

Northland Regional Council **Annual Report Summary** for the 2007-2008 Financial Year



**Caring for Northland
and its environment**

**NORTHLAND
REGIONAL
COUNCIL**



introduction

Welcome to this snapshot of Northland Regional Council's work in the 2007-2008 financial year.

The next few pages explain what we did during the year – some of the highlights and what it cost to provide the many services that keep Northland growing and make it a great place to live, work and play.

The 2007-2008 financial year was extremely busy for Council, but saw progress on a number of projects that will have a significant impact on the future shape of our region.

We continued our involvement across a broad range of activities including regional land transport planning, the facilitation of regional economic development, catchment and harbour responsibilities and emergency management.

Major advances were made towards the pending designation of a Marsden Point rail link corridor and the

first steps were also taken towards the possible development of a multi-million dollar publicly-owned broadband network tailor-made for the Northland region.

Expressions of interest were also called to test the market for a \$16 million multi-purpose events centre at Okara Park.

Change – at both a political and organisational level – was another feature of the 12 months covered by this Report, involving alterations to both staff and Councillor positions as part of an ongoing and extensive across-the-board review of the way the Northland Regional Council operates.

This revised approach includes an increased emphasis on Northland's economic wellbeing and more focus on reducing the risk to Northlanders from flooding and other major weather-related events.

about the Council

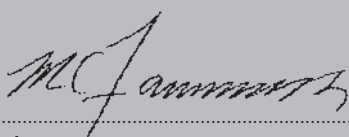
The Northland Regional Council aims to improve the environmental, cultural, economic and social wellbeing of the community. We do this by providing the direction and resources to manage and enhance our unique region. We are environmental guardians with a mandate to provide infrastructure and promote sustainable economic development.

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

about this summary

This is a summary of the Council's activities for the year 1 July 2007 to 30 June 2008. The information has been extracted from our 2007-2008 Annual Report, which was adopted on 22 October 2008. It has been prepared in accordance with FRS-43: Summary Financial Statements. The Annual Report contains detailed information about our finances and service performance.

Audit NZ has audited the full financial statements and issued an unqualified report. This summary has been examined by Audit NZ for consistency with the full Annual Report. This report was authorised for issue by Council resolution on 22 October 2008.



Chairman



Chief Executive Officer

our activities at a glance

Our staff and business groups are involved in a wide range of activities, including...

Awards and funding

At different times of the year, we offer awards and funding to individuals and organisations across a variety of areas. The biggest is the Environment Fund, which, since 1996, has provided more than \$2 million to help people improve and protect Northland's natural environment.

We also provide numerous schools with environmental education awards and support a range of business and rural industry awards.

Biosecurity

Biosecurity is about protecting our environment, economy and way of life from the harmful impacts of pest animals, pest plants and diseases. Our officers work with landowners to target regional pest plants and animals and help the rural economy by controlling possums to stop the spread of bovine tuberculosis.

Education and public information

Our specialist staff hosts seminars and field days designed to educate Northlanders about a variety of topics linked to the environment, while others visit schools to deliver environmental education initiatives. We also produce a wide range of publications and self-help guides covering most aspects of our work.

Emergency management

We co-ordinate the Civil Defence Emergency Management Group for the region. This group works together to minimise the potential effects of emergencies, prepare our members and the community, respond to emergencies and help the community to recover.

Harbours

We look after the navigational safety of all vessels in our region's harbours – from Kaipara in the south to Parengarenga in the north – and around the regional coastline. We also encourage safe boating behaviour and respond in the event of a marine oil spill.

Land management

We encourage landowners to recognise the economic and social value of managing land in a way that will protect the resource and meet the needs of current and future generations. Our officers work with landowners to develop sustainability and property conservation plans and with rural community groups to promote soil conservation.



Pollution control

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

Tourism and business development

We support business development and tourism promotion through the Northland Regional Council Community Trust and its subsidiaries, regional development agency Enterprise Northland and Destination Northland Ltd.

Transport

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

Environmental planning and monitoring

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

Flood protection

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

Water management

We ensure there is enough water for everyone through water allocation, use and monitoring.

highlights for 2007-2008

This is a snapshot of the key successes that the Northland Regional Council and our community jointly achieved in 2007-2008...

Elections

We welcomed new councillors John Bain and Joe Carr following the October 2007 elections. The six remaining sitting councillors were all returned.

