6,352,717	Local authorities fuel tax, fines, infringement fees and other receipts
13,525,864	13,594,969	13,659,189	14,524,384	14,152,429	Total Operating Funding
					Applications of Operating Funding
5,910,225	6,031,985	6,169,421	6,501,410	6,606,497	Payments to staff and suppliers
1,000	1,000	1,000	1,000	1,019	Finance costs
18,725	19,011	19,589	20,532	20,822	Internal charges and overheads applied
-	-	-	-	-	Other operating funding applications
5,929,949	6,051,996	6,190,010	6,522,942	6,628,338	Total Applications of Operating Funding
7,595,915	7,542,973	7,469,179	8,001,443	7,524,091	Surplus / (Deficit) of Operating Funding
-	-	-	-	-	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
430,164	493,056	459,023	241,031	141,589	to improve levels of service
436,056	527,752	597,359	588,246	860,999	to replace existing assets
5,450,936	6,350,907	7,369,515	8,888,237	9,384,144	Increase / (decrease) in reserves
1,278,759	171,258	(956,717)	(1,716,071)	(2,862,641)	Increase / (decrease) of investments
7,595,915	7,542,973	7,469,179	8,001,443	7,524,091	Total Applications of Capital Funding
(7,595,915)	(7,542,973)	(7,469,179)	(8,001,443)	(7,524,091)	Surplus / (Deficit) of Capital Funding
-	-	-	-	-	Funding Balance

Subsidiary organisations

NORTHLAND PORT CORPORATION (NZ) LTD

Port ownership
The Northland Regional Council owns 53.6% (22.1 million shares) of the issued capital of the Northland Port Corporation (NZ) Limited (NPC). The balance of shares is held by the public and all shares are listed on the New Zealand stock exchange. The council reviews its shareholding in the company during the triennial review of its strategic plan.

There are six directors of the Northland Port Corporation (NZ) Limited. Two directors retire by rotation each year. The following are the current directors:

Mr R Blackmore
Ms S Huria
Mr P Griffiths
Ms E Trout
Sir J Goulter
Mr D Keys
Mr C Mitten (Chairman)
Mr I C Walker

Company operations
Over the last few years the company has rationalised its operations and is now essentially an investment company with holdings in the following companies:

- Northport Limited (operates a deep water port facility at Marsden Point)
- North Port Coolstores (1989) Limited
- Northland Stevedoring Services Limited

The company also owns approximately 180 hectares of industrially zoned land in the Marsden Point area which is being progressively developed for industry that utilises the port at Marsden Point.

Company financial data
As a listed company, Northland Port Corporation (NZ) Limited is not required to publish a statement of corporate intent nor provide budget estimates to the council, its major shareholder. The corporation is exempt from the council-controlled organisations' provisions of the Local Government Act 2002.

Subsidiaries

Company	NPC Holding	Main activity
Northport Limited	50.0%	Port operating company
Northland Stevedoring Services Limited	50.0%	Stevedores
North Port Coolstores (1989) Limited	50.0%	Coolstore operators
Marsden Point Stevedoring Services Limited	50.0%	Non-trading

Non-financial policies

The council has various non-financial policies – four policies of this nature are included within the draft plan. The first policy, our Policy on the development of Māori capacity, is legally required to be within the Long Term Plan. The policy on the appointment of directors to council organisations and partnerships with the private sector provide additional context and background. The council's Significance Policy is also included within this draft plan under the major proposals section on pages 45-48.

Policy on the development of 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 the facilitation of participation by Māori 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.

While there are legal obligations that the council must and will give effect to, the Northland Regional Council recognises that an approach that transcends the rules based approach of law is also required to enhance relationships and participation for Māori.

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

Relationships
Northland Regional Council realises the need to form transparent and responsive relationships in order for them to be meaningful. The council will continue to work at all levels to establish and maintain relationships with Māori. Council acknowledges that to build Māori capacity it also needs to build its own capacity to engage.

Council will continue to work with Māori, particularly through iwi authority governance representatives, to ensure that the governance and engagement models that we are committed to developing:

- Build our relationship and engagement with Māori;
- Build a solid platform for decision making;
- Mature and endure;
- Deliver services and activities that foster the ability and capacity of Māori to contribute to decision making;
- Deliver better outcomes for Māori and Northland.

Council's first priority is to develop a better and more productive relationship with the iwi authority governance representatives. Council accepts this will be organic and not driven by our own rule based framework. To underline our commitment council will:

- Attend training each triennium;
- When invited walk over their rohe with iwi governance representatives to understand the issues and opportunities for Māori;
- Welcome and take up invitations for marae visits and noho marae/marae stays.

Elected representatives and staff will have an opportunity to gain an appreciation of Māori culture and tikanga and will attend education programmes relating to Māoritanga and the Treaty of Waitangi.

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 will continue to work with the Office of Treaty Settlements by way of provision of 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 will enact any legislative requirements of them or directions from the Minister, such as Memorandum of Understanding.

Council will promote the development of an organisational framework for policy and decision making that acknowledges and builds on the Treaty of Waitangi.

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 for 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.

Provision of information
Northland Regional Council recognises that in order for Māori to effectively contribute to the decision-making process of council, it is essential that relevant information is provided to support this process.

By providing information, the council acknowledges it needs to be cognisant that it is relevant, clear and provided in a timely fashion in a manner that is appropriate.

Contribute to decision-making and capacity building
The Northland Regional Council will continue to provide opportunities for Māori to gain knowledge of council processes and to support avenues for Māori to participate in the decision-making processes. The council will also continue to recognise the special relationship Māori have with the natural and physical resources of the region.

Once the first steps have been taken, council hopes to build a strong governance relationship with the iwi authority governance representatives that will see us broadening our relationship and engaging directly around major issues, proposals and consultations. We may develop understandings / codes of partnership and build upon existing fora for collective discussion, advice and decision making that then filter throughout the organisation and Northland.

We will continue to build on the operational and management arrangements we have such as continuing to attend and participate in the Iwi Local Government Authority Chief Executives Forum, engaging with the technical expertise within iwi authorities, and maintaining our open door policy of interaction and engagement of hapū and whānau in council projects and initiatives.

We would like to explore with iwi authority governance representatives whether and how we might formalise the process for secondment of iwi representatives into council, council staff working within iwi authority structures, and a review of the consultation policy.

As we develop this policy and the elements within it, we will develop our evaluation model(s) to ensure our efforts are effective. We will do this and conduct our evaluations in ways that recognise and acknowledge that Māori, as individuals and collectives, have diverse interests and aspirations.

Policy on the appointment of directors to council organisations

Section 57 of the Local Government Act 2002 requires the council to adopt a policy on the appointment of directors to council organisations. As detailed in section 6(1) of the Local Government Act, a council-controlled organisation is a company in which the council holds 50% or more of the voting rights, or 50% or more of the rights to appoint trustees or directors. This definition applies to the Northland Regional Council Community Trust.

Under section 6(4) of the Local Government Act, Northland Port Corporation (NZ) Ltd is exempt from being classified as a council-controlled organisation. However the associated joint venture company Northport Ltd is classified as a council trading organisation. Directors of Northport Ltd are to be appointed by the immediate shareholders.

Key principles of this policy

- The objective of this policy is to ensure that the council appointments process selects the best person for the role;
- All appointments will be made through an objective, transparent and accountable process;
- All appointments will be made on the basis of merit; and
- All directors will be appointed on the basis of the contribution they can make to the organisation, not on the basis of representation.

POLICY ON THE APPOINTMENT OF DIRECTORS TO COUNCIL ORGANISATIONS

In order to identify the skills, knowledge and experience required of directors, in each case a person specification will be prepared setting out the skills, knowledge, and experience required of a director. A separate job description will be prepared for the Chairperson. In preparing these person specifications, consideration will be given to the following:

- The nature and scope of the council organisation, its future direction and requirements of its constitutional documents;
- Demonstrated judgement, team work and integrity;
- The objectives of the organisation and the attributes, skills, knowledge, and experience required to contribute to the achievement of those objectives;
- The mix of skills of the existing directors;
- Not currently provided for skills, knowledge, and experience;
- Any future skills, knowledge, and experience required; and
- The need to plan for succession.

It is recommended that all appointed directors should undergo or have already undergone formal governance training or have the requisite experience in this area.

All directors are expected to make a significant contribution to the governance of the organisation, including developing insight into the organisation and its aspirations and participating fully at meetings.

Appointment of directors to council-controlled organisations

When vacancies arise in any council-controlled organisation, the council will apply the criteria listed above for the selection process and follow the process below for appointing directors:

The council will first decide whether to advertise a particular vacancy or make an appointment without advertisement. When making this decision the council will consider:

- The costs of any advertisement and selection process;
- The availability of qualified candidates; and
- The urgency of the appointment (e.g. a council-controlled organisation that is without a quorum cannot hold a board meeting).

Appointment by advertisement

Where the council decides to advertise a vacancy, it will form an ad hoc committee to consider applications and make a recommendation to the council.

Appointment without advertisement
Where the council decides not to advertise a particular vacancy, it will form an ad hoc committee to identify a shortlist of candidates and make a recommendation to the council.

Final appointment
The full council will make a decision on the appointment of directors in committee. An elected member who is under consideration to fill a particular vacancy may not take part in the discussion or vote on that appointment.

The appointment/s will be made by council resolution.

APPOINTMENT OF STAFF OR COUNCILLORS AS DIRECTORS

Where it is considered appropriate for either staff or councillors to act as directors of a council-controlled organisation, a separate job description will be prepared that clearly outlines their role and responsibilities.

Remuneration of directors of council organisations
Remuneration for directors of council organisations will be determined on a case by case basis taking into account:

- Each specific role;
- Any existing legal or constitutional requirements;
- The form and purpose of the organisation; and
- Any previous level of fees paid by the shareholder.

Removal of directors
Directors may be removed from office according to the specific requirements of the Trust Deed or Constitution and may be subject to additional legislation such as the Local Government Acts 1974 and 2002.

Note to the policy:
As at 20 February 2012 under current arrangements the council does not appoint directors to Destination Northland Limited or Enterprise Northland Trust, subsidiaries of Northland Regional Council Community Trust. Enterprise Northland Trust appoints its own trustees in accordance with its own Trust Deed. Directors to Destination Northland Limited are appointed by its shareholder (under its constitution). Northland Regional Council Community Trust is the majority shareholder.

Policy on partnerships with the private sector

For the purposes of this policy, partnerships with the private sector are defined as any arrangement or agreement that is entered into between one or more local authorities and one or more persons engaged in business, but does not include an agreement in which the only parties are local authorities, or one or more local authorities and one or more council organisations. A contract for the supply of any goods or services to, or on behalf of a local authority, is not defined as a partnership with the private sector.

Partnerships with the private sector, sometimes referred to as “public private partnerships” or “PPP’s”, are used as a way to finance public goods and services. They are particularly useful when the public budget is limited by allowing a capital contribution to be made by the private sector.
Partnerships may include the approval of loans, grants, investments and/or acting as guarantor.

The objective of this policy is to outline:

1. The circumstances in which the council may consider entering into a partnership with the private sector, including an initial assessment of the proposal;
2. What consultation may be required;
3. What conditions would need to be met before entering into the partnership;
4. The council’s approach to managing any risks associated with the partnership; and
5. The requirements for ongoing monitoring and reporting.

Policy on partnerships with the private sector

1. Circumstances

The Northland Regional Council may consider entering into partnerships with the private sector where such a partnership is likely to:

- Contribute to the achievement of council objectives;
- Promote the social, economic, environmental or cultural well-being of the region in the present and in the future;
- Be a prudent, efficient and effective use of the council’s resources in the best interests of the region;
- Provide access to funding, expertise or opportunities that would not otherwise be available to the council, or the sector is unwilling or unable to achieve the partnership’s objective without the council’s support;
- Transfer risks to the partner best placed to manage them; and/or
- Provide a more cost-effective solution than if each party acted alone.

An initial assessment will be conducted on all proposals to establish a partnership with the private sector. This assessment will include:

- Whether the proposal is “significant” in terms of the council’s Policy on Significance;
- (NB: Significant proposals may be subject to an internal or external peer review) *
- The financial benefit of the partnership proposal compared to the cost if the council were to do the project alone;
- Compliance with sections 76 – 82 of the Local Government Act 2002 including:
  - The identification of all reasonably practicable options for achieving the objective of the partnership;
  - The benefits and costs of each option, including the contribution to current and future well-being; and
  - The views and preferences of the person/s most likely to be affected by, or have an interest in the proposal.

The council may also require the proposed partner to provide a preliminary business plan and/or independently prepared feasibility study prior to considering entering into any partnership.

2. Consultation

Consultation on a intended public/private partnership will be required only where:

- There are significant changes in the intended level of service provision for any significant activity undertaken by or on behalf of the council*;
- Ownership or control of a significant asset is to be transferred to or from the council (section 97 LGA 2002)*; or

- The intended partnership is deemed significant in accordance with the council's policy on significance whereby the council will determine on a case by case basis what, if any, consultation is required*.

3. Conditions

The council will require, as a condition of providing funding or other resources to any form of partnership with the private sector, that the private sector partner enters into a written agreement recording the terms of the arrangement or agreement, stating clearly:

- The objectives of, and rationale for the council's involvement in the partnership;
- The parties' respective responsibilities and obligations under the agreement, including responsibility for obtaining any necessary consents, licences or other approvals, or to undertake any matter or do any thing;
- Details of the council's agreement to provide capital and/or operational funding or other resources to the partnership including how the council's contribution will be recognised
- The council's expectations in relation to the private sector partner's contribution to the achievement of council objectives, or promotion of the aspects of community well-being, current and future including, where possible, targets and performance measures;
- The council's requirements in relation to monitoring and reporting of performance including the provision of agreed financial and non-financial records; and
- Consequences of non-performance by the private sector party.

The council may impose any other conditions it considers appropriate in the circumstances.

4. Risk management

Council staff will carry out an assessment of the risks of providing funding or other resources. This will be completed by reviewing all information received from the intended partner, and through discussion and/or enquiry with any party the council chooses, using what the council deems to be the most appropriate methodology, in order to make such an assessment.

At a minimum, the methodology will:

- Indentify material risks;
- Assess the probability and likely consequences of those risks; and
- Indentify the scope for mitigating those risks.

The risk assessment will be documented and presented to the council for consideration.

Should a public private partnership proceed, a strategy will be developed to manage risks identified during the assessment process. The strategy may include requiring contractual assurances from the private sector partner such as:

- Indemnities and guarantees;
- Details of insurance requirements; and
- Details of the level of monitoring and reporting required.

5. Monitoring and reporting

Staff will be required to monitor performance to agreed standards and report to the council on arrangements entered into for the provision of funding and/or resources. The frequency of reporting will be determined on a case by case basis depending on the nature of each arrangement entered into, and the value of any resources or funding provided. This reporting however, will occur not less than once a year. Reporting is required to cover both the performance of the partnership, and the extent to which council objectives are being furthered as a result of the provision of funding and/or resources.

Monitoring and reporting will be undertaken in accordance with written terms of agreement entered into.

Although it is no longer a requirement of the Local Government Act 2002 to have a policy on partnerships with the private sector, the council considers it to be good practice and transparent to have such a policy to assist with decision making.

* To be read in conjunction with the council's Significance Policy on pages 45-48.

Significant Forecasting Assumptions

The financial forecasts within this long term plan are based on a range of assumptions about our future situation, in particular assumptions that impact on our revenue and expenditure levels. Schedule 10 of the Local Government Act 2002 requires that the council identity the significant forecasting assumptions and risks underlying the financial information set out in the Long Term Plan. Where there is a high level of uncertainty, council is required to state the reason for that level of uncertainty and provide an estimate of the potential effects that uncertainty has on the financial estimates provided. The level of uncertainty is determined by reference to both the likelihood of occurrence and the financial materiality.

Each year council reviews its position and has the opportunity to revise the intentions signalled in the 2012-2022 Long Term Plan. An annual plan will be prepared for the 2013/2014 financial year and again for the 2014/2015 year, with a long term plan being prepared every third financial year. Where revised prospective financial statements are issued, council must provide an explanation of the changes made to the prospective financial statements in the long term plan and include a reconciliation of all material differences between the previously reported prospective financial statements and the revised financial statements. The projections for individual years will be ratified annually through a special consultative procedure, in accordance with the Local government Act 2002.

The financial forecast information disclosed is future focused for the purposes of the Financial Reporting Standard FRS-42: Prospective Financial Statements and accordingly, there are a number of budget assumptions that, at the time of preparing the forecast information the council reasonably expects to occur. These assumptions are necessary as the long term plan covers a 10 year period and to ensure that there is a consistent and justifiable basis for the preparation of the financial forecasts.

The information presented in prospective financial statements is by definition uncertain and its preparation requires the exercise of judgement. Events and circumstances may not occur as expected or may not have been predicted. In addition, the council may subsequently take actions which differ from the intended courses of action on which the prospective financial statements were based. Actual financial results may be materially different to the forecast financial information presented in this long term plan.

The council has assumed that the actual results for the 2011/2012 financial year will be in accordance with the 2011/2012 Annual Plan. With the passage of time, if the actual 2011/2012 full year financial results are expected to be materially different to forecast results, the financial forecasts will be updated accordingly prior to the final adoption of the long term plan in June 2012.

The council has a reasonable and supportable basis for the determination of assumptions underlying these prospective financial statements. The realisation of assumptions may have a direct impact on resulting rates and funding requirements. The information in these financial statements may not be appropriate for purposes other than those described.

The prospective financial statements were authorised for issue on 6 March 2012 by council resolution. The council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

The significant forecasting assumptions used in developing the financial forecasts in the Long Term Plan are detailed in the table over leaf.

Significant financial forecasting assumptions

GENERAL ASSUMPTIONS

Assumption and impact of assumption	Risk	Likelihood Low/medium /high	Financial impact	Impact of risk
The Northland **economy** will take longer to recover than in other parts of New Zealand, in terms of employment and the real estate market. Over the ten year period from June 2012 to June 2022, we are assuming a slower gross domestic product (GDP) growth rate of 1.5%.	That the current recovery stalls, is slower than expected or significantly deepens.	Low - medium	A 1 % reduction in general rating revenue in year 1 is $124,277 equivalent to 0.4% of our total operating budget.	A slow economy has the effect of perpetuating affordability issues and potentially resulting in increased rating arrears.
Population growth will be slow (0.5% average increase annually in the number of separately used and inhabited parts and rating units (SUIP's/RU's) over the life of the plan, with the exception of year 1 which is based on actual data of 0.89%). Impact: No additional expenditure has been provided in this plan for addressing issues related to population growth.	Population growth will be significantly different from projected.	Low	Low This equates to an increase of 771 SUIP's/RU's in year two (year one based on actual data of 0.89%) of the plan. The average general rate per SUIP/RU is $174.04. If the projected 0.5% increase in SUIP/RU did not eventuate the average general rate would be $174.92 (this is less than $1 impact per SUIP/RU.	Short term population changes have very little impact on regional council services. Existing resources have generally coped with service demands without major adjustments. A greater demand for public transport services may result in the urban areas, particularly Whāngārei, as it is likely to expand at a greater rate than other areas within the region.
Resource Consents Conditions for existing resource consents held by council will not be significantly altered. Any resource consents due for renewal during the 10 year period will be renewed accordingly.	Conditions of resource consents are altered significantly. Council is unable to renew existing resource consents upon expiry.	Low	Low	The final effect of any change to resource consent requirements would depend upon the extent of the change. A significant change in requirements could result in the council needing to spend additional funds to enable compliance. Generally, the council considers that it is fully compliant with existing resource consents and does not contemplate any material departure from these requirements over the next 10 years.
Changes to council's business There will be no significant change to council business dictated by as yet unknown/unconfirmed legislation or central government policy change.	There will be changes to council business that significantly alter operations and activities carried out by council.	Medium	Low	The final effect of any change to council's business would depend upon the extent of the change. A significant change could result in the council altering its activities or spending addition funds to enable compliance.

Assumption and impact of assumption	Risk	Likelihood Low/medium /high	Financial impact	Impact of risk
Any **indirect** impacts of the **Emissions Trading Scheme** through price increases being passed on to council are assumed to be covered by council's inflation assumptions. The **direct** impact of the **Emission Trading Scheme** is that council will be required to replant its forestry holdings after any harvest. The council's forestry management plan prescribes this approach. Council has received Emission Trading Scheme credits to financially compensate for this requirement.	That changes in government legislation result in charges that are greater than the budgeted expenditure.	Low	Low	It is considered that any annual changes to the Emission Trading Scheme will not have any material effect on the overall financial forecasts in the Long Term Plan.
Climate change impacts Climate change will match the Ministry for Environment's climate change predictions, which are based on recommendations from the International Panel on Climate Change (IPCC).	That changes in government legislation will result in charges and revenue that are significantly different from estimated impacts of the Emissions Trading Scheme.	Medium	Low	Variations to long term budget forecasts and levels of service will be required and will be addressed by subsequent long term plans.
Budget provision will be adequate to address costs arising from **natural disasters.** Council holds insurance for its assets, including the Awanui River Management Scheme. In addition council holds a reserve titled the Land Management Reserve that is intended to have a long term balance of $1.5 million, which if required, may be utilised to fund emergency works.	There will be natural or other hazard emergencies requiring work that cannot be funded out of normal budgetary provisions.	Low	Medium	The council's financial position is strong enough to fully replace all infrastructure assets in the case of an event causing total destruction.

FINANCIAL ASSUMPTIONS

<table>
<tr><th>Assumption and impact of assumption</th><th>Risk</th><th>Likelihood Low/medium /high</th><th>Financial impact</th><th>Impact of risk</th></tr>
<tr>
<td>Inflation
Council has adjusted base financial projections to reflect the estimated impact of inflation over the life of the 2012-2022 Long Term Plan.

Inflation rates applied - expenditure
Inflation rates have been estimated using the Business and Economic Research Limited (BERL) “Forecasts of Price Level change adjustors to 2022”.
The price level change adjustor rates displayed below (at a per annum change) have been applied to all expenditure items subject to inflation with the exception of salaries, and electricity:

<table>
<tr><td>Yr 1</td><td>0.0%</td><td>Yr 6</td><td>3.4%</td></tr>
<tr><td>Yr 2</td><td>3.2%</td><td>Yr 7</td><td>3.3%</td></tr>
<tr><td>Yr 3</td><td>3.2%</td><td>Yr 8</td><td>3.3%</td></tr>
<tr><td>Yr 4</td><td>3.4%</td><td>Yr 9</td><td>3.6%</td></tr>
<tr><td>Yr 5</td><td>3.5%</td><td>Yr 10</td><td>3.5%</td></tr>
</table>

Year one budget forecasts were provided on the basis that expenditure for that year could be determined and did not require the application of the inflation adjustor.</td>
<td>The actual rate of inflation will vary from the assumed rate of inflation.</td>
<td>Years 1-3: Low to medium

Years 4-10: Medium - High</td>
<td>Low to medium
1% increase in inflation over and above the BERL rates will increase council’s year 1 total operating expenditure by $278,356.
Should operating expenditure increase and if council is not able to achieve savings to offset the increase, offsetting depending on the driver for the increase, it is likely there will be a proportional impact on all of council’s funding sources in the following year.</td>
<td>Inflation is affected by external factors, most of which are outside of council’s control and influence.

Actual individual indices will at times vary from what has been assumed in the Long Term Plan. The council has relied on the Reserve Bank’s use of monetary controls to keep inflation within the 1% to 3% range.</td>
</tr>
<tr>
<td>Inflation rates applied – salaries
Salary increases have been estimated throughout the life of the plan using the BERL “Staff” price adjustor displayed below: (at a per annum change).

<table>
<tr><td>Yr 1</td><td>0%</td><td>Yr 6</td><td>2.4%</td></tr>
<tr><td>Yr 2</td><td>2.4%</td><td>Yr 7</td><td>2.3%</td></tr>
<tr><td>Yr 3</td><td>2.4%</td><td>Yr 8</td><td>2.6%</td></tr>
<tr><td>Yr 4</td><td>2.6%</td><td>Yr 9</td><td>2.7%</td></tr>
<tr><td>Yr 5</td><td>2.6%</td><td>Yr 10</td><td>2.7%</td></tr>
</table></td>
<td>The actual rate of salary increases will vary from the assumed rate of salary increases.</td>
<td>Low to Medium</td>
<td>Low

A 1% increase in year 1 salaries over and above the BERL rates will increase operating expenditure by $103,650 (0.4%).</td>
<td>Although the actual annual salaries expenditure incurred by council may vary against its corresponding forecast, it is expected to be manageable and it is not considered that any annual salaries variance will have a material effect on the overall financial forecasts in the Long Term Plan.</td>
</tr>
<tr>
<td>Inflation rates applied – Electricity
Electricity has been estimated throughout the life of the plan using the BERL “Energy” price adjustor displayed below (at a per annum change).

<table>
<tr><td>Yr 1</td><td>0.0%</td><td>Yr 6</td><td>4.6%</td></tr>
<tr><td>Yr 2</td><td>4.7%</td><td>Yr 7</td><td>4.5%</td></tr>
<tr><td>Yr 3</td><td>4.7%</td><td>Yr 8</td><td>5.0%</td></tr>
<tr><td>Yr 4</td><td>5.0%</td><td>Yr 9</td><td>5.4%</td></tr>
<tr><td>Yr 5</td><td>5.1%</td><td>Yr 10</td><td>5.4%</td></tr>
</table></td>
<td>The actual rate of increases in energy related expenditure will vary from the assumed rate of energy increases.</td>
<td>Low to Medium</td>
<td>Low

A 1% increase in year 1 electricity, expenditure over and above the BERL rates will increase operating expenditure by $1,206.</td>
<td>Although the actual annual energy expenditure incurred by council may vary against its corresponding forecast, it is expected to be manageable and it is not considered that any annual variance in energy related expenditure will have a material effect on the overall financial forecasts in the Long Term Plan.</td>
</tr>
</table>

<table>
<tr><th>Assumption and impact of assumption</th><th>Risk</th><th>Likelihood Low/medium /high</th><th>Financial impact</th><th>Impact of risk</th></tr>
<tr><td>Inflation rates applied – Activity Income
Activity income sources subject to inflations are assumed to increase in accordance with the inflation price adjustor displayed below (at a per annum change) with the exception of rating revenues and New Zealand Transport Agency subsidies:

Yr 1 | 0% | Yr 6 | 3.4%
Yr 2 | 3.2% | Yr 7 | 3.3%
Yr 3 | 3.2% | Yr 8 | 3.3 %
Yr 4 | 3.4% | Yr 9 | 3.6%
Yr 5 | 3.5% | Yr 10 | 3.5%</td><td>That actual activity revenue is influenced by changes in prices or the rate of inflation.</td><td>Low</td><td>Low</td><td>Although activity income streams may vary annually due to factors outside of council's control, it is considered manageable and it is not considered to have a material effect on the overall financial forecasts in the Long Term Plan.</td></tr>
<tr><td>Inflation rates applied – New Zealand Transport Authority subsidy income
Subsidy income is a function of transport activity cost and work categories. The subsidy available for the work categories varies from no subsidy to 64.77%. Council has assumed there will be no change to the current government funding formula and as such, has applied the subsidy at the level advised by New Zealand Transport Agency at the time of preparing the plan.</td><td>That actual subsidy rates and criteria for approved works change from the time the long term plan is compiled.</td><td>Medium</td><td>Low
Changes to the funding priorities of the New Zealand Transport Agency are outside council's control.

The maximum financial impact would be the total elimination of the total subsidy income estimated in year 1 at $984,459.</td><td>If the level of New Zealand Transport Agency subsidy income is lower than forecast it may require a reprioritization of the transport work program or an increase in funding from alternative sources (e.g. rates).</td></tr>
<tr><td>Rates increases applied – rating income
In order to fund the expenditure outlined throughout the long term plan council intends to increase its general rates at the amounts (at a annual increment) displayed in the table below :

Yr 1 | 6.8% | Yr 6 | 6.5%
Yr 2 | 6.5% | Yr 7 | 6.3%
Yr 3 | 7.3% | Yr 8 | 5.6 %
Yr 4 | 6.8% | Yr 9 | 6.1%
Yr 5 | 7.2% | Yr 10 | 4.5%</td><td>That the projected rate increases are insufficient to cover expenditure increases resulting from inflation.</td><td>Low - Medium</td><td>Low – Medium

In Year 1 general rate funding provides approximately 43% of council revenue, with the remaining revenue coming from investment income, user charges, grants and subsidies.

A 1% increase in year 1 general rating income would provide approximately $124,150 additional income, whilst a 1% increase in year 1 operating costs would equate to an additional $267,119 of expenditure.</td><td>Although the disparity is considered manageable, it may result in a reprioritization of council's work programme and/or an increase in funding from alternative sources.</td></tr>
</table>

Assumption and impact of assumption	Risk	Likelihood Low/medium /high	Financial impact	Impact of risk
Rates subsidy withdrawal The staged withdrawal of the rates subsidy from utilising investment income for funding council services will occur over ten years.	The council will speed up the transition. The council will slow down the transition.	Low Low	Medium Medium	There will be higher rate increases than projected in the Long Term Plan. There will be less funds available in the Growth and Investment Reserve for allocation or investment.
Forecast return on council investments ▪ Cash investments Interest income derived from Cash deposits is calculated upon an assumption 3.5% per annum. ▪ Stocks and bonds (fixed) investments Interest income derived from fixed Investments is calculated at the relevant coupon rate until maturity of such investment. Reinvestment into Fixed Investments has had interest calculated at 5% per annum throughout the life of the plan.	That actual interest rates will vary from those projected.	Low - Medium	Low - Medium An increase or decrease of 1% above or below forecast year 1 returns on cash deposits will result in a variance in interest income of $36,270.	If actual interest rates are lower than the forecast rates, then the Growth and Investment Reserve will receive reduced allocations. Rating levels will not be affected.
Forestry Investment Revenue Forestry revenue is projected inline with the forestry management plan. The forestry is revalued annually. The valuation adjustments are provided by an independent forestry consultant. These are non-cash and as the forest is a long term asset, the adjustments do impact on funding or expenditure requirements.	That the projected forestry returns differ significantly from those estimated.	Low-Medium	Low	If the projected harvest return is below expectations, the council is able to defer harvesting for a number of years. The forestry revenue is budgeted to be set aside in the forest equalisation fund to smooth rating increase over the term of the plan.
Forecasted return on investments made from the Investment and Growth reserve funds It is assumed funding set aside in the Investment and Growth reserve will earn a return of 5% per annum. Investment and Growth funds will be invested in accordance with council's Treasury Management Policy criteria until such time as they are invested in accordance with the Investment and Growth Reserve Criteria. Actual return on investments could vary significantly. Council recognises higher risk investments, may result in potential higher returns, but there is also a risk of the project not delivering the expected return. It is also possible that council will accept a lower return on projects that contribute positively to social and cultural well-beings.	That actual returns will vary from those projected.	Medium	Low - Medium An increase or decrease of 1% above or below forecast year 1 returns on funding set aside in the Investment and Growth reserve will result in a variance in investment revenue of $13,421.	If actual investment returns are lower than forecasted rates there will be less funding available to invest in further projects. This may have an impact on council's ability to make a positive contribution towards promoting economic development in Northland. Rating levels will not be affected.

<table>
<tr><th>Assumption and impact of assumption</th><th>Risk</th><th>Likelihood Low/medium /high</th><th>Financial impact</th><th>Impact of risk</th></tr>
<tr><td>Income from the Northland Regional Council Community Trust – Trust Fund

The opening balance of the fund is $10.25 million The Investment fund managers have forecasted income from the trust fund for years 1-3. For the purposes of forecasting income for years 4-7, it is assumed that the average return forecasted for years 1-3 will continue.

Council intends to maintain the real value, of the capital of the Fund. by increasing the capital amount of the fund by the level of inflation forecast for each year of this plan. The fund's capital value may be subject to market fluctuations that are beyond the control of the council. Regardless of the nature and level of market fluctuations, council aims to increase the capital value of the fund, based on the opening capital value of $10.25 million. It is assumed monies reinvested will earn interest of 5%. The inflation adjustors and the expected fund value are forecasted as follows:

<table>
<tr><th>Year</th><th>Inflation adjustor</th><th>Fund balance</th><th>Forecasted Income</th></tr>
<tr><td>Yr 1</td><td>2.4</td><td>10,499,911</td><td>680,113</td></tr>
<tr><td>Yr 2</td><td>3.2</td><td>10,835,908</td><td>723,738</td></tr>
<tr><td>Yr 3</td><td>3.2</td><td>11,182,657</td><td>740,538</td></tr>
<tr><td>Yr 4</td><td>3.4</td><td>11,562,867</td><td>757,875</td></tr>
<tr><td>Yr 5</td><td>3.5</td><td>11,967,568</td><td>776,886</td></tr>
<tr><td>Yr 6</td><td>3.4</td><td>12,374,465</td><td>797,121</td></tr>
<tr><td>Yr 7</td><td>3.3</td><td>12,782,822</td><td>817,466</td></tr>
<tr><td>Yr 8</td><td>3.3</td><td>13,204,655</td><td>837,884</td></tr>
<tr><td>Yr 9</td><td>3.6</td><td>13,980,023</td><td>858,975</td></tr>
<tr><td>Yr 10</td><td>3.5</td><td>14,158,824</td><td>882,744</td></tr>
</table>

The income (less the inflation adjustment) from the Trust fund will be distributed to council, and council will use this income as well as income from the Investment and Growth reserve to provide up to $1,000,000 funding to the council-controlled organisation/council-controlled trading organisation per annum.</td>
<td>That the income from the Trust fund differs to forecast.</td>
<td>Medium</td>
<td>Medium

In year 1 a 1% change in income from the trust fund equates to $6,801. Any reduction in Trust fund income may have to be funded from the Investment and Growth reserve funds.</td>
<td>If actual trust fund income is lower than the forecast levels, then the Growth and Investment Reserve will need to contribute a greater level of funding to the council-controlled organisation/council-controlled trading organisation.</td></tr>
</table>

<table>
<tr><th>Assumption and impact of assumption</th><th>Risk</th><th>Likelihood Low/medium /high</th><th>Financial impact</th><th>Impact of risk</th></tr>
<tr>
<td>Borrowing costs (external and internal)
The borrowing costs for qualifying assets are calculated assuming the following average interest rates.

<table>
<tr><th></th><th>New borrowing</th><th>Existing Borrowing</th></tr>
<tr><td>Yr 1</td><td>5%</td><td>7%</td></tr>
<tr><td>Yr 2 – 3</td><td>5%</td><td>7%</td></tr>
<tr><td>Yr 4 – 10</td><td>5 %</td><td>7%</td></tr>
</table>

Interest income derived from internal borrowing that has been drawn down prior to the commencement of the plan has been calculated at 7% per annum.

Interest Income derived from internal borrowing that eventuates during the life of the plan has been calculated at 5% per annum. Internal interest cost of 5% is considered appropriate as council considers it can achieve the same rate by investing in fixed longer term stock and bond investments.

Any internal interest expense applicable to internal borrowings is allocated directly to the activity to which the loan relates.

The actual internal borrowing rate may be subject to change and will be based upon the cost of borrowing and available investment returns at the time of borrowing.</td>
<td>That the prevailing interest rate will vary from those assumed.</td>
<td>Medium</td>
<td>Low</td>
<td>Council is not forecasting any external borrowing over the 10 year life of the Long Term Plan. If any actual borrowing should eventuate, an unbudgeted interest expense will also eventuate and this may affect the level of rating income increase required to fund such expenditure.

Interest expense and interest income associated with internal borrowing offset each other in the financial forecasts.</td>
</tr>
<tr>
<td>Dividends
It is assumed that council will maintain its shareholding in Northland Port Corporation (NZ) Limited.

Although rates of inflation will affect the revenues and expenditure of the Northland Port Corporation (NZ) Limited it is not anticipated the level of dividend will be influenced by the rate of inflation over the life of the Long Term Plan.

It is assumed that the dividend received from this shareholding will remain constant throughout the period of the Long Term Plan at 6.5 cents per share.

Council has not forecast any special capital dividends in the 10 years of the plan.</td>
<td>That the council chooses not to maintain its shareholding.

That the actual dividend per share will vary from the assumed amount.</td>
<td>Low

Low</td>
<td>Low
An alternative investment would be sought with an annual return.

Low

A one cent per share movement in the declared dividend will have an impact on council's year 1 dividend income by $221,429.</td>
<td>If actual dividend income is lower than the forecast other funding sources or savings will be considered to offset the difference.

Investment revenue, including dividends are to be transitioned to the Investment and Growth Reserve over a ten year period. If in any one year, the actual investment revenue is less than $6.7M, council will calculate the amount to be transferred to the Investment and Growth Reserve based on the actual revenue and the stage of phasing, for example in year three of the plan (year four of the phasing) 40% of the investment revenue would be transferred to the Investment and Growth Reserve.</td>
</tr>
</table>

<table>
<tr><th>Assumption and impact of assumption</th><th>Risk</th><th>Likelihood Low/medium /high</th><th>Financial impact</th><th>Impact of risk</th></tr>
<tr><td>Investment Property Rental income
It is assumed the council's investment property portfolio will be tenanted throughout the plan at the current occupancy rates and that rents will be increased at review date as per the table below:
.<table><tr><td>Lease review falling every 5 years</td><td>+15%</td></tr><tr><td>Lease review falling every 7 years</td><td>+15%</td></tr><tr><td>Lease review falling every 21 years</td><td>+30%</td></tr></table>
It is further assumed the disposition of any investment property will have no financial impact as the proceeds will be reinvested in an investment that provides a similar revenue stream.</td><td>That occupancy rates decline and /or rent reviews are less than forecast – resulting in less than forecast rental income.</td><td>Low</td><td>Low

A 1% reduction in council's year 1 Investment property rental income equates to $35,764.</td><td>All investment property rentals are subject to contractual obligations which have varying renewal and review periods. The large majority of rental properties have 5,7 and 21 year lease reviews, and the reviews falling due in any one year will not have an material impact on the annual rental income.</td></tr>
<tr><td>Revaluation of Investment Properties
It is assumed that the value of council's investment properties will not change over the life of the plan.

This assumption is supported by the expectation Northland will have low population growth and the recovery of the economy will be slower than the national average.</td><td>That the actual revaluation movements will vary from those assumed.</td><td>Medium</td><td>Low

A 1 % increase in council's investment property portfolio equates to an estimated increase of $483,210 in the value of the portfolio.</td><td>Investment revaluations are non cash in nature so will have no material impact on council's funding sources.

There is no impact on depreciation as investment properties are not depreciated.</td></tr>
<tr><td>Revaluation of Infrastructure Assets
Infrastructure assets are revalued every three years. During the term of the plan it is assumed that the fair value of the infrastructure assets will increase by the movement in the BERL price level adjustors.

The valuation cycles and the expected fair value increase is displayed below:<table><tr><td>2013-2014</td><td>9.5 %</td></tr><tr><td>2016-2017</td><td>10.44%</td></tr><tr><td>2019-2020</td><td>10.34 %</td></tr></table>
The effect of the movement in property plant and equipment values will be reflected in the depreciation expense in the subsequent year following revaluation.

The value of land is forecast to remain constant over the 10 years of the Long Term Plan.</td><td>That the actual revaluation movements will be significantly different from those forecasted.</td><td>Medium</td><td>Low

A 1% increase in infrastructure asset values will equate to an increase in depreciation of $5,603.

For land assets there is no impact on depreciation as these assets are not depreciated.</td><td>If the revaluations are different from those forecast, it will affect the fixed asset values and flow through to changed levels of depreciation expense.</td></tr>
</table>

ASSET ASSUMPTION

Assumption and impact of assumption	Risk	Likelihood Low/medium /high	Financial impact	Impact of risk
New Assets Council is aware of all new asset requirements and has factored these requirements into the Long Term Plan's capital expenditure programme.	That at the completion of the Priority River modelling exercise, new assets are required that are not included within the life of this long term plan.	Medium	Low The financial effect of the uncertainty surrounding additional assets to be factored into the capital expenditure projections is likely to be immaterial.	Consultation will be undertaken with the affected communities of additional capital works and a targeted rate will be levied via an Annual Plan or subsequent Long Term Plan to fund any new infrastructural works.
Sufficient sources of funds for the future replacement of significant assets will be available at the end of their useful life.	Insufficient funds will be available to replace significant assets at the end of their useful lives.	Low	Low	General rates, user charges and targeted rates will increase to achieve the funding requirements. The council may utilise borrowings in accordance with the Revenue and Financing Policy and Treasury Management Policy.
Useful lives of significant assets It is assumed that no significant assets will fail before the end of their useful lives. The useful lives of council's assets are stated in Statement of Accounting Policies of council. Council is aware of all planned asset acquisitions and all asset acquisitions (as per the capital expenditure program) shall be depreciated on the same basis as existing assets.	That council assets wear out earlier or later than estimated. That council changes activities resulting in decisions not to replace certain existing assets.	Low	Low The financial effect of the uncertainty surrounding useful lives of assets is likely to be immaterial.	Council has very little Infrastructural assets. As part of its Asset Management Planning process council identifies the capacity and condition of such assets, and plans its replacement programme accordingly. Depreciation and interest costs (if borrowing was required) would increase if capital expenditure was required earlier than anticipated, and any earlier replacement may result in the deferral of other discretionary capital projects. Where a decision is made not to replace an asset this will be factored into the capital expenditure projections.

Assumption and impact of assumption	Risk	Likelihood Low/medium /high	Financial impact	Impact of risk
Vested Assets There will be no vesting of assets with the council for the period of the Long Term Plan.	Assets will be vested with the council.	Low	Low	Vested assets have an associated depreciation expense, and this would increase the level of rating required if the council decided that the asset would be replaced at the end of its useful life.
Joint Venture with KiwiRail (Ontrack) for the proposed Marsden Point Rail Link The council is holding properties purchased along the Marsden Point rail corridor as Investment Properties for the term of the plan. It is further assumed that should any of these investment properties be sold during the term of the plan there will be no change in the total Investment Revenue earned by council.	That the timing or amount of disposal of the sale of Investment Assets differs from that assumed.	Medium	Low A 1% decrease in Investment revenue equates to $7,161.	If the actual proceeds received from the sale of Joint Venture Investment Assets differ to those forecasted there will be less investment income available to either subsidise operational funding or be transferred to Investment and Growth fund (depending on the stage of the transition).
Council holds its share of the costs of designation as an inventory asset. It is assumed council will continue to hold its share of the costs of the designation as an inventory asset until such time as the construction of the corridor commences. It is assumed the construction of the corridor will occur beyond the term of this plan.	That the value of the designation inventory asset is impaired or realised during the term of the plan.	Medium	Low A 1% decrease in the Marsden to Oakleigh Rail corridor designation in year 1, equates to an impairment cost of $13,163.	A 1% increase or decrease in the sale value of joint Venture Investment Assets held will result in a +/- $37,550.increase or decrease in cash available to be invested. Any impairment of the inventory asset is a non-cash expense and therefore any impact will be immaterial.

