

Annual Report 2012

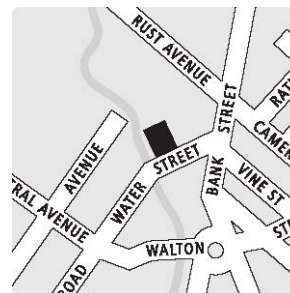


Putting Northland first

Directory

Main Office

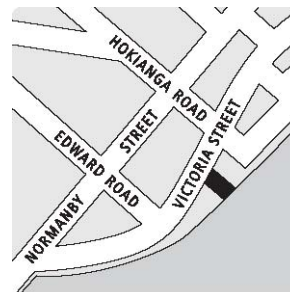
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WHĀNGĀREI

Dargaville Office

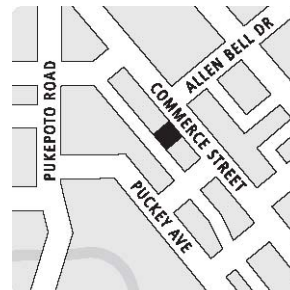
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DARGAVILLE

Kaitiāia Office

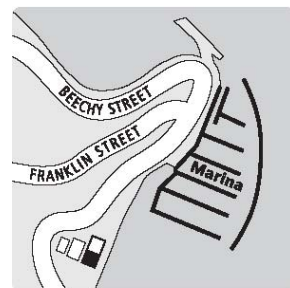
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Ōpua Office

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ŌPUA

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Chairman and CEO's foreword

The 2011/12 financial year saw the Northland Regional Council carry out significant work to put in place the building blocks that will enable the region to develop its economic potential, while sustainably managing natural and physical resources.

Work to develop crucial planning documents – including the council's Long Term Plan 2012-2022, Regional Policy Statement and Water Programme – provide the foundation for the council's future direction.

Economic development

As part of this process, the council decided – through the 2011/12 Annual Plan – to begin redirecting its investment income into the Investment and Growth Reserve and to establish project selection criteria for the funding of economic development projects. The proposed criteria were developed during 2011/12 and consulted on as part of the draft Long Term Plan.

During the year the council also developed, consulted on and adopted a streamlined structure for its organisations. A proposal to reorganise the Northland Regional Council Community Trust, Enterprise Northland Trust and Destination Northland Limited was included in the council's draft Long Term Plan for public feedback.

As a result, the Northland Regional Council Community Trust was disestablished and the Enterprise Northland Trust has been made into a shell entity to be available in the future if a charitable opportunity is identified.

The council has become the owner of Destination Northland Limited and has widened its focus to include the delivery and facilitation of economic development programmes and projects. The council appointed Colin Mitten as chair of the wider focussed council-controlled organisation, which has since been renamed "Northland Inc.". A new board will be appointed before the end of September 2012.

The Northland Regional Council Community Trust Fund has been brought back in-house. The trust fund has been ring-fenced and will be managed with independent advice and inflation adjusted over the lifetime of the plan so as to retain its real value. The residual income from the fund will go to the Investment and Growth Reserve to contribute

towards the operations of Northland Inc. The Trust Fund has been renamed the Community Investment Fund.

Appointments

In October 2011, Malcolm Nicolson was appointed as the council's new chief executive. Mr Nicolson took up the position in January 2012 after serving the last 12 years with Far North Holdings.

Former Chief Executive Officer, Ken Paterson, left the council to join Tauranga City. It was with regret and sadness that the council learned of Mr Paterson's sudden passing on 16 June 2012. Mr Paterson worked tirelessly to see the Northland Events Centre project completed on time and on budget and oversaw significant change within the council during his time as CEO.

Mineral survey

The year saw the results of an Enterprise Northland and GNS Science coordinated aerial mineral survey, which was jointly funded by the regional council, the Far North District Council and a government contribution. The survey measured geomagnetic and radiometric data across the region.

The data, prepared by New Zealand Petroleum and Minerals, was made available free and for open public distribution following the official Northland launch in May 2012. The information is a valuable resource enabling councils and private individuals to identify key land for a variety of uses, to better plan infrastructure, and explore the potential of Northland's geothermal and mineral resources.

Savings

Council received a \$1 million tax refund during 2011/12 after a decision by the Inland Revenue Department that a \$3 million council contribution towards the Regional Events Centre in 2008/09 (part of its overall \$13M stake in the centre) was a donation and could be offset against tax on dividends the council received from North Port Corporation that same year.

In August 2012, councillors resolved for the refund to go towards paying back the \$13M internal loan used to help pay for the centre. Ultimately, that decision will slash the amount ratepayers have to pay towards the centre by around \$1.6 million (including about \$600,000 in interest) and also cut

the amount of time it takes to repay the loan by about 15 months.