Governance Changes

A new Deputy Chairman – Cr Ian Walker replacing Cr Peter Jensen - and reassignment of Committee membership were the two main changes to Council's governance structure in June 2008. Council restructured the governance arrangements to align with management changes within the organisation.

Northland Regional Events Centre

The Northland Regional Events Centre proposal was modified to a fixed price of \$16 million, and expressions of interest from contractors were called to look at the project on a design-build basis.

Broadband

With broadcast and telecommunications company, Kordia™, we took the first step towards scoping, developing, building and operating a fibre optic-based telecommunications infrastructure in Northland that will extend broadband access across most of the region.

Buses

Whangarei celebrated the arrival of the new CityLink Whangarei bus fleet with New Zealand-based investment company Infratil awarded a \$7.5 million contract in April. The sleek, green fleet features low-floor, low emission buses running to an extended timetable.

Our Awards

We celebrated three major achievements during 2007-08 with awards for the best Council website, the 'Organisation of the Year Award' to the Northland Civil Defence Emergency Management (CDEM) Group and 'Training Coordinator of the Year' awarded to Civil Defence Emergency Management Senior Programme Manager Graeme MacDonald.

Funding of Awards

Council supported more than 150 projects from the annual \$500,000-plus Environment Fund. School projects, farm, business and economic development awards were also made.



New Zealand's Best Council Website

Our website beat more than 80 other local authority websites to be judged the best of its kind in New Zealand. www.nrc.govt.nz was developed and is managed in-house. The site features an online library of Council's publications and plans as well as an email subscription service which allows users to stay in touch about consultation, job vacancies, events, Council meetings and news.

CDEM Organisation of the Year

The Emergency Management Academy of New Zealand held its first annual Emergency Management Graduation in July (2007). EMANZ made several awards during the graduation and the inaugural 'Organisation of the Year Award' was presented to the Northland Civil Defence Emergency Management (CDEM) Group. The award recognised the group's efforts during the major flooding that affected Northland in late March 2007.

Training Coordinator of the Year

Civil Defence Emergency Management Senior Programme Manager Graeme MacDonald was awarded the 'Training Coordinator of the Year' award in recognition of the number and success of CDEM training courses he has organised in Northland, and the number of staff from local authorities, emergency services, Department of Conservation, welfare organisations and others who have been trained in incident management procedures.

Cruise Ships

Northland saw its busiest cruise ship season over the summer of 2007-08, with 22 cruise ships calling into the Bay of Islands, four on their inaugural visit here, carrying a total of 18,000 passengers.

Storm Events

Northland was battered by several major storm events during the 2007-2008 year, including the July event which saw more than the average monthly rainfall over the course of two to three days.

financial summary

This Summary provides an overview of the Council and Groups' financial results for the period.

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

Understanding the Council's reported surplus for the year ended 30 June 2008

The Council has consistently operated within a sound financial position. It posted a \$5.9 million net surplus for the year ended 30 June 2008. This compares favourably to a budgeted deficit of \$11.7 million.

The main reason for variance can be attributed to delays beginning construction of a proposed Regional Events Centre. (Council had planned to spend \$13.4 million; made up of a budgeted grant, operating costs and related interest costs). However, the proposal was modified to a fixed price of \$16 million – including \$3 million support from the Whangarei District Council - and expressions of interest from contractors were called to look at the project on a design-build basis.

The operating surplus of \$5.9 million includes other revenue of \$2 million which arises from the recognition of fair value movements in our financial investments, investment property and forestry assets. Under NZ IFRS certain fair value movements are recognised as income in our financial statements even though the Council has not actually received any additional cash. The fair value increase for the current year relates to the increase in

value of our investment properties. Council budgeted fair value movements of \$600,000. Gains and losses resulting from fair value movements do not represent additional cash collected by the Council and therefore the surplus cannot be used to offset rates or fund Council's planned expenditure for future financial years.

The surplus also includes a \$2 million (net) special dividend received from the Northland Port Corporation (NZ) Ltd. This dividend is the result of the sale of the Port's interest in the Marsden Cove waterway and marina joint venture. As the dividend is generated from the sale of assets, rather than operating profits, Council has set this money aside for future capital reinvestment. The money earned from this will be used to subsidise general rates over the long term.

Finally, the surplus includes yet-to-be spent Regional Recreational Facilities rate funds of \$1,845,487 which has been set aside in a special reserve.