Forecast Financial Statements

PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

For the 2012-2022 LTP, periods ending 30 June	Annual Plan 2011 -2012 $	Year 1 2012-2013 $	Year 2 2013-2014 $	Year 3 2014-2015 $	Year 4 2015-2016 $	Year 5 2016-2017 $
REVENUE						
Grants and subsidies	1,370,884	1,557,323	1,458,125	1,512,750	1,510,612	1,798,068
User charges	3,956,038	4,090,314	4,216,055	4,316,860	4,425,200	4,577,518
Revenue from activities	5,326,922	5,647,637	5,674,181	5,829,610	5,935,812	6,375,587
Council Service Rate	6,966,873	7,279,686	7,855,008	8,525,519	9,204,020	9,960,435
Land Management Rates	4,567,144	5,148,014	5,451,463	5,822,633	6,198,094	6,628,546
Targeted Regional Infrastructure Rate	593,602	593,544	593,602	593,602	593,602	593,602
Targeted Regional Recreational Facilities Rate	1,218,065	1,226,775	1,233,300	1,239,466	1,245,663	1,251,892
Other Targeted Rates	2,255,533	2,494,981	2,613,288	3,136,676	3,198,260	3,266,050
Total Rating revenue	15,601,217	16,743,000	17,746,661	19,317,896	20,439,640	21,700,524
Rental income	3,427,314	3,588,448	3,633,523	3,758,416	3,794,341	3,852,383
Interest income	1,717,631	1,524,385	1,422,136	1,253,348	1,383,195	1,631,841
Dividend income	1,328,574	1,439,289	1,439,289	1,439,289	1,439,289	1,439,289
NRC Community Trust income	-	434,021	387,741	393,789	377,665	372,186
Forestry income	-	-	-	-	372,205	-
Sundry income	23,055	122,030	125,935	129,965	134,384	139,087
Other Revenue	6,496,574	7,108,173	7,008,624	6,974,807	7,501,079	7,434,786
Other gains/(losses)	102,060	71,727	166,790	98,891	(305,589)	230,702
TOTAL REVENUE	27,526,774	29,570,537	30,596,256	32,221,203	33,570,942	35,741,599
EXPENDITURE						
Personnel Costs	9,894,144	10,365,034	10,719,036	10,977,247	11,195,761	11,610,798
Depreciation	1,200,308	1,063,734	1,123,677	1,255,044	1,339,785	1,354,082
Finance Costs	1,000	1,000	1,000	1,000	1,000	1,000
Other expenditure on activities	14,025,895	16,405,815	15,795,800	15,883,936	16,464,454	17,326,491
Total Operating Expenditure	25,121,347	27,835,583	27,639,512	28,117,227	29,001,000	30,292,372
NET SURPLUS / (DEFICIT) FROM OPERATIONS	2,405,427	1,734,954	2,956,743	4,103,976	4,569,942	5,449,228
OTHER COMPREHENSIVE INCOME						
Gain/(Loss) on infrastructure asset revaluation	-	-	742,795	-	-	1,178,709
TOTAL OTHER COMPREHENSIVE INCOME	-	-	742,795	-	-	1,178,709
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,405,427	1,734,954	3,699,538	4,103,976	4,569,942	6,627,937
Total comprehensive income attributable to:						
Northland Regional Council	2,405,427	1,734,954	3,699,538	4,103,976	4,569,942	6,627,937
Non controlling interest in surplus/(deficit) of Northland Port Corporation (NZ) Limited	-	-	-	-	-	-
	2,405,427	1,734,954	3,699,538	4,103,976	4,569,942	6,627,937

Year 6 2017-2018 $	Year 7 2018-2019 $	Year 8 2019-2020 $	Year 9 2020-2021 $	Year 10 2021-2022 $	For the 2012-2022 LTP, periods ending 30 June
					REVENUE
1,649,558	1,704,849	1,731,187	1,784,852	1,797,102	Grants and subsidies
4,695,463	4,812,823	4,934,023	5,070,477	5,207,910	User charges
6,345,020	6,517,671	6,665,210	6,855,330	7,005,012	Revenue from activities
10,701,893	11,470,791	12,214,228	13,059,408	13,753,573	Council Service Rate
7,046,051	7,481,271	7,896,079	8,381,316	8,766,616	Land Management Rates
593,602	593,602	593,602	593,602	593,602	Targeted Regional Infrastructure Rate
1,258,151	1,264,442	279,447	-	-	Targeted Regional Recreational Facilities Rate
3,267,977	3,270,803	3,272,825	3,275,026	3,277,240	Other Targeted Rates
22,867,674	24,080,909	24,256,181	25,309,352	26,391,031	Total Rating revenue
3,868,734	3,879,422	3,841,681	3,841,681	3,855,725	Rental income
1,957,390	2,279,551	2,587,891	3,032,270	3,498,903	Interest income
1,439,289	1,439,289	1,439,289	1,439,289	1,439,289	Dividend income
390,224	409,108	416,051	383,608	403,943	NRC Community Trust income
-	-	-	523,037	-	Forestry income
143,816	148,562	153,465	158,989	164,554	Sundry income
7,799,453	8,155,932	8,438,377	9,378,875	9,362,414	Other Revenue
200,048	238,001	239,791	272,183	(338,398)	Other gains/(losses)
37,212,195	38,992,513	39,599,559	41,815,739	42,420,059	TOTAL REVENUE
					EXPENDITURE
11,890,774	12,165,623	12,482,914	12,821,261	13,168,639	Personnel costs
1,383,231	1,411,716	1,439,467	1,467,965	1,485,723	Depreciation
1,000	1,000	1,000	1,000	1,000	Finance costs
17,046,398	17,544,920	17,776,605	18,303,244	18,604,689	Other expenditure on activities
30,321,402	31,123,259	31,699,987	32,593,469	33,260,051	Total Operating Expenditure
6,890,793	7,869,254	7,899,572	9,222,271	9,160,008	NET SURPLUS / (DEFICIT) FROM OPERATIONS
					OTHER COMPREHENSIVE INCOME
-	-	1,392,048	-	-	Gain/(Loss) on infrastructure asset revaluation
-	-	1,392,048	-	-	TOTAL OTHER COMPREHENSIVE INCOME
6,890,793	7,869,254	9,291,620	9,222,271	9,160,008	TOTAL COMPREHENSIVE INCOME FOR THE YEAR
					Total comprehensive Income attributable to:
6,890,793	7,869,254	9,291,620	9,222,271	9,160,008	Northland Regional Council
-	-	-	-	-	Non controlling interest in surplus/(deficit) of Northland Port Corporation (NZ) Limited
6,890,793	7,869,254	9,291,620	9,222,271	9,160,008	

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

Annual Plan 2011 -2012 $	For the 2012-2022 LTP, as at 30 June	Annual Report 2010-2011 $	Forecast Movements 2011-2012 $	Forecast 2011-2012 $	Year 1 2012-2013 $	Year 2 2013-2014 $	Year 3 2014-2015 $
	EQUITY						
114,933,408	Accumulated funds	111,967,951	(1,364,425)	110,603,526	111,607,812	118,925,554	125,344,916
7,194,650	Other reserves	4,953,532	3,186,113	8,139,645	8,870,313	5,252,109	2,936,723
122,128,058	TOTAL EQUITY	116,921,483	1,821,688	118,743,171	120,478,125	124,177,663	128,281,639
	CURRENT ASSETS						
784,011	Cash and cash equivalents	3,518,200	815,850	4,334,050	3,915,186	695,396	727,837
6,182,380	Trade and other receivables	4,982,505	187,254	5,169,759	5,299,089	5,475,668	5,657,897
1,473,949	Inventories	1,440,563	51,860	1,492,423	1,528,241	1,577,145	1,627,614
577,000	Other investments (current portion)	1,519,131	9,480,869	11,000,000	2,000,000	2,000,000	75,000
0	Tax refundable	80,732	(80,732)	-	-	-	-
9,017,340	TOTAL CURRENT ASSETS	11,541,131	10,455,101	21,996,232	12,742,517	9,748,209	8,088,347
	NON CURRENT ASSETS						
4,917,918	Other receivables	5,201,500	-	5,201,500	5,201,500	5,201,500	5,201,500
50,535,499	Investment property	48,320,999	-	48,320,999	48,320,999	48,320,999	48,320,999
19,967,086	Investments in subsidiaries and associates	18,324,504	-	18,324,504	18,324,504	19,193,729	19,193,729
19,739,489	Other investments	17,782,522	(9,480,869)	8,301,653	17,301,653	16,285,683	16,210,683
20,759,552	Property, plant and equipment	19,164,908	701,570	19,866,478	20,956,001	28,840,745	34,852,857
1,366,192	Intangible assets	967,799	344,348	1,312,147	2,288,396	1,341,073	1,262,874
1,657,596	Biological assets	1,555,536	-	1,555,536	1,627,263	1,718,684	1,817,575
118,943,332	TOTAL NON CURRENT ASSETS	111,317,768	(8,434,951)	102,882,817	114,020,316	120,902,414	126,860,218
127,960,672	TOTAL ASSETS	122,858,899	2,020,151	124,879,050	126,762,832	130,650,622	134,948,565
	CURRENT LIABILITES						
4,260,503	Trade and other payables	4,408,975	158,723	4,567,698	4,677,323	4,826,997	4,981,461
1,445,512	Employee benefit liabilities current	1,479,583	38,469	1,518,052	1,556,003	1,593,348	1,631,588
5,706,015	TOTAL CURRENT LIABILITIES	5,888,558	197,192	6,085,750	6,233,326	6,420,345	6,613,049
	NON CURRENT LIABILITES						
126,600	Employee benefit liabilities term	48,858	1,270	50,128	51,382	52,615	53,877
126,600	TOTAL NON CURRENT LIABILITIES	48,858	1,270	50,128	51,382	52,615	53,877
5,832,615	TOTAL LIABILITIES	5,937,416	198,463	6,135,879	6,284,708	6,472,959	6,666,926
122,128,057	TOTAL NET ASSETS	116,921,483	1,821,688	118,743,171	120,478,125	124,177,663	128,281,639

Year 4 2015-2016 $	Year 5 2016-2017 $	Year 6 2017-2018 $	Year 7 2018-2019 $	Year 8 2019-2020 $	Year 9 2020-2021 $	Year 10 2021-2022 $	For the 2012-2022 LTP, as at 30 June
							EQITY
125,860,149	126,170,195	126,527,952	126,884,624	127,313,380	127,673,056	127,465,413	Accumulated funds
6,991,432	13,309,323	19,842,359	27,354,941	36,217,805	45,080,400	54,448,050	Other reserves
132,851,581	139,479,518	146,370,310	154,239,564	163,531,184	172,753,455	181,913,463	TOTAL EQUITY
							CURRENT ASSETS
694,784	641,395	724,671	677,245	864,503	679,165	675,809	Cash and cash equivalents
5,857,711	6,070,396	6,284,235	6,498,842	6,720,531	6,970,353	7,221,981	Trade and other receivables
1,682,953	1,741,856	1,801,079	1,860,515	1,921,912	1,991,101	2,060,789	Inventories
-	-	-	1,850,000	-	-	-	Other investments (current portion)
-	-	-	-	-	-	-	Tax Refundable
8,235,448	8,453,647	8,809,985	10,886,602	9,506,945	9,640,619	9,958,579	TOTAL CURRENT ASSETS
							NON CURRENT ASSETS
5,201,500	5,201,500	5,201,500	5,201,500	5,201,500	5,201,500	5,201,500	Other receivables
48,320,999	48,320,999	48,320,999	48,320,999	48,320,999	48,320,999	48,320,999	Investment property
19,193,729	19,193,729	19,193,729	19,193,729	19,193,729	19,193,729	19,193,729	Investments in subsidiaries and associates
20,785,683	26,285,683	32,985,683	38,935,683	48,285,683	57,785,683	67,285,683	Other investments
35,295,843	36,279,390	36,216,984	36,122,305	37,520,594	37,180,907	37,205,557	Property, plant and equipment
1,186,511	1,107,240	1,027,892	950,903	870,335	789,682	711,643	Intangible assets
1,511,986	1,742,688	1,942,736	2,180,737	2,420,528	2,692,711	2,354,313	Biological assets
131,496,251	138,131,230	144,889,523	150,905,856	161,813,368	171,165,212	180,273,425	TOTAL NON CURRENT ASSETS
139,731,699	146,584,876	153,699,509	161,792,458	171,320,313	180,805,830	190,232,004	TOTAL ASSETS
							CURRENT LIABILITES
5,150,831	5,331,110	5,512,368	5,694,276	5,882,187	6,093,946	6,307,234	Trade and other payables
1,674,009	1,717,533	1,758,754	1,799,206	1,845,985	1,895,826	1,947,014	Employee benefit liabilities current
6,824,840	7,048,643	7,271,122	7,493,481	7,728,172	7,989,772	8,254,247	TOTAL CURRENT LIABILITIES
							NON CURRENT LIABILITES
55,278	56,715	58,077	59,412	60,957	62,603	64,293	Employee benefit liabilities term
55,278	56,715	58,077	59,412	60,957	62,603	64,293	TOTAL NON CURRENT LIABILITIES
6,880,118	7,105,359	7,329,198	7,552,894	7,789,129	8,052,375	8,318,541	TOTAL LIABILITIES
132,851,581	139,479,518	146,370,310	154,239,564	163,531,184	172,753,455	181,913,463	TOTAL NET ASSETS

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

For the 2012-2022 LTP, years ending 30 June	Annual Plan 2011 -2012 $	Year 1 2012-2013 $	Year 2 2013-2014 $	Year 3 2014-2015 $	Year 4 2015-2016 $	Year 5 2016-2017 $
Balance at 1 July	119,722,631	118,743,171	120,478,125	124,177,663	128,281,639	132,851,581
Total comprehensive income for the year	2,405,427	1,734,954	3,699,538	4,103,976	4,569,942	6,627,937
Balance at 30 June	122,128,058	120,478,125	124,177,663	128,281,639	132,851,581	139,479,518
Total Balance at 30 June attributable to						
Northland Regional Council	122,128,058	120,478,125	124,177,663	128,281,639	132,851,581	139,479,518
Non-controlling interest	-	-	-	-	-	-
Balance at 30 June	122,128,058	120,478,125	124,177,663	128,281,639	132,851,581	139,479,518

For the 2012-2022 LTP, years ending 30 June	Year 6 2017-2018 $	Year 7 2018-2019 $	Year 8 2019-2020 $	Year 9 2020-2021 $	Year 10 2021-2022 $
Balance at 1 July	139,479,518	146,370,310	154,239,564	163,531,184	172,753,455
Total comprehensive income for the year	6,890,793	7,869,254	9,291,620	9,222,271	9,160,008
Balance at 30 June	146,370,310	154,239,564	163,531,184	172,753,455	181,913,463
Total Balance at 30 June attributable to					
Northland Regional Council	146,370,310	154,239,564	163,531,184	172,753,455	181,913,463
Non-controlling interest	-	-	-	-	-
Balance at 30 June	146,370,310	154,239,564	163,531,184	172,753,455	181,913,463

PROSPECTIVE STATEMENT OF CASH FLOWS

For the 2012-2022 LTP, years ending 30 June	Annual Plan 2011 -2012 $	Year 1 2012-2013 $	Year 2 2013-2014 $	Year 3 2014-2015 $	Year 4 2015-2016 $	Year 5 2016-2017 $
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	7,406,407	8,105,483	8,186,676	8,416,801	8,903,981	8,728,490
Receipts from subsidies and grants	1,370,884	1,557,323	1,458,125	1,512,750	1,510,612	1,798,068
Receipts from dividends	1,328,574	1,439,289	1,439,289	1,439,289	1,439,289	1,439,289
Receipts from interest	1,717,631	1,524,385	1,422,136	1,253,348	1,383,195	1,631,841
Receipts from rates	14,818,296	16,743,000	17,746,661	19,317,896	20,439,640	21,700,524
Payments to suppliers and staff	(23,705,758)	(26,657,838)	(26,375,488)	(26,717,685)	(27,502,362)	(28,770,952)
Interest payments	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,935,034	2,710,642	3,876,399	5,221,399	6,173,354	6,526,260
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipt from sale of stocks & bonds	-	11,000,000	3,091,339	4,000,000	75,000	-
Purchase of stocks & bonds	-	(11,000,000)	(2,000,000)	(2,000,000)	(4,575,000)	(5,500,000)
Purchase of fixed assets	(4,008,595)	(3,129,506)	(8,187,529)	(7,188,958)	(1,706,407)	(1,079,650)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(4,008,595)	(3,129,506)	(7,096,190)	(5,188,958)	(6,206,407)	(6,579,650)
NET INCREASE/(DECREASE) IN CASH HELD	(1,073,561)	(418,864)	(3,219,791)	32,441	(33,052)	(53,390)
CASH HELD AT BEGINNING OF YEAR	1,857,572	4,334,050	3,915,186	695,396	727,837	694,784
CASH HELD AT END OF YEAR	784,011	3,915,186	695,396	727,837	694,784	641,395

For the 2012-2022 LTP, years ending 30 June	Year 6 2017-2018 $	Year 7 2018-2019 $	Year 8 2019-2020 $	Year 9 2020-2021 $	Year 10 2021-2022 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	8,884,397	9,035,308	9,123,531	9,727,970	9,380,505
Receipts from subsidies and grants	1,649,558	1,704,849	1,731,187	1,784,852	1,797,102
Receipts from dividends	1,439,289	1,439,289	1,439,289	1,439,289	1,439,289
Receipts from interest	1,957,390	2,279,551	2,587,891	3,032,270	3,498,903
Receipts from rates	22,867,674	24,080,909	24,256,181	25,309,352	26,391,031
Payments to suppliers and staff	(28,772,555)	(29,546,283)	(30,084,681)	(30,930,447)	(31,576,851)
Interest payments	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
NET CASH FLOWS FROM OPERATING ACTIVITIES	8,024,753	8,992,622	9,052,398	10,362,287	10,928,979
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipt from sale of stocks & bonds	-	-	1,850,000	-	-
Purchase of stocks & bonds	(6,700,000)	(7,800,000)	(9,350,000)	(9,500,000)	(9,500,000)
Purchase of fixed assets	(1,241,476)	(1,240,048)	(1,365,140)	(1,047,625)	(1,432,334)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(7,941,476)	(9,040,048)	(8,865,140)	(10,547,625)	(10,932,334)
NET INCREASE/(DECREASE) IN CASH HELD	83,276	(47,426)	187,258	(185,339)	(3,356)
CASH HELD AT BEGINNING OF YEAR	641,395	724,671	677,245	864,503	679,165
CASH HELD AT END OF YEAR	724,671	677,245	864,503	679,165	675,809

Schedule of Reserves

For the 2012-2022 LTP, as at 30 June		Year 1 2012-2013 $	Year 2 2013-2014 $	Year 3 2014-2015 $	Year 4 2015-2016 $	Year 5 2016-2017 $
Asset Revaluation Reserve						
	Opening balance	2,025,201	2,025,201	2,767,996	2,767,996	2,767,996
	Transfers to reserve	-	742,795	-	-	1,178,709
	Transfers from reserve	-	-	-	-	-
	Closing balance	2,025,201	2,767,996	2,767,996	2,767,996	3,946,705
Financial assets at Fair Value						
	Opening balance	419,212	419,212	419,212	419,212	419,212
	Transfers to reserve	-	-	-	-	-
	Transfers from reserve	-	-	-	-	-
	Closing balance	419,212	419,212	419,212	419,212	419,212
Land Management Reserve						
	Opening balance	1,773,039	1,773,039	1,773,039	1,773,039	1,773,039
	Transfers to reserve	-	-	-	-	-
	Transfers from reserve	-	-	-	-	-
	Closing balance	1,773,039	1,773,039	1,773,039	1,773,039	1,773,039
Awanui River Scheme Reserve						
	Opening balance	15,509	(211,583)	(312,994)	(3,875,067)	(3,709,306)
	Transfers to reserve	-	-	300,769	165,761	160,856
	Transfers from reserve	(227,092)	(101,411)	(3,862,842)	-	-
	Closing balance	(211,583)	(312,994)	(3,875,067)	(3,709,306)	(3,548,450)
Kaihū Urban River Scheme Reserve						
	Opening balance	(9,453)	(3,788)	(3,937)	(3,893)	(3,996)
	Transfers to reserve	5,665	-	44	-	130
	Transfers from reserve	-	(149)	-	(103)	-
	Closing balance	(3,788)	(3,937)	(3,893)	(3,996)	(3,866)
Whangaroa Rivers Scheme Reserve						
	Opening balance	309,456	(170,846)	(110,700)	(48,866)	(549,957)
	Transfers to reserve	216,883	60,146	61,834	104,588	85,275
	Transfers from reserve	(697,185)	-	-	(605,679)	-
	Closing balance	(170,846)	(110,700)	(48,866)	(549,957)	(464,682)
Whāngārei Urban River Scheme Reserve						
	Opening balance	(280,192)	(280,192)	(6,705,559)	(6,532,639)	(6,356,490)
	Transfers to reserve	-	451,361	172,920	176,149	181,600
	Transfers from reserve	-	(6,876,728)	-	-	-
	Closing balance	(280,192)	(6,705,559)	(6,532,639)	(6,356,490)	(6,174,890)
Waipapa Kerikeri River Scheme Reserve						
	Opening balance	-	(25,084)	-	(1,994,040)	(1,934,714)
	Transfers to reserve	-	25,084	136,008	59,326	59,503
	Transfers from reserve	(25,084)	-	(2,130,048)	-	-
	Closing balance	(25,084)	-	(1,994,040)	(1,934,714)	(1,875,211)

Year 6 2017-2018 $	Year 7 2018-2019 $	Year 8 2019-2020 $	Year 9 2020-2021 $	Year 10 2021-2022 $	For the 2012-2022 LTP, as at 30 June
					Asset Revaluation Reserve
3,946,705	3,946,705	3,946,705	5,338,753	5,338,753	Opening balance
-	-	1,392,048	-	-	Transfers to reserve
-	-	-	-	-	Transfers from reserve
3,946,705	3,946,705	5,338,753	5,338,753	5,338,753	Closing balance
					Financial assets at Fair Value
419,212	419,212	419,212	419,212	419,212	Opening balance
-	-	-	-	-	Transfers to reserve
-	-	-	-	-	Transfers from reserve
419,212	419,212	419,212	419,212	419,212	Closing balance
					Land Management Reserve
1,773,039	1,773,039	1,773,039	1,773,039	1,773,039	Opening balance
-	-	-	-	-	Transfers to reserve
-	-	-	-	-	Transfers from reserve
1,773,039	1,773,039	1,773,039	1,773,039	1,773,039	Closing balance
					Awanui River Scheme Reserve
(3,548,450)	(3,399,659)	(3,259,352)	(3,125,795)	(3,009,065)	Opening balance
148,791	140,307	133,557	116,730	106,961	Transfers to reserve
-	-	-	-	-	Transfers from reserve
(3,399,659)	(3,259,352)	(3,125,795)	(3,009,065)	(2,902,104)	Closing balance
					Kaihū Urban River Scheme Reserve
(3,866)	(3,485)	(3,256)	(2,793)	(2,048)	Opening balance
381	229	463	745	1,023	Transfers to reserve
-	-	-	-	-	Transfers from reserve
(3,485)	(3,256)	(2,793)	(2,048)	(1,025)	Closing balance
					Whangaroa Rivers Scheme Reserve
(464,682)	(376,723)	(286,756)	(193,978)	(98,427)	Opening balance
87,959	89,967	92,778	95,551	98,427	Transfers to reserve
-	-	-	-	-	Transfers from reserve
(376,723)	(286,756)	(193,978)	(98,427)	(0)	Closing balance
					Whāngārei Urban River Scheme Reserve
(6,174,890)	(5,987,558)	(5,796,791)	(5,599,999)	(5,397,296)	Opening balance
187,332	190,767	196,792	202,703	208,871	Transfers to reserve
-	-	-	-	-	Transfers from reserve
(5,987,558)	(5,796,791)	(5,599,999)	(5,397,296)	(5,188,425)	Closing balance
					Waipapa Kerikeri River Scheme Reserve
(1,875,211)	(1,815,521)	(1,756,606)	(1,697,659)	(1,639,033)	Opening balance
59,690	58,915	58,947	58,626	58,261	Transfers to reserve
-	-	-	-	-	Transfers from reserve
(1,815,521)	(1,756,606)	(1,697,659)	(1,639,033)	(1,580,772)	Closing balance

For the 2012-2022 LTP, as at 30 June	Year 1 2012-2013 $	Year 2 2013-2014 $	Year 3 2014-2015 $	Year 4 2015-2016 $	Year 5 2016-2017 $
Priority Rivers Reserve					
Opening balance	(258,470)	(138,470)	-	-	-
Transfers to reserve	120,000	138,470	-	-	-
Transfers from reserve	-	-	-	-	-
Closing balance	(138,470)	-	-	-	-
Infrastructure Facilities Reserve					
Opening balance	(1,383,804)	(1,212,487)	(1,045,912)	(884,291)	(730,802)
Transfers to reserve	171,317	166,575	161,621	153,489	147,707
Transfers from reserve	-	-	-	-	-
Closing balance	(1,212,487)	(1,045,912)	(884,291)	(730,802)	(583,095)
Recreation Facilities Reserve					
Opening balance	(6,703,274)	(5,976,364)	(5,190,521)	(4,341,879)	(3,431,019)
Transfers to reserve	726,910	785,843	848,642	910,860	982,707
Transfers from reserve	-	-	-	-	-
Closing balance	(5,976,364)	(5,190,521)	(4,341,879)	(3,431,019)	(2,448,312)
Investment Fund Reserve					
Opening balance	8,335,297	8,335,297	8,335,297	8,335,297	8,335,297
Transfers to reserve	-	-	-	-	-
Transfers from reserve	-	-	-	-	-
Closing balance	8,335,297	8,335,297	8,335,297	8,335,297	8,335,297
Forest Income Equalisation Fund					
Opening balance	2,351,748	1,947,478	1,360,600	1,004,028	950,317
Transfers to reserve	-	-	-	221,598	-
Transfers from reserve	(404,270)	(586,878)	(356,572)	(275,309)	(465,921)
Closing balance	1,947,478	1,360,600	1,004,028	950,317	484,396
Hātea River Reserve					
Opening balance	169,920	143,314	160,442	175,188	187,032
Transfers to reserve	-	17,128	14,746	11,844	8,981
Transfers from reserve	(26,606)	-	-	-	-
Closing balance	143,314	160,442	175,188	187,032	196,013
Northland Growth and Investment Reserve					
Opening balance	1,375,455	2,245,585	3,805,145	6,142,637	9,274,822
Transfers to reserve	1,436,109	2,171,819	2,943,703	3,754,520	4,606,158
Transfers from reserve	(565,979)	(612,259)	(606,211)	(622,335)	(627,814)
Closing balance	2,245,585	3,805,145	6,142,637	9,274,822	13,253,166
Environment Fund Reserve					
Opening balance	-	-	-	-	-
Transfers to reserve					
Transfers from reserve					
Closing balance	-	-	-	-	-

Year 6 2017-2018 $	Year 7 2018-2019 $	Year 8 2019-2020 $	Year 9 2020-2021 $	Year 10 2021-2022 $	For the 2012-2022 LTP, as at 30 June
					Priority Rivers Reserve
-	-	-	-	-	Opening balance
-	-	-	-	-	Transfers to reserve
-	-	-	-	-	Transfers from reserve
-	-	-	-	-	Closing balance
					Infrastructure Facilities Reserve
(583,095)	(441,201)	(308,241)	(181,307)	(61,164)	Opening balance
141,894	132,960	126,934	120,143	113,303	Transfers to reserve
-	-	-	-	-	Transfers from reserve
(441,201)	(308,241)	(181,307)	(61,164)	52,139	Closing balance
					Recreation Facilities Reserve
(2,448,312)	(1,388,564)	(252,085)	-	-	Opening balance
1,059,748	1,136,479	252,085	-	-	Transfers to reserve
-	-	-	-	-	Transfers from reserve
(1,388,564)	(252,085)	-	-	-	Closing balance
					Investment Fund Reserve
8,335,297	8,335,297	8,335,297	8,335,297	8,335,297	Opening balance
-	-	-	-	-	Transfers to reserve
-	-	-	-	-	Transfers from reserve
8,335,297	8,335,297	8,335,297	8,335,297	8,335,297	Closing balance
					Forest Income Equalisation Reserve
484,396	433,684	340,887	100,000	513,686	Opening balance
-	-	-	413,686	-	Transfers to reserve
(50,712)	(92,797)	(240,887)	-	(105,135)	Transfers from reserve
433,684	340,887	100,000	513,686	408,551	Closing balance
					Hātea River Reserve
196,013	202,094	205,037	204,795	201,047	Opening balance
6,081	2,943	-	-	-	Transfers to reserve
-	-	(242)	(3,748)	(7,283)	Transfers from reserve
202,094	205,037	204,795	201,047	193,764	Closing balance
					Northland Growth and Investment Reserve
13,253,166	18,145,038	23,997,850	30,848,239	38,706,398	Opening balance
5,501,648	6,443,704	7,434,338	8,474,551	9,489,279	Transfers to reserve
(609,776)	(590,892)	(583,949)	(616,392)	(596,057)	Transfers from reserve
18,145,038	23,997,850	30,848,239	38,706,398	47,599,620	Closing balance
					Environment Fund Reserve
-	-	-	-	-	Opening balance
					Transfers to reserve
					Transfers from reserve
-	-	-	-	-	Closing balance

For the 2012-2022 LTP, as at 30 June	Year 1 2012-2013 $	Year 2 2013-2014 $	Year 3 2014-2015 $	Year 4 2015-2016 $	Year 5 2016-2017 $
Approved Carry forwards – General funds					
Opening balance	-	-	-	-	-
Transfers to reserve					
Transfers from reserve					
Closing balance	-	-	-	-	-
Hedging Reserve					
Opening balance	-	-	-	-	-
Transfers to reserve					
Transfers from reserve					
Closing balance	-	-	-	-	-
TOTAL RESERVES	8,870,313	5,252,109	2,936,723	6,991,432	13,309,323
TOTAL RESERVES SUMMARY					
Opening balance	8,139,645	8,870,313	5,252,109	2,936,723	6,991,432
Total operational transfers to/(from) reserves	1,527,853	3,258,524	3,677,504	4,660,388	6,317,891
Transfers from reserves for: Awanui River Scheme Capital works	(100,000)	-	(3,862,842)	-	-
Transfers from reserves for: Whangaroa River Schemes Capital works	(697,185)	-	-	(605,679)	-
Transfers from reserves for: Whāngārei Urban River Scheme Capital works	-	(6,876,728)	-	-	-
Transfers from reserves for: Waipapa Kerikeri River Scheme Capital works	-	-	(2,130,048)	-	-
Total movements for the year	730,668	(3,618,204)	(2,315,386)	4,054,709	6,317,891
CLOSING BALANCE	8,870,313	5,252,109	2,936,723	6,991,432	13,309,323

Year 6 2017-2018 $	Year 7 2018-2019 $	Year 8 2019-2020 $	Year 9 2020-2021 $	Year 10 2021-2022 $	For the 2012-2022 LTP, as at 30 June
					Approved Carry forwards – General Funds
-	-	-	-	-	Opening balance
					Transfers to reserve
					Transfers from reserve
-	-	-	-	-	Closing Balance
					Hedging Reserve
-	-	-	-	-	Opening balance
					Transfers to reserve
					Transfers from reserve
-	-	-	-	-	Closing balance
19,842,359	27,354,941	36,217,805	45,080,400	54,448,050	TOTAL RESERVES
					TOTAL RESERVES SUMMARY
13,309,323	19,842,359	27,354,941	36,217,805	45,080,400	Opening balance
6,533,036	7,512,582	8,862,864	8,862,595	9,367,650	Total Operational Transfers to/(from) reserves
-	-	-	-	-	Transfers from reserves for: Awanui River Scheme Capital works
-	-	-	-	-	Transfers from reserves for: Whangaroa River Schemes Capital works
-	-	-	-	-	Transfers from reserves for: Whāngārei Urban River Scheme Capital works
-	-	-	-	-	Transfers from reserves for: Waipapa Kerikeri River Scheme Capital works
6,533,036	7,512,582	8,862,864	8,862,595	9,367,650	Total movements for the year
19,842,359	27,354,941	36,217,805	45,080,400	54,448,050	CLOSING BALANCE

Equity represents the total value of the council and its assets (ratepayer's assets) and is measured by the difference between total assets and liabilities.

Public equity is disaggregated and classed into a number of reserves to enable clearer identification of the specified uses of accumulated surpluses.

The components of equity are:

- Retained earnings
- Council created reserves
- Asset revaluation reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves can be used to account for revenue and expenditure collected or incurred in relation to specific work programmes. Where council sets and collects a targeted rate for a specific purpose, the funds can only be applied to that purpose, keeping track of surpluses and deficits of these work programmes in a reserve ensures council is accountable and transparent.

Where reserves carry a deficit balance, they are deemed to have undertaken internal borrowing from council's consolidated funds. Conversely, where the reserves carry a surplus, they are deemed to have loaned money to council's consolidated funds.

A reserve to account for revenue and expenditure collected or incurred in relation to specific work programmes may be established at any time. Reserve borrowing must be approved by a resolution of council.

The following table provides details on the purpose of the Council created reserves:

Reserve name	Purpose	Activities that may be funded from reserve
Land Management Reserve	This reserve was created to set aside Land Management Rates collected but not fully used in any given year. The reserve is to be maintained at a targeted fund of $1.5 million. $280,192 was borrowed from this reserve to purchase the Raumanga valley property for the Whāngārei detention dam. This will be transferred to the Whāngārei Urban Rivers reserve and repaid from the Whāngārei Urban Rivers rate. The reserve reduces the need for borrowing in the event of an emergency and may also be used for internally loaning/borrowing for advancing operating and capital activities for which the Land Management rate is collected and targeted River Management Schemes. The Land Management Reserve can be used to fund emergency events such as remedial storm expenditure on a case-by-case basis. The Chief Executive Officer has delegation to incur expenditure of up to $500,000 to enable the council to fund agreed expenditure from this reserve. The criteria for acceptable expenditure are as follows: 1. Matching of government and district contributions to provide financial assistance for repair work for significant events; 2. Restoration work affecting one or more rivers, following a major flooding event; 3. Urgent work to reduce the immediate flood risk; 4. Storm damage repairs within a special rating area under the relevant Flood Management Plans.	Civil Defence and Emergency Management Natural Hazard Management River Management Land and Biodiversity Biosecurity.
Priority Rivers Reserve	This reserve was created to account for an accelerated or advance spending on the Priority Rivers Project.	Natural Hazard Management
Awanui River Reserve	This reserve was created to hold any Targeted Awanui River Management Rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Awanui River Flood Management Scheme.	River Management
Kaeo River Reserve	This reserve was created to hold any Targeted Kaeo River Management Rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Kaeo River Flood Management Scheme.	River Management
Kaihū River Reserve	This reserve was created to hold any Targeted Kaihū River Management Rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Kaihū River Flood Management Scheme.	River Management
Whāngārei Urban Rivers Reserve	This reserve is to be created to hold any Targeted Whāngārei Urban Rivers Management Rates collected and unspent in any given year to cover any future funding shortfalls of river works required as part of the Whāngārei Urban Rivers Management Scheme. $280,192 was borrowed from the Land Management Reserve to purchase the Raumanga valley property for the Whāngārei detention dam will be transferred to this reserve and be repaid from the Whāngārei Urban Rivers rate.	River Management

Reserve name	Purpose	Activities that may be funded from reserve
Hātea River Maintenance	This reserve was created to set aside a component of the Council Services Rate specifically levied across the Whāngārei constituency to ensure funding is immediately available in the event dredging of the Hātea river is required. The funds may be applied to the following: ▪ Ongoing maintenance and dredging; ▪ Disposal of dredged spoil material; ▪ The provision of an annual hydrographic survey of the river. The reserve is to be maintained at a targeted fund of $200,000.	Harbour Safety and Navigation
Recreational Facilities Reserve	This reserve was established to set aside any Targeted Regional Recreational Facilities Rates collected and not fully used in any given year for the purpose of funding the Events Centre. This reserve represents the internal borrowing associated with $13 million contribution made by council towards the establishment of the Northland Events Centre. The rate was levied from 1 July 2006 and it is expected to continue from approximately 15 years.	Economic Development
Investment and Growth Fund	The reserve was created to set aside the investment income redirected to be made available for activities and projects that contribute towards economic well-being. Council will allocate monies from the reserve to projects in accordance with set criteria. Further details are provided on pages 27-28 of this plan.	Economic Development
Infrastructure Facilities Reserve	This reserve was created to set aside any Targeted Infrastructure Rates collected and not fully used in any given year for the purpose of funding future infrastructure projects.	Economic Development
Forest Income Equalisation	This reserve was created to set aside 50% of council's forestry net income arising in any harvesting year. This reserve is intended to provide future funding of council's general operating activities by allowing council to use these funds for any council activity to smooth future rating increases. It is further intended that this fund be used to fund the cost of forestry operations in non-harvesting years. Where a high degree of uncertainty exists around activity expenditure requirements, council has agreed to budget conservatively on the basis that if a budget overrun eventuates, these overruns can be funded from the Forest Equalisation Reserve. Council considers that funding contingent expenditure and one-off spikes in expenditure from this reserve to be fairer on ratepayers as it can be used to reduce the effects of rates increases that are not required to be sustained. During the 2012-2022 Long Term Plan, council proposes to fund the following expenditure from this reserve: ▪ triennial election costs of approximately $140,000 per election; ▪ the further call from Riskpool of $44,000 expected in the 2013/2014 financial year; ▪ provision for doubtful debts (rates) of $250,000 for years 1 to 5 of the plan; ▪ software maintenance for IRIS of $72,240 in year 2.	All
Environment Fund Reserve	This reserve was created to set aside any rates revenue collected specifically for the Environment Fund that is not incurred in any single financial year. This fund allows council to make available any unspent funds in subsequent financial years.	Land and Biodiversity
Asset Revaluation Reserves	Asset revaluation reserves represent the unrealised gains in the value of assets owned by Northland Regional Council.	N/A

CAPITAL EXPENDITURE

The intended capital expenditure for the life of the draft Long Term Plan is:

For the 2012-2022 LTP, periods ending 30 June	Annual Plan 2011 -2012 $	Year 1 2012-2013 $	Year 2 2013-2014 $	Year 3 2014-2015 $	Year 4 2015-2016 $	Year 5 2016-2017 $
Resource Management						
Plant and equipment	132,033	160,700	89,082	90,208	120,255	52,316
Transport						
Plant and equipment	272,995	88,500	286,553	111,828	100,433	52,430
Hazard Management						
Plant and equipment	42,270	2,000	2,064	-	-	-
River Management						
Plant and equipment	-	3,200	-	-	2,863	684
Infrastructural assets	554,415	849,990	6,929,533	6,051,299	664,088	58,409
Support services						
Information systems	2,646,382	1,547,368	415,896	452,635	319,358	398,922
Plant and equipment	110,500	177,748	154,800	163,481	169,040	174,956
Vehicles	250,000	300,000	309,600	319,507	330,370	341,933
TOTAL NORTHLAND REGIONAL COUNCIL CAPITAL EXPENDITURE	4,008,595	3,129,506	8,187,529	7,188,958	1,706,407	1,079,650

For the 2012-2022 LTP, periods ending 30 June	Year 6 2017-2018 $	Year 7 2018-2019 $	Year 8 2019-2020 $	Year 9 2020-2021 $	Year 10 2021-2022 $
Resource Management					
Plant and equipment	58,219	55,880	136,952	64,362	61,895
Transport					
Plant and equipment	253,384	96,542	108,153	84,687	294,236
Hazard Management					
Plant and equipment	-	-	-	-	-
River Management					
Plant and equipment	-	3,165	-	-	4,315
Infrastructural assets	63,653	63,653	63,653	69,300	69,300
Support services					
Information systems	453,734	590,450	616,222	368,712	525,904
Plant and equipment	58,927	65,132	62,880	69,704	72,143
Vehicles	353,559	365,227	377,279	390,861	404,541
TOTAL NORTHLAND REGIONAL COUNCIL CAPITAL EXPENDITURE	1,241,476	1,240,048	1,365,140	1,047,625	1,432,334

Capital expenditure pays for property, plant and equipment.

The information technology capital expenditure budget includes $1,397,366 of unspent capital expenditure originally budgeted in the 2011-2012 financial year that is not expected to eventuate by the end of the 2011-2012 financial year. At the end of the current financial year a review will be carried out on ongoing projects where capital expenditure remains unspent and where appropriate a proposal will be put to the council's Audit and Finance Committee, requesting funding be carried forward to enable projects to be completed.

The council funds its capital expenditure consistent with the Revenue and Financing policy. The Revenue and Financing Policy is set out on pages 206-215 in of the Plan.

Capital expenditure is based on best estimates available at the time.

Statement of Significant Accounting Policies

Statement of Compliance
These financial statements have been prepared in accordance with NZ GAAP (with the exception of the funding impact statements). They comply with NZ FRS-42 and any other applicable Financial Reporting Standards, as appropriate for public benefit entities (PBEs).

Reporting Entity
The Northland Regional Council is a local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.
The Council's group comprises the Council and its subsidiary entities, namely:

- Northland Port Corporation (NZ) Ltd (53.61% owned) and its subsidiaries.
- Northland Regional Council Community Trust (100% owned) and its subsidiaries.

All Northland Regional Council subsidiaries are incorporated and domiciled in New Zealand.

The primary objective of Northland Regional Council is to provide goods or services for the community or social benefit, rather than making a financial return. Accordingly, Northland Regional Council has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Reporting Period
The prospective financial statements are prepared for the ten year period ending 30 June 2022.

Judgements and Estimates
The preparation of prospective financial statements in conformity with NZ IFRS and NZ IAS requires judgements, estimates and assumptions concerning the future that affect the application of policies and reporting amounts of assets and liabilities and income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Where material, information on the major assumptions is provided in the significant forecasting assumptions section of this Long Term Plan or will be provided in the relevant notes to the prospective financial statements.

Significant Accounting Policies
The accounting policies set out below have been applied consistently to all period presented in these prospective financial statements.

Basis of Preparation
The financial statements of Northland Regional Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6 and Part 1 of Schedule 10, which include the requirement to comply with New Zealand's generally accepted accounting practice (NZ GAAP).

In the interests of transparency we provide two sets of financial information –

1. the usual Generally Accepted Accounting Principles (GAAP) regulated statements of financial position, comprehensive income and the like; and
2. a funding impact statement.

Key differences between these two sets of information are – GAAP regulated financial statements as the name suggests must adhere to GAAP requirements.

The Funding impact Statement (FIS) intended to make the sources and applications of Council funds more transparent to its stakeholders than might be the case if only the usual GAAP financial statements were provided. The FIS is prescribed by the Local Government (Financial Reporting) Regulations 2011 and is required by the Local Government Act 2002.

In September 2011, the External Reporting Board issued a position paper and consultation papers proposing a new external reporting framework for PBEs. The papers proposed that accounting standards for PBEs would be based on International Public Sector Accounting Standards, modified as necessary. The proposals in these papers do not provide certainty about any specific requirements of future accounting standards.

Therefore, the accounting policies on which the forecast information for 2012-22 has been prepared are based on the current New Zealand equivalents to International Financial Reporting Standards.

Measurement Base
The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain property plant and equipment, investment property, forestry assets and available for sale financial assets and financial instruments (including derivative instruments).

Functional and Presentation Currency
The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000). The functional currency of Northland Regional Council is New Zealand dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Financial Performance, except when deferred in equity as qualifying cash flow hedges.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at balance sheet date.

Changes in Accounting Policies
The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Standards, amendments and interpretations issued that are not yet effective:
NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 Financial Instruments: *Recognition and Measurement*. At present, NZ IFRS 9 does not need to be applied by councils until the financial year ending 30 June 2014 and this is likely to be extended to 30 June 2016 given that IFRS 9 on which NZ IFRS 9 is based has delayed its application date. Based on the External Reporting Board's timelines, we expect new PBE standards to be in place and required to be used by councils before councils would otherwise have been required to apply NZ IFRS 9.

Significant Accounting Policies

Subsidiaries
Northland Regional Council consolidates as subsidiaries in the group financial statements all entities over which the Council may direct the governance policies so as to obtain benefits from the activities of the entity. This power generally exists where Northland Regional Council has an interest of 50 per cent or more of Council-controlled organisations or more than one-half of the voting rights on the governing body or where such policies have been irreversible predetermined by Northland Regional Council or where the determination of such policies is unable to materially impact on the level of potential ownership benefits that arise from the activities of the subsidiary.

Any excess of the cost of the business combination over Northland Regional Council interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the Northland Regional Council interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the statement of financial performance.

Associates
The Northland Regional Council accounts for investments in associates in the group financial statements using the equity method. Associates are all entities over which group entities have the significant influence that generally accompanies an interest of between 20% and 50% of the voting rights, and that are neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise Northland Regional Council's share of the surplus or deficit of the associate after the date of acquisition. The Northland Regional Council share of the surplus or deficit of the associate is recognised in the Statement of Financial Performance. Distributions received from an associate reduce the carrying amount of the investment.

If the NRC share of deficits of an associate equals or exceeds its interest in the associate, the Northland Regional Council discontinues recognising its share of further deficits. After the Northland Regional Council interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Northland Regional Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the Northland Regional Council will resume recognising its share of those surpluses only after its share of surpluses equals the share of deficits not recognised.

Where the Northland Regional Council transacts with an associate, surplus or deficits are eliminated to the extent of the Northland Regional Council's interest in the relevant associate.

The Northland Regional Council investments in associates are carried at cost in the Council's own "parent entity" financial statements.

Joint Ventures
A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Northland Port Corporation is party to several joint venture arrangements. For these jointly controlled operations Northland Regional Council recognises in its financial statements the group's share of the assets, liabilities, revenues and expenses using the proportional consolidation method.

Revenue
Revenue and expenditure are measured at the fair value of the consideration received or paid.

Rates Revenue
Rates are set annually by a resolution from council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised and brought to account when the rates are payable.

Other Revenue
User fees and charges are recognised and brought to account when invoices are issued for services provided and contracts completed. Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services provided.

Government grants and subsidies are recognised as revenue when the primary conditions of entitlement have been met.

Sale of goods is recognised when a product is sold to a customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the Northland Regional Council are recognised as revenue when control over the asset is obtained.

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established. Dividend income is recorded at the cash amount received, being net of taxation imputation credits.

Rental income from investment property is recognised in the Statement of Financial Performance on a straight-line basis over the term of the lease. Lease incentives are recognised as part of the total rental income.

Funds are collected for other organisations, including central government. Any funds held at balance date are included in current liabilities. Amounts collected on behalf of third parties are not recognised as revenue, except for the commissions or fees earned.

Construction Contracts
Contract revenue and contract costs are recognised as revenue and expenses, respectively, by reference to the stage of completion of the contract as balance date. The stage of completion is measured by reference to the contract costs incurred, up to the balance date, as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the statement of financial performance.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress stated at the aggregate of contract costs incurred, to date, plus recognised profits less recognised losses and progress billings. If there are contracts in which progress billings exceed the aggregate costs incurred, plus profits less losses, the net amounts are presented under other liabilities.

Expenditure
Expenditure is recognised when goods and services have been received.

Borrowing Costs
Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that these arise on the acquisition, construction or production of qualifying assets. In that case, borrowing costs will be capitalised as part of the cost of the asset.

Grant Expenditure
Non-discretionary grants are those grants that are awarded when the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Northland Regional Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Northland Regional Council's decision.

Income Tax
The income tax expense charged to the consolidated Statement of Comprehensive Income includes both current and deferred tax and is calculated after allowing for non-assessable income and non-deductible expenses.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax is measure at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

Current tax and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

Leases
Operating Leases
An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Finance Leases
A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the council recognises finance leases as assets and liabilities on the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. Any additional direct costs of the lessee are added to the amount recognised as an asset.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Cash and Cash Equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Debtors and Other Receivables
Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Derivative financial instruments and hedging accounting
Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, the council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the fate a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The associated gains or losses of derivatives that are not hedge accounted are recognised in the surplus or deficit.

The council and group designates certain derivates as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);or
- Hedges of highly probably forecast transactions (cash flow hedge).

The council documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The council also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedge accounted derivative is classified as a non-current asset if the remaining maturity of the hedged item is more than 12 months, and as a current asset if the remaining maturity of the hedged item is less than 12 months.

The full fair value of a non-hedge accounted foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date; otherwise, foreign exchange derivatives are classified as non-current. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non-current.

- **Fair Value Hedge**

The gain or loss from remeasuring the hedging instrument at fair value, along with the changes in the fair value on the hedged item attributable to the hedged risk, is recognised in the surplus or deficit. Fair value hedge accounting is only applied for hedging fixed interest risk on borrowings.

If the hedge relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the surplus or deficit over the period to maturity.

- **Cash Flow Hedge**

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit as part of finance costs.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly other comprehensive income are reclassified into the surplus or deficit in the same period or periods during which the asset acquired, or liability assumed, affects the surplus or deficit. However, if the council or the group, expects that all, or a portion of a loss, recognised in other comprehensive income will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified in the surplus or deficit.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the associated gains and losses that were recognised in other comprehensive income will be included in the initial cost or carrying amount of the asset or liability.