The council investigated several options for using the \$1 million, including reinvesting it in income-producing assets or transferring it to the council's Investment and Growth Reserve to support economic development in the region, before opting to repay the events centre loan off early.

Planning

Councillors and staff spent a considerable amount of time this year developing a new long term plan. The new plan includes financial forecasts for the decade 2012-2022 with a special focus on the first three years, particularly for the organisation's operational and capital projects.

The council consulted on the draft plan for a month in March/April 2012 distributing the summary to mailboxes across the region.

Work on another significant planning document continued throughout the year with the council releasing the Draft Regional Policy Statement for public feedback between October and December 2011. The Regional Policy Committee reviewed all feedback on the draft policy statement and produced revised issues, objectives, policies and methods to form the basis of the Proposed Regional Policy Statement.

Maps identifying properties within the coastal environment, with high and outstanding natural character within the coastal environment and outstanding natural landscapes and features, were produced for consultation with affected owners between May and September 2012. The maps will be included in the Proposed Regional Policy Statement, which will be publicly notified in October 2012 for the formal public submission and hearing process.

Freshwater management

Work this year has also brought together our various programmes and projects for better water management, including our land management projects, and assessing a realistic prioritised programme for Northland's water bodies.

In May 2012 we adopted Northland Water as part of the long term plan process; a programme aimed at improving Northland's freshwater management. It brings together strategies, programmes and plans for water in Northland, prioritising our future

management actions and implementing the National Policy Statement for Freshwater Management by 2030.

We have set the initial direction of Northland Water in consultation with the Northland community. The council also started the process of naming our "outstanding" water bodies – the Waipoua catchment and the Kai Iwi Lakes. Current work on the Lakes Strategy (in partnership with the National Institute of Water and Atmospheric Research), the Top 100 Wetlands project and an additional \$200,000 annually for land management water quality initiatives, will contribute to the evolution of the programme, the priorities and the water bodies that Northland and New Zealand regard as outstanding.

Flood management

Work also continued on our important flood protection work in the Priority Rivers Project with actions outlined in the 2012-22 Long Term Plan. These initiatives will continue to assist in reducing river flood risk to people and assets.

Other activities

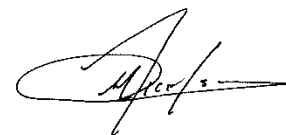
The council's Maritime team, which includes highly skilled oil spill response personnel, provided a number of staff to assist with the Rena response off Tauranga.

The council also provided significant assistance to Northland 2011 with online and communications support for Rugby World Cup 2011 initiatives. This work helped to generate the fabulous buy-in from the Northland community and the sell-out of the two matches hosted in Whāngārei.

Thanks to everyone who has played a role in the council's successes over the past year. Also to all those people who have been involved in the development of crucial planning documents – we look forward to the year ahead with these foundations firmly in place.