If these non-operating items are removed, the true operating surplus is \$681,682 against a budgeted surplus of \$1,129,368. However, Council also incurred unbudgeted expenditure of \$534,000, funded from the Land Management Reserve for emergency and storm related expenditure on the Awanui, Kaihu and Kaeo Rivers.

Changes in Equity and Financial Performance

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

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2008

	Council 30-Jun-08 \$	Annual Plan 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Net surplus (deficit) for the year	5,987,215	(11,672,527)	7,020,942	10,556,120	13,829,766
Net income recognised directly in equity	474,323	–	1,090,317	420,805	25,207,758
Total recognised income and expense for the year	6,461,538	(11,672,527)	8,111,259	10,976,925	39,037,523
Increases (decreases) in reserves	3,532,605	–	(1,221,102)	(487,043)	(1,221,102)
Movements in equity for the year	9,994,143	(11,672,527)	6,890,157	10,489,882	37,816,421
Attributable to: Northland Regional Council	9,994,143	(11,672,527)	6,890,157	5,500,229	19,828,534
Minority Interest	–	–	–	4,989,653	17,987,888
Equity at start of year	117,674,468	114,425,886	114,316,916	262,957,257	229,531,375
EQUITY AT END OF YEAR	127,668,610	102,753,359	121,207,073	273,447,139	267,347,796
Comprising:					
Accumulated funds and retained earnings	116,889,595	–	114,434,985	159,562,183	157,368,742
Revaluation reserves	1,564,640	–	1,090,317	104,528,758	104,107,953
Hedging reserves	–	–	–	141,822	189,330
Other special reserves	9,214,376	–	5,681,771	9,214,376	5,681,771
EQUITY AT END OF YEAR	127,668,610	–	121,207,073	273,447,139	267,347,796

financial summary

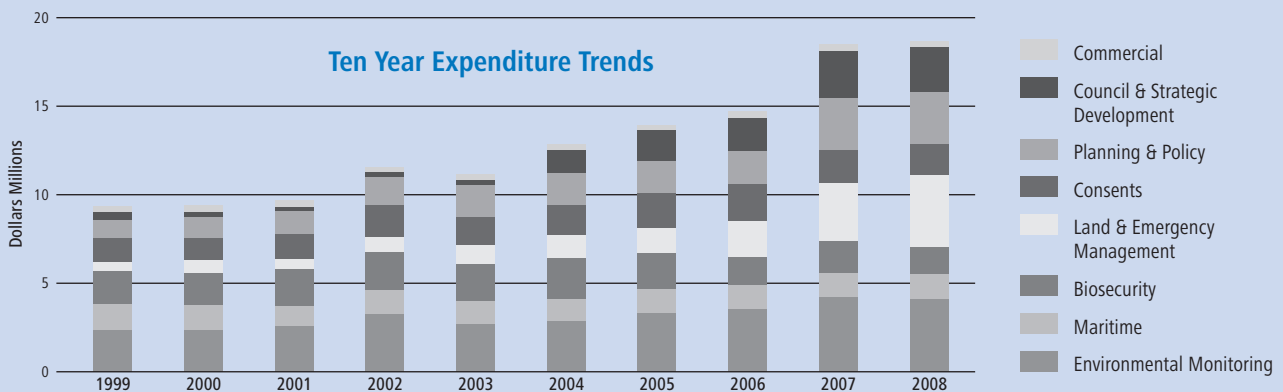
Consolidated Statement of Financial Performance