If a hedging instrument expires or is sold, terminated, exercised or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument has been recognised in other comprehensive income from the period when the hedge was effective will remain separately recognised in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that remains recognised in other comprehensive income from the period when the hedge was effective will be from other comprehensive income to the surplus or deficit.

The council's subsidiary, Northland Port Corporation (NZ) Limited, uses derivative financial instruments to hedge exposure to foreign exchange and interest rate risks arising from financing activities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The accounting policies detailed above are applied.

Financial Assets

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

The council classifies its financial assets into the following four categories:

- Financial assets at fair value through surplus or deficit,
- Loans and receivables,
- Held-to-maturity investments, and
- Financial at fair value through other comprehensive income.

The classification depends on the purpose for which the investments were acquired.

- **Financial assets at fair value through surplus or deficit**

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit taking.

Derivatives are also categorised as held for trading unless they are designated as hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

After initial recognition, financial assets in this category are measured at their fair values. Gains or losses on re-measurement are recognised the surplus or deficit.

- **Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

Council's loans and receivables comprise cash and cash equivalents, debtors and other receivables, and term depositions.

After initial recognition, they are measured at amortised cost using the effective interest method, less impairment. Loans and receivables issued with duration of less that 12 months are recognised at their nominal value. Gains or losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans and receivables are classified as "trade and other receivables" in the Statement of Financial Position.

Prepayments comprise significant items of expenditure having a benefit to more than one accounting period and are written off over the period to which they relate.

- **Held to Maturity Investments**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the council has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

Council does not hold any held-to-maturity investments.

After initial recognition they are measured at amortised cost using the effective interest method, less impairment. Gains or losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

- **Financial Assets at Fair Value through other comprehensive income**

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

This category includes:

- Investments in quoted shares that have been designated in Treasury Management policy as being available for sale;

- Investments that are intended to be held long-term but which may be realised before maturity; and
- Shareholdings that are held for strategic purposes.

The council's investments in its subsidiary and associate entities are not included in this category as they are held at cost (as allowed by NZ IAS 27 Consolidated and Separate Financial Statements and NZ IAS 28 Investments in Associates), whereas this category is to be measured at fair value.

After initial recognition, these investments are measured at their fair value, with gains and losses recognised directly in equity except for impairment losses, which are recognised in the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in equity is recognised other comprehensive income is reclassified from equity to the surplus or deficit.

Included in this category are the council's investments in Local Authority stocks. Fair value for these investments is provided by ETOS and is determined by reference to published price quotations in an active market.

Impairment of Financial Assets
At each balance date the Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the surplus or deficit.

- **Loans and Other Receivables, and held-to maturity investments**

Impairment of a loan or a receivable is established when there is objective evidence that council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rates. For debtors and other receivables, the carrying amount is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). Impairment in term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instrument's carrying amount.

- **Financial assets at fair value through other comprehensive income**

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

In a subsequent period the fair value of the debt instrument increases and the increase can be objective related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Inventories
Inventories (such as stores and materials) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower cost, adjusted when applicable, for any loss of service potential. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.
Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost at net realisable value. The cost of purchased inventory is determined using the FIFO method.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

When land held for development and future resale is transferred from investment property/property, plant and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributed to the development land are to be capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

Marsden to Oakleigh Rail corridor Designation is made up of the costs directly attributable to securing the rail corridor designation. This inventory asset is held for distribution. The future economic benefit or service potential of this asset is not directly related to council's ability to generate future cash inflows. The value of this inventory is at cost and when applicable, will be adjusted for any loss of service potential. Council will transfer the rail corridor to ONTRACK once ONTRACK has entered into an unconditional contract for the construction of the entire Marsden Point Rail Link.

Non-current Assets Held for Sale
Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment
Property, plant and equipment consist of:

- Operational Assets – These include land, buildings, plant and equipment, navigational aids, vehicles and vessels and dredging equipment.
- Infrastructure Assets – Infrastructure assets are the assets that comprise the Awanui River flood management system, including stop-banks and floodgates.
- Restricted Assets -There are no restrictions on the assets of the council.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Revaluation
The Northland Regional Council revalue the land and buildings' asset class annually, on the basis described below. All other asset classes are carried at depreciated historical costs.

Infrastructure assets are revalued triennially.

The results of revaluing are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income.

Additions
The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably.
In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for nominal cost, it is recognised at fair value as at the date of acquisition.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably.

Disposals
Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation
Depreciation is provided on a straight-line basis on all property, plant and equipment other than land and owner occupied buildings, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Owner occupied buildings are revalued annually and no depreciation is charged on these assets. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings	5-100 years	1-20%
Forest	10 years	10%
Plant and equipment	2-20 years	5-50%
Navigational aids	10 years	10%
Vehicles	4-5 years	20-25%
Vessels and equipment	10-25 years	4-10%
Infrastructure assets	50-80 years	1.25 - 2%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Operational Land and Buildings
Land and buildings held by the council are revalued annually at fair value, as determined by market-based evidence, by an independent valuer.

Capital Projects in Progress
Capital expenditure projects not completed by balance date are recorded at cost.

Intangible Assets
Software Acquisition and Development
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated wit the development of software for internal use by council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Costs associated with maintaining computer software are recognised as an expense, when incurred.

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use, and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of financial performance.
The useful lives and associated amortisation rates for computer software have been estimated as follows:

Computer software	4-5 years	20-25%

Impairment of Property, Plant and Equipment and Intangible Assets
Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested, annually, for impairment. Assets that have a finite life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's

recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use.

Value in use is the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets and cash generating uses is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the Statement of Financial Performance, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount (other than goodwill), the reversal of an impairment loss is recognised in the surplus or deficit.

Biological Assets
Forestry assets are independently revalued, annually, by Chandler Fraser Keating Ltd at fair value less estimated point-of-sale costs. Fair value is the amount for which the forest asset would be expected to exchange between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties have each acted knowledgeably and without compulsion. Fair value is derived using a combination of the expectation value (or income) approach and the cost-based approach. Under the expectation value approach, the net present value is calculated by discounting to the present day the projected net cash flow of the forest in perpetuity. The calculated net present value is then linked to sales evidence through the application of a discount rate derived from the analysis of actual transactions. The cost-based approach is also employed in the valuation because the tree crop is a young, second rotation forest (80% by value are less than 10 years of age) and this approach better reflects how the market would likely view the tree crop value.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point-of-sale costs, and they from a change in fair value less estimated point-of-sale costs, are recognised in the surplus or deficit.

The costs to maintain the biological assets are included as an expense in surplus or deficit.

New Zealand Units (Forestry) - Emissions Trading scheme
The council has 291 hectares of pre 1990 forest land. This land is subject to the provisions of the New Zealand Emissions Trading Scheme ('ETS"). The implication of this for the financial statements is two-fold:

- Should the land be deforested (i.e. the land is changed from forestry to some other purpose), a deforestation penalty will arise;
- As a result of the deforestation restriction, compensation units are being provided by the Government.

Compensation is to be provided to forestry owners, via the allocation of compensation units, known as New Zealand Units (NZUs) in two tranches. Council received the first tranche of 6,693 units in December 2010. Subject to there being no change in legislation, council expects to receive a further 10,767 NZU's in the second tranche allocation of units in 2013.

Compensation units are recognised at deemed cost based on the fair value at the date of receipt (i.e. historic value). The credits are recognised when they have been received and are recognised as income in the Statement of Comprehensive Income. Gains and losses on disposal are determined by comparing the disposal proceeds wit the carrying amount of the NZU. Gains and losses on disposals are reported in the surplus or deficit.

If at the end of any financial year there has been some deforestation (such as harvesting) that is yet to be replanted, a contingent liability will be disclosed until such time as replanting has occurred. Council's Forest Management Plan prescribes replanting will always take place subsequent to any harvest.

Investment Property
Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, council measures all investment property at fair value, as determined annually by Telfer Young (Northland) Ltd who are independent valuers, and who have recent experience in the location and category of the investment property being valued and hold a recognised and relevant professional qualification. Fair value is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of investment property reflects, among other things, rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in the light of current conditions.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Creditors and other payables
Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Employee Entitlements
Short-term Employee Entitlements
Employee benefits that are expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that council anticipates it will be used by staff to cover those future absences.

Council recognises that a liability and an expense are recognised for bonuses where contractually obliged, or where there is a past practice that has created a constructive obligation.

Long-term Employee Entitlements
Entitlements that are payable beyond 12 months, such as long service leave and retirement leave, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows.

These estimated amounts are discounted to their present value using the 10 year Government bond rate.
Presentation of employee entitlements
Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Provisions
A provision for future expenditure of uncertain amount or timing is recognised when there is a present obligation (either legal or constructive) as a result of a past event. It is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where material, provisions are recorded at the best estimate of the expenditure required to settle the obligation. Provisions to be settled beyond 12 months are recorded at their present value.

Equity
Equity is the community's interest in the Northland Regional Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Accumulated funds,
- Special reserves,
- Asset revaluation reserves, and
- Fair value through other comprehensive income reserve.

Special reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Northland Regional Council.

Restricted reserves include the Land Management Reserve, Recreational Facilities Reserve, Awanui River Management Rate Reserve, Kaihü River Management Rate Reserve and the Whangaroa - Kaeo Rivers Management Rate Reserve, Hātea River maintenance Reserve, Investment Redirection Fund, Reserve, Environment Fund reserve. These reserves are restricted by law and reflect targeted rates that must be applied to the specific activities for which the rates were collected. Other reserves are established by the council and may be altered at the discretion of the council.

Goods and Services Tax (GST)
All items in the financial statements are stated exclusive of GST, except for receivables and creditors and other payables, which are stated on a GST inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Northland Port Corporation (NZ) Limited
The Northland Regional Council owns 22,142,907 25c shares, being 53.61% of the issued capital of the Northland Port Corporation (NZ) Limited. The shares are recorded at $7,827,563, being the deemed cost of 21.7 million shares of $5,436,650.25 under the Northland Harbour Board Port Plan 1988, plus the cost of a parcel of shares acquired in May 2005, less the 652,294 shares sold in February 2009 as part of the share buy back process. The company has several subsidiaries, associate companies and joint venture interests which are detailed in the Notes to the Accounts in the council's Annual Report.

Comparative Figures
The comparative figures are those approved by the council at the beginning of the year in the Long Term Plan or Annual Plan. The comparative figures for the opening balances are based on the 2011/2012 Annual Plan and these are adjusted based on actual events to provide a more accurate opening position. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the council for the preparation of the financial statements.

Cost Allocation
Northland Regional Council has derived the cost of service for each significant activity of the council using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Inter-departmental direct costs are charged to the applicable department at the time the cost is incurred. Indirect costs are charged to operating activities using a weighted average percentage, based on the gross labour costs, number of staff, gross expenditure, revenues and working capital deployed.

Financial Risk Management Objectives and Polices
Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. The Council has established council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Council's principal financial instruments comprise the investment portfolio and cash and short-term deposits. Council has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations. The main risk arising from the Group's financial instruments are cashflow interest rate risk, liquidity risk and credit risk.

Details of the significant accounting polices and methods adopted, include the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset. Financial liabilities are disclosed in the notes to the financial statements.

Financial Instrument Risk
The Northland Regional Council has policies to manage the risk associated with financial instruments. They are both risk averse and seek to minimise exposure from their treasury activities. The council and Northland has established borrowing and investment policies. These polices do not allow any transactions that are speculative in nature to be entered into.

Market Risk
Fair Value Interest Rate Risk
Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The council's and Northland's exposure to fair value interest rate risk is limited to interest-bearing investments within the portfolio.

Cash Flow Interest Rate Risk
Cashflow interest rate risk is the risk that the cashflows from a financial instrument will fluctuate because of changes in market interest rates. Investments at variable interest rates expose the council to cashflow interest rate risk.

The policies of the Northland Regional Council require a spread of investment maturity dates to limit exposure to short-term interest rate movements.

Currency Risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The council is not exposed to any significant currency risk.

Credit Risk
Credit risk is the risk that a third party will default on its obligation to the council causing the council to incur a loss.

The council's investments are invested in accordance with the Treasury Management Policy which has a low risk profile. Investments are made with creditworthy institutions as determined by their Standard and Poors credit rating. Investment of surplus cash is limited to Local Authority and Government Stock and approved corporate bonds and deposits with New Zealand registered banks.

Accordingly, the council has no significant concentrations of credit risk.

Liquidity Risk
Liquidity risk is the risk that the council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through the investment portfolio. The vast majority of the investment portfolio is very liquid and able to be sold on the same day.

Capital management
The council's capital is its equity (or ratepayers' funds), which comprises retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the council to manage its revenues, expenses, assets, liabilities investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the council's assets and not expecting them to meet the full costs of long term assets that will benefit ratepayers in future generations. Additionally, the council has in place asset management plans for major classes of assets, detailing renewal and maintenance programmes to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the council to make adequate and effective provision in its Long Term Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out under Funding and Financial Policies in the council's Long Term Plan.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Financial Reporting Standard 42: Prospective Financial Statements (FRS 42) Disclosures
The council has complied with FRS 42 in the preparation of these prospective financial statements.

The council publishes both parent entity and group financial statements for historical reporting purposes but does not publish group prospective financial statements. In accordance with FRS 42 the council is required to disclose the reasons for not presenting group prospective financial statements. The council has not prepared group financial statements because:

- The primary focus of the Long Term Plan is on the activities of the council (Parent) and the consequent impact on rates.
- The financial impact of transactions with group entities is reflected with the Long Term Plan for funding purposes.

Funding and Financial Management Policies

FINANCIAL CONTRIBUTIONS

The council is required, pursuant to section 102(4)(d) of the Local Government Act 2002 to adopt a policy setting out the purposes for which development or financial contributions may be required. Only territorial authorities have the statutory ability to charge development contributions. Accordingly the Northland Regional Council is unable to charge development contributions. However the Council is able to charge for financial contributions pursuant to the Resource Management Act 1991. No financial contributions can be levied by a council unless they are included in the terms or rules of a regional plan. The following policy outlines the council's specific policies for financial contributions.

The council has three regional plans, all of which have provisions for charging financial contributions. These are:

- Regional Air Quality Plan
- Regional Water and Soil Plan
- Regional Coastal Plan.

When the regional council grants a resource consent under the rules in one of the above plans, it may impose a condition requiring that a financial contribution be made for the purposes specified in the plan.

The term 'financial contribution' is defined in section 108(9) of the Resource Management Act 1991 to mean:
"… a contribution of:

(a) Money; or
(b) Land, including an esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Māori land within the meaning of the Māori Land Act 1993 unless that Act provides otherwise; or
(c) A combination of money and land."

Further matters relating to financial contributions are contained in section 108(10) of the Act. Under this section of the Act, a consent authority must not include a condition in a resource consent requiring a financial contribution unless:

(a) The condition is imposed in accordance with the purpose specified in the plan or intended plan (including the purpose of ensuring positive effects on the environment to offset any adverse effect); and
(b) The level of contribution is determined in the manner described in the plan or intended plan.

Financial contributions may be required for various purposes, including for the purposes of ensuring positive effects on the environment or to offset any adverse effects and/or to mitigate the adverse effects of development (environmental compensation).

Financial contributions will apply where other conditions will not adequately address community concerns or where the circumstances of an individual application point clearly to a financial contribution as the most appropriate option. The requirement for and the amount of a financial contribution are determined under pre hearing consultation during the process of applying for a resource consent. The use and appropriateness of financial contributions in any given circumstance is determined through consultation involving the council, the applicant for and any submitters to the application.

All moneys collected under the financial contributions provisions of a regional plan are collected by the council to apply in such a manner as the council deems fit for the above purposes. When deciding how financial contributions should be levied or allocated, consideration will be given to matters contained in public submissions on a resource consent application.

The Resource Management Act 1991 requires the regional council to specify in each regional plan:

- The circumstances when such contributions may be imposed.
- The purposes for which such contributions may be required and used.
- The manner in which the amount of the contribution will be determined.

Each regional plan (where relevant) also sets out the matters which the regional council will have particular regard to when deciding whether to impose a financial contribution and the type (or types) of contribution. These plans and the provisions and methodology for calculating financial contributions are available for public inspection at council offices.

REVENUE FINANCING POLICY

1. Overview

This policy covers the council's funding of operating and capital expenditure and the sources of those funds – in other words, how the council pays for what it does.

The Local Government Act 2002 requires the council to adopt Revenue and Financing Policy. The council must manage its finances prudently and in a manner that promotes the current and future well-being of the community.

The council must ensure it has a "balanced budget". This means that the council's revenue should cover its operating expenses. However, a council may choose to plan for a budgeted deficit provided it takes into account the impact on levels of service, the equitable allocation of responsibility for funding the provision and maintenance of assets and services and its funding and financial policies.

To create an equitable funding policy, the council has considered the nature, benefits and beneficiaries for each of its activities, looking at:

- The community outcomes to which the activity contributes.
- The distribution of benefits between the community as a whole, any identifiable parts of the community and individuals.
- The period in or over which those benefits are expected to occur.
- The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.
- The costs and benefits, including consequences for transparency and accountability of funding any activity distinctly from other activities.
- The impact of any allocation costs and the recovery of costs on the current and future social, economic, environmental and cultural well-being of the community.

The list of activities and the funding mechanisms used for each activity are included in **table one** below. An explanation of the terminology used provided follows on from the table.

2. Funding of operating expenses

The council sets it long-term revenue to fund its ongoing operation and asset maintenance programme as outlined in this plan. The sources of funding used depend on the council's analysis of individual activities and are outlined in **table one**.

The funding for council's activities comes from three sources:

- General rates/funds (includes investment revenue)
- Targeted rates
- Fees and subsidies.

Council receives revenue from its investments (rent, interest earned, dividends). Historically net investment revenue has been deemed to be a general funding source and has been applied to subsidise general rates. Following public consultation for the 2011/2012 Annual Plan, net investment revenue is now being diverted from a general funding source to be applied to fund activities that contribute to economic well-being. This started in July 2011 and is being phased in over a number of years.

During the transition period the net investment revenue available for general funds will be applied to reduce the rating burden and will fall within general rates/funds.

At the completion of the transition period there will be no net investment revenue available as general funds.

The reserve will fund specific projects to increase Northland's economic performance and improve the environmental, social and cultural well-being of Northlanders.

3. Revenue and funding sources for the council activities

The funding sources and indicative funding allocation for each council activity are below. There are six primary groups for the activities that the council carries out. Each group has a number of activities. The descriptions, objectives, cost and performance targets of each activity are presented in this plan.

Table one: List of activities and funding mechanism used

Group of Activities	Activity	Sub-activities	General rates/funds	Targeted rates	Fee/ subsidy
Community Representation and Engagement	Community Representation and Engagement	Community Representation and Engagement	Majority		Residual
		Environmental Education	Full		
Resource Management	Consents	Consent Applications	Residual		Majority
		Consents Advice and Information	Full		
	Monitoring	State of the Environment Monitoring	Majority		Residual
		Compliance Monitoring, Environmental Incidents Response and Waste Management and Contaminated Sites	Residual		Licence and Enforcement Fees
	Land and Biodiversity	Land and Biodiversity	Majority		Residual
	Planning and Policy	Planning and Policy	Full		
	Biosecurity	Biosecurity	Majority		Residual
Economic	Economic development	Economic Development Activities	Majority	Residual	
		Projects	Residual	Majority	
Transport	Transport	Regional Transport Management	Residual		Majority
		Passenger Transport Administration	Residual	Majority	Majority
	Harbour Safety and Navigation	Harbour Safety and Navigation	Residual		Majority
Hazard Management	Civil Defence and Emergency Management	Civil defence and emergency management	Majority		Residual
	Natural Hazard Management	Hazard and Emergency Management	Majority		Residual
	Oil Pollution Response	Oil Pollution Response	Residual		Majority
River Management	River Management	River Management	Residual	Majority	Residual
Support Services [1]	Human Resources and Health and Safety		Full	Full	Full
	Information Technology				
	Finance				
	Records Management and Administration				
	Other Support Activities				
	Commercial Investments				
	Communications				

[1] **Support Services** are allocated to activities based on relevant cost drivers. Support services provide corporate wide services to the council.

General Funds comprises targeted general rates, which are made up of the Targeted Council Services Rate and the Targeted Land Management Rate, investment income and income from general council reserves. The Targeted Land Management Rate is applied to land based activities or activities which have a relationship to land. The Targeted Council Services Rate is applied to all other non-land based council activities.

Targeted Rates may be levied across the region, but are 'targeted' to provide greater accountability and transparency. Equally a targeted rate may levied on a group of individuals who may derive a direct or greater benefit from the provision of specific council activities, targeted river management rates are an example.

Capital Expenditure is generally funded from the same sources available to fund operational expenditure. While debt or internal borrowing may sometimes be used to provide the immediate funding needed to acquire an asset, repayment of the debt will be made from the same sources operating expenditure.

4. Explanation of notations made in the table

a) **Full** means that all, or almost all, of the cost of the activity is funded from that particular source. If the comment is made in the 'general rates/funding' column it does not preclude making minor charges for the service but indicates that the charges are a negligible part of the total funding.

b) **Subsidy** means that a portion of the activity is funded from a government subsidy.

c) **Majority** means the majority of the service is funded from this source. When used in the fees and charges column it reflects the view that the services should be recovered from users but that legislation imposes some constraints which may mean that full recovery is not possible.

d) **Residual** indicates that a portion of funds comes from this source. It reflects that in some circumstances there are constraints on council charges, or that the alternative revenue source may include enforcement revenue which is imposed to achieve compliance and may not always cover the costs of enforcement.

e) **Licence and enforcement fees** can be charged for some services. Licence fees may be set by the council or by regulation, and may not always cover the full costs of the service. Enforcement fees are charged to achieve compliance and do not necessarily meet the full costs of the enforcement activity.

5. How funding mechanisms are selected

Section 103(1) of the Local Government Act 2002 requires council to state policies in respect of the funding of operating and capital expenditure from the sources listed in section 103(2) of the Act. These sources are:

- General rates, including uniform annual general charges (UAGC)
- Targeted rates
- Lump sum contributions
- Fees and charges
- Interest and dividends from investments
- Borrowing
- Proceeds from asset sales
- Financial contributions under the Resource Management Act 1991
- Grants and subsidies
- Any other source.

The council's general philosophies for applying sources of revenue to fund expenditure are as follows:

Targeted general rates

Targeted general rates (made up of the Targeted Land Management Rate and the Targeted Council Services Rate) are used to fund public goods where it is impossible or impractical to clearly identify customers or users, or to fully recover costs from users or exacerbators.

Targeted general rates are also used to fund those activities that council considers to provide a public benefit or public good. For reasons of fairness and equity, targeted general rates are considered to be the most appropriate way in which to fund these activities.

Council typically funds "public goods" from targeted general rates as the benefit is wider than just specific users and there is no practical method for charging individual users.

These targeted general rates fund a range of services which are used by individual ratepayers to varying extents. Rates are regarded as a tax which funds the collective community benefit rather than any form of proxy for use of a service.

Council analysis indicates that there is no significant difference in incidence between multiple targeted rates and a differentiated general rate. Council has elected to use the Targeted Land Management Rate and Targeted Council Services Rate as it considers these to be a more equitable approach than setting a general rate and uniform annual general charge.

The level of general rates is based on the funding required to provide agreed council activities after identifying the other income sources.

The council uses its investment returns (dividends, interest and rent) to reduce the Targeted Council Services Rate and the Targeted Land Management Rate requirement. Accordingly, for the purposes of this Revenue and Financing Policy, investment funds and the Targeted Council Services Rate and the Targeted Land Management Rate have been combined and are referred to as general funds.

Targeted rates
Targeted rates are also used to fund certain activities where an individual or group of individuals derive a direct benefit from the provision of council activities and where it is appropriate that only this group be targeted to pay for some or all of a particular service. Targeted rates may be also be set by council when it considers the rating valuation system used in setting the targeted rate provides a more acceptable alignment to the expenditure to be funded, in comparison to the general rate, or where the council considers separate, targeted rating provides greater transparency and accountability to the ratepayer.

Fees and charges
User charges are direct charges to people and/or groups who use certain council services or if the actions or inactions of identified individuals or groups give rise to the need to undertake a particular activity. In these instances, a benefit exists to clearly identifiable people and/or groups and they are required to pay for all or part of the cost of using that service.

Fees and charges are set on the basis of either recovering the full cost of the service, the marginal cost added by users, or a rate that the market will pay. The market rate becomes an issue to limit the potential for charging. It applies in circumstances where the council believes that a charge set too high will reduce use and therefore diminish the value of the service to the community and impose a greater cost on ratepayers.

Fees and charges are set in accordance with council's Fees and Charges Policy.

Interest, dividends, rent and other investments revenue
Council receives revenue from investments. Historically net investment revenue has been deemed to be a general funding source and has been applied to reduce the general rating requirement. Following public consultation for the 2011/2012 Annual Plan, net investment revenue is now being diverted from a general funding source to be applied to activities that contribute to economic well-being. This started in July 2011 and is being phased in over a number of years. These activities fall within the Economic Group of Activities.

During the transition period, net investment revenue available for general funds will be applied to reduce the rating burden and will fall within general rates/funds.

At the completion of the transition period there will be no net investment revenue available as general funds, as it will be applied to fund projects and activities that contribute to economic well-being under the Economic Development activity.

Borrowing
The council may use borrowing, including internal borrowing, to bring forward or accelerate operating expenditure. The council will fund operating expenses from borrowing only when it is prudent to do so and subsequent to special resolution by the council. Borrowing may be from the council funds and reserves or borrowing may be external. A cost of borrowing charge will be applied to all borrowing. The cost of borrowing and repayment of borrowing is to be funded from the same funding sources available to fund the specified activity.

Proceeds from asset sales
Proceeds from assets sales will be used to provide funding for assets. Where the council considers it financially prudent to do so, it may by special resolution of council, elect to use the proceeds of asset sales to fund operating expenditure.

The retention of strategic and investment the application of investment returns to promote economic well-being, provides inter-generational equity. Unless council resolves otherwise, proceeds from the sale of investment assets will be set aside for further reinvestment.

Financial contributions
Financial contributions will be applied in accordance with the Financial Contributions Policy.

Grants and subsidies
Central Government and other third party agencies provide various grants and subsidies for specified activities and projects. Where appropriate, the council seeks to take advantage of such funds.

Other funding sources
Use of surpluses from previous financial periods
Where the council has recorded an actual surplus in one financial period, it may pass this benefit on to ratepayers in a subsequent financial period. A surplus arises from the recognition of additional income or savings in expenditure. The council considers that passing this benefit on to ratepayers promotes equity, in that any financial benefit is passed on to those ratepayers who shared the rates-funding burden in the financial period that the surplus was generated.

The amount of any surplus carried forward from previous financial periods will be accounted for as an operating deficit in the year the benefit is passed onto ratepayers. A surplus will be available for use in future financial periods if the actual surplus/(deficit) is improved when compared to budgeted surplus/(deficit). In calculating the level of surplus to be carried forward, consideration will be given to the nature of the factors giving rise to the surplus, for example whether the surplus is cash or non cash, and after taking into account appropriate movements to and from reserves. Generally, only those factors that are cash in nature will be available for use in determining the level of surplus to be carried forward. The council will not carry forward surpluses in relation to the:

- Sale of assets. Asset proceeds shall be used to fund further capital expenditure, unless the council resolves otherwise.
- Revenue received for capital purposes. Such surplus shall be retained to fund associated capital expenditure.
- Unrealised gains arising from fair value adjustments to assets and liabilities. These gains are unrealised accounting adjustments in the period in which they are recognised.

Reserves and special funds
Reserve funds may be applied to fund expenditure for specific purposes. In some circumstances the reserves are a legal requirement and the council may establish additional reserves as and when required.

Where the council collects targeted rates, these monies are only able to be spent on specified expenditure. Any funding surplus or deficit resulting from activities funded by way of targeted rates is set aside in a specified reserve to be utilised or repaid in subsequent financial years. Transfers may be made only for specified purposes or when specified conditions are met.

Subject to meeting any specified conditions associated with these reserves, the council may expend money, of an operating or capital nature from these reserves.

6. Funding of capital expenditure
Capital expenditure is funded from depreciation, general funds, targeted rates and borrowing as outlined below:

- If the capital expenditure relates to the replacement of an existing asset, that expenditure will be funded out of rates charged to recover depreciation. If accumulated cash surpluses arising form the funding of depreciation are insufficient, then reserves or borrowing may be used to provide funding. Funding of depreciation and repayment of borrowing comes from general rates, investment revenue, targeted rates and user fees and charges, as applicable to each specific project.
- If the capital expenditure relates the construction or purchase of a new asset or to the upgrade or increase in service potential of an existing asset, that expenditure may be funded from internal or external borrowings and repaid from applicable funding sources over an agreed period of time. Borrowing is a cost effective and equitable means to fund capital expenditure as it spreads the cost of the asset over an extended period, such as the life of the asset, making it affordable to ratepayers today and spreading the incidence of cost over those who benefit from the asset.
- Where the council considers it financially prudent to do so the council may repay the borrowings on an asset at a faster rate than over the full life of the asset.
- On the basis of financial prudence and where the council considers it appropriate to do so, council may impose a targeted rate to fund capital expenditure or repay the borrowings on an asset at a faster rate than over the full life of the asset.
- The funding of capital expenditure from the sale of surplus assets is decided on a case-by-case basis.

- The funding of capital expenditure from restricted or special funds is decided on a case-by-case basis and is subject to the specified purposes and conditions governing the use of those restricted funds.

If an approved capital expenditure project is not completed by the end of the financial period, the unspent funds may be carried forward to the next financial period to enable the project to be completed.

7. Funding sources and factors considered

Table Two below shows a summary of the funding sources for each activity and a number of the factors considered under Section 101(3) of the Local Government Act 2002 when determining the appropriate funding sources. In addition to the factors listed the council also considered the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities. For several activities it was considered appropriate to identify different funding sources at a sub-activity level where identified beneficiaries were able to pay fees and charges for the services delivered e.g. consent applications, passenger transport and monitoring compliance.

Table Two: Summary of Revenue and Financing Policy

Activity	Sub-activity	Outcome	Who benefits?	Period of benefit
Community Representation and Engagement	Community Representation and Engagement	▪ Business friendly environment ▪ Infrastructural improvements ▪ Sustainable use	The community and council benefit from the community's contribution towards the council's decision-making process and involvement in council decisions.	The benefits of community representation and council/public partnership are ongoing in both the immediate and long term.
	Environmental Education	▪ Sustainable use ▪ Collective pride	The community benefit from the opportunity to learn about and participate in the sustainable use, development and protection of the region's resources.	The benefits of environmental education are on-going, but there is immediate benefit to the recipients.
Consents	Consent Applications	▪ Northland's environmental areas ▪ Business friendly environment ▪ Sustainable use	RMA and building (dams) consent holders directly benefit from gaining compliance and holding consent. The regional community benefits as they gain assurance that activities requiring consent are in accordance with regional policies and the Resource Management Act.	The benefits of these services accrue both in the immediate and long term.
	Consents Advice and Information	▪ Business friendly environment ▪ Sustainable use	Resource users benefit from guidance on regulation, appropriate use and development of resources. The regional community benefit from informed participation and decision making, sustainable use, development and protection of the region's resources, information and education.	The benefits of these services accrue both in the immediate and long term.
Monitoring	State of the Environment Monitoring	▪ Sustainable use ▪ Collective pride	The regional community benefits from improved knowledge and management of the regional environment.	The benefits of these services accrue both in the immediate and long term.
	Compliance Monitoring, Environmental Incidents Response and Waste Management and Contaminated Sites	▪ Northland's environmental areas ▪ Business friendly environment ▪ Sustainable use ▪ Collective pride	The local and regional community benefit from environmental protection via the monitoring and enforcement and clean up action carried out by the council.	The benefits of these services accrue both in the immediate and long term.
Land and Biodiversity	Land and biodiversity	▪ Northland's environmental areas ▪ Sustainable use ▪ Collective pride	Individuals and the community benefit improved image, retention/enhancement of productive values of land and reduction in adverse effects and enhancement of priority ecosystems/natural resources (improved water quality, reduced runoff and sedimentation and reduced frequency of flooding).	The benefits of these services accrue both in the immediate and long term.
Planning and Policy	Planning and Policy	▪ Northland's environmental areas ▪ Business friendly environment ▪ Sustainable use ▪ Collective pride	The entire community benefits from integrated Regional Policies and Plans which provide for the sustainable management of Northland's resources.	The benefits of these services accrue both in the immediate and long term.

Activity	Sub-activity	Actions or inactions that create need	Funding source	Funding source proportion
Community Representation and Engagement	Community Representation and Engagement	Need is created by the entire community for knowledge of and involvement in council decisions. Need is created by legislation – the Local Government Act requires councils to work with Government departments, Māori and the community to make and implement key decisions.	General rates/funds (GR/F)	GR/F – Full
	Environmental Education	Need is created by the entire community for knowledge of and involvement in council decisions.	General rates/funds	GR/F – Full
Consents	Consent Applications	Need is created by applicants seeking consent under the Resource Management Act 1991 and the Building Act 2004. Need is created by the entire community for structure, consistency and certainty.	General rates/funds Fee/subsidy (F/S)	GR/F – Residual F/S – Majority
	Consents Advice and Information	Need is created by individuals who may require information and advice on the lawfulness of intended, proposed or existing activities.	General rates/funds	GR/F – Full
Monitoring	State of the Environment Monitoring	Need is created by the community requiring information to enable community participation and informed decision making.	General rates/funds Fee/subsidy (F/S)	GR/F – Majority F/S – Residual
	Compliance Monitoring, Environmental Incidents Response and Waste Management and Contaminated Sites	Need is created by individuals who have consents those who actions or inactions risk or harm the environment.	General rates/funds Fee/subsidy (F/S)	GR/F – Residual F/S – Majority (License and Enforce-ment fees)
Land and Biodiversity	Land and biodiversity	Need is created by individuals and the community who undertake practices which may compromise the environment or who wish to foster and enhance the environment.	General rates/funds Fee/Subsidy (F/S)	GR/F – Majority F/S – Residual.
Planning and Policy	Planning and Policy	Need is created by the entire community in the desire to have a well structured and effective region.	General rates/funds	GR/F – Full

Activity	Sub-activity	Outcome	Who benefits?	Period of benefit
Biosecurity	Biosecurity	▪ Northland's environmental areas ▪ Sustainable use ▪ Collective pride	The regional community benefits from the containment and where practicable reduction in the distribution and density of pest plants within Northland.	The benefits of these services accrue both in the immediate and long term.
Economic	Economic Development Activities	▪ Invest in Northland ▪ Business friendly environment	The regional community benefits from improved economic activity, employment and income opportunities. Individuals and individual businesses will benefit directly from specific initiatives. The tourism sector benefits from sector support and promotion.	The benefits of these services accrue both in the immediate and long term.
	Projects	▪ Invest in Northland	The regional community benefits from improved economic activity, employment and income opportunities. Individuals and individual businesses will benefit directly from specific initiatives.	The benefits of these services accrue both in the immediate and long term.
Transport	Regional Transport Management	▪ Infrastructural improvements ▪ Sustainable use ▪ Northland's environmental areas	The regional community benefits from the provision of an affordable, integrated, safe, responsive and sustainable transport system.	The benefits are on-going, however there is immediate benefit to the transport users.
	Passenger Transport Administration	▪ Sustainable use	The entire Whāngārei district benefits from the provision of community passenger transport services and the reduced congestion and improved road safety in Whāngārei urban areas where passenger services operate.	The benefits of these services are immediate at the time using the service/ transport.
Harbour Safety and Navigation	Harbour Safety and Navigation	▪ Northland's environmental areas ▪ Sustainable use ▪ Collective pride	The regional community benefits from safer coastal areas for recreation and Commercial and recreational users benefit from safe water transport.	The benefits of these services accrue both in the immediate and long term.
Civil defence and emergency management	Civil defence and emergency management	▪ Northland's environmental areas ▪ Sustainable use ▪ Collective pride	The regional and national community benefits from the maintenance of a response capability and from planning for major emergency services.	The benefits of these services accrue both in the immediate and long term.
Hazard Management	Hazard and Emergency Management	▪ Northland's environmental areas ▪ Sustainable use ▪ Collective pride	Individuals and the community benefit from reduced risk to property, projection losses and loss of life.	The benefits of these services accrue both in the immediate and long term.
Oil pollution response	Oil Pollution Response	▪ Northland's environmental areas ▪ Sustainable use ▪ Collective pride	The regional and wider community benefit from clean seas and coastal environment. Commercial shipping benefit from a spill response system and the availability of resources for clean up of spills.	The benefits of these services accrue both in the immediate and long term.
River Management	River Management	▪ Northland's environmental areas ▪ Sustainable use ▪ Collective pride ▪ Infrastructural improvements	The community benefits from the reduction in damage to infrastructure and improved access (less road closures). Individual land owners benefit from the reduction in property damage and primary projection losses.	The benefits of these services accrue both in the immediate and long term.

Activity	Sub-activity	Actions or inactions that create need	Funding source	Funding source proportion
Biosecurity	Biosecurity	Need is created by the community who benefit from the active control of animal and plant pests and the protection of our region's unique ecosystems.	General rates/funds Fee/subsidy (F/S)	GR/F – Majority F/S – Residual.
Economic	Economic Development Activities	Need is created by the community in their desire to attract business to the region, improve regional wealth.	General rates/funds (Investment and Growth Reserve) Grants/subsidy Income from NRCCT	GR/F – Majority G/S – Residual Income from NRCCT – Residual
	Projects	Need is created by the community in their desire to attract business to the region, improve regional wealth and in their demand for community infrastructure.	General rates/funds (Investment and Growth Reserve) Targeted rate (TR) Grants/subsidy	GR/F – Majority TR – Majority G/S – Residual
Transport	Regional Transport Management	Need is created by the entire community in the desire for an integrated transport network and by legislation.	General rates/funds Fee/subsidy (F/S)	GR/F – Majority G/S – Residual
	Passenger Transport Administration	Need is created the public who access the public transport services and total mobility schemes.	General Rates/funds Fee/subsidy (F/S) Targeted rates	GR/F – Residual F/S – Majority TR – Majority
Harbour Safety and Navigation	Harbour Safety and Navigation	Need is created by coastal water users, including recreational and commercial.	General rates/funds Fee/subsidy (F/S)	GR/F – Residual F/S – Majority
Civil defence and emergency management	Civil defence and emergency management	Need is created by the community who benefit from the response capability and advanced warning provided in emergency events.	General rates/funds Fee/subsidy (F/S)	GR/F – Majority F/S – Residual
Hazard Management	Hazard and Emergency Management	Need is created by the environment which is subject to natural hazards and by individuals and the communities who live or plan development in as risk areas.	General rates/funds Fee/subsidy (F/S)	GR/F – Majority F/S – Residual
Oil pollution response	Oil Pollution Response	Need is created by fuel tankers visiting Marsden point Oil Refinery which constitutes a major oil spill risk. Need is created by the local commercial tourism service and fishing fleets, as well as the substantial recreational vessel fleet using the region's coastal waters and associated refuelling facilities.	General rates/funds Fee/subsidy (F/S)	GR/F – Residual F/S – Majority
River Management	River Management	Need is created by the public and individuals who require flood risk reduction when living or undertaking developments in at risk areas. Need is created by the community who benefit from reduced incidence of damaging floods in Northland.	Fee/subsidy (F/S) Targeted rates (TR)	F/S – Residual T/R – Majority

Treasury Management Policy

1.0 Introduction

The Treasury Risk Management Policy ("Policy") outlines the principles and procedures for Northland Regional Council's treasury activity. The formalisation of such policies and procedures will enable treasury risks within council to be prudently managed.

2.0 Scope and objectives

2.1 Scope

- This document identifies the policy and procedures of the council in respect of treasury management activities.

2.2 Objectives

The objective of this Treasury Risk Management Policy is to control and manage costs and investment returns that can influence operational budgets and public equity. Specifically:

Statutory objectives

- All borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002 and incorporate the Liability Management Policy and Investment Policy.
- The council is governed by the following relevant legislation:
  - Local Government Act 2002, in particular Part 6 including sections 101,102,104 and 105.
  - Trustee Act 1956. When acting as a trustee or investing money on behalf of others, the Trustee Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others. Details of relevant sections can be found in the Trustee Act 1956 Part ll Investments.
  - Public bodies Lease Act 1969 and Property Law Act 2007.
  - Other.
- All projected borrowings are to be approved by the council as part of the Annual Plan process or resolution of the council before the borrowing is effected.
- All legal documentation in respect to borrowing and financial instruments will be approved by the council's solicitors prior to the transaction being executed.
- The council will not enter into any borrowings denominated in a foreign currency.
- The council will not transact with any council-controlled trading organisation (CCTO) on terms more favourable than those achievable by the council itself.
- A resolution of council is not required for hire purchase, credit or deferred purchase of goods if:
  - the period of indebtedness is less than 91 days (including rollovers); or
  - the goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate, an amount determined by resolution of council.

General objectives

The general objectives of this Policy are to:

- Manage investments to optimise returns in the long term whilst balancing risk and return considerations.
- Safeguard the council's assets/capital.
- Manage risk.
- Have a diverse investment portfolio (to manage the risk) but increase the investment in Northland over time.
- Focus on economic benefits / economic well-being from investments in projects or activities.
- Maintain the council's investment in the Northland Port Corporation (NZ) Limited as a strategic asset.
- Minimise the council's costs and risks in the management of its borrowings.
- Minimise the council's exposure to adverse interest rate movements.
- Borrow funds and transact risk management instruments within an environment of control and compliance under the Council approved Treasury Risk Management Policy so as to protect Council's financial assets and costs.
- Comply with financial ratios and limits stated within this Policy.
- Maintain appropriate liquidity levels and manage cash flows within the council to meet known and reasonable unforeseen funding requirements.
- Minimise exposure to credit risk by dealing with and investing in credit-worthy counterparties.
- Ensure that all statutory requirements of a financial nature are adhered to.

- Ensure adequate internal controls exist to protect the council's financial assets and prevent unauthorised transactions.

3.0 Liability management policy
The council's liabilities comprise borrowings and various other liabilities. The council's Liability Management Policy focuses on borrowings as this is the most significant component and exposes the council to the most significant risks.

3.1 Debt ratios and limits
Debt will be managed within the following macro limits.

Financial covenant	Lending policy covenants
Net Debt / Total Revenue	<175%
Net Interest / Total Revenue	<20%
Net Interest / Annual Rates Income	<25%
Liquidity	>110%

- Total Revenue is defined as cash earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non government capital contributions (e.g. developer contributions and vested assets).
- Net debt is defined as total consolidated debt less liquid financial assets and investments.
- Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.
- Net Interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period.
- Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other LGs for services provided and for which the other LGs rate.
- Financial covenants are measured on council only, not consolidated group.

3.2 Asset management plans
In approving new debt the council considers the impact on its borrowing limits as well as the economic life of the asset that is being funded and its overall consistency with the council's LTP.

3.3 Borrowing mechanisms
The council is able to borrow through a variety of market mechanisms including issuing stock/bonds, commercial paper (CP) and debentures, direct bank borrowing, borrowing from the Local Government Funding Agency ("LGFA"), accessing the short and long-term wholesale/retail debt capital markets directly or indirectly, or internal borrowing of reserve and special funds. In evaluating strategies for new borrowing (in relation to source, term, size and pricing) the following is taken into account:

- Available terms from banks, LGFA, debt capital markets and loan stock issuance.
- The council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time.
- Prevailing interest rates and margins relative to term for loan stock issuance, LGFA, debt capital markets and bank borrowing.
- The market's outlook on future interest rate movements as well as its own.
- Ensuring that the implied finance terms and conditions within the specific debt (e.g. project finance) are evaluated in terms such as cost/tax/risk limitation compared to the terms and conditions the council could achieve in its own right.
- Legal documentation and financial covenants together with credit rating considerations.
- For internally funded projects, to ensure that finance terms for those projects are at least as equitable with those terms from external borrowing.
- Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.

3.4 New Zealand Local Government Funding Agency Limited investment
Despite anything earlier in this policy, the council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA. For example borrower notes.
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself.
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required.
- Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the council's rates and rates revenue.
- Subscribe for shares and uncalled capital in the LGFA.

3.5 Security
Council's borrowings and interest-rate risk management instruments will generally be secured by way of a charge over rates and rates revenue. Where appropriate the council may seek project financing which may have a charge over the project or a specific asset/s rather than rates. The utilisation of special funds and reserve funds and internal borrowing of special funds / reserve funds and other funds will be on an unsecured basis.

Should council undertake external borrowing, it is likely that the council will ultimately need to move to putting in place a Debenture Trust Deed prior to accessing material funding from the external financial markets.

Under a Debenture Trust Deed the council's borrowing is secured by a floating charge over all council rates levied under the Rating Act, excluding any rates collected by the council on behalf of any other local authority. In such circumstances, the security offered by the council ranks 'Pari Passu' for all stock issued by the council including any security stock issued.

Under the Debenture Trust Deed the council offers deemed rates as security for general borrowing programs. From time to time, with prior council and Debenture Trustee approval, security may be offered by providing a charge over one or more of council's assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. an operating lease, or project finance).
- The council considers a charge over physical assets to be appropriate.
- Any pledging of physical assets must comply with the terms and conditions contained within the Debenture Deed.

3.6 Debt repayment
The funds from all asset sales and operating surpluses will be applied to the reduction of debt and/or a reduction in borrowing requirements, unless the council specifically directs that the funds will be put to another use.

The council will manage debt on a net portfolio basis and will only externally borrow when it is commercially prudent to do so.

4.0 Investment policy and limits
4.1 General policy
The council is currently a net investor of funds and should apply surplus funds to any debt repayment and internally borrow from special reserve funds in the first instance to meet future capital expenditure requirements, unless there is a compelling reason for establishing external debt. Investments are maintained to meet specified business reasons, such as:

1. For strategic purposes consistent with the council's Long Term Plan.
2. To provide income to be used to promote economic and social well-being in Northland.
3. To reduce the ratepayer burden.
4. The retention of vested land.
5. Holding short term investments for working capital requirements.
6. Holding investments that are necessary to carry out council operations consistent with Annual Plans.