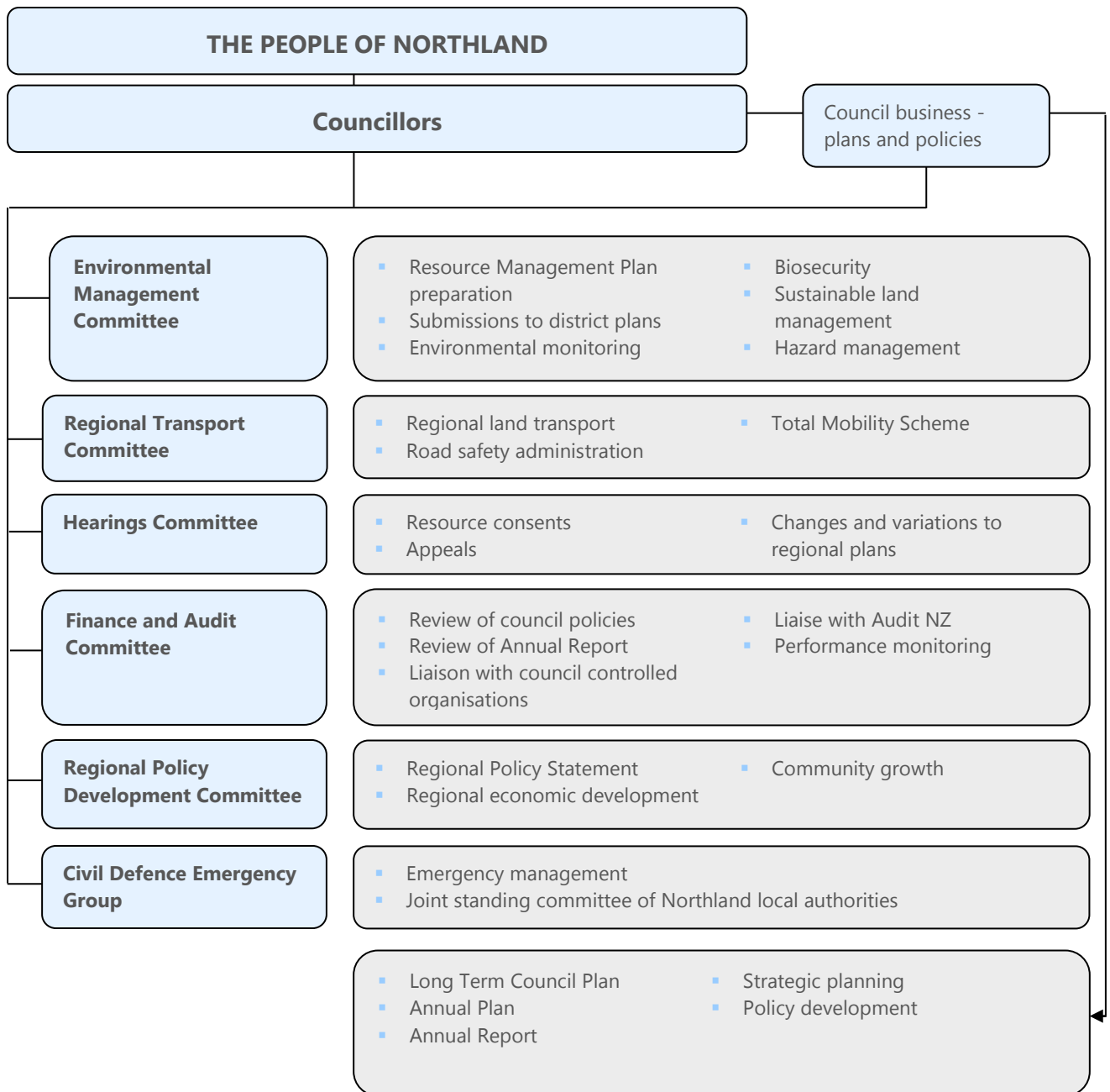


Craig Brown
Chairman



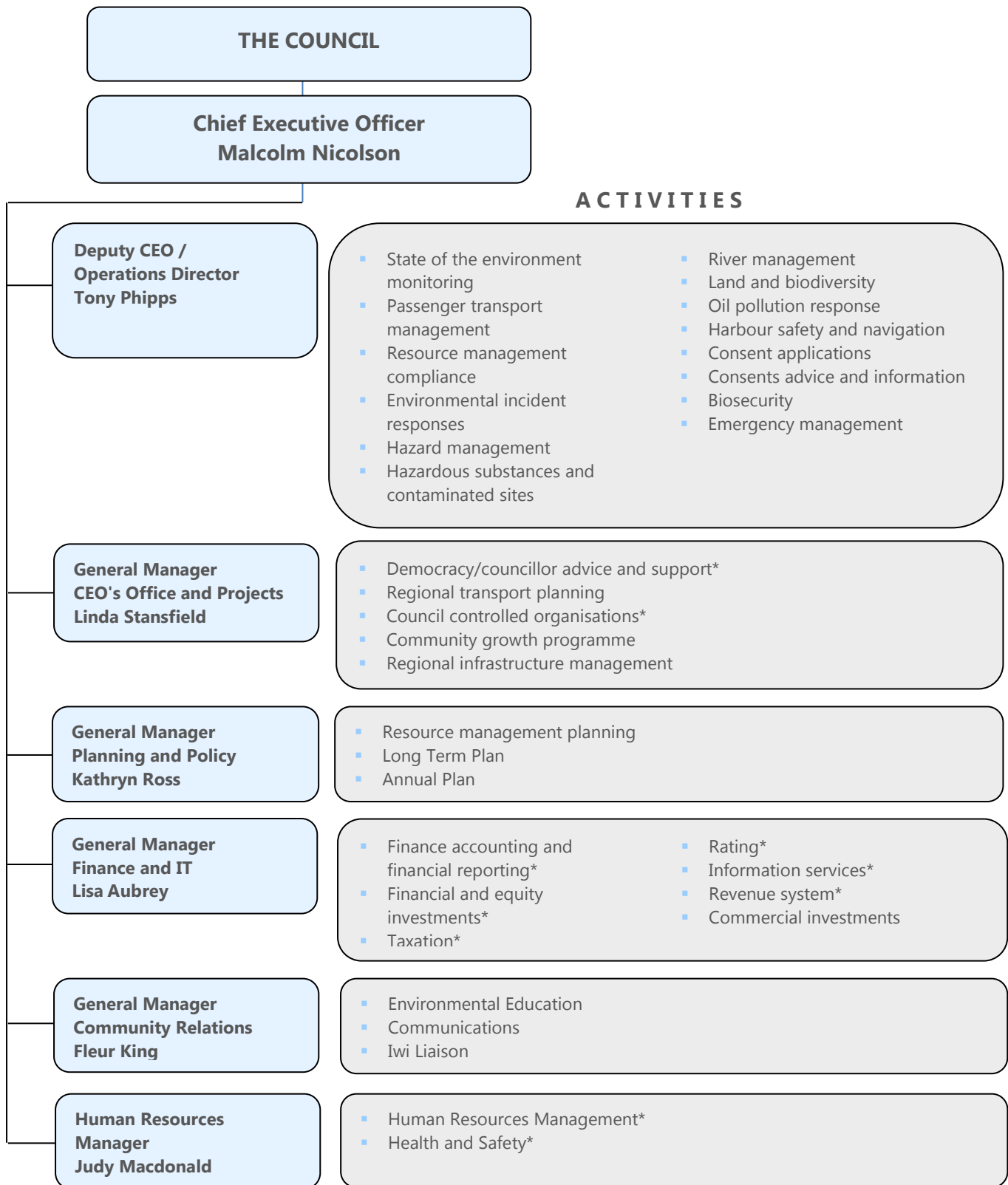
Malcolm Nicolson
Chief Executive Officer