For the Year Ended 30 June 2008

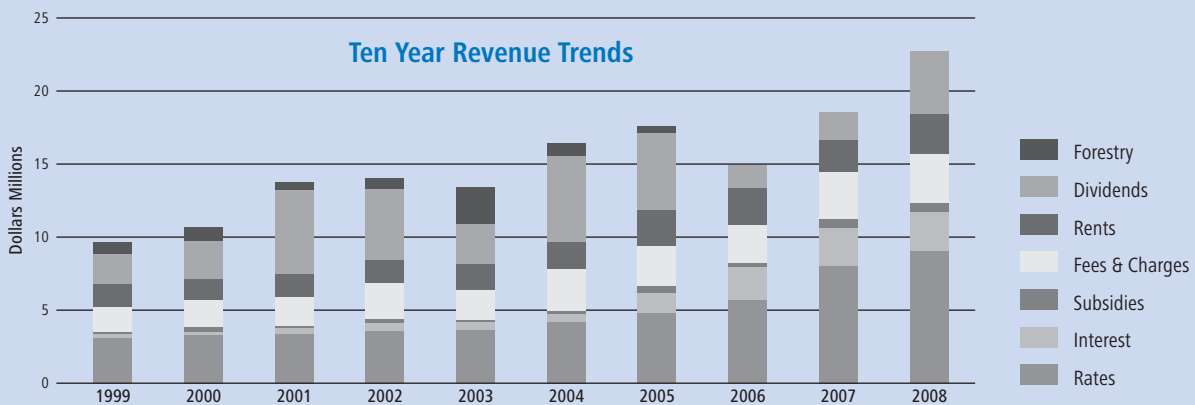
	Council 30-Jun-08 \$	Annual Plan 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Operating revenue	24,718,602	20,497,727	25,358,762	33,723,810	33,898,639
Operating expenses *	18,479,020	32,170,254	18,337,820	23,708,719	24,405,324
NET SURPLUS (DEFICIT) FROM OPERATIONS	6,239,582	(11,672,527)	7,020,942	10,015,091	9,493,315
Plus Northland Port Corporation (NZ) Limited's share of associates' retained surplus (loss)				969,506	4,216,172
Total surplus (deficit) before taxation				10,984,597	13,709,487
Less tax expense	(252,367)	–	–	(428,477)	120,279
NET SURPLUS (DEFICIT) AFTER TAXATION	5,987,215	(11,672,527)	7,020,942	10,556,120	13,829,766
Including minority interests in surplus of Northland Port Corporation (NZ) Limited				4,779,998	4,437,503

* Operating expenses include finance costs of \$25.

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



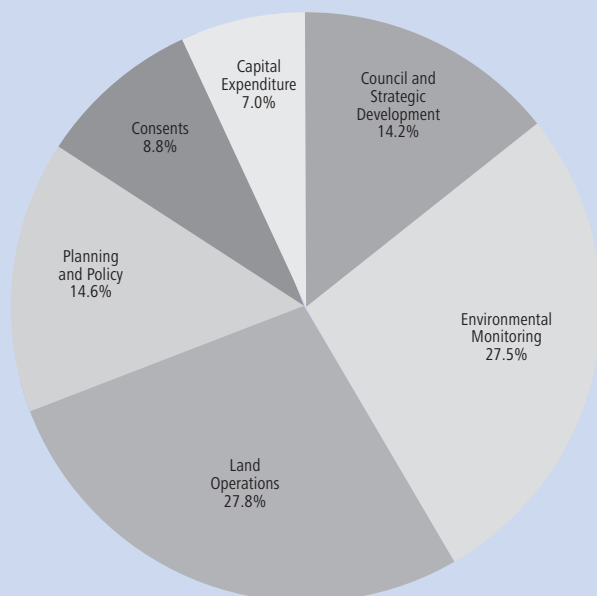
The graph above indicates Council's increased commitment to – and expenditure on – land and emergency management (including river management schemes) since 2006.



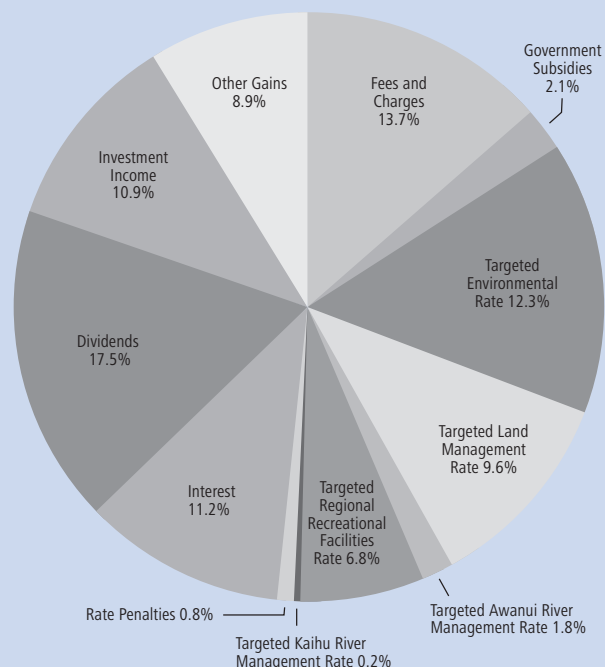
Rating revenue since 2005-2006 largely reflects the introduction of targeted rates to fund the proposed Regional Events Centre, extra land and emergency management initiatives.