The council recognises that as a responsible public authority all investments held, should be low risk. Council also recognises that lower investments risk generally means lower returns.

Where investments are undertaken where a key driver is to promote economic well-being, council may accept a higher risk or lower return. Such investments will be made by resolution of council or in accordance with proposals approved in Annual Plans or other special consultative procedures.

In its financial investment activity, the council's primary objective when investing is the protection of its investment. Accordingly, only credit-worthy counterparties are acceptable.

4.2 Investment mix

The council maintains investments in the following assets from time to time:

- Equity investments, including investment held in CCO/CCTO and other shareholdings.
- Property investments incorporating land, buildings, a portfolio of ground leases and land held for development.
- Financial investments incorporating longer term and liquidity investments.
- Other.

4.2.1 Equity investments

The council maintains equity investments and other minor shareholdings.

The council's equity investments fulfil various strategic, economic development and financial objectives as outlined in the Long Term Plan.

Council seeks to achieve an acceptable rate of return on all its equity investments consistent with the nature of the investment and their stated philosophy on investments.

Dividends received from CCO's and unlisted companies not controlled by the council are recognised when they are received in the Statement of Financial Performance.

Any purchase or disposition of equity investments requires council approval and any gains or losses arising from the sale of these investments will be recognised in the surplus or deficit.

Any purchase or disposition of equity investments will be reported to the next meeting of council.

Unless otherwise directed by the council, the proceeds from the disposition of equity investments will be used firstly to repay any debt relating to the investment and then for other capital expenditure or alternative investment as determined by the council.

The council recognises that there are risks associated with holding equity investments. To minimise these risks the council monitors the performance of its equity investments on a regular basis to ensure that the stated objectives are being achieved. Council seeks professional advice regarding its equity investments when it considers this appropriate.

4.2.1.1 Equity investment - Northland Port Corporation (NZ) Ltd

The objective of holding shares in the Northland Port Corporation (NZ) Ltd is to hold an investment asset on behalf of, and for the benefit of Northland that has both strategic and economic significance to the region.

The council owns a majority of the issued equity capital of the Northland Port Corporation (NZ) Ltd, which is held at cost. Shares are issued at par value as ordinary shares of 25c each). The remainder of the share capital is publicly owned and all shares are listed on the Stock Exchange of New Zealand.

The port's activities are integrated with the economic structure of the Northland region. The council regularly reviews the contribution of all of its investments against its overall investment and economic goals in line with council objectives. Should the council determine that an alternative investment may more effectively meet its current and future goals, then the council may sell all or part of its majority shareholding.

The Local Government Act 2002 classifies a local authority's shareholding in a port company as a "Strategic Asset" that requires the special public consultative procedure to be adopted and followed before any transfer of ownership or control is made to any person (Section 84(3)).

Any purchase or disposition shares in the Northland Port Corporation (NZ) Ltd \ council approval. Any gain or loss arising from the sale of these investments is to be recognised in surplus or deficit.

The investment in the Northland Port Corporation (NZ) Limited is not without risk. Returns to all shareholders are dependent upon the profitability of the company's operations.

The council's risk management procedures include:

- Appointing external directors with appropriate expertise to the Board of Directors.
- Appointing the council's Chief Executive Officer as reporting officer to the council on matters affecting the company and through him/her, other officers who are appropriately qualified.
- Reviewing the company's strategic intentions at least every three years, subject to the limitations imposed by the Port Companies Act 1988 and the Stock Exchange of New Zealand's listing rules.

4.2.2 Property investments

The council holds property investments (including owner occupied land and buildings, commercial land and buildings, ground leases, land held for development and land and buildings held or acquired for strategic purposes) that are necessary to achieve its operational, investment and strategic objectives as stated in the Long Term Plan and/or Annual Plan. The council may also hold and maintain property investments which have been vested to the council.

The council seeks to achieve an acceptable commercial rate of return from all property investments held. The determination of an acceptable return must be consistent with the nature of the property investment held. All operational income together with any gain or loss arising from any sale of the council's property investments is included in the surplus or deficit of the Statement of Comprehensive Income. Any gain or loss on sale will be taken to the Investment reserve for further investment, unless the council directs otherwise.

In respect of Leasehold Land, subject to the powers and provisions conferred under the Local Government Act 2002, Public Bodies Leases Act 1969 and the Property Act 2007, the sale of any ground leases and approval of lease discounts (which may be used to incentivise lessees to adopt short rent review periods) requires council approval.

Any purchase or disposition of property investments requires council approval. Property investments may include, but are not limited to; ground leases, undeveloped land, forestry, commercial and industrial investments. The proceeds from the disposition of property will be used to repay any debt relating to the investment and then taken to the investment reserve for further investment, unless the council directs otherwise.

The council recognises that there are risks associated with holding investment property. To minimise these risks the council will undertake regular reviews of the property portfolio to ensure stated objectives are being achieved. The council seeks professional advice regarding its property investments when it considers this appropriate.

4.2.3 Forestry

The council holds forestry plantations in the Whāngārei district.

The council's objective in holding forestry investment to develop, maintain and protect the council's timber plantations, in order to maximise long term revenue whilst meeting the council's environmental responsibilities. The general policy is to maximise returns while meeting soil conservation, water quality and recreational interests. This Policy presumes that harvesting is on a sustainable yield basis in the medium term.

The council currently owns 524 hectares of plantation and soil conservation forests, all of which are located in the Whāngārei district. Of the total area, 190 hectares remain in native bush.

Any purchase or disposition of forestry investments requires council approval. Forestry investments may include, but are not limited to: purchase and/or disposition of underlying land and purchase, disposition and harvest of forestry plantation held by the council. The proceeds from the disposition of property will be used to repay any debt relating to the investment and then taken to the investment reserve for further investment, unless council directs otherwise.

The forest is managed and maintained by competent, suitably experienced council staff or contractors. Where council staff do not hold the expertise deemed necessary, the services of a qualified forestry consultant and manager are engaged to manage the council's forestry interests under contract. Silviculture is carried out in accordance with the forest management plan. A Forest Management Plan is to be prepared triennially by the Chief Executive Officer or his delegate in liaison with the Forest Manager or contractor, and is submitted to the Audit and Finance Committee or similar committee for approval. The Chief Executive Officer provides the Audit and Finance Committee or similar committee with a report on his stewardship and the state of the council's forests by 30 June each year.

Revenue risk is mitigated by the council's ability to defer harvesting and to invest in forestry using a mix of debt, reserve funds and other revenue streams. The forest is fully insured for loss arising from fire or tempest. A significant risk relates to revenue flows upon the commencement of harvesting. Product prices are dependent on world markets and commodity prices as well as the NZD/USD exchange rates. There are presently no proven commodity hedging solutions for log and pulp prices and the council is prohibited by law from entering into incidental arrangements in foreign currencies.

4.2.4 Financial investments

For the foreseeable future, the council will be in a net investment position and until such time that the council becomes a net borrower, liquid investment funds will be prudently invested as follows:

- Any liquid investments must be restricted to a term that meets future cash flow and capital expenditure projections.
- Interest income from financial investments is credited to general funds or transferred to the investment redirection reserve as appropriate, except for income from investments for special funds, reserve funds and other funds where interest may be credited to the particular fund.
- Internal borrowing will be used wherever possible to avoid external borrowing.

Financial investment objectives

- The council's primary objectives when investing are protecting its investment capital and maximising returns. Accordingly, the council may only invest in creditworthy counterparties. Creditworthy counterparties and investment restrictions are covered in section 6.3. Credit ratings are monitored and reported quarterly to council.
- The council may invest in acceptable short term debt instruments such as Commercial Paper or Floating Rate Notes (FRN'S) and may make interest rate duration positions using investor swaps. These investments are aligned with the council's objective of investing in high credit quality and highly liquid assets while allowing for optimal interest rate investments to be made.
- The council's net investment interest rate profile will be managed within the parameters outlined in section 6.0.

New Zealand Local Government Funding Agency Limited investment

Despite anything earlier in this policy, the council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment.

The council's objectives in making any such investment will be to:

- Obtain a return on the investment; and
- Ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for the council.

Because of these dual objectives, the council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments. If required in connection with the investment, the council may also subscribe for uncalled capital in the LGFA and be a guarantor.

Special funds and reserve funds

Liquid assets are not required to be held against special funds and reserve funds. Instead the council will internally borrow or utilise these funds where ever possible.

Through adopting this Treasury Management Policy, the council supersedes any previous council resolutions relating to the continued funding or internal borrowing of specific special funds and reserve funds.

Unless otherwise directed by the council, internal borrowing to/(from) reserves will be undertaken at the internal cost of borrowing. Accounting entries representing interest accrual allocations will be made using the agreed internal cost of borrowing for that period.

Trust funds

Where the council hold funds as a trustee, or manages funds for a Trust then such funds must be invested on the terms provided within the trust. If the Trust's investment policy is not specified then this Policy should apply.

5.0 Risk recognition/identification/management

The definition and recognition of interest rate, liquidity, funding, counterparty credit, market, operational and legal risk will be as detailed below and applies to both the Liability Management Policy and Investment Policy.

5.1 Interest rate risk

5.1.1 Risk recognition

For the foreseeable future, the council will be a net investor of liquid funds and the following interest rate control limits are designed to manage interest rate risk on the investment portfolio, until such time as the council becomes a net borrower. Should the council become a net borrower, the investment interest rate risk control limits will cease to be applicable and the net debt interest rate risk control limits will accordingly apply.

Interest rate risk is the risk that investment returns or funding costs (due to adverse movements in market interest rates) will materially exceed or fall short of projections included in the Long Term Plan and Annual Plan so as to adversely impact revenue projections, cost control and capital investment decisions/returns/and feasibilities.

The primary objective of interest rate risk management is to reduce uncertainty relating to interest rate movements through fixing of investment returns or funding costs. Both objectives are to be achieved through the active management of underlying interest rate exposures.

5.1.2 Approved financial Instruments

Dealing in interest rate products must be limited to financial instruments approved by the council.

Approved interest rate instruments are as follows:

Category	Instrument
Cash management and borrowing	Bank overdraft. Committed cash advance and bank accepted bill facilities (short term and long term loan facilities). Uncommitted money market facilities. LGFA borrower notes/CP/bills/bonds/FRNs. Wholesale Bond and Floating Rate Note (FRN) issuance. Commercial paper (CP). NZD denominated Private Placements. Retail Bond and FRN Issues.
Investments	Short term bank deposits. Bank bills. Bank certificates of deposit (CDs). Treasury bills. LGFA borrower notes/CP/bills/bonds/FRNs. Local Authority stock or State Owned Enterprise (SOE) bonds and FRNs (senior). Corporate bonds (senior). Floating Rate Notes (senior). Promissory notes/Commercial paper (senior).
Interest rate risk management	Forward rate agreements (“FRAs”) on: – Bank bills. – Government bonds. Interest rate swaps including: – Forward start swaps (start date <24 months). – Amortising swaps (whereby notional principal amount reduces). – Swap extensions and shortenings. Interest rate options on: – Bank bills (purchased caps and one for one collars). – Government bonds. – Interest rate swaptions (purchased only).

Any other financial instrument must be specifically approved by the council on a case-by-case basis and only be applied to the one singular transaction being approved. All investment securities must be senior in ranking. The following types of investment instruments are expressly excluded;

- Structured debt where issuing entities are not a primary borrower/ issuer.
- Sub-ordinated debt, Junior debt, Perpetual Notes and Hybrid Notes such as convertibles.

Borrower notes - Local Government Funding Agency

Borrower Notes. On occasion when the council borrows from the LGFA it will be required to contribute part of that borrowing back as equity in the form of “Borrower Notes”. A Borrower Note is a written, unconditional declaration by a borrower (in this instance the LGFA) to pay a sum of money to a specific party (in this instance the council) at a future date (in this instance upon the maturity of the loan). A return is paid on the Borrower Notes and can take the form of a dividend if the Borrower Notes are converted to redeemable preference shares.

5.1.3 Interest rate risk control limits

Net debt/borrowings

The following risk control limits will only be in place where net debt does not exceed $25 million. If net debt exceeds $25 million the fixed rate maturity profile limit will be revised.

The council’s debt/borrowings should be within the following fixed/floating interest rate risk control limit.

Master fixed/floating risk control limit

Master fixed / floating risk control limits	
Minimum fixed rate	Maximum fixed rate
55%	90%

“Fixed rate” is defined as an interest rate repricing date beyond 12 months forward on a continuous rolling basis.

“Floating rate” is defined as an interest rate repricing within 12 months.

The percentages are calculated on the rolling 12 month projected net debt level calculated by management (signed off by the Chief Financial Officer, or equivalent).

Net debt is the amount of total debt net of liquid financial assets/investments, cash/cash equivalents. This allows for pre-hedging in advance of projected physical drawdown of new debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to ensure compliance with the Policy minimums and maximums.

The fixed rate amount at any point in time should be within the following maturity bands:

Fixed rate maturity profile limit		
Period	Minimum cover	Maximum cover
1 to 3 years	15%	60%
3 to 5 years	15%	60%
5 years plus	10%	60%

- Floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months.
- Interest rate options must not be sold outright. However, 1:1 collar option structures are allowable, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, one side of the collar cannot be closed out by itself, both must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate "in-the-money".
- Purchased borrower swaptions mature within 12 months.
- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 1.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation.
- Any interest rate swaps with a maturity beyond 10 years must be approved by council.

Financial investment portfolio

Financial investments should be restricted to a term that meets future cash flow projections and be mindful of forecast debt associated with future capital expenditure programs as outlined within the LTP. Financial investments will match off against external debt in terms of interest rate risk and duration (gap risk) with the balance being defined as the Net Financial Investment Portfolio (NFIP).

The following interest rate re-pricing percentages are calculated on the projected 12-month rolling Net Financial Investment Portfolio (NFIP) total. This allows for adjustments in advance of materially changing forecasts. When cash flow projections are changed, the interest rate re-pricing risk profile may have to be adjusted to comply with the Policy limits.

Interest rate re-pricing period	Minimum limit	Maximum limit
0 to 1 year	40% of NFIP	100% of NFIP
1 to 3 years	0% of NFIP	60% of NFIP
3 to 5 years	0% of NFIP	40% of NFIP
5 to 10 years*	0% of NFIP	20% of NFIP

- To ensure maximum liquidity any interest rate position beyond 5 years must be made with acceptable financial instruments such as investor swaps.
- The re-pricing risk mix can be changed, within the above limits through sale/purchase of fixed income investments and/or using approved financial instruments such as swaps.

Special funds/reserve funds

- Given that the council may require funding for capital expenditure cash shortfalls over the remaining life of the existing special / reserve funds. Where such funds are deemed necessary they should be used for internal borrowing purposes when external borrowing is required. This will negate counterparty credit risk and any interest rate gap risk that occurs when the council borrows at a higher rate compared to the investment rate achieved by special / reserve funds.
- Liquid assets will not be required to be held against special funds or reserve funds unless such funds are held within a trust requiring such; instead, the council will manage these funds using internal borrowing facilities. Accounting entries representing interest accrual allocations will be made using the council's average weighted cost of external funds for that period.

Foreign currency

- The council has minor foreign exchange exposure through the occasional purchase of foreign exchange denominated services and plant and equipment.

- Generally, all significant commitments for foreign exchange are hedged using foreign exchange contracts, once expenditure is approved. Both spot and forward foreign exchange contracts can be used by council.
- The council shall not borrow or enter into incidental arrangements, within or outside New Zealand, in currency other than New Zealand currency.

5.2 Liquidity risk/funding risk

5.2.1 Risk recognition

Cash flow deficits in various future periods based on long term financial forecasts are reliant on the maturity structure of loans and facilities. Liquidity risk management focuses on the ability to borrow at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at the same or more favourable pricing (fees and borrowing margins) and maturity terms of existing facilities.

The management of the council's funding risks is important as several risk factors can arise to cause an adverse movement in borrowing margins, term availability and general flexibility including:

- Local Government risk is priced to a higher fee and margin level.
- Council's own credit standing or financial strength as a borrower deteriorates due to financial, regulatory or other reasons.
- A large individual lender to Council experiences their own financial/exposure difficulties resulting in Council not being able to manage their debt portfolio as optimally as desired.
- New Zealand investment community experiences a substantial "over supply" of Council investment assets.

A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time so that if any of the above events occur, the overall borrowing cost is not unnecessarily increased and desired maturity profile compromised due to market conditions.

Liquidity/funding risk control limits

- Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.
- External term loans and committed debt facilities together with available liquid investments must be maintained at an amount of 110% over existing external debt.
- The council has the ability to pre-fund up to 12 months forecast debt requirements including re-financings.
- The CEO has the discretionary authority to re-finance existing debt on more favourable terms. Such action is to be reported and ratified by the council at the earliest opportunity.
- The maturity profile of the total committed funding in respect to all loans and committed facilities, is to be controlled by the following system:

Period	Minimum	Maximum
0 to 3 years	15%	60%
3 to 5 years	15%	60%
5 years plus	10%	40%

- A maturity schedule outside these limits will require specific council approval.

5.3 Counterparty credit risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the council is a party. The credit risk to the council in a default event will be weighted differently depending on the type of instrument entered into.

Credit risk will be regularly reviewed by the council. Treasury related transactions would only be entered into with organisations specifically approved by the council.

Counterparties and limits can only be approved on the basis of long-term credit ratings (Standard & Poor's or Moody's) being A- and above or short term rating of A2 or above; with the exception of New Zealand Local Authorities, who may be unrated.

Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure.

The following matrix guide will determine limits:

Counterparty/issuer	Minimum long term / short term credit rating – stated and possible	Investments maximum per counterparty ($ million)	Interest rate risk management instrument maximum per counterparty ($ million)	Total maximum per counterparty ($ million)
NZ Government	N/A	unlimited	none	unlimited
Local Government Funding Agency (LGFA)	N/A	unlimited	none	unlimited
NZD registered Supranationals	AAA	20.0	none	20.0
State Owned Enterprises [name]	A-/ A2	5.0	none	5.0
NZ registered bank [name]	A-/ A2	20.0	10.0	30.0
Corporate bonds/ CP [names]*	A-/ A2	2.0	none	2.0
Local Government stock/ bonds/ FRN/ CP [name]**	A-/ A2 (if rated) unrated	20.0 5.0	none none	20.0 5.0

- *Subject to a maximum exposure no greater than 20% of the NFIP being invested in corporate debt securities at any one point in time.
- ** Subject to a maximum exposure no greater than 60% of the NFIP being invested in Local Government debt at any one point in time. The maximum portfolio exposure limit does not apply to the LGFA.

This summary list will be expanded on a counterparty named basis which will be authorised by the CEO

In determining the usage of the above gross limits, the following product weightings will be used.

- Investments (e.g. bank deposits) – transaction notional × weighting 100% (unless a legal right of set-off over corresponding borrowings exit whereupon a 0% weighting may apply).
- Interest rate risk management (e.g. swaps, FRAs) – transaction notional × maturity (years) × 3%.
- Foreign exchange – transactional principal amount x the square root of the maturity (years) x 15%.

Risk management

To avoid undue concentration of exposures, financial instruments should be used with as wide a range of counterparties as possible. Where possible, transaction notional sizes and maturities should also be well spread. The approval process to allow the use of individual financial instruments must take into account the liquidity of the market the instrument is traded in and repriced from.

6.0 Measuring treasury performance

In order to determine the success of the council's treasury management function, the following benchmarks and performance measures have been prescribed.

Those performance measures that provide a direct measure of the performance of treasury staff (operational performance and management of debt and interest rate risk) are to be reported to council or an appropriate sub-committee of council on a quarterly basis.

6.1 Operational performance

All treasury limits must be complied with including (but not limited to) counterparty credit limits, dealing limits and exposure limits.

All treasury deadlines are to be met, including reporting deadlines.

6.2 Management of debt, investments and interest rate risk

The actual funding cost for the council (taking into consideration costs of entering into interest rate risk management transactions) should be below the budgeted interest cost and investment returns above budgeted interest rate income.

7.0 Exceptions to this policy

This Treasury Management Policy will apply to all investment activity undertaken from 1 July 2012. In accordance with the Treasury Management Policy adopted 30 June 2012, the council may hold legacy investments which may not conform with the revised policy. All non conforming legacy investments will be transitioned in an orderly fashion, while taking into consideration risk factors and the maturity dates and the cost of (or losses on) redemption. All non complying investments will be reported to the council on a regular basis.

In the event council receives investments or equity which may be vested or previously held by council subsidiaries or associates, which do not conform to the Treasury Management Policy, with the approval of council, the investments will be transitioned to meet policy conditions over an orderly period. Consideration will be given to market conditions, risk/return considerations and the maturity dates and the cost of (or looses on) redemption.

Rating Policies

Introduction
Rates are assessed under the Local government (Rating) Act 2002.

Where rates are based on value, the values assessed by Quotable value New Zealand will apply.

The region's three district council's collect regional rates. The rating information database for each district is maintained by the relevant district council.

Rating Philosophy and Objectives
The Northland Regional Council reviews its rating policies annually and has targeted and differentiated rates in order to better direct rate funding to those activities suited to either fixed and/or differentiated charges.

The revenue and financing policy sets out the sources of funding applied to activities undertaken by the council. Where the council considers there to be an advantage in funding the activity separately from a general funding source, such as general rates, the council may apply targeted rates. In general terms, the council may consider applying a targeted rate to better align the rating basis to the activity to be funded or where the distribution of benefits of providing particular activities is attributable to a subset of a community. The application of targeted rates promotes equity, transparency and accountability of funding decisions.

Rates Collection and Rates Postponement and Remission Policies

Rates Collection
The Northland Regional Council's rating resolutions will be consistent with the collection agency agreement reached with all Northland territorial authorise to collect the regional rate, in order to minimise the marginal costs of collection. The dates for payment of instalments of rates shall be resolved by the Far North District Council, the Kaipara District Council and the Whāngārei District Council.

Penalties and Policies for rates relief and postponement
The rates remission and postponement policy and the policy on the application and remission of penalties of the Northland Regional Council is that of the region's three district councils who collect the rates on the council's behalf. Whilst these policies differ from council to council, it would be administratively inefficient to adopt uniform policies across the region and then require each district council to apply two sets of policies. Specific details in relation to each remission and postponement policy and application and remission of penalties can be obtained by reference to the respective district council. The intended rates relief policies for the constituent districts of the Northland region that will apply to the regional rates levied in those districts are set out in the following sections of this Plan.

FAR NORTH DISTRICT CONSTITUENCY

Introduction
The Local Government Act (LGA) and Local Government Rating Act 2002 require that if a Council wishes to provide for the remission and/or postponement of rates, it must first introduce policies to provide for this, using the Special Consultative Procedure (SCP).

The LGA also provides that councils must adopt a Policy for the Remission and Postponement of Rates on Māori Freehold Land. The eleventh Schedule to the LGA sets out a number of matters that Council must consider when adopting this Policy.
This section of the plan sets out the Remission and Postponement Policies that the Far North District Council has adopted for the period of this plan.

Background
The LGA sets out a number of policies that Council can adopt, some of these are mandatory while others are optional. Included in these are:

- A Policy for the Remission and Postponement of Rates on Māori Freehold Land – this is a mandatory policy;
- A Rates Remission Policy – this is an optional policy,
- A Rates Postponement Policy – this is also an optional policy.

The existing policies were first introduced in the 2004 Long Term Council Community Plan. Since then, they have been reviewed a number of times however have remained largely unaltered.

As part of the development of the 2012/22 Long Term Plan, Council has taken the opportunity to review its policies and includes them in this section of the document.

Council is proposing a number of minor changes to the policies. In general, these are to clarify how the policies are meant to apply and/or are designed to give greater certainty to the definitions. Any proposed changes are highlighted in ***Bold Italics.*** Where it is appropriate, the reasons for the change / s are noted in footnotes.

Proposed significant changes are noted below.

Proposed Significant Changes
Remission of Rates
Council is proposing a number of changes to the policies for the remission of rates, these are outlined below.

Remission of Charges on Contiguous Properties (Policy 04/06)
Council is proposing to alter the basis of when and how it charges the UAGC and other charges, other than those for water, sewerage and strormwater, on contiguous lots owned by the same ratepayer. Council believes that it is inappropriate to charge multiple uniform charges where a ratepayer owns a number of contiguous lots, irrespective of whether they are used for the same purpose or not. Council therefore is seeking submissions on whether it should modify the remissions policy so that where a ratepayer owns two or more rating units that are contiguous and owned in the same name, then the additional lots receive a remission of all uniform charges, other than those for water ,sewerage and stormwater. Council is further proposing that this remission should remain in force during the time that the lots are owned by the ratepayer.

As this is a proposal on which the Council is seeking submissions, the policy has not been altered to reflect this concept.

Remission of School Sewerage Charges (Policy R04/07)
Council is proposing to review this Policy which grants a remission on rates for school sewerage charges (Policy R04/07). Council does not believe that this policy is appropriate in a district where a significant portion of the children and staff attending schools come from the rural areas, and therefore make no contribution to the cost of the sewerage schemes. Council believes that the policy is inconsistent with the proposed new rating system outlined in this Long Term Plan. Council does recognise that the standard pan based method may adversely affect some schools so it is proposing to modify its policy to use a nominal pan method for charging. The current discount on pan fees will cease.

Remission of Rates on Land Owned or Used by Charitable or Community Organisations (Policy R04/04)
Council is proposing a minor change of wording to clarify that "op-shops" or similar "commercial" undertakings owned by charitable and community organisations will not be eligible for remission.

Postponement of Rates
No significant changes are proposed, however if Council were to adopt the proposed new rating system then it is likely that the basis behind this policy will be reviewed.

Remission and Postponement of Rates on Māori Freehold Land
Council is proposing the following changes:
The definition of qualifying land has been altered to exclude certain categories of land.

Vacant or unoccupied land which has a residential or commercial characteristic and which is located within townships and urban settlements will no longer qualify for a remission of rates. The reason for this proposed change is that Council does not consider it appropriate that land which is located in urban communities and that can easily be developed for residential or other purposes should qualify for a remission of rates.

As an example, Council has previously granted rating relief on small residential lots located within urban communities. Council's view is that this is unreasonable and does not meet the purposes for which the policy was introduced.

Vacant or unoccupied land that has a particular amenity value that can be enjoyed by the owner/owners will no longer qualify for a remission of rates. The reason for this proposed change is that there have been a number of instances where the occupiers of Māori freehold land enjoy an amenity benefit on unoccupied land.

As an example, Council has previously granted rating relief on Māori freehold land where the land provides an amenity benefit to the occupiers of the land or the adjoining land. An amenity benefit includes such things as coastal views, access to the sea and or access to roading or other facilities. Council's view is that where the land is providing an amenity benefit, it is being used and therefore does not qualify for a remission of rates.

Council is proposing to repeal the policy "**Rates Postponement to Assist Forestry Development on Māori Land (Policy ML04/04)**". The reason for this is that this policy has never been used and there are limited opportunities to obtain adequate security over Māori freehold land to secure the rating debt.

Policy on the Remission of Rates (Policy # R06)
Background
The Local Government (Rating) Act 2002 Section 85 sets out that a Council may remit rates, including penalties, only if it has adopted a remission policy under Section 109 of the LGA.

The policy set out below has been prepared in accordance with LGA. It consists of a number of policy statements each of which deal with specific rate remission requirements.

Definitions
For the purposes of this policy the following definitions apply:
Occupier – a person, persons, organisation or business entity that is using a rating unit under a formal agreement for a term of not less than ten (10) years.
Ratepayer – under the Local Government (Rating) Act 2002, the ratepayer is either the owner of the rating unit or a lessee under a registered lease of not less than 10 years, where the lease provides that the lessee is required to be entered into the Rating Information Database as the ratepayer.

Policy Statements
Each set of policy statements deals with a different set of remission criteria.
They have all been prepared in the following format. Firstly, a brief background will explain the reason for the policy. This will be followed by a description of the objectives to be met by the policy, then a statement of the conditions and criteria that will be used to determine applications in respect of each policy statement.
Policy Statements have been developed to meet the following requirements:
Remissions of Penalties (Policy R04/01)
Remissions of Additional Penalties (Policy R04/02)
Remission of Rates on Land Owned or Used by Charitable or Community Organisations (Policy R04/04)
Remission of Charges on Properties only partly within District (Policy # R04/05)

Remission of Charges on Contiguous Properties (Policy 04/06)
Remission of School Sewerage Charges (Policy R04/07) Policy subject to review
Remission of Excess Water Charges (Policy R04/08)
Remission of Postponed Rates (Policy R04/09)
Remission of Rates on Land that has made Lump Sum Contributions (Policy R04/10)
Remission of Rates on Land Subject to Protection for Outstanding Landscape, Cultural, Historic or Ecological Purposes (Policy R04/11)
Remission of Sewerage Charges on Schemes funded by Government Subsidy Schemes (Policy R06/12).

Applications for Remissions in Excess of Those Provided for in the Policies Set Out Below
Any application for a remission of rates in excess of that allowed under these policies must be made in writing to Council. It must set out in detail the reasons why the application is being made outside of the policies established under the Local Government (Rating) Act 2002.

Council is under no obligation to approve any applications that do not comply with the established policies and Council's decision on the matter is final.

Remissions of Penalties (Policy # R04/01)
Background
From time to time Council receives requests for remission of rates penalties on the grounds of financial hardship. Council recognises the economic hardship faced by some ratepayers and has therefore adopted criteria for considering requests for remission of rates penalties.

Policy Objectives
To ensure the fair and equitable collection of rates from all sectors of the community,
To provide the ability to remit penalties on rates where reasonable grounds exist.
Conditions and Criteria
The penalties on rates may be remitted upon written application from the ratepayer subject to the following conditions:

1. There is evidence of a previous good record of payment, including all instalments of rates in the past two years paid on time, a reasonable reason for remission has been supplied and an honest attempt has been made to have payment delivered on time; or
2. The rating unit has a new owner who has been given insufficient notice of invoice due date; or
3. If a request is made on compassionate grounds and the granting of a remission would extend Council's "goodwill"; or
4. ***The ratepayer has entered into a Rates Easy Pay agreement and has maintained the arrangement to clear their outstanding rates; and***[1]
5. If there is no cost to Council i.e. where, as an action of Council's revenue recovery process, the remission of penalty results in immediate full payment of arrears.

Remissions of Additional Penalties (Policy # R04/02)
Background
Council has resolved to make additional penalties of 10% on all rates arrears outstanding at the commencement of each new financial year and at six monthly intervals thereafter.

These additional charges may act as a disincentive to ratepayers agreeing to make formal arrangements for payment of arrears particularly when they are on limited income and/or facing business downturn.

This policy statement provides that where a ratepayer enters into a ***Rates Easy Pay*** agreement to pay outstanding arrears over an agreed period of time, no additional penalties will be charged to the ratepayer subject to their keeping to the arrangement.

[1] *Clarifying that successfully completing a* **Rates Easy Pay** *arrangement will result in a remission of penalties*

Policy Objectives
The fair and equitable collection of rates from all sectors of the community.
To improve the payment of rates by encouraging ratepayers to enter into formal agreements for the payment of rate arrears.
Conditions and Criteria
The additional penalties on a rating unit may be remitted subject to the following conditions:
1. The ratepayer/s must enter into a Rates Easy Pay agreement to pay the outstanding arrears on the rate account over a period to be negotiated with Council, but of not more than two years.
2. The current rates must be paid not later than the penalty date of each instalment.
3. In the event that the agreement is not maintained, Council reserves the right to levy future additional charges.

Remission of Rates on Land Owned or Used by Charitable or Community Organisations (Policy # R04/04)
Background
From time to time, Council receives applications from charitable or community organisations which are seeking rating relief for land that they own or occupy. This policy statement addresses these remissions and refers to particular organisations or classes of organisations that operate for the community good[2].
Any remission of rates under this policy statement will not apply to rates for the supply of services such as water or sewerage, etc.

It is of note that the Local Government (Rating) Act 2002 provides for a 100% non rateability of land owned or used by certain categories of charitable and community organisations.In addition, a 50% non-rateability is provided in respect of land owned or used by organisations for sports or any branch of the arts, except where these organisations operate a club licence under the Sale of Liquor Act.

For more details on the rateability of this type of land refer to the Local Government (Rating) Act 2002, 1st schedule, Parts 1 and 2.

Policy Objectives
To provide a fair and equitable collection of rates from all sectors of the community.
To recognise that there is a community benefit in providing assistance through rating relief to certain charitable and community organisations.
Conditions and Criteria
Council may agree to remit up to 100% of the rates payable on land owned or used by charitable or community organisations subject to the following conditions:
1. All applications must be made in writing and provide such financial and other information as Council may require from time to time.
2. A 100% remission of rates will be granted on Māori Reserves created under the Te Ture Whenua Māori Act 1993 (Māori Land Act 1993).
3. Land owned or used by the following organisations will receive a 50% remission of rates other than service charges:
   a. Royal NZ Plunket Society
   b. Youth Hostel Association of New Zealand, Inc.
   c. Order of St John
   d. New Zealand Scouts Association.
4. From time to time Council may decided that the following land may receive a 50% remission of rates other than targeted rates for water, sewerage or other utilities and where appropriate such land will be assessed rates on the general differential:
   a. Land owned or used by such other society or association of persons, whether incorporated or not, whose object or principal object is to promote any purpose of recreation, health, education, or instruction for the benefit of residents or any group or groups of residents of the district
   b. Land that is owned or used by, or in trust of any society or association or persons, to run a camping ground for the purpose of recreation, health, education or instruction, for the benefit of residents of the District.
5. Land owned or used by, or in trust for, any society or association of persons, whether incorporated or not, which is used principally to provide free family counselling, assessment and counselling for people with alcohol and drug related problems may receive up to a 100% remission of rates, other than targeted rates for water sewerage or other utilities and where appropriate such land will be assessed rates on the general differential.

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[2] *Just a wording clarification*

6. No remission will be given on any land in respect of which a licence under the Sale of Liquor Act is held.
7. No remission will be given on any land where any member of the society, association, administering body, or governing body receiving any private pecuniary profit from any of the activities carried out on the land.
8. ***Land that is used for an activity which is commercial in nature, for example an "op-shop" will not qualify for rating relief under this policy.***[3]

Remission of Charges on Properties only partly within District (Policy # R04/05)
Background
There are a small number of rating units that are on the boundary between the Far North District and Whāngārei District that incur a Uniform Annual Charge from both Councils.

The previous legislation provided that in these circumstances a pro-rata UAGC may be assessed in respect of the portion of the rating unit that falls within the Far North District.

This provision is not repeated in the new legislation therefore this policy statement has been prepared to achieve a similar effect.

For example, this policy provides that if a property is 75% within the Far North District and 25% in the Whāngārei District, it will only bear 75% of the Far North Uniform Annual General Charge.

Policy Objectives
The fair and equitable rating of all sectors of the community.
To provide a fair method of assessing the charges on rating units that are partly within the boundaries of the Far North District.
Policy Statements
This policy will only apply to rating units that are situated across the boundaries of the Far North District and an adjoining district.
Conditions and Criteria
1. Where any property is situated only partially within the district any Uniform Annual General Charge in respect of that rating unit, will be reduced to such proportion of the whole charge as the area of that part of the property which is situated within the Far North District bears to the total area of the property.

Remission of Charges on Contiguous Properties (Policy # R04/06)
Note:
Council is seeking submissions on a possible change to this policy so that it applies to any charges, including the UAGC, other than those set for water, sewerage and stormwater, on contiguous lots owned by the same ratepayer and does not have an expiry date.
Background
This policy statement has been developed to provide for the remission of rates in situations where two or more uniform annual general charges, or other selected targeted charges, are assessed on contiguous, separately owned rating units which are being used jointly as a single property or business. In addition, the policy also provides for a limited remission of uniform charges and targeted rates to the original developer of multi lot subdivisions, multi unit commercial developments or multi apartment residential complexes for the periods described below.

The circumstances where an application for a remission of charges will be considered are:
- A residential dwelling and associated garden and ancillary buildings where the property occupies a maximum of two rating units and those rating units are used jointly as a single property.
- A farm that consists of a number of separate rating units that are either contiguous or are located within a 2 kilometre radius.
- A commercial, retail, or industrial business that operates from more than one rating unit where those rating units are contiguous and are used jointly as a single property.
- A subdivision for the period that the individual lots continue to be in the ownership of the original developer. This provision has a maximum term of three years in respect of all charges plus a further

[3] *There have been a number of applications for rating relief from charitable and not-for-profit organisations for shops that they operate as fund raising ventures. Whilst Council may agree to grant rating relief on the administrative buildings and meeting rooms of these organisations, it does not believe that this should apply to their commercial operations. This is because it could potentially create an inequity when compared to the private sector.*

term of three years in respect of charges excluding those that are set to fund utility services such as stormwater, wastewater and water supplies.

- A commercial development consisting of two or more separate rating units, for the period that the individual units remain vacant and continued to be in the ownership of the original developer. This provision has a maximum term of three years in respect of all charges, plus a further term of three years in respect of charges excluding those that are set to fund utility services such as stormwater, wastewater, and water supplies.
- A residential development consisting of two or more separate rating units, for the period that the individual units remain vacant and continued to be in the ownership of the original developer. This provision has a maximum term of three years in respect of all charges plus a further term of three years in respect of charges excluding those that are set to fund utility services such as stormwater, wastewater and water supplies[4].

Policy Objectives

To enable Council to act fairly and equitably with respect to the imposition of uniform charges on two or more separate rating units that are contiguous, separately owned and used jointly for a single residential or farming use.

To deal equitably with the imposition of uniform charges on two or more separate rating units that have resulted from a subdivision to facilitate the development of the District.

Conditions and Criteria

Applications under this policy must be in writing, signed by the ratepayer and must comply with the conditions and criteria set out below:

1. The rating units must be contiguous, or in the case of a farm, must be situated within a radius of 2 kilometres from the ***primary property***[5]***.***
2. The rating units must:
   a. In the case of a residential property, be owned by the same ratepayer who uses the rating units jointly as a single residential property:
      i) It should be noted that lifestyle properties do not comply with this policy
      ii) There must be some significant development that combines the properties in to one. A vacant section adjoining a residential lot does not comply
      iii) The individual areas of the rating units concerned must not exceed the size of a typical residential lot.
   b. In the case of a farm, be owned by the same owner, or be leased for a term of not less than ten (10) years, to the same ratepayer who uses the rating units jointly as a single farm. The owners of each of the individual rating units must confirm in writing that their unit/s is being jointly used as a single farming operation.
   c. In the case of a subdivision, commercial or residential development, be owned by the original developer who is holding the individual rating units pending their sale or leasing to subsequent purchasers or lessees.
      i) It should be noted that this remission is limited for a term of three (3) years for all charges and subsequently for a further three (3) years in respect of all charges, other than those that are set for the funding of utility services such as stormwater, wastewater and water supplies
      ii) It should be further noted that the remission under this clause does not extend to subsequent purchasers.
      iii) The term of this provision will be calculated from 1 July in the year that the rates were first remitted.
3. Council may on written application from a ratepayer of such rating units remit any separate uniform annual general charge levied on the rating units if it considers it to be reasonable in the circumstances to do so.
4. The applicant must provide sufficient evidence as is necessary to prove that the properties are being jointly used as a single property and Council's decision on the matter is final.

5. Council may also consider reducing or cancelling any targeted charge on such rating units if it considers it to be reasonable in the circumstances to do so.
6. Council reserves the right to determine that any specific targeted charge will be excluded from this policy.

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4 *Minor wording change*

5 *Minor wording change*

Remission of School Sewerage Charges (Policy R04/07)
Policy to be Modified

Council is proposing to replace this policy provision as shown below:

Current Wording
Background
On 1 July 2002, an Act of Parliament established a new method of charging for sewage disposal for educational establishments.

This Act, The Rating Powers (Special Provision for Certain Rates for Educational Establishments) Amendments Act 2001 was introduced to limit the level of charges that Local Authorities could set for sewage disposal for schools and other educational establishment. While the provisions of that Act were not included in the Local Government (Rating) Act 2002, provisions have been made for the Governor-General to introduce regulations to determine how councils set these charges.

Section 26 of LGA sets out that the Minister of Education may carry out a review of the charging for sewerage and in particular the methods that councils have used to remit those rates.

It is implicit in LGA that if councils do not develop remission policies for sewerage charging for educational establishments, regulations may be introduced to impose such policies.

This policy statement deals with that issue:

Policy Objectives
To provide relief and assistance to education establishments as defined in the Rating Powers (Special Provision for Certain Rates for Educational Establishments) Amendments Act 2001 in paying sewerage charges.
Conditions and Criteria
1. The policy will apply to the following educational establishments:
   a) Established as a special school under section 98(1) of the Education Act 1964: or
   b) Defined as –
      i) A state school under section 2 (1) of the Education Act 1989; or
      ii) An integrated school under section 2 (1) of the Private Schools Conditional Integrated Act 1975; or
      iii) A special institution under section 92 (1) of the Education Act 1989; or
      iv) An early childhood centre under section 308 (1) of the Education Act 1989, but excluding any early childhood centre operated for profit.
2. The policy does not apply to schoolhouses occupied by a caretaker, principal or staff.
3. The sewage disposal rate in any one year may not exceed the amount calculated under clause 4.
4. The sewage disposal rate is the rate that –
   a) Would be levied using the same mechanisms as are applied to other separately rateable rating units within the district divided by the number of toilets as determined in accordance with condition 5 below (the full charge); and
   b) Reduced in accordance with the following graduated formula:
      i) The full charge for each of the first 4 toilets or part thereof:
      ii) 75% of the full charge for each of the next 6 toilets or part thereof;
      iii) 50% of the full charge for each toilet after the first 10.
5. For the purpose of clause 4 (a) above the number of toilets for separately rateable units occupied for the purposes of an educational establishment is 1 toilet for every 20 students and staff or part thereof.
6. The number of students in an educational establishment is the number of students on its roll on 1 March in the year immediately before the year to which the charge relates.
7. The number of staff in an educational establishment is the number of teaching staff and administration staff employed by that educational establishment on 1 March immediately before the year to which the charge relates.

Proposed Wording

Background

Council recognises that schools may be adversely affected by the current method of charging for sewerage. This is because there are a number of schools with large numbers of toilets but because of falling school rolls these are now surplus to their requirements.

Council is also of the view that there is an increasing use of schools for after hours, weekend and holiday programmes. The effect of this is that schools are making an increasing use of the reticulated sewerage systems. Given that a significant number of the pupils and users of the schools come from outside the rating areas, there is a limited level of contribution to the cost of providing the service.

To address these issues, Council is proposing to continue to use the nominal pan method (20 pans per student or staff member) that it previously used to assess the number of chargeable pans in a school, but it will no longer grant the discount.

Policy Objectives

To provide relief and assistance to education establishments as defined in the Rating Powers (Special Provision for Certain Rates for Educational Establishments) Amendments Act 2001 in paying sewerage charges.

Conditions and Criteria

1. ***The policy will apply to the following educational establishments:***
   a) ***Established as a special school under section 98(1) of the Education Act 1964: or***
   b) ***Defined as –***
      i) ***A state school under section 2 (1) of the Education Act 1989; or***
      ii) ***An integrated school under section 2 (1) of the Private Schools Conditional Integrated Act 1975; or***
      iii) ***A special institution under section 92 (1) of the Education Act 1989; or***
      iv) ***An early childhood centre under section 308 (1) of the Education Act 1989, but excluding any early childhood centre operated for profit.***
2. ***The policy does not apply to schoolhouses occupied by a caretaker, principal or staff***
3. ***For the purpose of determining the number of toilets for separately rateable units occupied for the purposes of an educational establishment, the following formulae will be used***
   a) ***1 toilet for every 20 students and staff or part thereof. The number of pans determined by this formula will be known as the "nominal" number of pans.***
4. ***The number of students in an educational establishment is the number of students on its roll on 1 March in the year immediately before the year to which the charge relates.***
5. ***The number of staff in an educational establishment is the number of teaching staff and administration staff employed by that educational establishment on 1 March immediately before the year to which the charge relates.***
6. ***Note: No discount will be provided on any pan charges except where the nominal number of pans is less than the actual chargeable number of pans. In that instance, the educational establishment will be charged for sewerage on the nominal number of pans and the balance will be remitted.***

Remission of Excess Water Charges (Policy R04/08)

Background

From time to time water consumers experience a loss as a result of leaks or damage to their water supply system. It is the normal practice for the consumer to be responsible for the maintenance of the reticulation from the water meter to the property and to account for any consumption of water supplied through the meter.

Council has taken the view that some consumers may experience an occasional water leak without them being aware of the problem. Therefore, they have decided that it would be reasonable to allow for a reduction in charges to these consumers in certain circumstances.

This policy statement addresses that decision.

Policy Objectives

To standardise procedures to assist ratepayers who have excessive water rates due to a fault (leak) in the internal reticulation serving their rating unit whilst at the same time ensuring that consumers retain responsibility for the maintenance of their private reticulation.

Conditions and Criteria

1. The policy will apply to applications from ratepayers who have incurred excessive water rates due to a fault(s) in the internal reticulation.
2. All applications must be made in writing and signed by the owner(s) of the property.

3. The ratepayer must supply a report from a registered plumber that the property has experienced a water loss as a result of a leak.
4. Proof of the repairs to the internal reticulation is submitted for verification (i.e. Plumber's repair account).
5. Meter readings will be taken after application has been received to ensure all leaks have been repaired.
6. The ratepayer must not previously have had an application for a relief under this policy granted.
7. The maximum relief that will be provided will be 50% of the difference between the normal consumption and the actual water consumption for that period.

Note: The "normal consumption" will be calculated from the average consumption for the previous three meter readings for the property concerned.

Remission of Postponed Rates (Policy R04/09)
Background
Council has adopted a number of policy statements which grant a postponement of rates to ratepayers under certain circumstances. A number of these contain ***provisions which*** allow the postponed rates to be written off, or remitted after a predetermined period, subject to the terms and conditions of the policy being complied with. This policy statement provides the power for those postponements to be remitted in accordance with the postponement policies.

Remission of Rates on Land that has made Lump Sum Contributions

Policy Objectives

To remit postponed rates that have reached the predetermined age or term as provided for in the rates postponement policies.