financial summary

Expenditure on Activities



Sources of Revenue and Funding



Expenditure on Activities	\$
Council and Strategic Development	2,819,754
Environmental Monitoring	5,463,084
Land Operations	5,536,101
Planning and Policy	2,907,167
Consents	1,752,913
Operating Total	18,479,019
Capital Expenditure	1,400,180
Total Expenditure	19,879,199

Sources of Funding & Revenue	\$
Fees and Charges	3,394,790
Government Subsidies	528,209
Targeted Environmental Rate	3,698,927
Targeted Land Management Rate	2,725,866
Targeted Awanui River Management Rate	456,733
Targeted Regional Recreational Facilities Rate	1,670,068
Targeted Kaihu River Management Rate	60,218
Rate Penalties	205,626
Interest	2,768,239
Dividends	4,331,088
Investment Income	2,686,412
Operations Total	22,526,176
Other Gains	2,192,426
Total Funding	24,718,602

financial summary

Financial Position

The Summary Statement of Financial Position shows what assets we own and what liabilities we owe to other parties. The Council's position remains very strong with liabilities representing only 3% of total assets. Total equity is greater than budget as a result increased asset revaluations in the previous two financial years. Lower borrowings are a result of the proposed Regional Events Centre being delayed.

Consolidated Statement of Financial Position

For the Year Ended 30 June 2008

	Council 30-Jun-08 \$	Annual Plan 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Current assets	36,879,557	11,643,776	23,882,062	52,427,019	34,096,360
Current liabilities	(4,449,222)	(4,433,501)	(3,855,907)	(5,645,554)	(4,629,542)
Non-current assets	95,341,067	107,234,815	101,272,162	226,788,109	244,584,561
Non-current liabilities	(102,793)	(11,691,731)	(91,243)	(122,437)	(6,703,582)
NET ASSETS / EQUITY	127,668,610	102,753,359	121,207,074	273,447,138	267,347,797
Including minority interests in surplus of Northland Port Corporation (NZ) Limited				74,073,418	76,301,705

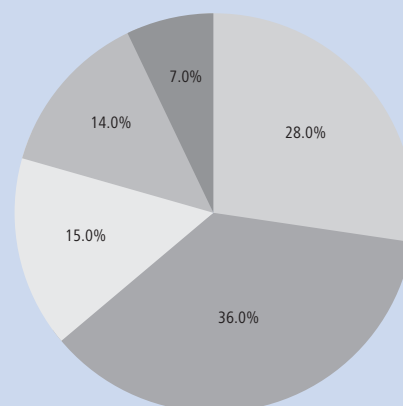
Investments

The Council's investment portfolio includes investment properties, forestry assets, cash and cash equivalents, other financial assets, non current assets available for sale and investment in subsidiaries.

Our investment in subsidiaries and associates (the Northland Port Corporation and the Northland Regional Council Community Trust) is reflected at original cost in the Council financial statements in accordance with applicable reporting standards. However, the market value of all Council investments at 30 June 2008 was \$163.6 million.

Composition of the Council's Assets

Current Assets	28.0%
Investment Property (including forest)	36.0%
Investments in Subsidiaries and Associates	15.0%
Property, Plant and Equipment	14.0%
Other Non-current Investments	7.0%



Cash Flows

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

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2008

	Council 30-Jun-08 \$	Annual Plan 30-Jun-08 \$	Council 30-Jun-07 \$	Consolidated 30-Jun-08 \$	Consolidated 30-Jun-07 \$
Net cash flows from operating activities	4,147,785	(11,054,668)	4,818,555	1,027,177	3,538,330
Net cash flows from investing activities	(3,838,712)	(8,265,350)	(2,101,009)	2,530,542	7,230,549
Net cash flows from financing activities	–	12,000,000	–	(10,176,980)	(795,140)
NET INCREASE (DECREASE) IN CASH HELD	309,072	(7,320,018)	2,717,546	(6,619,262)	9,973,738

Events after Balance Date

There were no significant events after balance date.

financial summary

AUDIT REPORT TO THE READERS OF NORTHLAND REGIONAL COUNCIL AND GROUP'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2008

We have audited the Summary Annual Report.

Unqualified Opinion

In our opinion:

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

We expressed an unqualified audit opinion, in our report dated 22 October 2008, on:

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

Basis of Opinion

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

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.



F Caetano, Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand
22 October 2008

Matters Relating to the Electronic Presentation of the Summary Annual Report

This audit report relates to the summary annual report of Northland Regional Council for the year ended 30 June 2008 included on the Northland Regional Council's website. Northland Regional Council is responsible for the maintenance and integrity of the Northland Regional Council's website. We have not been engaged to report on the integrity of the Northland Regional Council's website. We accept no responsibility for any changes that may have occurred to the summary annual report since they were initially presented on the website.

The audit report refers only to the summary annual report named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the summary annual report. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited summary annual report as well as the related audit report dated 22 October 2008 to confirm the information included in the audited summary annual report presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

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

A summary report cannot be expected to provide a comprehensive understanding of Council's activities as the full document. Copies of the Annual Report 2007-2008 are available at the Council Offices, or at www.nrc.govt.nz/annualreport

our performance

Part of our planning process is to identify indicators what will show our progress in important areas. Our Activity Performance Indicators measure things that we have a high degree of control over. Only a summary of indicators have been included here. A full list of measures is included in the 2007-2008 Annual Report.

Planning and Policy

Performance Measure and Target

- Maintain an operative Regional Policy Statement, Regional Coastal Plan, Regional water and Soil Plan and Regional Air Quality Plan, including development and implementation strategies. *Achieved.*
- Provide educational material and opportunities to the general public and sector groups on the importance of wise environmental management. *Achieved.*
- Complete relevant actions set out in the Regional Land Transport Strategy for Northland. *Achieved.*
- Administer the long-term contract for the subsidised bus service for the Whangarei urban area. *Achieved.*



Consents

Performance Measure and Target

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



Environmental Monitoring

Performance Measure and Target

- Continue to implement and improve a prioritised State of the Environment monitoring programme based on the Regional Policy Statement and Regional Plans. *Achieved.*
- Monitor compliance with, and the effects of, the exercise of resource consents. *Largely Achieved.*
- Providing a 24-hour, everyday environmental incident reporting, recording and response system, including the Environmental Hotline freephone. *Achieved.*
- To maintain and implement the Marine Oil Spill Contingency Plan for the Northland region. *Achieved.*
- Promote safe navigation and use of Northland harbours and implement the New Zealand Port and Harbour Marine Safety Code. *Achieved.*



our performance

Land Operations

Performance Measure and Target

- Implement the Civil Defence Emergency Management Group Plan for Northland in consultation with the district councils, emergency services, lifeline utility managers and health services. *Achieved.*
- Manage the Awanui River system, its associated floodplain and land protected around the shores of Rangaunu Harbour according to the Awanui River Flood Management Plan and the Memorandum of Understanding between the Northland Regional Council and the Far North District Council. *Largely Achieved.*
- Work with representatives of the dairy industry to promote sustainable land and water management practices on dairy farms in Northland. *Achieved.*
- Work in partnership with Biosecurity New Zealand to identify and eradicate, contain or manage incursions of exotic plants and animals, insect pests, marine pests, and plant and animal diseases in Northland. *Achieved.*



© Northern News

Strategic Development

Performance Measure and Target

- Provide democratic local decision making and action on behalf of the local community on issues relevant to the Northland Regional Council's roles and responsibilities. *Achieved.*
- Promote regional development through the operation of the Northland Regional Council Community Trust, which holds an \$11.4 million fund. *Achieved.*
- Work with the three District Councils via Council Committees and the Mayoral Forum to advocate on behalf of Northlanders. *Achieved.*



Copies of the full Annual Report 2007-2008 are available online at www.nrc.govt.nz/annualreport. Alternately you can pick up a printed copy from any Northland Regional Council office or freephone 0800 002 004.



Caring for Northland and its environment

WHANGAREI: 36 Water Street, Private Bag 9021, Whangarei 0140; Phone 09 438 4639, Fax 09 438 0012.

OPUA: Unit 10, Industrial Marine Park, Opuia 0200; Phone 09 402 7516, Fax 09 402 7510.

DARGAVILLE: 61B Victoria Street, Dargaville 0310; Phone 09 439 3300, Fax 09 439 3301.

KAITAIA: 192 Commerce Street, Kaitaia 0410; Phone 09 408 6600, Fax 09 408 6601.

Freephone: 0800 002 004 24/7 Environmental Hotline: 0800 504 639

E-mail: mailroom@nrc.govt.nz Website: www.nrc.govt.nz