Conditions and Criteria

1. The conditions that gave rise to the postponement of the rates must have been fully complied with over the term of the postponement period.
2. Subject to the conditions and criteria being complied with as set out in (1) above, Council will remit the applicable postponed rates without any further applications being required from the ratepayer.

This policy statement will only apply to those rate postponement policy statements that provide for the rates to be remitted after a predetermined period of time.

(Policy R04/10)
Background
Prior to local government reorganisation in 1989, a number of sewerage schemes were established or enhanced using loans. In certain cases, the ratepayers were offered the opportunity to make a lump sum contribution rather than paying an annual loan rate. There are still a few schemes where these loans have not yet been fully extinguished; therefore any new rate that incorporates debt-servicing costs will include costs relating to these schemes.
Because some ratepayers made the lump sum contributions, it would be inappropriate to charge them any costs relating to these loans. The most appropriate solution to resolving this problem would be to offer these ratepayers a remission of rates equal to the amount of the rate that they were previously exempt from paying.
This policy statement provides the authority to make the necessary remissions.

Policy Objectives
To fairly deal with those ratepayers that have previously made lump sum contributions in lieu of loan rates, who would otherwise become liable to the new sewerage rates.
Conditions and Criteria
1. Rating unit must have previously paid a lump sum contribution in lieu of paying a loan rate
2. The amount of the remission must not exceed the amount of the exemption from paying the loan rate.

The remission will only apply for so long as the underlying loan which gave rise to the loan rate remains in existence.

Remission of Rates on Land Subject to Protection for Outstanding landscape, Cultural, Historic or Ecological Purposes (Policy # R04/11)
Background
The Far North District Council recognises that certain rateable land within the district, both general and Māori freehold land, is protected for outstanding landscape, cultural, heritage, or ecological purposes.
In its District Plan, the Far North District Council states ***"Council will postpone or remit rates where an area is afforded permanent legal protection through a covenant or reserves status where Council's Rates Remission Policy is met***[6]***, and "Where heritage resources are afforded permanent legal***

6 *Clause 12.2.5.13*

protection through means such as a covenant, an application may be made to Council for rates relief according to Council policy"[7]

Where the land is subject to permanent protection, Council will consider applications for a remission of rates on the land as set out below.
Where the protection is for a finite period, but for a term of not less than ten years, Council has introduced a policy to provide for a postponement of rates for the period that the protection is in place.

Policy Objectives
To provide for the fair and equitable collection of rates from all sectors of the community.
To recognise and/or reward the efforts of landowners who have preserved for future generations, lands that have particular outstanding landscape, cultural, historic or ecological values.

Policy Statement
The Far North District Council will consider remitting the rates on land that is subject to one of the protection mechanisms set out in the conditions below.
This policy statement applies to land that is subject to permanent protection under an agreed mechanism and is not used. Where any part of the area that is protected is in use, that part will not receive any rate relief.

- Where the entire rating unit is the subject of the application, the remission of rates will apply to all rates levied on the property
- Where part of the rating unit is being used, the used and unused parts will be separately valued and assessed as separate parts pursuant to Section 45 (3) of the Local Government Rating Act 2002. In these instances, the remission of rates will only apply to the unused part and will apply only to the land value based rates
- It should be noted that these separate parts will not constitute separately used or inhabited parts for rating purposes and a full set of UAGC and other charges will be assessed against the part of the rating unit that is being used.

Any remissions on the land will be cancelled immediately in the event that the land ceases to be protected under the agreement.

Conditions and Criteria
Council will consider remitting the rates on the land upon written application from the ratepayer, subject to the following conditions:

1. No person must actually be using the land, or the part of land that is the subject of the application, as set out below:
   For the purposes of this Policy, the definition of person actually using land is taken from the Local Government (Rating) Act 2002. It means a person who, alone or with others: –
   (1) Leases the land; or
   (2) Does 1 or more of the following things on the land for profit or other benefit:
      a) Resides on the land
      b) Depastures or maintains livestock on the land
      c) Stores anything on the land
      d) Uses the land in any other way.

   Notes: Notwithstanding the above, work undertaken to preserve or enhance the features covenanted on the land, including weed control, will not impact the "unused" status of the land.

The removal of traditional medicinal tree and plant material by Iwi for personal use will not constitute actual use of the land.

2. The land must be subject to a formal protection agreement in perpetuity, as set out below and in a form acceptable to Council:
   a) An open space covenant under section 22 of the Queen Elizabeth the Second National Trust Act 1977; or
   b) A conservation covenant under section 77 of the Reserves Act 1977; or
   c) A declaration of protected private land under section 76 of the Reserves Act 1977; or
   d) A management agreement for conservation purposes under section 38 of the Reserves Act 1977; or
   e) A covenant for conservation purposes under section 27 of the Conservation Act 1987; or
   f) A management agreement for conservation purposes under section 29 of the Conservation Act 1987; or
   g) A Māori reservation for natural, historic, or cultural conservation purposes under sections 338 to 341 of the Te Ture Whenua Māori Act 1993 (Māori Land Act 1993).
3. The part of the land for which remission of rates is sought must only be for that area protected by a legal covenant, and must have a nil or minimal value of improvements.
4. The application must be supported by a written assessment of the outstanding landscape, historic,

[7] *Clause 12.5.5.14*

cultural or ecological values of the land prepared by a suitably qualified person or organisation, and a Management Plan detailing how the values are to be maintained, restored, and/or enhanced.

5. Council, their duly authorised officers or agents, be authorised to enter and inspect the land from time to time to confirm compliance with the criteria or to request such information as is reasonably necessary to assess the application of the policy.
6. Any remission under this policy will come in to effect on 1 July in the year following the approval of the application.

Remission of Sewerage Charges on Schemes Funded by Government Subsidy Schemes (Policy # R06/12)

Background

Council operates a rate remission policy to address a requirement of the government funded subsidy schemes. These subsidies have been provided to enable Council to establish reticulated sewerage schemes in communities where, because of inability of that community to afford the cost, the scheme would otherwise not be developed.

It is a condition of these subsidies, that the ratepayers in those communities that are of greatest need receive a benefit from the subsidy in the form of reduced charges. This policy provides for a remission of rates to those communities that have a deprivation index of 7 or worse.

The purpose of the remission is to recognise that the capital costs of the new scheme have been funded by the subsidy and therefore it reduces the sewerage charge to the level of the operational cost for the scheme.

The remission has a limited term of 10 years from the date at which the scheme became operational.
Notes: While Council continues to fund sewerage schemes on a district wide basis, i.e. on a uniform charge basis, this policy will not be applied because it has minimal impact. If Council were to decide to change its funding policy and rate for sewerage on a scheme by scheme basis, then the amounts may become significant. In that event, this policy will become applicable.[8]

Policy Objectives

To assist with the establishment of reticulated sewerage schemes in communities of greatest need.
To comply with the requirements of the Government Funded Sewerage Subsidy Scheme.

Policy Statement

The Far North District Council will provide a remission to the sewerage charge in respect of the capital portion of that charge in respect of new sewerage schemes that are funded by the Government Sewerage Subsidy Scheme and where the deprivation index of that community is 7 or less.

Conditions and Criteria

1. Where the policy applies, Council will automatically grant the remission to the rate accounts that qualify.
2. The remission will only apply to the capital portion of each year's rate and is only available to existing properties and to the owners of these at the time that the schemes become operational .
3. The remission will only remain in place for a period of 10 years after which time no further remissions will be granted.
4. Where any qualifying property is subdivided, any new rating units that are created over and above the original single existing rating unit will not be eligible for this remission.
5. The remission will terminate at the earlier of the date of sale, disposal or transfer of the rating unit (other than to a member of the family as the result of a gift or bequest), or ten years after the date at which the sewerage scheme became operational.

Policy for the Postponement of Rates (Policy # P04)

Background

The Local Government (Rating) Act 2002, Section 87, sets out that a Council must postpone rates, including penalties, if it has adopted a postponement policy under section 110 of the LGA and Council is satisfied that the conditions and criteria set out in the policy, are met.
The Local Government (Rating) Act 2002 provides that a postponement fee based on the cost of funds together with administrative costs can be charged to the ratepayer concerned. This fee becomes part of the rate and is added to the postponed rates.
If a postponement fee is not charged, Council is required to show the cost of the postponement in their accounts as paid on behalf of the ratepayer.

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8 *Whilst sewerage is funded on a district wide basis any potential remission is less than $10 per annum and therefore has not been implemented because the cost of administering it far exceeds the benefit to the ratepayers concerned. This change to the policy notes that in the event that Council alters its funding arrangements for sewerage then it will review whether it should implement this policy provision.*

Council's policy is that, unless otherwise proscribed by legislation, it will charge a postponement fee which will be added to the postponed rates.
The policy set out below has been prepared in accordance with LGA. It consists of a number of policy statements, each of which deal with specific rate postponement requirements.

Definitions
For the purposes of this policy the following definitions apply:
Occupier – a person, persons, organisation, or business entity that is using a rating unit under a lease, license or other formal agreement for a term of not less than ten (10) years.
Ratepayer – under the Local Government (Rating) Act 2002, the ratepayer is either the owner of the rating unit or a lessee under a registered lease of not less than 10 years, and where the lease provides that the lessee is required to be entered into the Rating Information Database as the ratepayer.
Landlocked – For the purposes of this Policy, the definition of landlocked land is that set out in the Property Law Act 1952: – "Landlocked" means land to which there is no reasonable access. Reasonable access includes access from the sea and practical access across adjoining land not owned by the owner of the land concerned.
Person Actually Using Land – For the purposes of this Policy, the definition of person actually using land is taken from the Local Government (Rating) Act 2002. It means a person who, alone or with others: –
Leases the land; or
Does 1 or more of the following things on the land for profit or other benefit:
Resides on the land
Depastures or maintains livestock on the land
Stores anything on the land
Uses the land in any other way.
Farmland Postponement Value – a value attributed to land by Council's valuation service provider which is based on the value of land as farmland:
So as to exclude any potential value that, at the date of valuation, the land may have for residential purposes, or for commercial, industrial, or other non-farming use; and
So as to preserve uniformity and equitable relativity with comparable parcels of farmland, the valuations of which do not contain any such potential value.

Policy Statements
Each set of policy statements deals with a different set of postponement criteria.
They have all been prepared in the following format. Firstly, a brief background will explain the reason for the policy. This is followed by a description of the objectives to be met by the policy, a statement of the grounds upon which the postponement will be terminated, and finally a statement of the conditions and criteria that will be used to determine applications in respect of each policy statement. Other matters may be included, where appropriate in particular policy statements
Policy Statements have been developed to meet the following requirements:
Postponement of Rates on Land Subject to Protection for Outstanding landscape, Cultural, Historic, or Ecological Purposes, (Policy P04/01)
Postponement of Rates on Unusable Land (Policy P04/02)
Postponement of rates on landlocked General Title Land (Policy P04/03)
Transitional Policy for the Postponement of Rates on Farmland (Policy P06/04)
Postponement of Rates on Residential Land (Policy P04/05).
Conditions and Criteria Applicable to all Postponement Policy Statements
All applications must be made in writing and signed by the owner(s) or trustees of the land.
The owner must agree to a statutory land charge being entered on the Certificate of Title.
As provided for in the legislation, a postponement fee will be calculated added to the postponed rates.
The basis of calculating the postponement fee is included in each year's Funding Impact Statement. [9]
In the event that a rating unit ceases to qualify for a postponement of rates but, in terms of the relevant policy statement is not required to repay any accumulated postponed rates held against the rating unit, the policy will continue to apply in respect of any fees and charges that continue to be applied pursuant to the policy.
Note:
For the sake of clarity, this provision has been included to ensure that the ratepayer is not required to commence paying any fees and charges that may be applied each year and provides that these can continue to be postponed until the later of either:
- The total postponed rates are repayable by the ratepayer, or
- The total postponed rates are remitted in accordance with the provisions of the policy.
Postponement of Rates on Land subject to Protection for Outstanding Landscape, Cultural, Historic or Ecological Purposes (Policy # P04/01)

[9] *To clarify how the postponement fee will be calculated*

Background

The Far North District Council recognises that certain rateable land within the district, both general and Māori freehold land, is protected for outstanding landscape, cultural, historical or ecological purposes.

In its District Plan, the Far North District Council states ***"Council will postpone or remit rates where an area is afforded permanent legal protection through a covenant or reserves status where Council's Rates Remission Policy is met[10] and "Where heritage resources are afforded permanent legal protection through means such as a covenant, an application may be made to Council for rates relief according to Council policy".[11]***

Where the land is subject to permanent protection, Council will consider applications for a remission of rates on the land as set out in the Remissions Policy.

Where the protection is for a finite period, but for a term of not less than ten years, Council has introduced a policy to provide for a postponement of rates for the period that the protection is in place.

This policy statement applies to land that is subject to a finite term of protection, but for a term of not less than 10 years.

This policy provides that Council will postpone rates, for a period of ten (10) years and then will remit those rates on land which complies with the criteria set out in this policy.

This policy applies to land which is subject to protection under an agreed mechanism and is not used.

Where any part of the area that is protected is in use, that part will not receive any rate relief.

Where the entire rating unit is the subject of the application, the postponement of rates will apply to all rates assessed on the property.

Where part of the rating unit is being used, the used and unused parts will be separately valued and assessed as separate parts pursuant to Section 45 (3) of the Local Government Rating Act 2002. In these instances, the postponement of rates will only apply to the unused part and will apply only to the land value based rates.

It should be noted that these separate parts will not constitute separately used or inhabited parts for rating purposes and a full set of UAGC and other charges will be assessed against the part of the rating unit that is being used

The rates postponement will cease to apply and the postponed rates will be repayable if the covenant conditions, and/or the Management Plan objectives are not upheld[12].

Policy Objectives

To provide for the fair and equitable collection of rates from all sectors of the community.

To recognise and/or reward the efforts of landowners that have preserved for future generations, lands that have particular outstanding landscape, historical, ecological, or cultural values

Conditions and Criteria

The rates on the subject land will be postponed upon written application from the ratepayer, subject to the following conditions:

1. No person must actually be using the land, or the part of land that is the subject of the application, as set out below:

   For the purposes of this Policy, the definition of person actually using land is taken from the Local Government (Rating) Act 2002. It means a person who, alone or with others: –
2. Leases the land; or
3. Does 1 or more of the following things on the land for profit or other benefit:
   a. Resides on the land
   b. Depastures or maintains livestock on the land
   c. Stores anything on the land
   d. Uses the land in any other way.

   Notes:
   - Notwithstanding the above, work undertaken to preserve or enhance the features covenanted on the land, including weed control, will not impact the "unused" status of the land
   - The removal of traditional medicinal tree and plant material by tangata whenua for personal use will not constitute actual use of the land).
4. The land must be subject to a formal protection agreement, as set out below and in a form acceptable to Council, for a finite period of not less than ten (10) years:
   a. An open space covenant under section 22 of the Queen Elizabeth the Second National Trust Act 1977; or
   b. A conservation covenant under section 77 of the Reserves Act 1977; or

[10] *Clause 12.2.5.13*
[11] *Clause 12.5.5.14*
[12] *Minor wording changes*

c. A declaration of protected private land under section 76 of the Reserves Act 1977; or
d. A management agreement for conservation purposes under section 38 of the Reserves Act 1977; or
e. A covenant for conservation purposes under section 27 of the Conservation Act 1987; or
f. A management agreement for conservation purposes under section 29 of the Conservation Act 1987; or
g. A Māori reservation for outstanding landscape, historic, cultural, or ecological purposes under [sections 338 to 341 of the Te Ture Whenua Māori Act 1993 (Māori Land Act 1993)] (this includes covenants registered with Nga Whenua Rahui).

5. The part of the land for which postponement of rates is sought must only be that area protected by a legal covenant, and must have a nil or minimal value of improvements.
6. The application must be supported by a written assessment of the outstanding landscape, historic, cultural or ecological value of the land, prepared by a suitably qualified person or organisation, and a Management Plan detailing how the values are to be maintained, restored and/or enhanced (Council may be able to assist with this process).
7. That Council, their duly authorised officers or agents, be authorised to enter and inspect the land from time to time to confirm compliance with the criteria or to request such information as is reasonably necessary to assess the compliance with the policy.
8. Any postponement under this policy will come in to effect on 1 July in the year following the approval of the application.

Termination and Repayment of Postponed Rates

1. The repayment of postponed rates will not be required merely because of a change of ownership of the land provided that the land continues to comply with the criteria.
2. Council will not seek repayment of postponed rates where future postponement is revoked due to Council changing its criteria for postponement.
3. At the conclusion of the 10 year term, the rates for the first year of the covenant period will be remitted together with all charges for that year. In subsequent years, an additional year of the postponed rates will be remitted so that at any time there is a maximum of 10 years of postponed rates held against that rate account.
4. If, at the conclusion of the 10 year term, the owner does not renew the covenant or other agreement for a further term, the postponement will cease to apply to the land in respect of future rates. Any rates that are postponed against the land at that time will not become payable unless the land ceases to comply with the criteria as set out in 5 below.
5. If the land ceases to comply with the criteria set out in the covenant or other agreement, due to a change in use or action by the ratepayer(s), all postponed rates that have not been otherwise remitted, will become immediately due and payable.

Postponement of Rates on Unusable Land (Policy # P04/02)

Background

From time to time, Council is approached by the owners of land that has become unusable either for a long period of time, or in perpetuity, as a result of a natural calamity such as erosion, inundation etc.
These owners seek Council's assistance by way of rating relief for the period that their land remains unusable as a result of the calamity.

Policy Objectives

To provide rating relief to the owners of properties that have become unusable as a result of a natural calamity and where the loss of the property will result in financial hardship to the owner.

Conditions and Criteria

All applications must be made in writing and signed by the owner(s) of the land.

1. The application must set out in detail the grounds for the application. This must describe the nature of the natural calamity that has caused the land to be unusable and must give an estimate of the time that it is expected that the land will remain in that state.
2. The application must outline the steps that the owner has taken or will take to return the land to a usable state, or if that is not possible, it must state why.
3. The application must be supported by a report from a Registered Engineer or other similarly qualified expert setting out the reasons why the land has become unusable.
4. The applicant will be required to sign an agreement that the rates will be immediately repayable if the land is made usable during the period of the postponement.
5. The owner must agree to a statutory land charge being entered on the Certificate of Title.
6. The maximum term for the postponement of rates will be five years. At the end of that period, if the land remains unusable a new application will be required.
7. If a second or subsequent application is approved, rates that have been postponed for a period of five

years will be remitted.
8. As provided for in the legislation, a postponement fee will be added to the postponed rates.

Termination and Repayment of Postponed Rates

1. The repayment of postponed rates will not be required merely because of a change of ownership of the land, provided that the land continues to comply with the criteria
2. Any rates postponed and not remitted under this policy, will become payable as soon as the land becomes usable or at the end of the postponement period, unless renewed.

Postponement of Rates on Landlocked General Title Land Policy (P04/03)

Background

From time to time, Council is approached by the owners of general title land that is landlocked by either general title or Māori title freehold land.

These ratepayers claim that they cannot gain access to their land and they are not in a position to remedy this through actions under section 129B of the Property Law Act 1952.

This policy does not include any land that has access from the sea nor any land that has practical access across adjoining land.

This policy has been prepared to cover the exceptional circumstances and will only be applied after all other avenues for access have been explored by the owner.

Policy Objectives

To enable Council to act fairly and equitably with respect to the rating of landlocked General Title Land, in the same manner as has been provided for Māori freehold title land.

Conditions and Criteria

1. The application must be made in writing and signed by the owner(s) of the land
2. The land must be landlocked in the manner as defined above.
3. The application must include a statutory declaration that the land is not being actually used by any person, see definition of "Person Actually Using Land" above and that there is no practical access across adjoining land.
4. The owner must provide evidence that they have taken all steps to obtain access and must show why the provisions of section 129B of the Property Law Act is not available to them.
5. The maximum term for the postponement of rates will be five years. At the end of that period, if the land remains landlocked a new application will be required.
6. If a second or subsequent application is approved, rates that have been postponed for a period of five years will be remitted.
7. The owner must agree to advise Council if the status of the land changes, if access is obtained, or if any person commences to use the land.
8. The applicant will be required to sign an agreement that the rates will be immediately repayable if the land ceases to be landlocked during the period of the postponement.
9. The owner must agree to a statutory land charge being entered on the Certificate of Title.
10. As provided for in the legislation, a postponement fee will be added to the postponed rates.

Termination and Repayment of Postponed Rates

1. The repayment of postponed rates will not be required merely because of a change of ownership of the land provided that the land continues to comply with the criteria.
2. Any rates postponed and not remitted under this policy will be immediately repayable if the land ceases to be landlocked during the period of the postponement.

Transitional Policy for the Postponement of Rates on Farmland (Policy # P06/04)

Background

This transitional policy statement has been prepared to address the rating of farmland that previously received a rates-postponement value pursuant to Section 22 of the Rating Valuations Act.

That section of LGA, which has now been repealed, provided for rates relief for the owners of farmland whose values were increased beyond that of other farmland in the district because of the potential use to which the land could be put for residential, commercial, industrial, or other non-farming development.

A number of properties in the Far North received these farmland postponement values because their values were significantly enhanced because of their proximity to high valued urban of coastal areas.

This transitional policy provides Council with the ability to continue to provide rating relief to certain properties that were receiving a postponement of rates prior to the introduction of the Local Government (Rating) Act 2002, and that qualified after that date under policy P04/04, which has now been repealed.

This Transitional Policy is restricted to those farms which are owner operated, where the owner is a natural person and/or is a company where the owners live on and operate the farm as a personal business. The policy specifically excludes those farms which are held as investment properties where the owners, corporate or otherwise, live either outside the district[13].

[13] This amendment to the policy is to clarify that the provision only applies to those farms where the farmer lives on the property and manages it as their main source of revenue. It is not designed apply to properties that are held as investments by owners who live outside the district.

THIS POLICY IS A TRANSITIONAL POLICY WHICH WILL REMAIN IN FORCE UNTIL COUNCIL SO DECIDES OR UNTIL THE LAST AFFECTED PROPERTY NO LONGER QUALIFIES, WHICHEVER IS THE SOONER. NO FURTHER APPLICATIONS WILL BE CONSIDERED UNDER THIS POLICY.

Effect of Rates Postponement Values:
The postponed portion of the rates for any rating period shall be the amount equal to the difference between the amount of the rates for that period calculated according to the postponement value of the rating unit and the amount of the rates that would be payable for that period if the rates were calculated on the basis of its actual value.
The amount of the rates for any rating period so postponed shall be entered in the rate records and will be included in or with the rates assessment issued by Council in respect of the rating unit.
Any rates so postponed will, so long as the property continues to qualify for rates postponement, be remitted at the expiration of ten years from the date at which the postponement was granted.
Each year a postponement fee will be added to the outstanding balance and will become part of the rates postponed on the rating unit pursuant to Section 88(3) of the Local Government Rating Act 2002.

Policy Objectives
To afford rating relief to farmers who had previously been receiving this form of rating relief under the provisions of repealed legislation and/or previous versions of this policy, where Council believes that it is in the interest of the district to maintain a postponement of rates to reduce the incidence of coastal development.

Conditions and Criteria

1. ***This policy provision only applies to those rating units which previously qualified for a postponement of rates under policy P04/04, which was repealed on 30 June 2006, and which continues to be owned by the same ratepayer/s who owned it at that date[14].***
2. Council will not accept any new applications under this policy.
3. For the purposes of this transitional policy, the definition of qualifying farmland has been revised as follows:
   a) Farmland means land which is used principally or exclusively for agricultural, horticultural, or pastoral purposes but excludes land that is used for forestry, life style, or farm park type purposes
   b) The farming operation must provide the principal source of revenue for the owner of the land, who must be the actual operator of the farm ***and who must reside on the land[15].***
   c) The area of the land that is the subject of the application must be not less than 50 hectares
4. The properties that are the subject of this policy will be identified and the rates postponement values determined by Council's Valuation Service Provider and will
   - exclude any potential value, at the date of valuation, that the land may have for residential use or for commercial, industrial, or other non-farming use; and will
   - preserve uniformity and equitable relativity with comparable parcels of farmland, the valuations of which do not contain any such potential value.
5. No objection to the amount of any rates postponement value determined under this policy will be accepted by Council (other than where the objector proves that the rates postponement value does not preserve uniformity with existing roll values of comparable parcels of land having no potential value for residential use, or for commercial, industrial, or other non-farming use)
6. ***The Postponement Value will be reviewed after each triennial revaluation and the revised value will be advised to the ratepayer. At that time Council will seek the advice of its valuation service provider as to whether they believe that the land continues to be actively farmed and qualifies under the terms of this policy provision. Council reserves the right to ask the owner to provide evidence showing that the land continues to operate as a farm[16].***
7. The owner must agree to a statutory land charge being entered on the Certificate of Title of the farmland before receiving a postponement of rates.

Termination and Repayment of Postponed Rates
All rates that have been postponed under this policy and have not been remitted become due and payable immediately on:

1. *The land ceasing to be farmland;*
2. *The interest of the owner is passed over to, or becomes vested In, some person or other party other than;*
   a) the owner's spouse, son or daughter; or
   b) the executor or administrator of the owner's estate.
3. *Where only part of the land is disposed of then only part of the postponed rates will become immediately repayable. The amount repayable will be calculated in accordance with the following formula:*

$$\frac{A \times C}{B}$$

[14] *See footnote 12 above*
[15] *See footnote 12 above*
[16] *To clarify that Council will review the use of the land as part of every triennial revaluation*

Where---

A – is the difference between the rateable value and rates special value of the balance of the land retained by the person who was the occupier on the date on which the rates postponement value was entered on the valuation roll; and

B – is the difference between the rateable value and the special value of the whole of the land immediately before the date of the vesting of that interest in that other person. That special value shall be specially re-determined if, because of a general revaluation of the district in which the land is situated, the special value appearing on the valuation roll is no longer directly related to the rateable value on the date of the vesting; and

C– is the total amount of the rates postponed immediately before the date of vesting.In all cases the amount of the rates to be repaid will be not less than 20% (twenty per cent) of the value of the total amount of rates currently postponed.

4. *Subject to the land continuing to qualify for the special postponement value, any rates postponed under this policy will be remitted at the expiration of ten (10) years from the date on which they were assessed.*

Postponement of Rates on Residential Land (Policy # P04/05)

Background

Council operates a policy provision for the postponement of rates on residential land. This policy has been designed to assist the elderly remain in their homes by allowing them to postpone or defer their rates and for these to be paid at their death from the settlement of their estate. In general, this policy is aimed at those ratepayers who are over 65. However, Council will also consider applications from people who are younger than 65, but in those instances there is a limit of 15 years, after which time the postponements must be repaid.[17]

In adopting this policy, Council considered:

- The objectives (target group / purpose).
- Conditions and criteria
- Duration
- Repayment.
- Objectives - Target Group / Purpose
-

Generally, rates bear down most heavily on those ratepayers who are in the low income bracket and who also have the least scope to increase their income. The most obvious group is the so-called “asset rich/income poor” elderly, who may own a debt free home but have difficulty meeting fixed outgoings, especially rates – approximately 65% of older people are mainly dependent on New Zealand superannuation with little or no other income. The next most obvious group is those ratepayers who are beneficiaries or otherwise on low incomes.

For both these groups, rates, especially when they are increasing to meet the cost of investing in areas such as infrastructure renewal or upgrade, may impose a very heavy burden on their disposable income. People in these groups may be significantly better off in terms of quality of life if they can indefinitely postpone the obligation to pay (until they sell the property or die), or for younger ratepayers for a period whilst they are coping with heavy costs – perhaps establishing a business, or as a single parent, bringing up children. For a council, postponement can provide a means of relieving cash flow pressure on those groups with consequent benefits including, for councils, reducing a source of community resistance to significant rates-based infrastructure funding.

The main issue for a council adopting an indefinite postponement policy is the risk that, when the postponement period ends, accrued rates and charges will exceed the value of the property. As a general statement, the older a ratepayer is at the beginning of the postponement period, the lower the risk.

Both the nature of the problem and the requirements for managing risk suggest a two-part policy. People aged 65 years and over are the largest group under pressure from the obligation to pay rates from limited income. They are also lower risk than younger ratepayers as their life expectancy is shorter. **The policy objective could be defined as giving ratepayers a choice between paying rates now or later subject to the full cost of postponement being met by the ratepayer and Council being satisfied that the risk of loss in any case is minimal.**

For cases where one or more owners (including people occupying a family trust owned property) is aged 65 or older, postponement would be available until either sale or the death of whoever was named in the

[17] *Minor wording changes*

application as occupier(s). The intention is that postponement should be available until the sale of the property or the death of the individual or survivor of the couple named in the application as the occupier(s).

For cases where all the owners are younger than 65 years at the time of application, any postponement would be available for a maximum of 15 years. In these circumstances, the intention is to provide a temporary benefit on the grounds of particular hardship. To qualify, the applicant must acknowledge that, at the end of the postponed period, repayment in full will be required and that the applicant must accept a responsibility to do, at that time, whatever is required to make full repayment and resume paying normal rates.

In each case, the impact of postponement will be tested by Council as part of its confirmation of eligibility. This will be done by running the details of the property concerned through an actuarial model designed to calculate the total rates and accrued charges outstanding at the end of the postponement period and the expected value of the property, in each case using assumptions (inflation, interest rates, rates, life expectancy) developed by the actuary. If it appears that the total of accrued rates and charges could exceed 80% of the expected value of the property, Council will offer partial rather than full postponement; set at a level that will keep the forecast final total within the 80% limit.

The next question is whether (or to what extent) people whose property is subject to a mortgage should be eligible. Technically, this need not concern a Council as postponed rates have priority over mortgages. In practice, it would not be sensible for a Council to treat the interest of mortgagees in a cavalier manner. It is proposed to deal with these by advising applicants that they should seek their mortgagee's approval before proceeding with an application.

Māori Freehold Land
At present, the law does not allow councils to register a charge on Māori freehold land. Accordingly, Māori freehold land is not eligible for the postponement of rates under this policy statement, unless and until the law is changed so that councils can register a statutory land charge and can enforce such a charge.

Policy Objectives
To give ratepayers a choice between paying rates now or later, subject to the full cost of postponement being met by the ratepayer, and Council being satisfied that the risk of loss in any case is minimal.
Conditions and Criteria

1. Any ratepayer is eligible for postponement provided that the rating unit is used by the ratepayer for personal residential purposes (whether as a principal residence or as a holiday home).This includes, in the case of a family trust owned property, use by a named individual or couple. People occupying a unit in a retirement village under an occupation licence will be able to apply for postponement of the rates payable by the retirement village on their unit with the agreement of the owner of the retirement village.
2. If a property is in a known hazard zone, Council has the right to decline to offer rates postponement to the property
3. Council must be satisfied, on reasonable assumptions, that the risk of any shortfall when postponed rates and accrued charges are ultimately paid is negligible. To determine this, an actuary has been engaged to develop a model that will forecast, on a case by case basis, expected equity, when repayment falls due. If that is likely to be less than 20%, Council will offer partial postponement, set at a level expected to result in final equity of not less than 20%.
4. The property must be insured at the time the application is granted and must be kept insured and evidence of this produced annually.
5. To assist ratepayers who are currently uninsured, Council is arranging for the development of a group insurance policy to provide all risks cover, with an excess of $10,000. This will achieve cover against catastrophic loss at minimum cost. The premium will be treated as part of the postponement fee and thus come within the postponement arrangements. Once the policy is available, all ratepayers whose rates are postponed under this policy will be required either to have their own insurance, and produce evidence of that to Council on an annual basis, or to have their properties insured under the group insurance policy.
6. Any postponed rates (under this policy) will be postponed until:
   a) The death of the ratepayer(s) or named individual or couple, (in this case Council will allow up to 12 months for payment so that there is ample time available to settle the estate or, in the case of a trust owned property, make arrangements for repayment); or
   b) Until the ratepayer(s) or named individual or couple ceases to be the owner or occupier of the rating unit (if the ratepayer sells the property in order to purchase another within Council's district, Council will consider transferring the outstanding balance, or as much as is needed, to facilitate the purchase, provided it is satisfied that there is adequate security in the new property for eventual repayment); or

c) In the case of ratepayers under the age of 65 at the time of application, until a date specified by Council.

7. Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs and may vary from year to year.
8. The financial cost will be the interest Council will incur at the rate of Council's cost of borrowing for funding rates postponed, plus a margin to cover other costs (these will include Council's own in-house costs, a 1% p.a. levy on outstanding balances to cover external management and promotion costs, a reserve fund levy of 0.25% p.a., and a contribution to cover the cost of independent advice).

   The purpose of the reserve fund levy is to protect Council and the applicants against the possibility that, in some instances, the proceeds of the sale of a property may not be sufficient to repay accrued rates and charges. Neither the applicants, nor the estate will be required to repay any part of a shortfall; instead this will be paid from the reserve fund.
9. To protect Council against any suggestion of undue influence, applicants will be asked to obtain advice from an appropriately qualified and trained independent person. A certificate confirming this will be required before postponement is granted.
10. The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.
11. Postponed rates will be registered as a statutory land charge on the rating unit title. This means that Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

Termination and Repayment of Postponed Rates

The policy is in place indefinitely and can be reviewed subject to the requirements of the LGA at any time. Any resulting modifications will not change the entitlement of people already in the scheme to continued postponement of all future rates.

Council reserves the right not to postpone any further rates once the total of postponed rates and accrued charges exceeds 80% of the rateable value of the property as recorded in Council's rating information database. This will require the ratepayer(s) for that property to pay all future rates but will not require any payment in respect of rates postponed up to that time. These will remain due for payment on death or sale.

The policy consciously acknowledges that future changes in policy could include withdrawal of the postponement option.

Remission and Postponement of Rates on Māori Freehold Land (Policy # ML04)

Background

Sections 108 and 109 of the LGA require that all councils introduce policies for the remission and postponement of rates on Māori freehold land.

In compliance with LGA and in recognition that the nature of Māori land is different to General Land the Far North District Council has formulated a policy "The Remission and Postponement of Rates on Māori Freehold Land" to deal with these issues.

Definitions

Māori freehold land – as set out in Te Ture Whenua Act/ Māori Land Act 1993 Part VI section 129(2)(a) means "Land, the beneficial ownership of which has been determined by the Māori Land Court by freehold order, shall have the status of Māori freehold land".

Policy Goals

To introduce policies which promote the collection of rates from Māori freehold land in order that a fair and equitable collection of rates from all sectors of the community can be achieved.

To recognise that certain unoccupied Māori freehold land may have particular conditions, ownership structures, or other circumstances which make it appropriate to remit or postpone rates for defined periods of time.

To comply with the provisions of the 11th Schedule of the LGA[18].

Principles

The principles used in establishing this policy are:

That as defined in Section 91 of the Local Government (Rating) Act Māori freehold land is liable for rates in the same manner as if it were general land,

That pursuant to Sections 108 and 109, Council is required to adopt a policy for the remission and postponement of rates on Māori freehold land,

That Council and the community benefit through the improved collection of rates that are collectable and the removal from the rating debt of that debt which is considered non collectable,

That applications for remission and/or postponement of rates meet the criteria set by Council or LGA,

That the policy does not provide for the permanent remission or postponement of rates on the lands concerned,

[18] *Recording that Council considered the requirements of the LGA when developing these policies.*

That Council's GST liability in respect of rate arrears is minimised, That all land that receives the benefit of this policy be included in a Register, the "Māori Land Rates Relief Register" (The Register) and the total amount of the remissions and/or postponements will be separately disclosed in each year's Annual Plan and Annual Report.

In preparing this policy, Council has taken account of the provisions of the 11th Schedule of the LGA, which states

1 The matters that the local authority must consider under Section 108(4) are—
  - (a) the desirability and importance within the district of each of the objectives in clause 2; and
  - (b) whether, and to what extent, the attainment of any of those objectives could be prejudicially affected if there is no remission of rates or postponement of the requirement to pay rates on Māori freehold land; and
  - (c) whether, and to what extent, the attainment of those objectives is likely to be facilitated by the remission of rates or postponement of the requirement to pay rates on Māori freehold land; and
  - (d) the extent to which different criteria and conditions rates relief may contribute to different objectives.

2 The objectives referred to in clause 1 are—
  - (a) supporting the use of the land by the owners for traditional purposes:
  - (b) recognising and supporting the relationship of Māori and their culture and traditions with their ancestral lands:
  - (c) avoiding further alienation of Māori freehold land:
  - (d) facilitating any wish of the owners to develop the land for economic use:
  - (e) recognising and taking account of the presence of waahi tapu that may affect the use of the land for other purposes:
  - (f) recognising and taking account of the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere):
  - (g) recognising and taking account of the importance of the land for community goals relating to—
    - (i) the preservation of the natural character of the coastal environment:
    - (ii) the protection of outstanding natural features:
    - (iii) the protection of significant indigenous vegetation and significant habitats of indigenous fauna:
  - (h) recognising the level of community services provided to the land and its occupiers:
  - (i) recognising matters related to the physical accessibility of the land.[19]

Policy Statements

Policy Statements have been developed to meet the following requirements:
Remission of Rates on Unoccupied Māori Freehold Land (Policy ML04/01)
Remission of Rates on Māori Freehold Land Used For the Purposes of Papakainga or Other Housing Purposes Subject to Occupation Licenses or Other Informal Arrangements (Policy ML04/2)
Postponement of Rates on Māori Freehold Land (Policy ML04/03)
Rates Postponement to Assist Forestry Development on Māori Land (Policy ML04/04) – to be repealed

General Conditions

Burden of proof of eligibility is on the owner/s of the property and as confirmed against relevant information held in Council records.

Where land is in multiple ownership, a signed statement authorising an individual to act for one or more owners must be enclosed.

Properties will remain on the Register for a maximum term of three years after which time the owners will be required to make a fresh application for consideration by Council.

In the event of the land or any portion of the land being sold within that three year period, a claw back provision applies to enable Council to recover the rates remitted for the applicable period. This claw back may, at Council's sole discretion, relate to the whole property or only to that portion of the land that has been sold.

Council or duly designated officers are given approval to undertake periodic inspection of land to confirm unoccupied status.

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[19] *Refer LGA Schedule 11*

Council reserves the right to seek further information, e.g. Memorial Schedule of Owners, if Council deems it necessary.

Remission of Rates on Unoccupied Māori Freehold Land (Policy ML04/01)

Background

The Far North District contains large tracts of Māori freehold land which are unoccupied and unimproved. This land creates a significant rating burden on the Māori owners who often do not have the means nor, in some cases, the desire to make economic use of the land. Often this is due to the nature of the ownership or, because the land has some special significance which would make it undesirable to develop or reside on, is isolated and marginal in quality.

Policy Objectives

To recognise and take account of the presence of wahi tapu sites of cultural significance or other cultural values that may affect the use of the land for other purposes,

To avoid further alienation of Māori freehold land as a result of pressures that may be brought by the imposition of rates on unoccupied lands,

To recognise matters related to the physical accessibility of the land,

To recognise land that the owners have set aside for non-use because of recognised natural features,

To recognise situations where there is no person using or gaining an economic or financial benefit from the land,

To provide the ability to grant remission for the portions of land not occupied,

In general, reasons for placement on the Register and receiving a remission of rates, would include some or all of the following: -

- Unoccupied and Unimproved – The land is unoccupied and has no, or minimal improvements
- The Land is Land Locked – much Māori Land is land locked, i.e. does not have legal access to Council or National Roading Network.
- Fragmented Ownership – Ownerships vary in number and individual share proportions. Owners are scattered throughout the country and even worldwide. Attempts to contact a majority representation are often painstaking and difficult.
- The land has Particular Conservation Value – Because of their remoteness and inaccessibility, much Māori Land has a high conservation value, which Council or the community may wish to preserve.
- Unsecured Legal Title - Many land titles have not been surveyed. Therefore, they cannot be registered with the District Land Registrar. Owners seeking finance for development of their land are restricted, as mortgages cannot be registered against the title.
- Isolation and Marginal in Quality – The lands are geographically isolated and are of marginal quality.
- No Management Structures – Lands have no management or operating structures in place to administer matters.
- Rating Problems – Because of the above factors, there is a history of rate arrears and/or a difficulty in establishing who is/should be responsible for the payment of rates.

Conditions and Criteria

The Far North District Council may, upon receipt of an application in writing from the owners, or authorised agents of the owners, or Council itself acting for the owners of multiply owned Māori land, agree to remit the rates on such unoccupied land for a period not exceeding three years subject to that land complying with the criteria set out below.

1. The land must be Māori freehold Land (as defined in Te Ture Whenua Act 1993 Part VI section 129 as set out above).
2. It must have particular historical, ancestral, or cultural significance which marks the land as requiring special treatment for rating purposes.
3. In general it will be remote and have limited access.
4. It must not be used by any person – for the purposes of this policy land will be defined as "used" if any person, alone or with others carries out any of the following activities on the land as set out in section 96 of the Local Government (Rating) Act 2002 -
   a. leases the land; or does one or more of the following things on the land for profit or other benefit:
   b. resides on the land
   c. depastures or maintains livestock on the land
   d. stores anything on the land
   e. uses of the land in any other way
5. ***In addition, the land must not provide an amenity value to any resident of the land or any adjacent land. An amenity value means that the land provides an indirect benefit to the owners***

or to some other person. For example if the land provides access to the coast, or to a right of way, or to Council road, then Council may regard the land as providing an indirect benefit.[20]

6. ***If the land is maintained in its unimproved state to provide or improve the views of the residents of the land or to add to their enjoyment of the land or adjacent land, then Council may regard the land as providing an indirect benefit[21].***
7. ***Under no circumstances will this policy apply to any land that is has a residential or commercial characteristic and that is located within an urban township or settlement.[22]***
8. ***It must not be subject to an Occupation Order issued by the Māori Land Court.[23]***
9. Council will have the sole judgement on whether or not to grant the application and may seek such additional information as they may require before making their final decision.
10. If the status of the land changes, so that it no longer complies with the criteria, Council will immediately remove the land from The Register.
11. Council expects that any rating relief will be temporary; each application will be limited to a term of three years. However, Council may consider renewing the rate relief upon the receipt of further applications from the owners.The owners shall endeavour to bring the land back into the rating base as soon as practicable.
12. In the event that subsequent applications for rating relief are made by only one or a minority of owners, Council may require that these are signed or supported by such greater proportion of owners as may be required from time to time. (The purpose of this requirement is to ensure that all the owners of the land are aware that Council is providing rate relief and to encourage economic use of the land).

Remission of Rates on Māori Freehold Land Used For the Purposes of Papakainga or Other Housing Purposes Subject to Occupation Licenses or Other Informal Arrangements (Policy #ML04/2)

Background

The Far North District Council recognises that occupation licenses, or other informal arrangements, only provide an interim or temporary right to occupy part or all of an area of Māori freehold land. This right is only available to the licensee, or informal occupier and does not create an interest that can be transferred or bequeathed as part of an estate.

This form of occupation is different to an occupation order, which provides a permanent right to occupy an area of land, and can be passed on to future generations.

Occupation licenses are generally used to define a specific area of Māori freehold land that the licensee can occupy for the purposes establishing a dwelling. At the termination of the license, the dwelling has to be removed or transferred to the owners of the land.

Informal arrangements are where a person occupies an area of Māori freehold land for a period of time; however, has no formal agreement and no rights to permanent occupation.

The occupier of land that is the subject of an occupation license or informal agreement is generally not required to pay any rental to the owners of the land, i.e. it is not a commercial arrangement.

There is a willingness of occupiers of land that is the subject of these types of arrangements to pay rates in respect of the area of land that they occupy. However, there is a concern that these "parts" may become liable for the UAGC and other non-service related charges assessed on the basis of a separately used or inhabited part of a rating unit.

This policy statement has been prepared to address these issues. It recognises that papakainga and similar housing on Māori Freehold land are generally occupied by members of owners families and no rentals are payable.

The policy is consistent in effect to the treatment of multiple housing on general title land, where the separate parts are occupied on a rent-free basis by members of the owner's family.
To assist the occupiers pay the rates of the parts of a rating unit that are the subject of occupation licenses, Council will issue a separate rate assessment for each part as set out in Section 45 (3) and (4) of the Local Government (Rating) Act 2002.

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[20] *Council has decided that where land has an amenity value it should not qualify for any rating relief except in extraordinary circumstances.*

[21] *There have been occurrences in the past where the owners of Māori freehold land deliberately do not use areas of land so as to preserve views to the coast. Council does not believe that this land should qualify for any rating relief except in extraordinary circumstances.*

[22] *There have been a number of instances rating relief has been granted on small parcels of land located within urban communities. Council's view is that the primary purpose of this policy is to address rates on more remote parcels of land, and it does not believe that it is equitable to grant rating relief where the land is located with urban areas, except in extraordinary circumstances.*

[23] *An occupation order grants exclusive use and occupation of the whole or any part of an area of land as a site for a house to a person or a group of persons. On that basis, the land may be considered "used" and therefore cannot qualify under this policy,*

Policy Objectives

To put in place processes to allow the residents of occupation licenses or other informal arrangements to pay their portion of the rates in respect of the land that they occupy, thus reducing the overall rate debt on Māori freehold land.

To assist Māori to establish papakainga or other housing on Māori freehold land.

To assist Māori to establish a economic base for future development.

Conditions and Criteria

The Far North District Council recognises that the imposition of multiple UAGCs or other non-service related charges might act as a disincentive to Māori seeking to occupy Māori freehold land for housing purposes.

Council will consider applications for the remission of multiple UAGCs and other charges, with the exception of those that are set for the provision of utilities such as water, sewerage etc., in respect of separately used or inhabited parts of a rating unit where these are the covered by occupation licenses, or other informal arrangements subject to the conditions and criteria set out below:

1. The land must be Māori freehold Land (As defined in Te Ture Whenua Act 1993 Part VI Section 129 as set out above),
2. The part of the land concerned must be the subject of an occupation license or other informal arrangement for the purposes of providing residential housing for the occupier on a rent free basis,
3. The area of land covered by each arrangement must have a separate valuation issued by Council's valuation service providers and will be issued with a separate rate assessment pursuant to Local Government (Rating) Act 2002 Section 45 (3)24

This policy statement has been prepared to address these issues. It recognises that papakainga and similar housing on Māori Freehold land are generally occupied by members of owners families and no rentals are payable.

Council reserves the right to cancel the agreement on any part of a rating unit if the rates remain unpaid for a period of more than three months after the due date.[25]

1. The application must be in writing signed by the owners, and the occupier must agree to pay any rates assessed in respect of the part or division of the rating unit that is the subject of the arrangement.
2. Any remissions will not include rates set for the provision water, sewerage or other services to the separate division of the rating unit,
3. The remission of the UAGC and other charges will remain on the land so long as the arrangement is in force subject to the occupation complying with the conditions and criteria set out above.

[24] *Clarifying that separate assessments will be issued for each part of the rating unit that is separately occupied.*
[25] *This allows Council to cancel the arrangement if rates are not paid on the land.*

Postponement of Rates on Māori Freehold Land (Policy ML04/03)
Background
The Far North District Council recognises that significant rate arrears can act as a disincentive to any new occupation of the Māori freehold land, where a new occupier could become responsible for the payment of any existing arrears of rates on the land.

It has therefore introduced policies that provide for the postponement of rates in respect of Māori freehold land that is to be used by a new person or persons and the person or persons, agree to pay the future rates for such period that they continue to use the land.

This policy provides for the remission of outstanding penalties and the postponement of rate arrears outstanding at the time that the agreement comes into force.

It further provided that in the event that the rates continue to be paid, the postponed rates will be remitted six years after the date upon which they were charged to the land.

Policy Objectives
To facilitate the development and use of the land for economic use, where Council considers utilisation would be uneconomic if full rates were payable.
Conditions and Criteria
The Far North District Council will agree to postpone the arrears of rates on Māori freehold land subject to the land being continuously used by a new person or persons as defined by Section 96 of the Local Government (Rating) Act 2002 and that person or persons agreeing to pay the current and future rates while they are using the land, subject to the criteria set out below.
1. The land must be Māori freehold land (as defined in Te Ture Whenua Act 1993 Part VI Section 129 as set out above).
2. The application must be in writing signed by the owner/s, or their agent or by the person or persons proposing to use the land.
3. The person or persons proposing to use the land must be a new user or users,
4. The new person or persons using the land must enter in to an agreement in writing to keep the current and future rates up to date whilst they are using the land.
5. All previous instalments of the current year's rates must be paid in full within one month of the agreement date, or in part payments, by the 30 June of the current year.
6. Council will have the sole judgement on whether or not to grant the application and may seek such additional information as they may require before making their final decision.
7. An application will only be considered in respect of a new user or users of the land.
8. Pursuant to Section 88 of LGA, a postponement fee will be added to the postponed rates.

Note:
In this context a "new person" means a person who has not previously had a connection with the land. It does not include new trustees appointed to a Māori trust or incorporation because the ratepayer remains the trust or incorporation[26].
Termination and Repayment of Postponed Rates
1. Postponed rates will remain as a charge on the property for period of six years from the date on which the rate was assessed, after which time they will be remitted.
2. If the current and future rates are not paid within one month of the due dates, Council reserves the right to reapply the postponed rates to the land.

Council is proposing to repeal the following policy
Postponement to Assist Forestry Development on Māori Land (Policy # ML04/04)
Background
The Far North District Council recognises that there is a need to encourage forestry development on Māori freehold land for the benefit of the owners of the land. While forestry development is a commercial venture undertaken to produce a profit. In the particular case of Māori land, in many cases, the owners do not have the capital to undertake the project. The raising of finance against the land is difficult as lending institutions have problems in obtaining security and charging of the land.

The benefits to the community if development is encouraged are that the owners can receive a direct benefit if the venture is profitable, employment opportunities may be increased, and rates, that may otherwise have been uncollectable, are received by Council.

[26] *Added to clarify what is meant by a new person*

Policy Objectives

To provide an encouragement for the development of forestry on Māori freehold land to provide an economic base for the owners, and to assist with the subsequent payment of rates.

Conditions and Criteria

Under this policy, the Far North District Council will postpone rates on Māori freehold land where there is an approved forestry development plan to such time or times that projected revenue is available to meet those rates subject to the following conditions:

1. Applications for rates postponement should be addressed to Council with documentation meeting the criteria set out in this policy.
2. The land must be Māori freehold land as defined by Section 129 of the Te Ture Whenua Māori/Māori Land Act 1993.
3. The land or portion of the land for which postponement is sought must be, in the opinion of Council, suitable for the development and not being used for any other purpose.
4. There must be a development plan on which Council can assess the venture. Factors that Council will consider will be:
   a) That professional advice has been obtained;
   b) That there is a suitable management structure;
   c) That appropriate financial arrangements have been made;
   d) That suitable monitoring and reporting systems have or will be established;
   e) That suitable financial projections and cash flows have been provided;
   f) That provision has been made for the eventual payment of all the postponed rates;
   g) Finally that there is a high probability of success of the project.
5. Regular annual report and financial statement on the development must be submitted to Council.
6. Security to the satisfaction of Council must be provided for the postponed rates.
7. All costs in making application for postponement, including the cost of providing security, will be borne by the applicants.
8. That Council, their duly authorised officers or agents, be authorised to enter and inspect the land or to request such information as is reasonably necessary to assess the application of the policy.
9. Pursuant to Section 88 of LGA, a postponement fee will be added to the postponed rates.
10. The degree and period of rates postponement, whether in full or part, will be decided by Council.

Termination and Repayment of Postponed Rates

1. The date on which any or all postponed rates will become repayable will be agreed between Council and the applicant and will be required to be set out in the development plan that was provided in support of the application.
2. Postponed rates will be deemed due and payable and will be required to be paid within one month of that date.
3. If default is made on payment of the rates due, Council may enforce their security.

WHĀNGĀREI DISTRICT CONSTITUENCY

Introduction
The Local Government Act 2002 (Sec 102) and Local Government (Rating) Act 2002 requires Council to adopt a policy for the remission and postponement of rates on Māori freehold land). It also provides an option for a Council to adopt remission and/or postponement of rates on all land. Whāngārei District Council had previously adopted a range of remission and postponement policies and these have all been reviewed as part of the 2012-2022 Long Term Plan.

Proposed changes
The majority of policies have had background notes added, but are mostly unchanged or have only had wording changes to ensure clarity. However there have been some changes proposed to the following policies

Remission of certain rates on separately used and inhabited part of a rating unit (previously Policy 1)
This has been broadened and clarified to include situations where the separate flat or unit is used by family members on a rent-free basis.

Remission of certain rates on subdivided land (previously Policy 2)
A expiry date has been added so that any remissions will cease after five years. The effective date of implementation is 1 July 2012. As a transition from 1 July 2012, any land which is receiving a remission under this policy will have four further years before full rates will become payable. In addition a remission of 20% of the value based general rate be remitted for commercial and industrial property only. This recognises that the rates on commercial and industrial subdivided land increases considerably once titles are issued. The current policy of remitting fixed charges reduces the cost of residential by a large percentage, but it has little impact on commercial and industrial land.

Remission of Penalties charged (previously Policy 5)
Additional criteria have been added to provide clarity as to when remissions apply, and to provide for the application of the remission where it is in Council's best interests to facilitate the payment of arrears.

Excess water charges (previously Policy 6)
The criteria for rates to be in excess of 100% of the normal consumption have been removed. This was a disadvantage to those who were quick to locate and repair a leak. Additional clauses have been added to clarify when the remission will apply. For commercial ratepayers, all usage will be payable, however, the excess will be charged at a marginal rate of production.

Discount for prompt payment of water rates (previously Policy 7)
This policy is proposed to be revoked and will no longer apply from 1 July 2012.

Postponement on farmland (previously Policy 12)
Currently there are some organisations that are holding the land for future purposes, but it is being farmed in the meantime. This was not the intent of the policy, which was to allow farmers to remain farming their land should they wish to do so. Therefore additional criteria have been added. The first is to only include a farm where that is the principal source of income and it is owner operated, and the second is to clarify that the size of any property should be greater than 30 hectares. The effective date of these changes will be 1 July 2013 – the effective date of the next revaluation.

Postponement of Rates on Māori Freehold Land (new policy)
Where ownership and occupation has been difficult to establish, and there are arrears on the property, those arrears can create a barrier for future occupation or use of the land. In order to facilitate the use of Māori land, any previous arrears can be postponed, provided there is agreement to meet future rate commitments.

Remission Policies

Policy 12/101
Remission of some uniform annual general charges and/or targeted rates on separately used and inhabited parts of rating units –

Background
This Council levies rates on separately used and inhabited parts of a rating unit (including separate areas capable of separate occupation). In some cases, the application of this may result in inequity, and where the property is used for both business and residential purposes, or where the residential property has a separate dwelling, unit, flat or apartment which is used by family members a remission may apply.

Objectives of the Policy
The policy provides the ability for rates relief where the rating unit has more than one separately used and inhabited part and the rates assessed include more than one uniform annual general charge and/or targeted rate and where the rating unit is:-
(A) Separately used by one occupier for both business and residential purposes; or
(B) Used for residential purposes and the separately inhabited part is occupied by a member of the family (first degree relative) of the owner of the rating unit on a rent free basis.

Conditions and Criteria
The council may remit the specified rates where the application meets the following criteria:
1. The rating units in (a) above must be occupied (either as owner or lessee) by the same person(s) and separately used by that/those person(s) for his/her or their business and residence; or -
2. The rating units in (b) above must be used as the owner's residence but also contain a minor flat or other residential accommodation unit which is inhabited by a member of the owner's family on a rent-free basis. The family member must be a first degree relative to the owner for example, grandparent, parent, children, or sibling.
3. The owner(s) of the rating unit must complete and provide to the council a statutory declaration stating that the conditions in either (1) or (2) above apply. Such a declaration will be effective from 1 July following the date of application for 3 years or until the conditions cease to be met, whichever is earlier. A fresh declaration must be completed and provided in order to qualify for consideration for remission beyond the first 3 year period.
4. The rates which may be remitted are as follows:
   (a) for rating units in both (a) and (b) above, any uniform annual general charge and/or uniform targeted rate for waste facilities and/or any other targeted rate assessed in respect of the rating unit, apart from the first of each; and
   (b) in addition, for rating units in (b) above, any uniform targeted rate for sewerage services assessed in respect of the rating unit, apart from the first.
5. The Revenue Manager or Group Manager – Support Services will be given delegated authority to consider applications for the remission of any rates in terms of this policy and to approve or decline them as appropriate. This delegated authority does not preclude any application for remission being referred to the council or a committee of council if considered appropriate to do so.

Policy 12/102
Remission of some uniform annual general charges and targeted rates on rating units which are in common ownership but do not meet the criteria of a contiguous property –

Background
Developers face significant costs in the early stages of subdivision development, including the payment of development contributions to Council. Once titles are issued, all properties are rated individually and the holding costs can be quite high until properties are sold.

Objectives of the Policy
To allow council to remit any uniform annual general charge or any targeted rate on any rating unit created as a result of subdivision that falls outside the automatic exemption provisions of section 20 of the Local Government Rating Act 2002. To encourage development in the district, if it is in Council's interests to do so, by allowing short term relief from full rates to property developers.

Conditions and Criteria
The council may remit the specified rates where the application meets the following criteria:
1. The rating units must have been created in accordance with council's subdivision development requirements.
2. The rating units must be vacant land.
3. The rating units must be in the name of the ratepayer actually subdividing the land.
4. The rates which may be remitted for all properties are any uniform annual general charge and/or uniform targeted rate for waste facilities and/or any other targeted rate.

5. In addition, all properties rated as commercial will receive a remission of 20% (twenty per cent) of the value based general rates.
6. The remissions will apply to only the second or subsequent rating units of any subdivision.
7. From 1 July 2012 any remissions will only apply for a period of five years. Where remissions have been granted in previous years, further remissions will apply for the next four rating years.
8. The Revenue Manager or Group Manager – Support Services will be given delegated authority to consider applications for the remission of any rates in terms of this policy and to approve or decline them as appropriate. This delegated authority does not preclude any application for remission being referred to the council or a committee of council if considered appropriate to do so.

Policy 09/103
Remission of Some Uniform Annual General Charges and Targeted Rates on Separately Used or Inhabited Parts of a Rating Unit.

Background
There are some instances where properties are used in conjunction with each other, but they may not be contiguous or adjacent. This particularly applies in farming situations where properties may be separated, but they are used in one farm operation. Strict compliance with the legislation results in an inequitable result, and this policy allows for remissions in these rare circumstances.

Objectives of the Policy
- To allow council to remit any Uniform Annual General Charge or any targeted rate on any separately used or inhabited part of a rating unit where common or like occupancies occur or where the separately occupied portions are deemed to be operating as a single purpose unit.
- To allow council to remit any Uniform Annual General Charge or any targeted rate on any separately used or inhabited part of a rating unit where special circumstances apply and it is considered fair and reasonable to do so.

Conditions and Criteria
The council may remit the specified rates where the application meets the following criteria:
1. Council is satisfied that the separately used or inhabited parts of a rating unit are considered to be a single purpose function.
2. In the case of (1) above remission will apply to all separately used or inhabited parts of the rating unit, apart from the first.
3. The Revenue Manager or Group Manager – Support Services will be given delegated authority to consider applications for the remission of any rates in terms of this policy and to approve or decline them as appropriate. This delegated authority does not preclude any application for remission being referred to the council or a committee of council if considered appropriate to do so.

Policy 09/204
Policy 4 - Discount for Early Payment of Rates in Current Financial Year

Background
A Discount is granted where the full annual rates are paid on the due date of the first instalment.

Objectives of the Policy
The objective of the early payment policy is to encourage ratepayers to pay their rates early and in one sum so as to minimise processing costs and improve cash flow.

Conditions and Criteria
1. A discount will be allowed if the total rates assessed for the current year and all arrears are paid in full on or before the due date for the first instalment. In exceptional circumstances where an extended date for payment has been granted, on or before the extended date.
2. That the amount of the discount be set each year in accordance with that provided in the council's Annual Plan.
3. That the Revenue Manager or Group Manager – Support Services be given delegated authority to resolve any matters pertaining to the discount provisions of council policy.

Policy 12/205
Policy 5 - Remission of Penalties

Background
Penalties are charged where instalments are not paid on due dates. In addition, where previous years arrears remain unpaid three months after the end of each rating year a further penalty is applied.

Objectives of the Policy
The objective of the remission policy is to provide remission of penalties charged where it is fair and equitable to do so. To provide the ability to remit penalties on rates where reasonable grounds exist or to encourage payment of arrears and/or payment by Council's preferred direct debit option.

Conditions and Criteria
The council may remit the penalty rates where the application meets the following criteria:

1. Remission of penalties will be considered in any rating year where payment has been late due to significant family disruption. Remission will be considered in the case of death, illness, or accident of a family member, as at the due date.
2. Remission of the penalty will be granted if the ratepayer is able to provide evidence that their payment has gone astray in the post or the late payment has otherwise resulted from matters outside their control. Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so.
3. In considering the remission of any penalty a good payment record or otherwise may be taken into account.
4. Where the remission will facilitate the collection of overdue rates and it results in full payment of arrears and savings in debt collection costs.
5. Where it facilitates the future payment of rates by direct debit within a specified timeframe.
6. The council may remit small balances due to cash rounding or where the balance outstanding is considered uneconomical to pursue.
7. Where a ratepayer enters into an agreed payment arrangement to pay off arrears in a specified timeframe, penalty suppression may be granted for future penalties that fall due within that period.
8. That the Revenue Manager or Group Manager – Support Services be given delegated authority to resolve any matters pertaining to the remission of penalties in accordance with this policy.

Policy 12/306
Policy 6 - Remission of Excess Water Rates

Background
Consumers are liable for water supplied through the water meter and are responsible for the maintenance of the supply system on their property. However they may experience a leak or damage to the supply of which they are unaware. Council considers it is reasonable to allow a reduction in charges in these circumstances.

Objectives of the Policy
To provide relief to ratepayers who have excessive water rates due to a fault (leak) in the internal reticulation serving their rating unit where is it is Council's interests to do so.

Conditions and Criteria
The council may remit the excess water rates where the application meets the following criteria:

1. A remission will only be considered where immediate action to repair or minimise water loss is taken on notification. Any remission will only apply up to the date the ratepayer became aware of or was notified of the leak.
2. A remission will not normally be granted where the leak is the result of poor workmanship or incorrect installation.
3. That all applicants are requested to submit their application in writing.
4. That details of the location and the repairs to the reticulation be submitted for verification (e.g. plumbers repair account) and information supplied showing due diligence in the repair of the leak.
5. That residential ratepayers and small businesses with residential like usages be charged for consumption based on the daily average for the period in question for the given property, plus 50% (fifty per cent) of the said average consumption. Excess consumption over and above that charged is considered for remission.

6. That commercial ratepayers be charged for consumption based on the daily average for the period in question for the given property, plus 50% (fifty per cent) of the said average consumption. Excess consumption above that is charged at a marginal rate (as determined by the Water Services Manager) at the time of the leak.
7. That the ratepayer be offered the opportunity to pay the account off by instalments where the excess amount is considered excessive and demand for payment in full may cause financial hardship.
8. The Revenue Manager or Group Manager – Support Services will be given delegated authority to consider applications for the remission of any rates in terms of this policy and to approve or decline them as appropriate. This delegated authority does not preclude any application for remission being referred to the council or a committee of council if considered appropriate to do so.
9. Any remission under this policy is a "one-off" and any further remissions for subsequent leaks on the same reticulation supply line may only be granted if the full reticulation system is replaced. Where there are special circumstances which prevent this any remission will only be given at the discretion of the Water Services Manager.

Policy 09/308
Remission of School Sewerage Charges

Background
Educational establishments are required to provide a larger number of toilet facilities than would normally be required. The increase in number of available pans, does not necessarily reflect in an increase in use or impact on the sewerage network. Council believes it is more equitable to allow a reduction based on the number of students actually using the facilities.

Objectives of the Policy
To provide relief and assistance to education establishments as defined in the Rating Powers (Special Provision for Certain Rates for Educational Establishments) Amendments Act 2001 in paying sewerage charges.

Conditions and Criteria
1. The policy will apply to the following educational establishments:
   - Established as a special school under section 98(1) of the Education Act 1964: or defined as -
   - A state school under section 2 (1) of the Education Act 1989; or
   - An integrated school under section 2 (1) of the Private Schools Conditional Integrated Act 1975; or
   - A special institution under section 92 (1) of the Education Act 1989; or
   - An early childhood centre under section 308 (1) of the Education Act 1989, but excluding any early childhood centre operated for profit.
2. The policy does not apply to school houses occupied by a caretaker, principal or staff.
3. The sewage disposal rate in any one year may not exceed the amount calculated under clause 4.
4. The sewage disposal rate is the rate that -
   (a) would be levied using the same mechanism as are applied to other separately rateable rating units within the district divided by the number of toilets as determined in accordance with condition 5 below (the full charge); and
   (b) reduced in accordance with the following graduated formula:
      - the full charge for each of the first 4 toilets or part thereof:
      - 75% of the full charge for each of the next 6 toilets or part thereof;
      - 50% of the full charge for each toilet after the first 10.
5. For the purpose of clause 4 (a) above the number of toilets for separately rateable units occupied for the purposes of an educational establishment is 1 toilet for every 20 students and staff or part thereof.
6. The number of students in an educational establishment is the number of students on its roll on 1 March in the year immediately before the year to which the charge relates.
7. The number of staff in an educational establishment is the number of teaching staff and administration staff employed by that educational establishment on 1 March immediately before the year to which the charge relates.
8. The Revenue Manager or Group Manager – Support Services will be given delegated authority to consider applications for the remission of any sewerage charges in terms of this policy.

Policy 09/309
Remission of Rates for Community, Sports and Other Organisations

Background
Community and voluntary groups provide facilities for residents which enhance and contributes to their well-being. Council wishes to encourage such groups by providing a reduction in rates levied.

Objectives of the Policy
1. To facilitate the ongoing provision of non-commercial (non-business) community services and/or recreational opportunities that meets the needs of Whāngārei residents.
2. To facilitate the ongoing provision of non-commercial (non-business) recreational opportunities for Whāngārei residents.
3. To assist the organisation's survival; and
4. To make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, and economically disadvantaged people.

Conditions and Criteria
The council may remit rates where the application meets the following criteria:
1. The policy will apply to land owned by the council or owned and occupied by a charitable or non-profit organisation, which is used exclusively or principally for sporting, recreation, or community purposes.
2. The policy will not apply to organisations operated for private pecuniary profit, or which charge tuition fees.
3. The policy will not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.
4. The application for rate remission must be made to the council prior to the commencement of the rating year; applications received during a rating year will be applicable from the commencement of the following rating year. No applications will be backdated.
5. Organisations making application should include the following documents in support of their application:
   (a) Statement of objectives;
   (b) Full financial accounts;
   (c) Information on activities and programmes;
   (d) Details of membership or clients.
6. The policy shall apply to such organisations as approved by the Group Manager – Support Services as meeting the relevant criteria.
7. The rates to be remitted will be 50% of all property rates applied, including targeted rates for sewerage connection (but not including metered water) with the exception of community halls which will receive 100% remission.

Policy 09/410
Postponement of Rates – Extreme Financial Hardship

Background
From time to time Council is approached by ratepayers who are experiencing financial hardship. Staff will work with applicants to help meet their commitments with payment options, payment arrangements and penalty relief. This policy covers the circumstances where these options will not provide the desired outcome.

Objectives of the Policy
To assist ratepayers experiencing extreme financial circumstances which affect their ability to pay their rates.

Conditions and Criteria
The council will postpone rates in accordance with the policy where the application meets the following criteria:
1. When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including the following factors: age, physical or mental disability, injury, illness and family circumstances.
2. As a general rule the ratepayer must be the current owner of the rating unit and have owned or resided on the property or another property within Whāngārei District for not less than 2 years.

3. The rating unit must be used solely for residential purposes.
4. The council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day to day living expenses.
5. The ratepayer must not own any other rating units or investment properties or other investment realisable assets.
6. The ratepayer must make application to the council on the prescribed form.
7. Even if rates are postponed, as a general rule the ratepayer will be required to pay the first $500 of the rate account.
8. The ratepayer must make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.
9. The council may add a postponement fee to the postponed rates for the period between the due date and the date they are paid. This fee will not exceed an amount which covers the council's administration and financial costs.
10. The policy will apply from the beginning of the rating year in which the application is made although the council may consider backdating past the rating year in which the application is made depending on the circumstances.
11. Any postponed rates will be postponed until: -
    (a) the death of the ratepayer(s); or
    (b) until the ratepayer(s) ceases to be the owner or occupier of the rating unit; or
    (c) until the ratepayer(s) ceases to use the property as his/her residence; or
    (d) until a date specified by the council as determined by the council in any particular case.
12. The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.
13. Postponed rates will be registered as a statutory land charge on the rating unit title.
14. The Group Manager – Support Services will be given delegated authority to consider applications for rates postponement and approve or decline them as appropriate. This delegated authority does not preclude any application for postponement being referred to the council or a committee of council if considered appropriate to do so.

Policy 12/412
Postponement and Remission on Specific Farmland Properties

Background
Land may continue to be farmed, but the proximity to the coast, mean the land value has increased significantly, and the rates levied would be a disincentive to the continued use of the land in its current form. Council recognises that forced development of coastal areas is not desirable and there are advantages in the land remaining as farmland in the short term.

Objective of the Policy
The objective of the policy is to afford relief to farmers whose farmland has increased in value by the factor of potential residential, commercial or other non-farming use, carrying with it rates disproportionate to a farming use when compared to other farming properties within the district.

Conditions and Criteria
1. The properties will be identified and the rates postponement values will be determined by Council’s Valuation Service Provider in conjunction with a general revaluation. The council may at any time, on the written application of the owner of any farmland requesting that the property be considered for postponement values, forward that application to Council’s Valuation Service Provider for their determination. If so determined, the postponement values will take effect from the commencement of the financial year following the date of the application.
2. The rates postponement value of any land is to be determined:-
    (a) So as to exclude any potential value that, at the date of valuation, the land may have for ‘ residential purposes, or for commercial, industrial, or other non-farming use; and
    (b) So as to preserve uniformity and equitable relativity with comparable parcels of farmland the valuations of which do not contain any such potential value.
    (c) May apply to one or more rating units in the same ownership and is therefore conditional upon all rating units remaining in the same ownership.

3. In this policy, “farmland” means a property rated under the category of “rural’ in council’s differential rating system.
4. The farming operation must provide the principal source of revenue for the owner of the land who must be the actual operator of the farm.
5. The area of land that is the subject of the application is not less than 30 hectares
6. No objection to the amount of any rates postponement value determined under this policy may be upheld except to the extent that the objector proves that the rates postponement value does not preserve uniformity with existing roll values of comparable parcels of land having no potential value for residential purposes, or for commercial, industrial or other non-farming development.

Effect of Rates Postponement Values

1. The postponed portion of the rates for any rating period shall be an amount equal to the difference between the amount of the rates for that period calculated according to the rateable value of the property and the amount of the rates that would be payable for that period if the rates postponement value of the property were its rateable value.
2. The amount of the rates for any rating period so postponed shall be entered in the rate records and will be included in or with the rates assessment issued by the council in respect of the rateable property.
3. Any rates so postponed, and, as long as the property still qualifies for rates postponement, will be written off after the expiration of five years.

Rates Levied before Postponement Values Set

Where the council has levied rates in respect of any property for any year before the rates postponement value has been determined, the council may make and deliver to the owner an amended rate assessment for that year.

Additional Charges

No additional charges will apply on any rates postponed under the rates postponement values system.

When Postponed Rates Become Payable

All rates that have been postponed under this policy and have not been written off under this policy become due and payable immediately on:-

(a) The land ceasing to be farmland;
(b) The interest of the owner of any part of the land is passed over to or becomes invested in some person or other party other than:
   (i) the owners spouse; or
   (ii) the executor or administrator of the owner’s estate.

For avoidance of doubt, where rates have been postponed and not written off in respect of land comprising one or more rating units in the same or common ownership, and one or more of the rating units meets the criteria for payment above, all postponed rates on all rating units will become payable.

Transitional arrangements

Where a property currently receives a remission under this policy and it no longer meets the amended criteria when the property was reviewed as at 1 July 2012, the property will continue to receive postponement until the triennial district revaluation as at 1 September 2012 takes effect.

The rates postponed up to that date will become payable in accordance with this policy or will be remitted at the expiry of five years after the end of the rating year (30 June) to which the postponement applies.

Postponed Rates to be a charge on the Rating Unit

Where Council has postponed the requirement to pay rates in respect of a rating unit, a charge will be registered on the rating unit under the Statutory Land Charges Registration Act 1928.

Policy 09/413
Postponement and/or Remission of Rates and Charges on Properties Affected by Natural Calamity

Background
This policy recognises that where land has been affected to the extent that the land is irretrievably damaged, where it cannot be used, then the application of full rates could cause financial hardship.

Objective of the Policy
The objective of the policy is to enable rate relief to be provided where the use that may be made of any land has been detrimentally affected by natural calamity.

Conditions and Criteria
All applications must be in writing and should be supported by documentary evidence as to the extent of the damage.

Council may remit wholly, or in part, any rate or charge made and levied in respect of any land affected by natural calamity, where it considers it fair and reasonable to do so.

The Group Manager – Support Services will be given delegated authority to consider applications for rate relief and to approve or decline them as appropriate. This delegated authority does not preclude any application for relief being referred to the council, or a committee of council, if considered appropriate to do so.

If an application is approved, the Council may direct its valuation service provider (if considered appropriate to do so) to inspect the rating unit and prepare a valuation that will take into account any factor that could affect the use of the land as a result of the natural calamity. As there are no statutory rights of objection or appeal for valuations of this nature then the valuation service provider's decision will be final.

Policy 09/611
Remission of Rates on Unoccupied Māori Freehold Land

Background
Some Māori freehold land in the Whāngārei District is unoccupied and unimproved. This land creates a significant rating burden on the Māori owners who often do not have the ability or desire to make economic use of the land. Often this is due to the nature of the ownership or it is isolated and marginal in quality

Policy
A remission of all or part of rates may be granted in respect of multiple-owned Māori freehold land which is unoccupied or unproductive.

Objectives of the Policy
- To recognise situations where there is no occupier or no economic or financial benefit is derived from the land.
- Where part only of a block is occupied, to grant remission for the portion of land not occupied.
- To encourage owners or trustees to use or develop the land.
- Where the owners cannot be found, to take into account the statutory limitation of time for the recovery of unpaid rates.
- Any other matter in accordance with schedule 11 of the Local Government Act 2002.

Conditions or Criteria
1. The land must be multiple-owned and unoccupied Māori freehold land which does not produce any income.
2. The land or portion of the land must not be "used". This includes leasing the land, residing on the land, maintaining livestock on the land, using the land for storage or in any other way.
3. In order to encourage the development of the land, the rating unit may be apportioned into useable and non- useable portions and the remission applied based on the percentage of non- useable land.
4. A request for rates remission by the owners must include:
   (a) Details of the land
   (b) Documentation that shows the ownership of the land
   (c) Reasons why remission is sought.

5. Where after due enquiry the owners of an unoccupied block cannot be found the Council may apply a remission without the need for a request.
6. If circumstances changes in respect of the land, the council will review whether this remission policy is still applicable to the land. All land identified under this policy for remission, will be reviewed triennially.
7. The Revenue Manager and the Group Manager – Support Services have delegated authority to grant or refuse remissions under this policy.
8. Any appeals against the decision of the Group Manager – Support Services will be referred to the Finance & Support Committee for final determination.

Policy 12/614
Postponement of Rates on Māori Freehold Land

Background
The difficulty in establishing and contacting owners or occupiers of Māori land means that there are often rate arrears when ownership or use is finally established. Also new occupiers or owners may wish to use the land, but are reluctant to take on the outstanding rate arrears. In order to facilitate and encourage the use of the land, the arrears may be postponed if the current rates are met.

Objectives of the Policy
To encourage the development and use of Māori freehold land where Council considers the full payment of the rate arrears would be a disincentive.

Conditions and Criteria
The council will postpone rates in accordance with the policy where the application meets the following criteria:

1. The land must be Māori freehold land
2. The owners or occupiers of the land (or portion of the land) must agree in writing to meet all future rates commitments whilst they are using the land.
3. The rates will remain as a statutory charge against the property until six years from the date they were assessed and will then be remitted.
4. The Council reserves the right to reapply the rates postponed should the agreement not be met.

KAIPARA DISTRICT CONSTITUENCY

Rating Policies Schedule: February 2012

One	Differentials on Land-based General Rates
Two	Early Payment of Rates
Three	Instalments
Four	Method of Payment
Five	Penalties
Six	Place of Payment
Seven	Postponement for Financial Hardship
Eight	Rates Remission: Extreme Financial Hardship
Nine	Rates Remission: Māori Freehold Land
Ten	Rates Remission: Community, Sporting and Other Organisations
Eleven	Rates Remission: Penalties
Twelve	Rates Remission: School Sewerage Charges
Thirteen	Rating of Subdivided Properties in Drainage Districts

Policy One: Differentials on Land Based General Rates
The land based general rates of Kaipara District Council are undifferentiated.

Policy Two: Early Payment of Rates
In accordance with Sections 54 and 56 of the Local Government (Rating) Act 2002, which empowers councils to accept early payment of rates, Council will accept payment in full of all rates assessed in the current or future year on or before the due date for the first instalment of the year. Early payment of rates will attract neither a discount, nor interest on the sum paid.

Policy Three: Instalments

Rates are payable in six instalments. The due dates (which in future will also be the penalty dates) are as follows:

Instalment Number	***Due Date***
One	*20 August*
Two	*20 October*
Three	*20 December*
Four	*20 February*
Five	*20 April*
Six	*20 June*

Policy Four: Method of Payment

Payment of rates will be accepted in the following ways:

1 By hand (refer Policy 6: Place of Payment)
2 By mail to:

The Chief Executive *Kaipara District Council* *Private Bag 92201* *Auckland 1020*	*The Chief Executive* *Kaipara District Council* *Private Bag 1001* *Dargaville 0340*	*The Chief Executive* *Kaipara District Council* *State Highway 1* *Kaiwaka 0542*

3 By telephone banking
4 By automatic payment
5 By direct debit
6 By eftpos
7 Online Banking
8 By Credit card online*, MasterCard and Visa only*

Policy Five: Penalties
In accordance with Section 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10% will be added by Council to each instalment or part thereof which is unpaid after the due date for payment. Previous

years' rates which remain unpaid will have a further 10 per cent added on 10 July each year, and again on 10 January each year.

Policy Six: Place of Payment
Payment of rates by hand will be accepted during normal business hours at either of the following two Council offices:

42 Hokianga Road *Dargaville*	*State Highway 1* *Kaiwaka*

Policy Seven: Postponement for Financial Hardship

Objective
The objective of this Policy is to assist ratepayers (including Māori freehold land ratepayers) experiencing financial hardship which affects their ability to pay rates.
Conditions and Criteria
Only rating units used solely for residential purposes (as defined by Council) will be eligible for consideration for rates postponement for financial hardship.

Only the person entered as the ratepayer, or their authorised agent, may make an application for rates postponement for financial hardship. The ratepayer must be the current owner of, and have owned for not less than five years, the rating unit which is the subject of the application. The person entered on the Council's rating information database as the "ratepayer" must not own any other rating units or investment properties (whether in the District or in another District).
The ratepayer (or authorised agent) must make an application to Council on the prescribed form (copies can be obtained from the Council Offices, at either Dargaville or Kaiwaka).

The Council will consider, on a case-by-case basis, all applications received that meet the criteria described in the first two paragraphs under this section. The Council will delegate authority to approve applications for rates postponement to the Chief Executive.

Before approving an application the Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day-to-day living expenses.

Council reserves the full right to have the question of hardship addressed by any outside agency with relevant expertise eg budget advisors or the like.

Where the Council decides to postpone rates the ratepayer must first make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

Any postponed rates will be postponed until:
- the death of the ratepayer(s); or
- until the ratepayer(s) ceases to be the owner or occupier of the rating unit; or
- until the ratepayer(s) ceases to use the property as his/her residence; or
- until a date specified by Council.

The Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover the Council's administrative and financial costs and may vary from year-to-year.

Council reserves the full right to levy additional penalties on a half-yearly basis, on the amount postponed.
The Policy will apply from the beginning of the rating year in which the application is made although the Council may consider backdating past the rating year in which the application is made depending on the circumstances.
The postponed rates or any part thereof may be paid at anytime. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this Policy.
Postponed rates will be registered as a statutory land charge on the rating unit title. This means that the Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

Policy Eight: Rates Remission: Extreme Financial Hardship

Objective

The objective of this Policy is to assist ratepayers experiencing extreme financial hardship which affects their ability to pay rates.

Conditions and Criteria

Remission may be given cases of extreme financial hardship.

Extreme financial hardship occurs when the ratepayer has no assets except a low value property which will not realise sufficient funds to pay at least 50 percent of the outstanding rates, and where the ratepayer relies on supplementary benefits and food banks for day-to-day living. Written confirmation must also be provided from the ratepayer's budget advisor.

Only rating units used solely for residential purposes (as defined by Council) will be eligible for consideration for rates remission for extreme financial hardship.

Only the person entered as the ratepayer, or their authorised agent, may make an application for rates remission for extreme financial hardship. The ratepayer must be the current owner of, and have owned for not less than five years, the rating unit which is the subject of the application.

The ratepayer (or authorised agent) must make a statutory declaration to Council as to their financial circumstances.

The Council will consider, on a case by case basis, all applications received that meet the criteria described in the first five paragraphs under this section. The Council will delegate authority to approve applications for rates remission to the Chief Executive.

Policy Nine: Rates Remission: Māori Freehold Land 2012 Policy

1 Objectives

This Policy is to ensure the fair and equitable collection of rates occurs from all sectors of the community. It is important to also recognise that Māori freehold land has particular conditions, and ownership structures which may make it appropriate to provide relief from rates.

Specifically this Policy is intended to:

1 Recognise situations where there is no occupier, or person gaining an economic of financial benefit from the land

2 Recognise matters related to the physical accessibility of the land

3 Facilitate development or use of the land.

2 Conditions

2.1 Decisions as to remission of rates, and the extent of any remission, are at the sole discretion of the Council.

2.2 Council will write off penalties and/or arrears of rates subject to the following conditions;

a. The land is Māori freehold land as defined under the Local Government Rating Act 2002.

b. The land has been unoccupied for the period which the write off is requested.

c. The person or entity requesting the remission will contract to Council to keep all future rates paid in full.

2.3 Council officers will be delegated authority to consider applications for remission of rates, and may approve or decline them in accordance with any of the criteria set out below.

3 Criteria

3.1 Application for land to be granted remission of rates must be made by the owners or trustees, or any person who has gained a right to occupy through the Māori Land Courts.

3.2 The land is Māori freehold land as defined in the Local Government (Rating) Act 2002

3.3 Owners or trustees or any person who has gained a right to occupy through the Māori Land Court must include the following information in their application:

a. The details of the property for which the application for remission is being made

b. The objectives (as outlined under Objectives above) that will be achieved by providing a remission, together with an explanation as to how the land fits within the objectives

c. Documentation that proves the land which is the subject of the application is Māori freehold land, as defined in 3.2 above

Policy Ten Rates Remission: Community, Sporting and Other Organisations

Objective

To assist in facilitating the provision of non-commercial (business) community services, and non-commercial (business) recreational opportunities for the residents of Kaipara District.

Conditions and Criteria

Basis of Remission	Full Remission / 50% Remission
Public halls, libraries, museums	Full
Wildlife Management Reserve	50%
Sports Clubs	50%
Community health	Full
Recreation, health, education	50%
A & P Society	50%
The Arts	50%

Specific Criteria

Public Halls, Libraries, Museums

Land owned or occupied by or in trust for any society or association of persons, whether incorporated or not, and used for the purposes of a public hall, library, athenaeum, museum, art gallery, or other similar institution, or, not being Māori land within the meaning of the Māori Affairs Act 1958, is land on which a Māori meeting house is erected:

Wildlife Management Reserve

Any lands of the Crown that comprise a wildlife management reserve, wildlife refuge, or wildlife sanctuary within the meaning of the Wildlife Act 1953.

Sports Clubs

Land owned or occupied by or in trust for any society or association of persons, whether incorporated or not, and used principally for games or sports other than horse racing, trotting, and dog racing.

Community Health

Land owned or occupied by or in trust for any society or association or persons, whether incorporated or not, the object or principal object of which is to conduct crèches or to conserve the health or well-being of the community or to tend the sick or injured.

Recreation, Health, Education

Land classified under the Reserves Act 1977 as an historic reserve, a nature reserve, a recreation reserve, a scenic reserve, a scientific reserve, Government purpose reserve, or any other type of reserve within the meaning of the Reserves Act 1977, any land being managed pursuant to sections 61 and 62 of the Conservation Act 1987.

A & P Society

Land owned or occupied by or in trust for or under the control of a society incorporated under the Agricultural and Pastoral Societies Act 1908 and used by that society as a showground or place of meeting.

The Arts

Land owned or occupied by or in trust for any society or association of persons, whether incorporated or not, and used for the purpose of any branch of the arts, being land that is not used for the private pecuniary profit of any members of the society or association.

Policy Eleven: Rates Remission: Penalties

Objective
To provide incentive to those property owners with rates arrears, to eliminate those arrears.

Conditions and Criteria
The Council will grant delegated authority to the management team to waive all accumulative 10% penalties applied on a six monthly basis in cases where the ratepayer is under budgetary control and/or has entered into an agreement with Council for payment of rates where the budgetary control and/or agreement is being satisfactorily maintained.

Policy Twelve: Rates Remission: School Sewerage Charges

Objective
Compliance with Central Government legislation.

Conditions and Criteria
Council will adopt as its Policy compliance with the provisions of the Rating Powers (Special Provision for Certain Rates for Educational Establishments) Amendment Act 2001, and any future amending or repealing legislation in respect of that Act. The Act presently provides for the following remissions:

i) All toilet pans in excess of a notionally calculated one pan per 20 pupils/teaching and/or part thereof, support staff, will attract no charge;

ii) Only the first four toilet pans will attract the full 100% price paid by normal residential/commercial ratepayers. The next six will be discounted by 25%, and all thereafter will be discounted by 50%.

Policy Thirteen: Rating of Subdivided Properties in Drainage Districts
The Council grants delegated authority to the Chief Executive to refund rates and remove the subdivided property outside the catchment area from the drainage district where anomalies are created in the rating of properties by subdivision.

Proposed Amendments to the Navigation, Water Transport and Maritime Safety Bylaw Charges 2011

INTRODUCTION
A Statement of Proposal and the special consultative procedure is required pursuant to sections 83, 86 and 156 of the Local Government Act 2002 in order that any clauses of the **Navigation, Water Transport and Maritime Safety Bylaw Charges 2011**, adopted in June 2011, may be amended and the Bylaw Charges re-adopted.

Section 156 of the Act requires that a bylaw or an amendment to an existing bylaw be made pursuant to the special consultative procedure set out in section 83. That section requires both a Statement of Proposal, and a summary of the information to be prepared, with the summary to be circulated widely and publicly notified. The full Statement of Proposal must be available for public inspection at all offices of the Council during the submission period.

Section 86 requires that a draft of the full bylaw to be amended be included in the Statement of Proposal, setting out the reasons for the proposal and whether a bylaw is an appropriate mechanism pursuant to section 155.

REASONS FOR THE PROPOSAL

Section 3(b)(1): the Navigation Safety Bylaw fee has been amended to separate out the charges for boat ramps under 15 metres X 4.5 metres. This fee category has been amended and a new category has been introduced for boat ramps/slipways over 15 metres and grids. The other categories in this section 3(b)(1) remain the same, and the fee category continues to be set at $60 plus GST. The reason for the proposed change is because larger boat ramps are likely to have more activity, and or be used by larger vessels. The cost to council and benefit to the user, of the council providing, improving and maintaining navigational aids is thus larger. Generally smaller structures service smaller vessels and/or numbers of vessels. Restricting the size of the structure is intended to create a more equitable method of setting this fee.

Section 3(b)(7): a new Navigation Safety Bylaw fee category has been introduced for boat ramps/slipways over 15 metres x 4.5metres and grids. The fee category has a charge of $120 plus GST. The reason for the proposed change is because larger boat ramps are likely to have more activity, and or be used by larger vessels . The cost to council and benefit to the user, of the council providing, improving and maintaining navigational aids is likely to be greater for larger vessels or higher activity areas. Setting a fee category for larger sized structures is intended to create a more equitable method of setting this fee.

There are no other proposed changes to the bylaw.

This bylaw amendment is made pursuant to the bylaw provisions of the Local Government Act for setting fees and charges as mandated by section 684B(h)(i)-(iii) of the Local Government Act 1974 (Part 39A Navigation), saved in Schedule 18 of the Local Government Act 2002. It is the most cost effective way of recovering the costs arising from the regulation of recreational maritime activities and commercial shipping as appropriate.

The bylaw is as follows:

Navigation, Water Transport and Maritime Safety Bylaw Charges 2012

These bylaws shall be known as the Northland Regional Council **Navigation, Water Transport and Maritime Safety Bylaw Charges 2012**:

1. These bylaws shall apply throughout the region of the Council.

2. In these bylaws, unless the context otherwise requires:

"**Maritime facility**" means any jetty, jetty berth, wharf, ramp, slipway, boatshed, marina berth, pontoon or, whether private, commercial or a recreational public facility, that is located within the coastal marine area of the Northland.

"Mooring" means any swing or pile mooring whether private, commercial or recreational mooring that is located within the coastal marine area of the Northland.
"**Owner**" includes:

(a) in relation to a vessel, the agent of the owner and also a charterer; or
(b) in relation to any dock, wharf, quay, slipway or other maritime facility,
means the owner, manager, occupier or lessee of the dock, wharf, quay, slipway or other maritime facility.

3. Navigation Safety Bylaw Fees

For the period specified hereunder and for each year thereafter until amended or superseded by a subsequent bylaw charge, the owner of every maritime facility or mooring in the region shall pay to the Council an annual navigation fee fixed herein.

(a) The navigation safety bylaw fee shall be payable on the number of berths available at the maritime facility, whether or not all berths are used. The Council's Harbourmaster shall determine the number of berths available at any maritime facility.

			Excluding GST
(b)	(1)	For every mooring, jetty, jetty berth, boatshed, boat ramp up to 15 m x 4.5 m, minor structure, and any group of piles with 74 berths or less owned by one organisation.	$60.00
	(2)	For every berth holder not otherwise included herein a fee for the recovery of the cost of the navigation safety equipment in the upper Hātea river, per berth.	$60.00
	(3)	(a) For every berth in a marina containing more than 75 berths, provided that if the fee is not paid within 60 days of invoice, the fee shall revert to $60.00 per berth.	$50.00
		(b) For every berth in marinas containing 24 or more, but less than 75 berths, provided that if the fee is not paid within 60 days of invoice, the fee shall revert to $60.00 per berth.	$56.00
	(4)	Boatsheds, per additional berth.	$60.00
	(5)	Community and boating club structures, jetties and private accommodation in the coastal marine area.	$60.00
	(6)	Marine farms	$60.00
	(7)	Boat ramps/slipways over 15 metres and grids	$120.00
	(8)	High use structures and jetties, marine-related, not more than 300 m² in plan area within the coastal marine area	$330.00
	(9)	High use commercial slipways with a maximum capacity of less than 50 tonnes.	$330.00
	(10)	High use structures and jetties, marine-related and more than 300 m2 but less than 1,000 m2 in plan area within the coastal marine area	$1,430.00
	(11)	High use structures and jetties, marine-related and more than 1,000 m2 in plan area within the coastal marine area.	$2,530.00
	(12)	High use commercial slipways with a maximum capacity of more than 50 tonnes.	$2,530.00
	(13)	Pursuant to the provisions of Navigation Safety Bylaw clause 3(1)(6), should any mooring licence fees or other charges due to the Council under the provision of this bylaw remain unpaid for a period of 60 days, then the Harbourmaster may remove, or clause to be removed, the mooring and detain the vessel using the mooring, until such fees and charges, including the cost of removing the mooring and storing eh vessel, have been fully paid and discharged. Should such debts have not been paid and discharged within a further 60 days, the Council has the right to sell the mooring and/or vessel to recover the debt.	

4. Hot Work Permits

For vessels alongside wharves or at anchor, per permit.	$70.00

	Excluding GST
5. Safe Operating Licences	
For all Northland harbours, unpowered craft not subject to a maritime rule and available for lease or hire, including: dinghies, kayaks, canoes, aqua-cycles, surf cats or similar commercially available craft, an inspection fee to verify the adequacy of procedures and safety equipment, up to one hour.	$70.00
Where inspection time exceeds one hour, the charge shall be at the rate of $70.00 per hour plus vehicle running costs at the rates approved from time to time by the Inland Revenue Department.	
6. Jet Ski Registration Fees	
As resolved and prescribed by the Auckland Council which undertakes this function on behalf of the Northland Regional Council under delegated authority.	
7. (a) Pilotage[27]	
(i) Inwards/outwards to wharf, Opua – per visit	
Where GRT is greater than 500 but less than 3000	$1,500.00
Where GRT is greater than 3000 but less than 18,000	$2,900.00
(ii) Ships to anchor in Bay of Islands – per visit	
Where GRT is greater than 500 but less than 3000	$1,500.00
Where GRT is greater than 3000 but less than 18,000	$2,900.00
Where GRT is greater than 18,000 but less than 40,000	$3,400.00
Where GRT is greater than 40,000 but less than 100,000	$3,800.00
Where GRT is greater than 100,000	$4,200.00
(b) Shipping	
Navigation and Safety Services Fee Per ship visiting the Bay of Islands regardless of which pilotage organisation or company actually services the vessel	
Where GRT is less than 3000	$1.00/GRT
Where GRT is greater than 3000 but less than 18,000	$2,900.00
Where GRT is greater than 18,000 but less than 40,000	$3,200.00
Where GRT is greater than 40,000 but less than 100,000	$3,500.00
Where GRT is greater than 100,000	$4,000.00
(c) Shipping	
Navigation and Safety Services Fee Per ship visiting the Bay of Islands when the Master is exempt from compulsory pilotage	
Up to 3000 GRT	$1.00/GRT
Per ship visiting the Bay of Islands when the vessel's GRT is more than 100 and less than 500	
From 100 to 500 GRT	$1.00/GRT
(d) Shipping	
Navigation and Safety Services Fee Per ship visiting Whangaroa Harbour except when the ship is also visiting the Bay of Islands during the same voyage	$1,000.00
8. Harbourmaster's Navigation Safety Services Fee	
(a) North Port Ltd	$110,000.00
(b) For water transport operators not serviced by a port company, at actual time and cost.	
(c) Where the actual costs on a labour time and plant recovery basis exceed the annual fee, the Council will recover any balance on an actual cost basis.	

[27] *Charges for Bay of Islands apply for vessels entering inside the pilotage limits as marked on chart NZ 5125.*

		Excluding GST
9.	**Applications for Reserved Area for Special Event (clause 3.13 of the Navigation Safety Bylaw 2012)**	
	Special Event Processing Fee	$140.00
	The Council shall recover from the applicant all actual and reasonable costs incurred in arranging for the publication of a public notice. These costs are additional to the above fee.	

10. All navigation and other fees specified herein are exclusive of Goods and Services Tax.

11. These bylaw fees shall apply for the period 1 July 2012 to 30 June 2013 and will continue to apply until superseded by a subsequent bylaw charge fixed by resolution and publicly notified or by the review required by section 158 of the Local Government Act 2002.

These bylaws will be sealed, publicly notified pursuant to the Local Government Act 2002 and will be confirmed at a meeting of the Council on 26 June 2012. Following confirmation, the bylaws will come into force on 1 July 2012.

Charging Policy

Schedule Two - Fee Appendices

CHARGING POLICY – RESOURCE AND USER FEES

Pursuant to:

- The Biosecurity Act 1993;
- The Building Act 2004;
- The Local Government Act 2002;
- The Local Government Official Information and Meetings Act 1987;
- The Resource Management Act 1991; and
- The Aquaculture Reform (Repeals and Transitional Provisions) Act 2004

1. Introduction

The Resource Management Act 1991 and the Aquaculture Reform (Repeals and Transitional Provisions) Act 2004 authorise the Northland Regional Council to fix resource consent charges relating to the Council's functions and responsibilities under the Act. Charges may be set as specific amounts, as a scale of charges or as formulae. The Council has chosen to use a combination of these approaches. Section 36(1)(c) of the Resource Management Act, provides for the charging of fees to recover costs associated with:

- the administration of resource consents;
- the supervision of resource consents; and
- monitoring – the gathering of information necessary to effectively monitor both the state of the environment and the resource consents that have effect in the region.

Additionally, costs are recoverable under the Building Act 2004 under its building consents, enforcement and safety provisions in regard to dams, the bylaw charging provisions of the Local Government Act 2002, and the Council's Navigation Safety Bylaws. Costs may also be recovered under the authority of the Biosecurity Act 1993, the Local Government Act 2002, and under the Local Government Official Information and Meetings Act 1987.

The Council's Charging Policy defines fees and charges for the following classes:

(i) The Building Act 2004.

(ii) The Biosecurity Act 1993:

- Cost recovery schedule for Northland Regional Pest Management Strategy for Nassella Tussock.

(iii) The Local Government Act 2002:

- Inspections, investigations and/or environmental incidents.
- Management charges for laboratory and miscellaneous services.
- Navigation and safety activities.
- Inspections of dairy farms operating under the permitted activity rules for discharges to land.

(iv) The Local Government Official Information and Meetings Act 1987:

- Information charges.

(v) The Property Law Act 2007

(vi) Navigation Water Transport and Maritime Safety Bylaw Charges.

(vii) The Resource Management Act 1991:

- Application fees for resource consents and certificates of compliance.
- Application fees for preparing or changing a policy statement or plan.
- Resource consent annual administration and monitoring charges.
- Additional supervision charges for investigation of potential non-compliances and non-compliance with consent conditions.
- Charges set by regional rules.
- Applications for offsite farms and reviews of deemed coastal permits for marine farms pursuant to the Aquaculture Reform (Repeals and Transitional Provisions) Act 2004.

The Council reviews its schedule of charges each year to provide for the recovery of the costs associated with the inspection and mitigation of adverse environmental impacts arising from the agricultural and industrial sectors.

The Council's Revenue and Financing Policy sets out the funding and recovery targets for each Council Activity. The funding targets and criteria set out in the Revenue and Financing Policy have been considered by Council in setting fees and charges as set out in the Charging Policy. The Northland Regional Pest Management Strategies provide a schedule of cost recovery for certain works.

The Resource Management Act **consent classes** include permits to take water, permits to discharge contaminants to air, land or water; land use consents, coastal permits, and building consents in the coastal marine area. The major types of consent classes and criteria for charging purposes are as follows:

- Discharges to Water (including):
  - major industries
  - major effluent discharges
  - refuse landfills
  - timber treatment plants
- Other Water Permits
- Discharges to Air
- Coastal (including):
  - moorings, jetties and structures
  - marinas
  - slipways and maintenance facilities
  - major coastal activities
- Land Use Consents

Environmental Incidents

Management charges for labour, laboratory services, supply of information and the Council plant and equipment are detailed in Appendix 16[28].

2. General Policies and Principles

2.1 General Principles

The principles which apply to the charges set out in the Charging Policy document are based on the requirements of Section 36 of the Resource Management Act 1991; Section 77 of the Biosecurity Act 1993, Sections 53 and 243 of the Building Act 2004, Section 13 of the Local Government Official Information and Meetings Act 1987, Section 227(2) of the Property Law Act 2007 and the Local Government Act 2002 – as set out below:

- **Democratic Process**
  The Council's role as a local authority is recognised. Thus, the costs associated with the political process are not charged directly to resource consent users.

- **Cost Recovery**
  The scale of annual charges is in some cases based on the full costs of the Council's supervision role plus a share of the costs of its state of the environment monitoring role.

  Actual and reasonable costs will be recovered from resource users and consent holders where the use of a resource directly occasions costs to the Council. A contribution from the general rate meets a share of the cost where the community benefits from environmental monitoring.

- **Consistency**
  Charges will not vary greatly within classes and within the context of the scale of the activity, except where environmental incidents and non-compliance with consent conditions incur additional supervision costs.

- **Equity**
  Costs will be recovered on an equitable basis, with charging criteria applied consistently across the region. Classes of users will share the costs attributable to that class.

- **Simplicity**
  The system of establishing charges will be kept as simple and as economically efficient as possible.

- **Resource Use**
  The charges will reflect preferred resource use practices which as a consequence will require less work to be undertaken by the Council.

[28] *As provided for by 150(6) of the Local Government Act 2002.*

2.2 Time Period

The policies, formulae and charges set out in this document apply each year from 1 July to the following 30 June, or until replaced by new charges adopted during the Annual Plan special consultative procedure as prescribed by the Local Government Act 2002.

2.3 Performance

With regard to all application fees and amounts specified in this document, the Council need not perform the action to which the charge relates until the charge has been paid in full [Resource Management Act, Section 36(7)].

2.4 Remission of Charges

The Council may remit any charge referred to in this document, in part or full, on a case-by-case basis, and at its absolute discretion. [Resource Management Act, Section 36(5).]

2.5 Goods and Services Tax

The charges and formulae outlined in this document are exclusive of GST, except where noted otherwise.

2.6 Debtors

All debtors' accounts will be administered in accordance with this policy and outstanding debts will be pursued until recovered. Account offset will be considered on merit in situations where the Council is indebted to the same person.

2.7 Regulations

The Council will apply Crown charges, which may be set from time to time by Order in the Council (Regulations). [Resource Management Act, Section 36(1)(g).]

2.8 General Policies for Charges

The general policies for charges are set out in the Annual Plan, which is adopted following the Special Consultative Procedure prescribed in the Local Government Act 2002. In the case of fees for annual charges and consents applications, the policies are as follows:

(i) The annual charges shall apply from 1 July to the following 30 June each year, or until amended by the Council.

(ii) Account offset will be considered on merit in situations where the Council is indebted to the same person.

(iii) Where compliance monitoring charges are expected to equal or exceed $1,000 (GST exclusive), the consent holder will generally be invoiced the actual costs of monitoring during the progress of the work, once costs have exceeded a prescribed sum (refer Section 4.2.5).

(iv) Where any resource consent for a new activity is approved during the year and will be liable for future annual charges, the actual costs of monitoring activities will be charged to the applicant subject to Clause (vi). Consents for activities in the Coastal Marine Area are also subject to the Navigation Water Transport and Maritime Safety Bylaw Charges.

(v) A minimum fee of $80.00 will apply to all significant recoverable charges (except for the Navigation Safety Bylaw fees) other than for new consents granted after 1 March each year when the minimum fee will be waived for the remainder of that financial year.

(vi) In any case where a resource consent expires, or is surrendered, during the course of the year and the activity or use is not ongoing, then the associated annual charge will be based on the actual costs of monitoring activities to the date of expiry or surrender, subject to Clause (v) and also administrative/monitoring costs incurred as a result of the expiry/surrender of the consent.

(vii) Where a resource consent expires during the course of the year but the activity or use continues and requires a replacement consent, then the annual charges will continue to be applied.

(viii) Where non-compliance with resource consent conditions is encountered, or unprogrammed additional monitoring is necessary, the costs will be recovered in addition to the set annual fee.

(ix) Bonafide community organisations that own community structures in the coastal marine area, which are available for unimpeded public use free of charge; or consent holders undertaking activities for the principal purposes of enhancing the natural environment, may apply to the Council to waive the annual charges, and the Council may remit all or part of the user fees, pursuant to Section 36 of the Resource Management Act.

(x) Upon application and the approval of the Chief Executive Officer, all or part of the Council's user charges for structures in the coastal marine area or activities undertaken for the purposes of protecting or enhancing the natural environment, may be remitted where cases of genuine hardship are proved.

3. Application Fees

3.1 Introduction

This part of the policy deals with application charges in respect of two areas:

- applications for the preparation or change of a policy statement or plan;
- applications for resource consents, for the review of resource consent conditions, building consents and project information memoranda.

The Resource Management Act allows the Council to fix charges for the carrying out of its functions in respect of applications.

The fixed initial deposits listed in Appendix One: Resource Consent Applications – Fixed Initial Deposits and Consents Staff Hourly Processing Rates, are minimum charges for resource consent applications and are charges 'fixed' under section 36(1) of the Resource Management Act (they are therefore not subject to objection rights). All consent processing costs which exceed the fixed initial deposit are considered to be additional charges pursuant to section 36(3) of the Resource Management Act and these may be progressively charged on a monthly basis or invoiced at the end of the consenting process.

3.2 Prepare or Change a Policy Statement or Plan

Any person may apply to the Council for the preparation of or change to a regional plan. Any Minister of the Crown, or any territorial authority of the region may request a change to a policy statement.

When considering whether costs should be borne by the applicant, shared with the Council, or borne fully by the Council, the following will be taken into account:

- the underlying reason for the change; and
- the extent to which the applicant will benefit; and
- the extent to which the general community will benefit.

For the receipt and assessment of any application to prepare or change a policy statement or plan, actual and reasonable costs will be recovered. The charging policies are outlined below:

(i) All applicants will be required to pay a deposit of $6,000.00 plus GST based on the expected costs of receiving and assessing the application, up to but not including the costs of public notification.

Actual and reasonable costs based on an hourly rate, mileage and disbursements will be included in the deposit.

Any additional costs incurred in processing the application will be invoiced to the applicant.

(ii) For any action required to implement a decision to proceed with the preparation or change to a policy statement or plan, a deposit of $3,000.00 plus GST shall be made for the costs of public notification. This will be followed by a case-by-case assessment of where the costs should fall. Any costs charged will be invoiced monthly from the date of public notification.

Prior to public notification, an estimate of total costs will be given to the applicant. The applicant will have the option of withdrawing the request on receipt of notice of the estimated costs.

Withdrawn requests are subject to payment of the actual and reasonable costs of relevant work completed to the date of withdrawal.

Labour (standard charge rates includes mileage)	**Excluding GST Cost per hour**
▪ Policy Analyst	$77.00
▪ Policy Specialist	$87.00
▪ Senior Programme Manager	$113.00
▪ Manager	$150.00

3.3 Resource Consents and Building Act Applications

Applicants will be charged for the actual and reasonable costs, including disbursements, of receiving and processing applications for resource consents, building consents and project information memoranda.

These costs will include:

(i) **Staff Costs** - Officers' actual recorded time, charged at the relevant hourly rate in the table of Consents Staff Hourly Processing Rates in Appendix 1. These rates are derived from actual employment costs plus a factor to cover administration and general operating costs.

(ii) **Discounts** - The Council will provide a discount, if applicable, on the administrative charges imposed under section 36 of the Resource Management Act 1991 in accordance with the Resource Management Discount Regulations for all applications lodged on or after 31 July 2010.

(iii) **Hearings** – The costs of pre-hearing meetings and hearings will be charged to the applicant. Council members' hearing costs will be recovered as determined by the Remuneration Authority. Staff costs and Committee Members' fees or the actual costs of independent commissioners at formal hearings will be charged.

(iv) Charges relating to joint hearings will be apportioned by the authorities involved, according to which authority has the primary role of organising the hearing.

(v) Where a hearings panel has directed that expert evidence is pre-circulated then all persons who are adducing such evidence shall be responsible for providing the prescribed number of copies of such evidence to the Council. In the event that the Council needs to prepare copies of such evidence the person adducing the evidence will be charged for the copying.

(iv) **External costs** including disbursements will also be charged; for example advertising, legal and consulting advice, laboratory testing, hearing venues and incidental costs.

(v) All applicants for a resource consent will be required to pay a fixed initial deposit on application as set out in Appendix One Resource Consent Applications – Fixed Initial Deposits and Consents Staff Hourly Processing Rates. Prior to consideration of the application, the Chief Executive Officer is authorised to require an additional deposit of up to $20,000 for complex applications.

(vi) The costs of processing applications to change, cancel or review consent conditions under Sections 127 and 128 of the Resource Management Act 1991 and Sections 10, 20, 21 and 53 of the Aquaculture Reform (Repeals and Transitional Provisions) Act 2004.

(vii) All applications for a project information memorandum and a building consent, as well as the issuing of notices to rectify, will be subject to a minimum estimated charge as set out in Appendix 2 Standard Charges Under the Building Act 2004.

(viii) Charges for Building Act functions other than the issuing of project information memoranda and building consents, will be charged a set fee per individual element, or on the basis of actual and reasonable cost, as set out in Appendix 2. These functions include the issue of compliance schedules, requests for information on building consent applications, extension of valid term, actions re dangerous buildings, inspections and technical processing.

(ix) Withdrawn applications are subject to the minimum fees set out in Section 2.8(vi), Appendix 1 or Appendix 2 as appropriate, or the actual costs of the work completed to the date of withdrawal (whichever is greater).

(x) All processing costs which exceed the application deposit may be progressively charged on a monthly basis. [Note: Section 36(7) of the Resource Management Act 1991 and 243 of the Building Act 2004.]

(xi) Applications for consents may incur any additional Crown charges or levies as prescribed in relevant legislation or Regulations fixed from time to time.

Appendix 1 lists the minimum fixed initial deposit charge for resource consent applications and Consents Staff Hourly Processing Rates.

Appendix 2 lists the standard charges under the Building Act 2004.

4. Resource Consent Holder and Other Resource User Charges

4.1 Introduction

Under Section 36(1)(c) of the Resource Management Act, the Council may charge for costs associated with the:

(a) administration, supervision and monitoring of resource consents; and

(b) for carrying out its resource management functions under Section 35 of the Act.

Administration covers how the Council records and manages the information it has on the resource consents it grants. The Council is obliged to keep "records of each resource consent granted by it" under Section 35(5)(g) of the Act, which must be "reasonably available [to the public] at its principal office" [Section 35(3)] of the Act. The Council keeps this information on hard copy files and electronic databases. The costs of operating and maintaining these systems are substantial.

The minimum fee recovers some of the costs of the administration of resource consents.

Supervision covers functions that the Council may need to carry out in relation to the ongoing management of resource consents. This can include the granting of approvals to plans and other documentation, review and assessment of self monitoring results provided by the consent holder, provision of monitoring information and reports to consent holders, meetings with consent holders relating to consent compliance and monitoring, and participation in liaison and/or peer review groups established under consent conditions or to address issues relating to the exercise of resource consents.

Monitoring is the gathering of information to check consent compliance and to ascertain the environmental effects that arise from the exercise of the resource consents. The Council is obliged to monitor "the exercise of the resource consents that have effect in its region" under Section 35(2)(d) of the Act.

In determining charges under Section 36 of the Resource Management Act, the Council has given consideration to the purpose of the charges and the Council's functions under the Act. It is considered that consent holders have both the privilege of using resources and responsibilities for any related effects on the environment. It is the Council's role to ensure that the level of effects is managed, monitored and is acceptable, in terms of sustainable management and the community's values. The annual charges for the administration, monitoring and supervision of resource consents are based on the assumption that those consents will be complied with and exercised in a responsible manner.

Annual resource consent management charges will be based on a set minimum fee plus, charges for consent supervision and/or monitoring undertaken by Council staff, and where appropriate a portion of costs associated with State of The Environment monitoring of resources used by consent holders, e.g. the costs of running Council's hydrological sites, water quality monitoring networks and associated surveys such as macro invertebrate and fish monitoring. This particularly applies to water take consents both surface and groundwater and marine farms.

4.2 Annual Charges

4.2.1 Basis of Charges

The charges reflect the nature and scale of consented activities. In general, those activities having greater actual or potential effects on the environment require greater supervision and monitoring from the Council. In setting these charges, the Council has duly considered that their purpose is to recover the reasonable costs in relation to the Council's administration, supervision and monitoring of resource consents and for undertaking its functions under Section 35 of the Resource Management Act. The estimated full costs of the Council's supervision role and planned monitoring of consents will be recovered.

In respect of the Council's administration role a standard minimum annual charge will apply to cover some of the costs of operating and maintaining its consents-related information systems.

Where appropriate, a proportion of the costs of **monitoring the state of the environment** (Section 35(2)(a)) is incorporated in the charge to the consent holder. In such cases, the Council has had particular regard to Section 36(4)(b)(iii), i.e., the extent that the monitoring relates to the likely effects of consent holder's activities or the extent that the likely benefit to consent holders exceeds the likely benefit of the monitoring to the community. The costs to the Council associated with this activity may be shared between consent holders and the community. This recognises that there is value and benefit to the community of work the Council undertakes with respect to monitoring the state of the environment. In the Council's judgement this is a fair and equitable division.

In relation to swing/pile moorings within the Marine 4 Management Areas which meet the permitted activity criteria, the costs of providing Council services will be recovered through the Navigation and Safety Bylaw Charges outlined in Section 10.

In relation to swing/pile moorings outside the Marine 4 Management Areas without consent (non-consented), costs will be recovered through the Navigation and Safety Bylaw until consent is gained. Application for consent must be in accordance with Council's programme for applications. Under Section 36(1), these charges "shall be either specific amounts or determined by reference to scales of charges or other formulae fixed by the (Council)". The Council has fixed charges by all these methods in the past.

Specific amount fees are not often charged for larger activities the preferred method is to apply the formulae specified in Section 4.2.3 to determine the expected costs of both scale fees and the expected costs of monitoring larger consents as outlined in the appendices.

4.2.2 Resource User Charges

Many water resources in Northland are highly allocated and are under increasing pressure. It is difficult to assess the natural flows/levels of water bodies as there is limited data available on water use and flows/levels in some high allocation areas.

In order to address these issue, and central governments Sustainable Water Programme for Action initiatives. A Sustainable Water Allocation Plan is being prepared which requires further resourcing by council to give effect to. Such work provides benefit to both the community and water users together. Much of the information provided by council's current hydrometric network will provide an initial basis for this work as such a part of the cost of running this network shall be recovered from water users through a resource user charge.

The detail of this charge are outlined in Appendices 3 and 15.

The "resource user charge" for hydro electric companies will be considered on a case by case basis due to the size and complex nature of their takes.

4.2.3 Scale Charges

Scaled charges are attributed to consents for minor to moderate activities and the charge reflects the costs of administering and monitoring that class of consent and/or the actual and/or potential effects of the activity. The latter will reflect the resource affected by the consented activity. Scale charges relate to the following "classes" of consents:

- Water takes fee scale (Appendix 3)
- Minor to moderate discharges to air and water and small to moderate scale discharges to land, and land use activities including quarries (Appendix 4)
- Farm dairy effluent discharges (Appendix 5)
- Coastal structures (post construction or installation) (Appendix 6)
- Coastal structures (construction or installation phase) (Appendix 7)
- Land use consents for boating-related structures in waters upstream of the coastal marine area (post construction) (Appendix 8)

4.2.4 Large Scale Activities

Consents that do not fall into the classes listed in Section 4.2.3 will be for larger scale activities or activities with high potential adverse effects (estimated compliance monitoring costs of $1,000 and over per year inclusive of GST). In most cases these consents will generally be subject to comprehensive monitoring programmes, regular inspections and involve routine sampling and testing or audit monitoring functions or contribute towards the costs of the council's State of the Environment Monitoring as is the case for many of the larger water take consents. Large scale activities may require more monitoring inspections. As the sampling and testing requirements for these consents will vary, so too will the costs incurred by the council to carry out those monitoring programmes.

Annual charging for the monitoring of these consents is calculated using the following formulae and/or the actual and reasonable historical costs:

Labour (staff time) + Sampling and Testing Costs + Monitoring Equipment Costs + Administration Fee + SOE Monitoring Charge/Resource User Charge = Annual Charge

Labour (standard charge rates includes mileage)	**Excluding GST per hour**
▪ Monitoring Technician/Administrator	$66.00
▪ Monitoring Officer Scale 1	$77.00
▪ Monitoring Officer Scale 2	$87.00
▪ Monitoring Officer Scale 3	$97.00
▪ Senior Monitoring Officer Scale 1	$103.00
▪ Senior Monitoring Officer Scale 2	$113.00
▪ Manager	$150.00

Where there is a need for two or more officers to attend, the costs of all officers will be recovered.

Sampling and Testing Costs

▪ Internal Costs	per Clause 2.1-2.7
▪ External Costs	at cost

Monitoring Equipment Costs

Generally applied to consents where special equipment has been installed to monitor those consents. For example, hydrometric stations on rivers from which water is taken for irrigation purposes, water quality monitoring sounds and/or automatic sampling equipment.

Excluding GST per hour

Administration Fee

Per consent or consent "package" $80.00

State of the Environment Costs

Where appropriate the addition of a specified amount contributing towards the recovery of costs incurred by Council as part of its Sate of the Environment monitoring and/or the hydrometric network.

The estimated monitoring costs are then rounded to an appropriate sum which becomes the expected annual charge. These formulae and the historical cost data of monitoring like consents provides a reasonable estimate of the actual costs of monitoring consents each year and will be used to provide the expected costs of monitoring in the forthcoming years. These expected costs of monitoring are itemised in the fee schedules included in appendices outlined below:

- Major Industries (Appendix9)
- Timber Treatment Plants (Appendix 10)
- Major Effluent Discharges (Appendix 11)
- Refuse Landfills (Appendix 12)
- Large Scale Discharges to Air (Appendix 13)
- Major Coastal Activities (Appendix 14)
- Water Takes with High Potential Effects (Appendix 15)

4.2.5 Additional Supervision Charges

Introduction

The annual consent charges outlined in Section 4 above are based on the assumption that the consents they relate to will be complied with and exercised in a responsible manner, and recover the cost of work undertaken each year by the Council in the administration, monitoring and supervision of those consents.

The purpose of additional supervision charges is to recover costs of additional supervisory work that is required to be undertaken by Council when people, including consent holders, do not act in accordance with consents or council's rules relating to resource use.

Additional supervision charges relate to those situations where:

- consent conditions are not being met or adverse effects are resulting from the exercise of a consent; or
- unauthorised activities are being carried out.

Procedure

When consent non-compliance or an unauthorised activity is found, the person is, if possible, given the opportunity to remedy the situation and is informed that costs of additional supervision will be recovered. Such activity may also be subject to infringement notices, enforcement orders or prosecutions.

Calculation

Charges for additional supervision will be calculated on an actual and reasonable basis.
The costs that make up the charge will include:

- labour costs; officers' actual recorded time spent, including travel time, in following up the non-compliance matter or unauthorised activity (charged at the appropriate hourly rate listed in Section 4.2.3); plus
- any sampling and testing costs incurred; plus any equipment costs (excluding vehicle running costs) associated with the monitoring of the non-compliance; plus
- any external costs incurred (e.g. external consultants, hire of clean-up equipment).

For consent holders only, no additional supervision charge will be applied where the annual charges for their consents are sufficient to cover the costs incurred in following up their consent non-compliance.

In the case of water takes annual charges are estimated on the basis of normal summer flows and consequently during drier than normal years further monitoring may be required in the form of flow, water level and/or water abstraction measurements. The costs of this further work will be charged to the consent holder in the form of additionally supervision charges as outlined above.

4.2.6 Invoicing – Non-scale Fees

The majority of large scale activities or activities with high potential adverse effects (where annual monitoring costs exceed $1,000, GST inclusive) and certain small scale activities such as short term earthworks/construction type consents, will be monitored, the results recorded/reported and subsequently invoiced to the consent holder on a cost recoverable basis.
Invoices will be generated once the costs of any work have exceeded a prescribed sum. This will be determined by the scale of the activity. Costs will be invoiced in a timely manner during the progress of the work to ensure that large amounts of costs do not accrue.

In the case of significant water takes charges will generally be invoiced annually in line with Appendix 15 and any further supervision charges will be invoiced on a regular basis as costs are incurred by council.

4.3 Change in Resource Consent Status

Where any resource consent is approved during the year, and will be liable for annual charges, the actual costs of monitoring activities will be charged to the applicant. The annual minimum fee will continue to apply per the Council's general policy 2.8(vi).

For large scale activities where a resource consent expires, or is surrendered, during the course of the year and the activity or use is not on-going, then the associated annual charge will be based on actual and reasonable costs incurred to the date of expiry or surrender, including costs incurred as a result of monitoring and administration activities associated with the expiry or surrender of the consent. The annual minimum fee will continue to apply.

Where a resource consent expires during the course of the year but the activity or use continues and is subject to a replacement process, then the annual charges will continue to apply.

4.4 Timing

Invoicing of consent annual charges will be in the quarter following the adoption of the Long Term Council Community Plan or Annual Plan by the Council or after monitoring of the consent has been undertaken (post billing).

In some cases, invoicing of charges may be deferred until after the Council has completed all, or a significant portion of its planned monitoring of a consent.

4.5 Permitted Activity Dairy Shed Effluent Systems – Fees

These charges are made to recover the costs of inspecting farm dairy effluent systems, wintering barns or pad discharges to determine compliance with the permitted activity rules in the Regional Water and Soil Plan. The inspections are conducted in order that the Council adequately carries out its functions and responsibilities pursuant to Sections 30(1)(f), 35(2)(a) and 36 of the Resource Management Act. The fees are set according to Section 150 of the Local Government Act.

The charges are as follows:	**Excluding GST**
(i) Inspection and monitoring fee:	
Grades 1P, 2P, 3P (fixed fee)	$164 00
Grades 4P, 5X, C (fixed fee)	$246.00
(ii) Second and subsequent visits and inspections including travel time, (for non-complying or inadequately treated discharges, grades 4P, 5X and C)	$80.00 per hour

Where there is a need for two officers to attend, the costs of both officers will be recovered.

Administration costs incurred will be charged in addition to the costs of the site visit/inspections, plus the actual and reasonable cost of any specific water quality testing and/or enforcement action required (see Appendix 16).

Note: For charges for consented farm dairy effluent discharge consents, refer to Appendix 5.

4.6 Permitted Activity Monitoring/Inspections – Fees

These charges are made to recover the costs of inspections of permitted activities to determine compliance with the permitted activity rules in the Regional Plans. The inspections are conducted in order that the Council adequately carries out its functions and responsibilities pursuant to Sections 30, 35 and 36 of the Resource Management Act. The fees are charged pursuant to Section 150(1) of the Local Government Act on a cost recoverable basis (officer time, sampling and equipment costs).

The charges are as follows:	Excluding GST Per Hour
▪ Monitoring Technician/Administrator	$66.00
▪ Monitoring Officer Scale 1	$77.00
▪ Monitoring Officer Scale 2	$87.00
▪ Monitoring Officer Scale 3	$97.00
▪ Senior Monitoring Officer Scale 1	$103.00
▪ Senior Monitoring Officer Scale 2	$113.00
▪ Manager	$150.00

plus the actual and reasonable cost of any specific water quality testing and equipment required (see Appendix 16).

4.7 Fees for Emergency works and Environmental Incidents

Under Section 331 of the Resource Management Act, the Council may charge for the costs associated with any emergency works required for the:

(a) Prevention or mitigation of adverse environmental effects;
(b) Remediation of adverse effects on the environment; or
(c) Prevention of loss of life, injury, or serious damage to property.

The costs charged will be the actual and reasonable costs incurred by Council to do the works.

4.8 Fees for the investigation of land for the purposes of identifying and monitoring contaminated land

Under Section 30 of the Resource Management Act Council is responsible for identifying and monitoring contaminated land. Council will recover the costs of inspections plus the actual and reasonable cost of any specific testing of samples taken. The fees are charged pursuant to Section 150(1) of the Local Government Act on a cost recoverable basis (officer time, sampling and equipment costs).

The charges are as follows:	Excluding GST Per Hour
▪ Monitoring Technician/Administrator	$66.00
▪ Monitoring Officer Scale 1	$77.00
▪ Monitoring Officer Scale 2	$87.00
▪ Monitoring Officer Scale 3	$97.00
▪ Senior Monitoring Officer Scale 1	$103.00
▪ Senior Monitoring Officer Scale 2	$113.00
▪ Manager	$150.00

5. Biosecurity Act 1993

5.1 Northland Regional Pest Management Strategies Cost Recovery Policy

Section 135 of the Biosecurity Act provides regional councils with options to recover the costs of administering the Act and performing the functions, powers and duties under a pest management strategy. The mechanisms include user charges and cost recovery in the event of non-compliance with a legal direction.

5.1.1 Request for Work

An authorised person may request any occupier to carry out specified works or measures for the purposes of eradicating or preventing the spread of any pest in accordance with the Northland Regional Pest Management Strategy.

5.1.2 Legal Directions

An authorised person may issue a legal direction to any occupier to carry out specified works or measures for the purposes of eradicating or preventing the spread of any pest in accordance with a Northland Regional Pest Management Strategy. The legal direction shall be issued under Section 122(a) of the Biosecurity Act and specify the following matters:

- The land in respect of which works or measures are required to be undertaken;
- The pest for which the works or measures are required;
- Works or measures to be undertaken to meet the occupier's obligations;
- The time within which the works or measures are to be undertaken;
- Action that may be undertaken by the management agency (generally, the Council) if the occupier or occupiers fail to comply with any part of the direction;
- The name, address, telephone number and fax number of the management agency and the name of the authorised person issuing the legal direction.

5.1.3 Failure to Comply with a Legal Direction

Where a legal direction has been given to an occupier under Section 6.5.1 of the Northland Regional Pest Management Strategies and the occupier has not complied with the requirements of the legal direction within the time specified, then the management agency may enter onto the land specified in the legal direction and carry out, or cause to be carried out, the works or measures specified in the legal direction, or such other works or measures as are reasonably necessary or appropriate for the purpose of giving effect to the requirements of the legal direction.

5.1.4 Recovery of Costs Incurred by Management Agency

Where a management agency undertakes works or measures for the purposes of giving effect to the requirements of a request for work or a legal direction it shall recover the costs incurred from the occupier pursuant to Sections 128 and 129 of the Biosecurity Act and may register the debt as a charge against the land.

5.2 Regional Pest Management Strategy (RPMS) for Nassella Tussock

This strategy adopted by the Council on 19 September 2001, pursuant to Section 77(7) of the Biosecurity Act 1993 supersedes the former Operative Northland Regional Pest Management Strategy for nassella tussock adopted in April 1998. The Strategy continues the funding policy of the former Operative Strategy, which identifies the regional benefits of eradicating nassella tussock but also recognises benefits to the occupiers of infested properties. It now includes rules for the recovery of costs incurred by the Council.

To recognise the regional benefit of eradicating nassella tussock, the Council recovers only part of the costs of ranging and grubbing infested land from the owner/occupier of the land. The proportion of the cost recovered is categorised as follows:

- **Category I** – Surveillance sites, that is sites found free of nassella for the preceding three or more years. No cost recovery.
- **Category II** – Sites where nassella is still being found but which have been permanently retired from grazing and on which there is a full canopy cover of indigenous scrub or forest, or such a cover is being actively encouraged. No cost recovery.
- **Category III** – Sites where nassella is still being found but which are being managed to encourage a dense, well grazed pasture with easy access and no obstructions which prevent plants being seen. Twenty percent cost recovery.
- **Category IV** – Active sites with major obstructions to access and visibility. Typically non or lightly grazed pasture with less than 10% scrub or scrubby weeds. Forty percent cost recovery.
- **Category V** – Active sites with major access problems and obstructions to visibility. Typically reverted pasture with greater than 10% cover of gorse or scrub, unpruned pine forest and long grass or scrub under storey or pine forest with heavy pruning and/or thinning slash. Sixty percent cost recovery.

NB: Under the Biosecurity Act 1993, any unpaid charges due to the Council can be registered as a debt against the certificate of title for the land on which the eradication works were carried out.

The charges levied are as follows:	**Excluding GST Per Hour**
▪ Biosecurity Technician/Administrator	$66.00
▪ Biosecurity Officer Scale 1	$77.00
▪ Biosecurity Officer Scale 2	$87.00
▪ Biosecurity Officer Scale 3	$97.00
▪ Senior Biosecurity Officer Scale 1	$103.00
▪ Senior Biosecurity Officer Scale 2	$113.00
▪ Manager	$150.00

6. Local Government Act Charges

6.1 Fees for Maritime Related Incidents

These charges are made to recover the costs incurred by the Council as a result of staff responding to any incident that causes or may have the potential to cause, adverse environmental effects or effects on navigation and safety. The response action taken by Council staff may include, but will not be limited to, the monitoring, inspection, investigation, clean-up, removal, mitigation and remediation works.Actual costs for consumables, plant and equipment used/hired during a response will also be charged in addition to staff hours as appropriate.

The charges are as follows:	Excluding GST Per Hour
▪ Technician/Administrator	$66.00
▪ Officer Scale 1	$77.00
▪ Officer Scale 2	$87.00
▪ Officer Scale 3	$97.00
▪ Senior Officer Scale 1	$103.00
▪ Senior Officer Scale 2	$113.00
▪ Manager	$150.00

For incidents occurring outside normal business hours, a minimum call out fee of two hours at the above rates shall apply.

7. Charges set by Regional Rules

When developing a regional plan, the Council may create regional rules to prohibit, regulate or allow activities. These rules may specify permitted activities, controlled activities, discretionary activities, non-complying activities, prohibited activities and restricted coastal activities.

Permitted activities are allowed by a regional plan without a resource consent, if the activity complies with any conditions, which may have been specified in the plan. Conditions on a resource consent may be set in relation to any matters outlined in Section 108 of the Resource Management Act. They may include a specific condition relating to a financial contribution (cash, land, works and services) for any purpose specified in a plan.

The Council therefore reserves the right to set other charges pursuant to regional rules in regional plans. These charges will include staff costs for giving evidence in a New Zealand court; matters pertaining actions required under the Maritime Transport Act 1994 or Biosecurity Act and any other regulated activities. Any new charges would be notified through the public process required for a regional plan prior to its approval.

7.1 Actual and Reasonable Costs for Charges arising from Regional Rules

Actual and reasonable costs will be charged for fees set by regional rules. These costs will include:

- Staff Costs – Officers' actual recorded time charged at an hourly rate comprising actual employment costs plus a factor to cover administration and general operating costs.
- Hearings – The costs of pre-hearing meetings and hearings will be charged to the applicant. Council members' hearing costs will be recovered as determined by the Remuneration Authority. Staff costs and Committee Members' fees or the actual costs of independent commissioners at formal hearings will be charged.
- For applications relating to restricted coastal activities, the applicant will also be charged the Council's costs of the Minister of Conservation's representative. Charges related to joint hearings will be apportioned by the authorities involved, according to which authority has the primary role of organising the hearing.
- External Costs, including disbursements, are additional to the above charges, for example advertising, consulting and legal advice, laboratory testing, hearing venues and incidental costs.

8. Provision of Information and Technical Advice

A. Information provided under the RMA – consents, hearings etc

The Council recognises that it has a significant advisory and information role. The Council has the right, under legislation, to recover the costs of providing certain information.

Pursuant to the Local Government Act, and sections 36(e) and (f) of the Resource Management Act, the Council may charge for the provision of information as follows:

(i) Actual and reasonable charges will be made to cover the costs of making information and documents available, for the provision of technical advice and consultancy services. These costs will include:
   - staff costs related to making the information available - i.e., officers' actual recorded time charged at an hourly rate comprising actual employment costs plus a factor to cover administration and general operating costs;
   - any additional costs incurred, for example, photocopying, printing binding; and – computer processing costs - refer Appendix 16 (item 6).

(ii) Where an inquiry requires less than 30 minutes of staff time, no staff costs will be charged. Additional costs of less than $10.00 will not be charged.

(iii) Photocopying (per page)

Consents, hearing agendas	Excluding GST Colour A4	Excluding GST Colour A3	Excluding GST Black A4	Excluding GST Black A3
Cost to applicants	$0.31	$0.44	$0.09	$0.18
Other parties	$0.44	$0.88	$0.18	$0.26

Note: A double-sided page is equivalent to two pages.

B. Guidelines for Staff – Charging for Advice/Information and Technical Data

Charging for the cost of time and disbursements incurred when providing information to prospective applicants for resource consents, or third parties, shall be charged in accordance with Section 8A and 8C herein. This guideline is provided so that all officers are conversant with the principles of cost recovery, and how to distinguish chargeable technical information from freely available educational material.

(i) Consistency, Distance, Location

All time after the first half hour[29] and any disbursements involved in providing information that confers a private benefit on the recipient(s) shall be recovered by way of invoicing the cost at the rates set out in Section 8A. This policy is consistent with that applied in Local Government, except when information is requested under the Official Information Act (refer to Section 8C).
There is no concession for time or distance travelled by the Council's officers to provide technical information. No such concession is provided by other technical consultants.
Information given **by telephone** is to be treated exactly the same as information provided at an interview. Technical data provided by hydrology, the laboratory etc, for the purposes of assessing the criteria for a consent application is commercial data with an economic value (i.e., private benefit).

(ii) Advise the Cost in Advance

Officers must **warn the person seeking information in advance**, that a cost will be incurred after the first half hour, and the estimated cost per hour to be charged. This process allows the applicant to weigh the value of his requirements, and will effectively control the level of information sought and deflect frivolous requests.

The provision of information should be **charged separately** from the cost of processing any future resource application.

(iii) Community and Environmental Groups

Where an organisation clearly gains no economic or private benefit for its members from the information sought, then the free time available should be **extended to one hour**, and be treated on the same basis as requests under the Local Government Official Information and Meetings Act (refer section 8C) unless a Regulation or Plan provides otherwise. Additional time and disbursements may be charged for, as a reasonable control mechanism, to avoid frivolous or indulgent requests at the ratepayers' cost. These requests should be referred to a Senior Programme Manager for a decision on charging.

(iv) Educational Information and Materials, and Consent Holders

It is important to distinguish environmental "incidents" that relate to the Hotline, as these are generally within the educational activity/monitoring roles of the Council. It is unlikely that information will be sought in this area.

When the Council's officers are involved in Resource Management Act workshops or public promotions aimed at increasing the public's awareness of the Resource Management Act consent procedures, the Council's environmental role, liaison on planning issues, etc., there is a benefit to the greater community as well as the people attending. Information provided in this context clearly falls within the educational role of the Council and is not charged for.

Consent Holders: All consent holders are entitled to information arising from the monitoring of their consents, including district councils and other corporate bodies.

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[29] *in relation to a specific matter (or related matters) regardless of whether a single staff member or multiple staff members are approached or deal with it.*

Other information sought by district councils is to be assessed on individual merit, and referred to the Department Manager for a decision, to ensure political appropriateness.

C. Information provided under the Local Government and Official Information and Meetings Act

The purposes of the Local Government and Official Information and Meetings Act (LGOIMA) are set out in section 4 of that Act. In summary they enable the public to have access to any official information held by local authorities because this is good for accountability and effective participation. However, official information and deliberations are protected to the extent that this is consistent with public interest and personal privacy.

Reasons for withholding information requested under LGOIMA

The following paraphrases some of the reasons from sections 6, 7, and 17 for withholding or refusing information requested under LGOIMA. For example to:

- Avoid prejudicing the maintenance of the law … and the right to a fair trial
- Protect the privacy of natural persons, including that of deceased natural persons;
- Protect information where making it available, would disclose a trade secret, or would prejudice the commercial position of the person who supplied/is the subject of the information;
- In certain circumstances detailed in the Act, avoid serious offence to tikanga Māori, or to avoid the disclosure of the location of waahi tapu;
- Maintain the effective conduct of public affairs…
- Protect information which is subject to an obligation of confidence…etc;
- Maintain legal professional privilege;
- To enable a local authority to carry out, without disadvantage, commercial activities;
- Prevent the disclosure or use of official information for improper gain or advantage;
- The document alleged to contain the information does not exist or cannot be found;
- The information requested cannot be made available without substantial collation or research
- The request is frivolous or vexatious, or that the information requested is trivial.

Only the Chief Executive Officer (or other officer or employee specifically authorised by the Council) may refuse an official information request.

Section 13 provides for the recovery of the cost of making information available under LGOIMA.

Black and white photocopying or printing on standard A4 or foolscap paper where the total number of pages is in excess of 20 pages will be charged out at 20c for each page after the first 20 pages. All other photocopying and printing charges will recover the actual and reasonable costs involved.

For staff time:

First Hour: **No charge.**

Additional Hours: **Ministry of Justice, Charging Guidelines**

	Excluding GST
First half hour (after the initial free hour)	$33.04
Per hour	$66.08

Note: Under Section 13(1) of LGOIMA the Council has 20 days to make a decision (and communicate it to the requestor) on whether we are granting or withholding the information, including how the information will be provided and for what cost. .We will also tell the requester that they have the right to seek a review by an Ombudsman of the estimated charge. If the charge is substantial the requester may refine the scope of their request to reduce the charge. We may request a deposit be paid under the 2002 Charging Guidelines issued by Secretary for Justice. We will recover actual costs involved in producing and supplying information of commercial value. In stating our fee schedule we reserve discretion to waive a fee if the circumstances of the request suggest this is appropriate for example in the public interest or in cases of hardship.

9. Fee to consent lessee to transfer a lease and fee to consent lessee to enter into a sublease

Pursuant to the general provisions in section 12 of the Local Government Act and section 227 (2) of the Property Law Act 2007, Council can require a charge to cover reasonable legal or other expense of the lesser in giving consent.

	Excluding GST
The charges are as follows:	
(i) transfer or assign the lease	$150.00
(ii) enter into a sublease	$150.00

10. Standard Charges under the Building Act 2004

The Building Act 2004 allows the Council to impose fees and charges for and recover costs of exercising or performing any of its functions, powers, or duties under the Act or under the regulations.

Section 243 of the Act specifically allows for the Council to impose a fee or charges for:

- Issuing a project information memorandum.
- The performance of any other function or service under this Act.
- Recover its costs from the owner if it carries out building work under Section 156 of this Act.
- Where a fee or charge is payable for the performance of a function or service, then the Council may decline to perform the function or service, unless the fee or charge is paid.

The minimum estimated charges and set fees are the standard charges and are exclusive of GST. Costs incurred beyond the minimum estimated charges are to be recovered on the basis of actual and reasonable costs incurred by the Council.

The minimum fees for the different consent activities are set out in Appendix 2.

11. Northland Regional Council Navigation, Water Transport and Maritime Safety Bylaw Charges 2011

These bylaws shall be known as the Northland Regional Council Navigation, Water Transport and Maritime Safety Bylaw Charges 2012:

1. These bylaws shall apply throughout the region of the Council.

2. In these bylaws, unless the context otherwise requires:

"**Maritime facility**" means any jetty, jetty berth, wharf, ramp, slipway, boatshed, marina berth, pontoon or, whether private, commercial or a recreational public facility, that is located within the coastal marine area of the Northland.

"Mooring" means any swing or pile mooring whether private, commercial or recreational mooring that is located within the coastal marine area of the Northland.

"**Owner**" includes:

(a) in relation to a vessel, the agent of the owner and also a charterer; or

(b) in relation to any dock, wharf, quay, slipway or other maritime facility, means the owner, manager, occupier or lessee of the dock, wharf, quay, slipway or other maritime facility.

3. Navigation Safety Bylaw Fees

For the period specified hereunder and for each year thereafter until amended or superseded by a subsequent bylaw charge, the owner of every maritime facility or mooring in the region shall pay to the Council an annual navigation fee fixed herein.

(a) The navigation safety bylaw fee shall be payable on the number of berths available at the maritime facility, whether or not all berths are used. The Council's Harbourmaster shall determine the number of berths available at any maritime facility.

				Excluding GST
(b)	(1)		For every mooring, jetty, jetty berth, boatshed, boat ramp up to 15 m x 4.5 m, minor structure, and any group of piles with 74 berths or less owned by one organisation.	$60.00
	(2)		For every berth holder not otherwise included herein a fee for the recovery of the cost of the navigation safety equipment in the upper Hātea river, per berth.	$60.00
	(3)	(a)	For every berth in a marina containing more than 75 berths, provided that if the fee is not paid within 60 days of invoice, the fee shall revert to $60.00 per berth.	$50.00
		(b)	For every berth in marinas containing 24 or more, but less than 75 berths, provided that if the fee is not paid within 60 days of invoice, the fee shall revert to $60.00 per berth.	$56.00
	(4)		Boatsheds, per additional berth.	$60.00
	(5)		Community and boating club structures, jetties and private accommodation in the coastal marine area.	$60.00
	(6)		Marine farms	$60.00
	(7)		Boat ramps/slipways over 15 metres and grids	$120.00

		Excluding GST
(8)	High use structures and jetties, marine-related, not more than 300 m² in plan area within the coastal marine area	$330.00
(9)	High use commercial slipways with a maximum capacity of less than 50 tonnes.	$330.00
(10)	High use structures and jetties, marine-related and more than 300 m2 but less than 1,000 m2 in plan area within the coastal marine area	$1,430.00
(11)	High use structures and jetties, marine-related and more than 1,000 m2 in plan area within the coastal marine area.	$2,530.00
(12)	High use commercial slipways with a maximum capacity of more than 50 tonnes.	$2,530.00
(13)	Pursuant to the provisions of Navigation Safety Bylaw clause 3(1)(6), should any mooring licence fees or other charges due to the Council under the provision of this bylaw remain unpaid for a period of 60 days, then the Harbourmaster may remove, or clause to be removed, the mooring and detain the vessel using the mooring, until such fees and charges, including the cost of removing the mooring and storing eh vessel, have been fully paid and discharged. Should such debts have not been paid and discharged within a further 60 days, the Council has the right to sell the mooring and/or vessel to recover the debt.	

4. Hot Work Permits

For vessels alongside wharves or at anchor, per permit.	$70.00

5. Safe Operating Licences

For all Northland harbours, unpowered craft not subject to a maritime rule and available for lease or hire, including: dinghies, kayaks, canoes, aqua-cycles, surf cats or similar commercially available craft, an inspection fee to verify the adequacy of procedures and safety equipment, up to one hour.	$70.00
Where inspection time exceeds one hour, the charge shall be at the rate of $70.00 per hour plus vehicle running costs at the rates approved from time to time by the Inland Revenue Department.	

6. Jet Ski Registration Fees

As resolved and prescribed by the Auckland Council which undertakes this function on behalf of the Northland Regional Council under delegated authority.

7. (a) Pilotage[30]

(i) Inwards/outwards to wharf, Opua – per visit	
Where GRT is greater than 500 but less than 3000	$1,500.00
Where GRT is greater than 3000 but less than 18,000	$2,900.00
(ii) Ships to anchor in Bay of Islands – per visit	
Where GRT is greater than 500 but less than 3000	$1,500.00
Where GRT is greater than 3000 but less than 18,000	$2,900.00
Where GRT is greater than 18,000 but less than 40,000	$3,400.00
Where GRT is greater than 40,000 but less than 100,000	$3,800.00
Where GRT is greater than 100,000	$4,200.00

(b) Shipping

Navigation and Safety Services Fee Per ship visiting the Bay of Islands regardless of which pilotage organisation or company actually services the vessel

Where GRT is less than 3000	$1.00/GRT
Where GRT is greater than 3000 but less than 18,000	$2,900.00
Where GRT is greater than 18,000 but less than 40,000	$3,200.00
Where GRT is greater than 40,000 but less than 100,000	$3,500.00
Where GRT is greater than 100,000	$4,000.00
	Excluding GST

[30] *Charges for Bay of Islands apply for vessels entering inside the pilotage limits as marked on chart NZ 5125.*

(c) **Shipping**

Navigation and Safety Services Fee Per ship visiting the Bay of Islands when the Master is exempt from compulsory pilotage

Up to 3000 GRT	$1.00/GRT

Per ship visiting the Bay of Islands when the vessel's GRT is more than 100 and less than 500

From 100 to 500 GRT	$1.00/GRT

(d) **Shipping**

Navigation and Safety Services Fee Per ship visiting Whangaroa Harbour except when the ship is also visiting the Bay of Islands during the same voyage

$1,000.00

8. Harbourmaster's Navigation Safety Services Fee

(a)	North Port Ltd	$110,000.00
(b)	For water transport operators not serviced by a port company, at actual time and cost.	
(c)	Where the actual costs on a labour time and plant recovery basis exceed the annual fee, the Council will recover any balance on an actual cost basis.	

9. Applications for Reserved Area for Special Event (clause 3.13 of the Navigation Safety Bylaw 2012)

Special Event Processing Fee — $140.00

The Council shall recover from the applicant all actual and reasonable costs incurred in arranging for the publication of a public notice. These costs are additional to the above fee.

10. All navigation and other fees specified herein are exclusive of Goods and Services Tax.

11. These bylaw fees shall apply for the period 1 July 2012 to 30 June 2013 and will continue to apply until superseded by a subsequent bylaw charge fixed by resolution and publicly notified or by the review required by section 158 of the Local Government Act 2002.

These bylaws will be sealed, publicly notified pursuant to the Local Government Act 2002 and will be confirmed at a meeting of the Council on 26 June 2012. Following confirmation, the bylaws will come into force on 1 July 2012.

12. Standard Charges under the Maritime Transport Act 1994 - Marine Tier 1 Oil Transfer Sites

Maritime Rule Part 130B requires that the operator of an oil transfer site obtain the approval for a site marine oil spill contingency plan from the Director of Maritime New Zealand. The power to approve these plans has been delegated by the Director to the Chief Executive Officer (sub-delegated to Council employees) of the Northland Regional Council in an Instrument of Delegation pursuant to Section 444(2) of the Maritime Transport Act 1994.

Section 444(12) of the Maritime Transport Act 1994 allows the Council to charge a person a reasonable fee for:

i. Approving Tier 1 site marine oil spill contingency plans and any subsequent amendments
ii. Inspecting Tier 1 sites and any subsequent action taken thereafter in respect of preparation of inspection reports or reporting on non-conformance issues.

The fee set is based on officer's actual recorded time charged at an hourly rate comprising actual employment costs plus a factor to cover administration and general operating costs. Should travel be required, additional costs for mileage will be charged the standard rate as approved by the Inland Revenue Department.

Schedule Two – Fee Appendices

Appendix 1
Resource Consent Applications – Fixed Initial Deposits and Consents Staff Hourly Processing Rates

Schedule of Fixed Initial Deposits

Description	Fixed Initial Deposit $ Excluding GST	$ Including GST
Notified & Limited Notified Applications		
▪ Coastal Permits (excluding moorings), Land Use Consents, Water Permits, and Discharge Permits	2,558.70	2,942.50
▪ Moorings	1,279.13	1,471.00
New Non-notified Applications		
▪ Coastal Permits (excluding moorings), Land Use Consents (excluding Bore Drilling Permits), Water Permits, and Discharge Permits (including Farm Dairy Effluent and Domestic On-site Wastewater)	682.17	784.50
▪ Moorings	468.70	539.00
▪ Bore Drilling Permits	236.96	272.50
plus per additional bore	28.70	33.00
▪ Existing Moorings within High Priority Marine 4 Mooring management Areas. Application fee (minimum charge)	106.52	122.50
▪ Fixed Fee for Discharge Permit for burning of specified materials, including vegetation, by way of open burning or incineration device (e.g. backyard burning) (see Note 8)	51.30	59.00
Replacement Non-notified Applications		
▪ Coastal Permits (excluding moorings), Land Use Consents, Water Permits, and Discharge Permits (excluding Domestic On-site Wastewater)	596.96	686.50
▪ Moorings (includes moorings that have previously had a licence and are seeking to be authorised under the RMA)	383.91	441.50
▪ Domestic On-site Wastewater Discharge Permits	426.52	490.50
Certificate of Compliance	383.91	441.50
Transfer of Consents from the Consent Holder to Another Person (payable by the person requesting the transfer)	47.39	54.50
Transfer existing Water Permit between sites within catchment		
▪ Notified (including limited notification)	596.96	686.50
▪ Non-notified	236.96	272.50
S127 Change or Cancellation of Consent Conditions		
▪ Notified (including limited notification)	895.22	1029.50
▪ Non-notified	383.91	441.50
▪ Minor Administrative Change	85.22	98.00
Request to review deemed coastal permit to reflect actual space (off-site review) under s53 of the Aquaculture Reform (Repeals and Transitional Provisions) Act 2004		
▪ Notified (including limited notification)	2,558.70	2,942.50
▪ Non-notified	682.17	784.50

Description	Fixed Initial Deposit $ Excluding GST	$ Including GST
S128 Review of consent conditions, and review of deemed coastal permits under S10(4), 20(3) and 21(3) of the Aquaculture Reform (Repeals and Transitional Provisions) Act 2004 (see Note 7)		
▪ Notified (including limited notification)	895.22	1,029.50
▪ Non-Notified	383.91	441.50
Extension of Period until a Consent Lapses	236.96	272.50
Hearing Costs (per hearing day per Committee member) at hourly rates set by the Remuneration Authority* or the actual costs of independent Commissioners. See also Note 6.	(Per RA)	
* Determination dated 1 July 2006 of consent hearing fees payable and defining the duties covered by the fee or excluded, currently $68 per hour (Committee Member) and $85 per hour (Chairman).		
Requests by applicants and/or submitters for independent Commissioner(s) to hear and decide resource consent applications as provided for by s100A(2) of the RMA: • In cases where only the applicant requests independent commissioner(s), all the costs for the application to be heard and decided will be charged to the applicant. • In cases where one or more submitter requests independent commissioner(s), the Council will charge as follows: a) The applicant will be charged for the amount that the Council estimates it would cost for the application to be heard and decided if the request for independent commissioner(s) had not been made; and b) The requesting submitters will be charged equal shares of any amount by which the cost of the application being heard and decided in accordance with the request exceeds the amount payable by the applicant outlined in a) above. • Notwithstanding the above, in cases where the applicant and any submitter(s) request independent commissioner(s) all the costs for the application to be heard and decided will be charged to the applicant.		

Note: Approved resource consents attract annual charges.

For Building Consent Application Fees – Refer Appendix 2.

Consents Hourly Processing Rates

Description	Hourly Rate Excluding GST	Hourly Rate Including GST
▪ Secretarial/Admin	$66.00	$75.90
▪ Consents Officer Scale 1	$77.00	$88.55
▪ Consents Officer Scale 2	$87.00	$100.05
▪ Consents Officer Scale 3	$97.00	$111.55
▪ Programme Manager Scale 1	$103.00	$118.45
▪ Programme Manager Scale 2	$113.00	$129.95
▪ Consents Manager	$150.00	$172.50
▪ Consultants	Actual Costs	

Note 1: Complex Applications for Resource Consent(s): Notwithstanding the above schedule, the Chief Executive Officer may require an Additional Charge pursuant to Section 36(3) based on the Council's estimate of actual and reasonable cost for the processing of complex applications.

Note 2: The fixed initial deposits listed in the above table are minimum charges for resource consent applications and are charges 'fixed' under section 36(1) of the RMA (they are therefore not subject to objection rights). All consent processing costs which exceed the fixed initial deposit are considered to be additional charges pursuant to section 36(3) of the RMA and these may be progressively charged on a monthly basis or invoiced at the end of the consenting process.

Note 3: The final costs of processing each resource consent application will be based on actual and reasonable costs and will include the charging of staff time at the rates in the above schedule of Consents Staff Hourly Processing Rates and disbursements. In the event that consultants are used to assist the Council in processing resource consent applications, the actual costs of the consultants will used in calculating the final costs.

Note 4: All applications will be publicly notified unless the consent authority is satisfied that the adverse effect on the environment of the activity for which consent is sought will be minor. Where the adverse effects are considered to be minor the application will be processed on a limited notified basis unless the written approval has been provided from every person whom the consent authority is satisfied may be adversely affected by the granting of the consent, in which case the application will qualify to be processed on a non-notified basis.

Note 5: Where an application is for multiple activities involving more than one type of consent, deposits are required for each type with the following exceptions:

- The fee for land use consents for earthworks and/or vegetation clearance (including mining, quarrying, forestry, bridging, and gravel extraction) also includes the water and discharge permits to divert and discharge stormwater where these are required;
- The fee for discharge permits for sewage volumes greater than 3 cubic metres per day (eg communal subdivision systems, marae etc) includes the associated discharge to air resource consent; and
- The fee for discharge permits to discharge stormwater includes the associated water permit to divert stormwater.

Notwithstanding the above the Council may determine that other 'packages' of consent applications do not require individual deposits for each consent type.

Note 6: For applications relating to restricted coastal activities, the applicant will also be charged the costs of the Minister of Conservation's representative. Additional costs of the Minister of Conservation's representative will also be charged with the prior agreement of the applicant.

Note 7: The Consent Holder will be invoiced the amount of the deposit for reviews of consent conditions at the time the review is initiated by the Northland Regional Council.

Note 8: This 'fixed fee' only applies where such an application is able to be processed on a non-notified basis and no additional charges will be invoiced for such applications even if the costs exceed the fixed fee. However, in the event that the application is required to be limited notified or publicly notified then the Council will require the applicable Fixed Initial Deposit for Notified & Limited Notified Applications (as outlined in the box above) before notification of the application.

Appendix 2
Standard Charges under the Building Act 2004

Charges fixed under the Building Act 2004 are resolved by the Council and fixed pursuant to the Local Government Act 2002 process until subsequently amended.

1. Project and Land Information Memoranda (PIM/LIM)

Estimated Value of Work	Minimum Estimated Charge (MEC) Excluding GST	(MEC) Including GST
All Applications	$1,025.00	$1,178.75

Notes: 1. MEC is payable upon application for a PIM/LIM.
2. Final actual and reasonable costs are payable upon uplifting the PIM/LIM based on Standard Labour Charges in Section 4 of this appendix.

2. Building Consents and Certificates of Approval

Incorporating receipt of a building consent application, the issue of a building consent, including project information memorandum, payment of a Building Research Levy and/or Department of Building and Housing Levy (where applicable) and the issue of a code compliance certificate (where applicable).

Under section 244 of the Building Act 2004, Council has decided to transfer the Building Act functions for consenting dams to the Waikato Regional Council (WRC). Fees will be charged in accordance with the Fees and Charges policy set by WRC. All fees and charges for consent processing will be invoiced directly to the applicant by WRC.

3. Requests for Information on Building Consents

Charges will be the actual and reasonable costs based on standard labour charge rates shown in Section 4 of this appendix.

4. Technical Processing and the exercising of other functions, powers and duties under the Building Act 2004

For technical processing and other functions under the Building Act full costs over and above the deposit will be recovered in accordance with the additional hourly charges.

Function	Deposit Including GST	Hourly charge for exercise of functions or to recover additional costs.
Action to be taken in respect of buildings deemed to be dangerous or insanitary		Standard labour charge rates shown below.
Issue of a Notice to Fix		Minimum charge of $95.00 and further charges for inspections and other action to confirm compliance based on standard labour charge rates shown overleaf.
Lodge Building Warrant of Fitness	$102.50	Standard labour charge rates shown overleaf.
Amendment to compliance schedule	$1,025.00	Standard labour charge rates shown overleaf. .Actual and reasonable for expert advice
Building warrant of fitness audit		Standard labour charge rates shown overleaf.
Certificate of Acceptance	Large Dam (above $100,000 value) $4,100 Medium Dam ($20,000 - $100,000 value) $2,050 Small Dam ($0 to $20,000 value) $512.50	Standard labour charge rates shown below. Actual and reasonable for expert advice.
Lodge dam potential impact category	$102.50	Standard labour charge rates shown below.
Lodge dam safety assurance programme	$102.50	Standard labour charge rates shown below.
Lodge annual dam safety compliance certificate	$102.50	Standard labour charge rates shown below.
Other Functions.		Standard labour charge rates shown below.

Standard labour charge rates

	Excluding GST per Hour
▪ Technician/Administrator	$66.00
▪ Officer Scale 1	$77.00
▪ Officer Scale 2	$87.00
▪ Officer Scale 3	$97.00
▪ Senior Officer – scale 1	$103.00
▪ Senior Officer – scale 2	$113.00
▪ Manager	$150.00

Note: All charges are payable upon invoice, provision of service or upon the exercise of the function, power or duty. Progressive charging may be used where costs are greater than $500 (excluding GST).

When building consent non-compliance or an unauthorised activity is found, the person is, if possible, given the opportunity to remedy the situation and is informed that costs of additional supervision will be recovered. Such activity may also be subject to, infringement offence notices, enforcement orders or prosecutions.

An enforcement officer who observes a person committing an infringement offence or has reasonable cause to believe that an infringement offence is being or has been committed is authorised and warranted under section 229 of the Building Act 2004 to issue an infringement notice.

Appendix 3
Water Takes Fee Scales
Scale of Annual Charges for Water Takes
Note: Appendix 15 identifies water take consents that have fees set outside these scales

Fee Level	Description/Criteria	Administration Charge $ Including GST	Compliance Monitoring/ Supervision $ Including GST	Resource User Charge $ Including GST	Total Annual Charge $ Including GST
8	1. **Negligible Potential Effect:** minor abstraction from water resource low level of allocation and limited future potential demand; no water use returns; Limited benefit from existing SoE monitoring. (Minimum Fee)	94.00	–	24.00	118.00
10	2. **Minor Potential Effect:** minor abstraction from water resource with low to moderate level of allocation; moderate abstraction from water resource with low level of allocation; water use returns; Small benefit from existing SoE monitoring and limited monitoring in the catchment.	94.00	25.00	71.00	190.00
12	3. **Moderate Potential Effect:** minor abstraction from water resource with moderate to high level of allocation; moderate abstraction from a water resource with moderate levels of allocation; major abstraction from water resource with low level of allocation; water use returns, resource monitoring by Consent Holder; Moderate benefits from existing SoE monitoring, data likely to be used for flow allocation management purposes and/or replacement of consent.	94.00	56.00	141.00	291.00
15	4. **Medium Potential Effect:** moderate abstraction from water resource with high level of allocation; major abstraction from resource with moderate level of allocation; water use returns, resource monitoring by Consent Holder; continuation flow conditions; Existing SoE monitoring has greater benefits to Consent Holder for management, security of supply and/or replacement of consent; Total estimated staff time relating to monitoring, supervision and reporting of compliance 1-2 hours.	94.00	126.00	236.00	456.00
19	5. **Medium Potential Effect - Moderate inspection time**: Same criteria as Category 4. However total estimated staff time relating to monitoring, supervision and reporting of compliance 2-3 hours.	94.00	194.00	236.00	524.00
22	6. **Medium Potential Effect - significant inspection time:** same criteria as Category 4 but total estimated staff time relating to monitoring, supervision and reporting of compliance 3-4 hours	94.00	263.00	236.00	593.00
24	7. **Medium to High Potential Effect - significant inspection time:** moderate to major abstraction from resource with high level of allocation. Significant total estimated staff time for inspection and/flow monitoring and consent compliance > 4 hours; Existing SoE monitoring has considerable benefits to Consent Holder for management, security of supply and/or replacement of consent.	94.00	318.00	413.00	825.00
25	8. **High Potential Effect – significant inspection time:** major abstraction from resource with high level of allocation. Significant total estimated staff time for inspection and/flow monitoring and consent compliance >4 hours; Existing SoE monitoring has direct benefits to Consent Holder for management, security of supply, replacement of consent, and specific compliance monitoring of consent.	94.00	389.00	825.00	1308.00

Appendix 4
Minor to Moderate Discharges to Air, Water and Land, and Land Use Activities including Quarries

Scale of Annual Charges for Consents for Minor to Moderate Discharges to Air, Water, and Land (no or Minor Sampling and/or Testing Planned) and Consents for Land Use Activities including Quarries
The fee levels provided below allow for the appropriate recovery of costs by the Council based on the degree of work required by the Council in monitoring each consent. The appropriate fee level will be determined using the formula outlined in Section 4.2.3 with the estimated cost then rounded to the appropriate fee level.
Fee

Fee Level	Annual Charge $ Excluding GST	Annual Charge $ Including GST	Fee Code Narration
1	0.00	0.00	Invoiced manually
2	0.00	0.00	Waived or remitted annual charges
3	0.00	0.00	Charged under another consent
4	0.00	0.00	Post billed (non-scale)
5	0.00	0.00	Special arrangement
6	0.00	0.00	Domestic sewage discharges (Post Billing)
7	82.17	94.5	Minimum loaded with additional fees post monitoring
8	82.17	94.5	Annual Monitoring Charge (and for all the following fees)
9	88.26	101.50	
10	99.57	114.50	
11	116.96	134.50	
12	129.13	148.50	
13	146.52	168.50	
14	176.52	203.00	
15	187.83	216.00	
16	204.78	235.50	
17	222.17	255.50	
18	234.78	270.00	
19	246.09	283.00	
20	263.48	303.00	
21	293.04	337.00	
22	304.35	350.00	
23	323.04	371.50	
24	381.30	438.50	
25	351.75	404.50	
26	410.00	471.50	
27	440.00	506.00	
28	469.13	539.50	
29	498.26	573.00	
30	528.26	607.50	
31	556.52	640.00	
32	586.52	674.50	
33	616.09	708.80	
34	644.78	741.50	

Fee Level	Annual Charge $ Excluding GST	Annual Charge $ Including GST	Fee Code Narration
35	674.35	775.50	
36	703.04	808.50	Annual Monitoring Charge (and for all the following fees)
37	732.61	842.50	
38	762.61	877.00	
39	791.30	910.00	
40	820.87	944.00	
41	850.00	977.50	
42	879.13	1011.00	
43	909.13	1045.50	
44	938.26	1079.00	
45	967.39	1112.50	
46	996.52	1146.00	
47	1026.09	1180.00	
48	1055.65	1214.00	
49	1084.35	1247.00	
50	1114.35	1281.50	
51	1143.04	1314.50	

Appendix 5
Farm Dairy Effluent Charges

Scale of Charges for Consents for Farm Dairy Effluent Discharges (Full and Minor Non-Compliance and Significant non Compliance)

Full and Minor Non-Compliance

Sampling and testing required where indicated.

Fee Level	Description/Criteria	Charge $ Excluding GST	Charge $ Including GST
4	Per inspection – (no sampling or testing)	241.30	277.50
4	Per inspection – (single sample only)	286.96	330.00
4	Per inspection – (two samples)	333.05	383.00
4	Per inspection – (three samples)	379.13	436.00
4	Per inspection – (four samples)	425.22	489.00
4	Per inspection – (five samples)	471.30	542.00
4	Per inspection – (six samples)	517.83	595.50

Significant Non-Compliance

Sampling and testing required where indicated.

Fee Level	Description/Criteria	Charge $ Excluding GST	Charge $ Including GST
4	Per inspection – (no sampling or testing)	323.04	371.50
4	Per inspection – (single sample only)	368.04	423.25
4	Per inspection – (two samples)	413.04	475.00
4	Per inspection – (three samples)	458.04	526.75
4	Per inspection – (four samples)	503.04	578.50
4	Per inspection – (five samples)	548.04	630.25
4	Per inspection – (six samples)	593.04	682.00

Second and subsequent visit, including follow-up inspections, for non-complying systems will be at $80.00 per hour plus GST, plus the actual and reasonable cost of any specific water quality testing and/or enforcement action required.

Note: For fees charged under the Local Government Act for the inspection of non-consented dairy effluent discharge systems, refer to Section 4.5.

Appendix 6
Coastal Structures (Post Construction or Installation)

Scale of Annual Charges for Coastal Structures

Fee Level	Description/Criteria	RMA Administration Fee or Mooring Licence Fee $ Including GST	Navigation Safety Bylaw Fee $ Including GST	Total Fee $ Including GST
101	Individual swing, pile and jetty moorings with or without resource consents.	92.00	69.00	161.00
101	Swing and pile moorings owned by one person or organisation, comprising 10 to 24 moorings (per mooring). Note: No additional charge will be set for those structures which are an integral part of the mooring area, so long as those facilities and activities do not give rise to any significant adverse environmental effects.	80.50	69.00	149.50
3 or 4	Pile moorings and jetty berths owned by one organisation, comprising 25 berths or more, but no more than 75 berths (per berth). Note: No additional charge will be set for those structures which are an integral part of the mooring area, so long as those facilities and activities do not give rise to any significant adverse environmental effects.	51.50	69.00	120.50
1	Marinas comprising more than 75 berths. Navigation fee reverts to $60.00 if fees are not paid within 60 days (per berth)		57.50	57.50
2	Dinghy pulls	99.50		99.50
8	Seawalls and reclamations	91.00		91.00
100	Boat ramps up to 15 m x 4.5 m	91.00	69.00	160.00
102	Boat ramps/slipways over 15 metres and grids	91.00	138.00	229.00
103	Boatsheds	107.50	69.00	176.50
104	Boatsheds with Additional Berth	107.50	138.00	245.50
9	Cables and Pipes	90.00		90.00
13	Private accommodation in the coastal marine area	107.50		107.50
New code needed	Wooden minor structures and jetties not more than 10 m2 in plan area within the coastal marine area (no more than minor environmental effects)	102.00	69.00	171.00
New code needed	Concrete minor structures and jetties not more than 10 m2 in plan area within the coastal marine area (no more than minor environmental effects)	91.00	69.00	160.00
New code needed	Wooden minor structure and jetties: more than 10 m2 and up to 300 m2 in plan area	102.00	69.00	171.00
New code needed	Concrete minor structure and jetties: more than 10 m2 and up to 300 m2 in plan area	91.00	69.00	160.00
New code needed	Community and boating club structures and jetties, and non-commercial public structures	102.00	69.00	171.00
105	Marine farms and offsite farms	341.50	69.00	410.50
18	High use structures and jetties not marine related	107.50		107.50

Fee Level	Description/Criteria	RMA Administration Fee or Mooring Licence Fee $ Including GST	Navigation Safety Bylaw Fee $ Including GST	Total Fee $ Including GST
106	(a) High use structures and jetties, marine-related and not more than 300 m2 in plan area within the coastal marine area, and (b) Slipways with a maximum capacity of not more than 50 tonnes	107.50	379.50	487.00
115	High use structures and jetties, marine-related, more than 300 m2 but not more than 1,000 m2 in plan area within the coastal marine area	107.50	1644.50	1752.00
125	(a) High use structures and jetties, marine-related and not more than 1,000 m2 in plan area within the coastal marine area, and (b) Slipways with a maximum capacity of more than 50 tonnes	107.50	2909.50	3017.00

Note: All structures may be subject to additional charges that recovers the costs incurred by the Council for extra monitoring, such as sampling a discharge. Where the costs of monitoring the structure and discharge exceed the annual charge herein, the Council will recover the balance in accordance with Section 36(3) of the Resource Management Act 1991.

Wooden structures are inspected at three yearly intervals and concrete/rock structures at six yearly intervals. This reflects the durability of concrete/rock structures and the reduced risk to the environment and navigational safety from (structural) failure of these structures.

Consent Holders of multiple structures authorised under a single resource consent for contiguous facilities, will be charged one annual fee for the most significant structure authorised by that consent.

Appendix 7
Coastal Structures (Construction or Installation Phase)

Monitoring Inspection Charges for Consents for Coastal Structures during their Construction or Installation Phase

Inspection Charge	**Excluding GST per hour**
All coastal structures (per officer, plus costs of sampling/testing)	
Monitoring Officer Scale 1	$77.00
Monitoring Officer Scale 2	$87.00

Note: Refer to Section 4.2.2 for bases of charges.

Appendix 8
Land Use Consents for Boating-related Structures in Waters Upstream of the Coastal Marine Area (Post Construction)

Scale of Annual Charges for Land Use Consents for Boating-Related Structures in Waters Upstream of the CMA with minor environmental effects (amended to match fees for similar structures in the coastal marine area, Appendix 6).

Fee Level	Description/Criteria	RMA $ Excluding GST	Total Fee $ Including GST
100	Minor structures and jetties: not more than 10 m2 in plan area.	133.04	153.00
102	Jetties and other structures: more than 10 m2 in plan area.	189.57	218.00

Note: **1.** Consents for new boat-related structures or to alter boat related structures in waterbodies will be subject to an inspection charge of $65.00 per hour (plus GST) per officer during their construction phase.

Note: **2.** Refer to Section 4.2.2 for bases of charges.

Appendix 9
Major Industries

Estimated Annual Charges for Resource Consents for Major Industries

Consent Holder	Consent No(s)	Annual Charge $ Excluding GST	Annual Charge $ Including GST
AFFCO Moerewa	7381(1), (2), (4-11)	2,814.78	3,237.00
Ballance Agri-Nutrients Ltd	7247	1,172.61	1,348.50
GBC (Portland Cement Works)	5059 (1-6), (8)	1,172.61	1,348.50
NZMP Ltd (Kauri) (part of Fonterra Co-op Group Ltd)	4373, 4375, 4377, 4836, 7532, 7671, 8159	7,622.17	8,765.50
NZMP Ltd (Maungaturoto)	4204, 5139, 5140, 5145, 5146, 5147, 7119, 7155	9,966.96	11,462.00
Imerys Tableware NZ Ltd (Matauri Bay Plant)	1345, 2773, 5042, 6751, 6780, 6908, 8050	1,172.61	1,348.50
NZRC (Marsden Point Oil Refinery)	8319	14,070.87	16,181.50

Appendix 10
Timber Treatment Plants
Estimated Annual Charges for Resource Consents for Significant Timber Treatment Plants

Consent Holder	Consent No(s)	Annual Charge $ Excluding GST	Annual Charge $ Including GST
McEwing Enterprises Ltd (Oturei Timber)	4721	586.52	674.50
North Pine Ltd (Waipu)	7651	1,172.61	1,348.50
Donnellys Crossing Sawmills Ltd	4652	1,172.61	1,348.50
Kaihū Valley Sawmill	4653	1,172.61	1,348.50
Carter Holt Harvey Forests Ltd	7921	879.13	1,011.00
Croft Pole Distributors Ltd	8528 (incorporates 4758)	1,172.61	1,348.50
Sheppard, B (Matakohe)	7622	1,172.61	1,348.50
Kaitāia Timber Co Ltd	4655	1,993.91	2,293.00

Note: For the basis of charging, refer Section 4.2.3.

Appendix 11
Major Effluent Discharges or Discharges to Sensitive Receiving Environments
Estimated Annual Charges for Resource Consents for Major Effluent Discharges

Consent Holder	Consent No(s)	Annual Charge $ Excluding GST	Annual Charge $ Including GST
Far North District Council	3839, 2577, 2635, 3775, 7203, 7205	*1,759.13	,2023.00
Far North District Council	2337, 4007, 7205, 1108, 7399	*2,345.22	2,697.00
Far North District Council	4111, 2667	*2,638.26	3,034.00
Far North District Council	2417, 932	*3,048.26	3,505.50
Far North District Council	1168	7,738.70	8,899.50
Kaipara District Council	1102, 1115, 1116	*2,228.26	2,562.50
Kaipara District Council	3666	4,690.43	5,394.00
Kaipara District Council	3780	1,172.61	1,348.50
Whāngārei District Council	4509	1,172.61	1,348.50
Whāngārei District Council	7403	1,875.65	2,157.00
Whāngārei District Council	4155	1,172.61	1,348.50
Whāngārei District Council	2576	2,345.22	2,697.00
Whāngārei District Council	7445	1,993.91	2,293.00
Whāngārei District Council	4352	3,517.83	4,045.50
Ministry of Education	Administration Charge, schools charged separately for monitoring costs.	**3,166.52	**3,641.50
Ota Point Effluent Society	2724	2,931.30	3,371.00

*each Consent
** Combined Charge

Note: For the basis of charging, refer Section 4.2.3.

Appendix 12
Refuse Landfills

Estimated Annual Charges for Resource Consents for Closed and Operating Refuse Landfills

Consent Holder	Consent No(s)	Annual Charge $ Excluding GST	Annual Charge $ Including GST
Far North District Council	1824	703.04	808.50
Kaipara District Council	4816	1,172.61	1,348.50
Kaipara District Council	4809, 4814, 7234, 2257, 4433	* 703.04	* 808.50
Far North District Council	7503	1,407.39	1,618.50
Far North District Council	4789	1,523.91	1,752.50
Kaipara District Council	7562	7,035.65	8,091.00
Far North District Council	2918	1,875.65	2,157.00
Far North District Council	7502	4,690.43	5,394.00

* each Consent

Appendix 13
Large Scale Discharges to Air

Estimated Annual Charges for Resource Consents for Large Scale Discharges to Air

Consent Holder	Consent No(s)	Annual Charge $ Excluding GST	Annual Charge $ Including GST
AFFCO (Moerewa) Ltd	7381(34)	2,931.30	# 3,371.00
Ballance Agri-Nutrients Ltd (Whāngārei Plant)	7068	4,690.43	# 5,394.00
Golden Bay Cement Ltd	5059(7)	3,517.83	# 4,045.50
Juken Nissho Ltd	7062	22,279.57	25,621.50
NZ Refining Co Ltd	8319(2) prev. 7075	1,993.91	2,293.00
NZMP Ltd (Kauri)	7072	5,276.52	# 6,068.00
NZMP Ltd (Maungaturoto)	7073	5,276.52	# 6,068.00
Richmond (Effluent Ponds)	7088	1,172.61	1,348.50
Croft Timber	8528	4,690.43	5,394.00
TDC Sawmills	8417	4,690.43	5,394.00

Industries Requiring Stack Testing

Note: For the basis of charging, refer Section 4.2.3.

Appendix 14
Marinas

Estimated Annual Charges for Resource Consents for Major Coastal Activities

Consent Holder	Consent No(s)	Annual Charge $ Excluding GST	Annual Charge $ Including GST
Far North Holdings Ltd, Opua Marina	8385	4,690.43	5,394.00
Kerikeri Cruising Club	6260	4,690.43	5,394.00
Riverside Drive Marina Ltd	7926	351.74	404.50
Tutukaka Marina Management Trust	2093, 6267, 7836	*4,690.43	5,394.00
Whāngārei Marina Management Trust	7958, 8089, 8517	*4,690.43	5,394.00
Whangaroa Marina Trust	7940	4,690.43	5,394.00

* each Consent

Note: The basis for charging are described in Section 4.2.4.
Navigation, Water Transport and Maritime Safety Bylaw charges also apply to Marinas as detailed in Appendix 6.

Appendix 15
Water Takes of High Potential Effects

Estimated Annual Charges for Water Take Consents for High Potential Effects

Consent Holder	Consent No(s)	Annual Admin/ Supervision/ Monitoring Charge $ Including GST	Resource User Charge $ Including GST	Annual Charge $ Including GST (Total)	Fee Level
Whāngārei District Council	2960	*2,452.00	825.00	3,277.00	70
Fonterra Kauri	437304	*2,820.00	825.00	3,645.00	74
Far North District Council	4369	*2,697.00	412.50	3,109.50	52
Maungatapere Water Supply Co	4607	*368.00	825.00	1,193.00	53
Murphy Prosperity Trust	4715	*368.00	412.50	780.50	54
North Power	4845	*919.50	412.50	1,332.00	55
Ngāwhā Geothermal Resource Company Ltd	488312	*613.00	#1,237.50	1,850.50	56
Kokich & Anderson	4965	*735.50	825.00	1,560.50	57
Northern Dairylands Ltd	5004	*613.00	412.50	1,025.50	58
A B Kevey & L J Christie	5014	*429.00	412.50	841.50	59
McBeth Farms Ltd	5021	*429.000	412.50	841.50	59
Brown Trust Partnership	5022	*429.00	412.50	841.50	59
Leeuwenburg J A & G M Leewenburg	5027	*429.00	412.50	841.50	59
Bryant Fischer Family Trust	7330	*613.00	412.50	1,025.50	58
Whāngārei District Council	7398	*1,226.00	825.00	2,051.00	60
Whāngārei District Council	7404	*3,064.50	825.00	3,889.50	71
Whāngārei District Council	7405	*858.00	412.50	1,270.50	61
Woodbury Farming Ltd	7411	*858.00	412.50	1,270.50	61
Kaipara District Council	7582	*919.50	412.50	1,332.00	55
Burke Farms Ltd	7642	*735.50	412.50	1,148.00	62
Kaipara District Council	8032	*735.50	412.50	1,148.00	62
Kaipara District Council	8134	*858.00	412.50	1,270.50	61

* Includes a charge pursuant to Section 36(1)(c) towards the costs of specific investigations (flow and/or water quality monitoring) within catchment relating to consent and compliance monitoring (See Section 4).
# Multiple consents taking from different catchments and/or resources.

Note: For the basis of charging, refer Section 4.2.3.

Appendix 16
Miscellaneous Management Charges

The Council's Resolution of 8 December 2004, "that pursuant to Section 150(6) of the Local Government Act 2002, Council Managers be authorised to set or vary labour, plant and equipment hire fees and fees for miscellaneous services provided by the Council as necessary from time to time."
The Council's labour, plant and equipment charges to external parties are as follows:

1. Laboratory Services – Laboratory Test Charges

Job Ref. No.	Description/Criteria	Per Sample $ Excluding GST	Per Sample $ Including GST
7346	Absorbance % Transmittance	5.22	6.00
7369	Conductivity	9.57	11.00
7349	Deposited Air Particulate	61.30	70.50
7368	Dissolved Oxygen	5.22	6.00
7377	E coli/Total Colifoms – Colilert	28.70	33.00
7378	Enterococci – Enterolert	28.70	33.00
7373	Faecal Coliforms by MF	22.61	26.00
7381	Microscopic Examination	24.35	28.00
7374	Faecal Coliforms by MPN	40.87	47.00
7370	pH	5.22	6.00
7348	PM10	30.87	35.50
7371	Salinity	5.22	6.00
7358	Suspended Solids	17.39	20.00
7372	Temperature	1.30	1.50
7365	Turbidity	6.52	7.50
7346	UV% transmittance	5.22	6.00

Any further tests required, please contact laboratory staff for prices.

2. Labour – General

Labour costs for the Council's staff not previously specified in this Policy will be charged at an hourly rate determined from actual employment costs, including overtime rates if applicable, plus a multiplier to cover overheads and any internal costs incurred.*

3. Plant

3.1 Where any of the Council's plant is hired, extra costs including additional labour cost in overtime hours, travelling allowance, transport charges, etc, shall be recovered from the hirer of the plant. Where plant is ordered and its services cancelled, all costs incurred by the Council are payable by the hirer.

3.2 Water Quality Monitoring Devices

	$ Excluding GST	$ Including GST
YSI Sondes per day	61.30	70.50
ISCO Automated Sampler per day	51.30	59.00

All labour incurred in the hire of water quality monitoring devices, is additional and charged in accordance with the charge out rates specified in Section 4.2.3.

3.3 Vehicles/Quads

Inland Revenue Approved Mileage Rates Annual Work Related Kilometres Travelled	**External Rate per km $ Excluding GST**	**Internal Rate per km $ Excluding GST**
Motor Vehicles		
1 - 3000 km (total kms for a job)	0.62	0.28
3001 kms and over (for each km over 3000)	0.19	0.28
Transit Van or similar (Public Service Rate)	1.00	0.41
Light Truck (Public Service Rate)	1.20	0.55
Motor Vehicles - Flat Rate	0.28	0.26

* When tradesmen are called out, and their service is cancelled, all costs incurred by the Council are payable by the hirer, at the above charge-out rates.

Motor Cycles/Quad Bikes		
1 - 3000 km	0.31	0.14
3001 kms and over (for each km over 3000)	0.10	0.14
Transit Van or similar (Public Service Rate)	0.14	0.14
Light Truck (Public Service Rate)	1.20	0.55
Motor Vehicles - Flat Rate	0.28	0.26

Flat rates may be used where a great deal of travel related to one job is done regardless of the distance travelled in a year.

3.4 Waterblaster (Labour Additional)	**$ Excluding GST**	**$ Including GST.**
Large 4000 p.s.i. per hour	39.13	45.00
Medium 3000 p.s.i. per hour	26.96	31.00

3.5 Floating Plant – Standard Rates

(a) Workboat Hire	**$ Excluding GST**	**$ Including GST**
Workboat – Waikare per hour	600.00	690.00
Standby - Waikare per hour	265.22	305.00

For significant commercial projects, the Council will negotiate hire, standby and total costs with contractors and other parties.

(b) Small Launch Hire	**$ Excluding GST**	**$ Including GST**
BOI Patrol Boat Gemini II per hour	150.00	172.50
Standby – Gemini II per hour	100.00	115.00
5 metre Lazercraft per hour	140.00	161.00
Standby – Lazercraft per hour	90.00	103.50
5.8 metre Inflatable (Tai Ao) per hour	200.00	230.00
Standby – Tai Ao per hour	130.00	149.50

All labour and transport costs incurred in the hire of vessels, are additional and charged at $70.00 per hour per crew member.
NB: (Additional rates may apply in overtime hours)

Other Plant Not Specified Above
Each request to hire other Regional Council plant or equipment is to be referred to the appropriate Manager for approval, who shall apply a realistic charge-out rate and notify the Finance Manager so that an invoice can be raised.

4. Hire Charge – Council, Committee, Training/Meeting Rooms

Catering is the responsibility of the hirer. Any refreshments provided by the Council will be on charged at cost.

		$ Excluding GST	**$ Including GST**
Council Room	per day	150.00	172.50
Committee Room	per day	50.00	57.50
Council & Committee Rooms	per day	180.00	207.00
Kaipara Training Room	per day	150.00	172.50
Whangaroa Meeting Room	per day	50.00	57.50
Kaipara/Whangaroa Rooms	per day	180.00	207.00

5. **Hire Charge – Council video Conference Facilities**

Hire charge includes a meeting room.

	$ Excluding GST	$ Including GST
Price Per Hour	$370.00	$425.50

Bookings will be subject to the availability of a meeting room and the video conferencing unit. Priority will be given to Council business. Video Conferencing unit is a Tandberg unit with a 47 inch screen. Connection is IP only and is not configured for ISDN.

6. **Photocopying** (per page)

$ Excluding GST	Colour A4	Colour A3	Black A4	Black A3
Applicants/Staff	0.31	0.44	0.9	0.18
Other Parties	0.44	0.88	0.18	0.26

Note: Double-sided is equivalent to two pages.
Labour costs also to be recovered.

7. **Biosecurity – Sale of Pest Control Products**

Northland landowners are entitled to a one off free issue of 2.5kg bag of Pestoff and 2kg bag of rabbit pindone. Landowners are also entitled to a one off free issue of a 5-gram sachet of herbicide to control wild ginger.

All other pest control products such as traps, pesticides, prefeed, bait stations, and associated equipment are resold at a 10% mark-up on the price they are purchased from the manufacturer. This 10% mark-up is to cover the administrative costs of supplying these products.

8. **Digital Colour Aerial Ortho-Photography**

The Council, through a partnership with the other councils in the region, is currently acquiring digital colour aerial ortho-photography for the region. Geo-referenced tiff images are available for purchase or use. Any purchase or use is subject to a licensing agreement, available on request.

The agreement may vary depending on the purchase or use and it is at the Council's sole discretion whether such an agreement is entered into.

Typical clauses in purchase agreements:

1. The owners will supply the aerial photography to the purchaser as GIS compatible geo-referenced tiff tiles and the associated registration file, with each tile scale covering 2500m x 3750m.
2. The said aerial photography is supplied to the purchaser for internal use only and may not be sold or distributed in any format.
3. The purchaser will not make the said aerial photography available to any other organisation or person in any form.
4. The purchaser will refer any request for derived or associated products by any third party, to the owners.

All hardcopies of the aerial photography produced by the purchaser for its own use shall be endorsed with a statement that the aerial photography is copyright and may not be reproduced in any form without the consent of the "Owners".

Purchase of small sets of 1:5000 tiles, for an organisation's own internal use: $50 per tile plus compilation costs at the standard charge rate per hour and GST.

Purchase of large sets of 1:5000 tiles: Price negotiable, including recovery of compilation costs at the standard charge rate per hour and GST.

Use of sets for research purposes: Price negotiable, including compilation costs at the standard charge rate per hour and GST.

9. Publication Charges for RMA and Miscellaneous documents

Plan	$ Including GST
Regional Policy Statement	46.00
Regional Coastal Plan	206.50
Regional Air Quality Plan	46.00
Regional Water & Soil Plan	165.50
Integrated Transport Study	36.00
Regional Land Transport Strategy	56.00
Heavy Traffic Volumes in Northland	20.50
Oakleigh-Marsden Point Rail Link Project	20.50
On-site Wastewater Disposal from Households & Institutions	20.50
CDs of Plans	20.50

Any Council publications not made freely available to ratepayers may be purchased at cost from the Council. Contact the Council for further details.