Governance structure



Full details of all council's governance arrangements and processes are contained in its Governance Statement. A copy of Northland Regional Council's Governance Statement is available on request, or by visiting our website:

Council management structure



* Activity support services

Your regional councillors



Craig Brown - Chairman

Whāngārei constituency
Phone: 09 432 7575
Email: craigb@nrc.govt.nz

Craig Brown is a former councillor of the Whāngārei District Council. He served there for 12 years, six of those as Mayor. He is now in his third term on the Northland

Regional Council and third term on the Northland District Health Board. He has been heavily involved in education through boards of trustees and the Polytec. He is a former policeman, real estate salesperson, property developer and farmer.



Graeme Ramsey

Kaipara constituency
Phone: 09 439 7022
Email: baylys@igrin.co.nz

Graeme Ramsey returned home to Dargaville after a management career overseas. He served six years as Mayor of the Kaipara district and has continued his career in New Zealand as Chief Executive Officer and Director of commercial and not-for-profit national organisations. Cr Ramsey has degrees in Geography, Sociology and a Masters in Business Administration. He lives at Baylys Beach with his wife Josie.



John Bain - Deputy Chairman

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

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

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



Bill Rossiter

Whāngārei constituency
Phone: 09 437 2807
Email: billro@xtra.co.nz

Bill Rossiter is serving his fifth term on the regional council. He previously served as a Whāngārei district councillor. He is a Northpower trustee and was previously the Road Safety Coordinator for RoadSafe Northland. He is an appointed Whāngārei RSA Trustee and an active member of both Rotary and the Whāngārei District Gliding Club. Cr Rossiter is a retired businessman involved in the printing and stationery business.



Tony Davies-Colley

Whāngārei constituency
Phone: 09 435 4090
Email: tony@westpoint.net.nz

Tony Davies-Colley is a businessman involved in technology, engineering, farming, forestry and property. He is a director of several private companies. Cr Davies-Colley has an Agricultural Science degree and over

the last 30 years has been actively involved in farming, forestry and the wood processing industry.



Bronwyn Hunt

Far North constituency
Phone: 09 408 3412
Email: bronyh@hotmail.com

Bronwyn Hunt has been involved in local government for over 20 years, 13 of which were in the Far North district. Her community interests are wide and varied. Currently working for Te Runanga o Te Rarawa, Cr Hunt heads the Strategy and Policy Unit. Cr Hunt is now serving her first term on the regional council.



Joe Carr

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

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

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



Ian Walker

Far North constituency
Phone: 09 408 0072
Email: ian@folders.co.nz

Ian Walker is a farmer, retailer and has business interests in IT. He has held a number of directorships and is currently President of Farmers New Zealand and a Director of Northland Port Corporation NZ Limited. This is his fourth term as a regional councillor.

Council committees and advisors

Chairman, Craig Brown, is an ex-officio member of all committees.

Environmental Management Committee

Councillors Joe Carr (Chairman), Graeme Ramsey (Deputy Chairman), Craig Brown (ex-officio), Bill Rossiter, Bronwyn Hunt, Tony Davies-Colley.

- Cr Di Maxwell representing the Far North District Council.
- Cr Crichton Christie representing the Whāngārei District Council.
- Cr Brian McEwing representing the Kaipara District Council.
- Ms Nicole Anderson representing cultural interests.
- Dr Greg Blunden representing environmental interest groups.
- Mr Richard Booth representing the farming community.
- Mr Chris Jenkins representing the Department of Conservation.
- Mr Geoff Gover representing the forest industry.

Regional Transport Committee

Councillors John Bain (Chairman), Joe Carr (Deputy Chairman), Craig Brown (ex-officio).

- Mayor Wayne Brown representing the Far North District Council.
- Cr Greg Martin representing the Whāngārei District Council.
- Cr Wayne Linton representing the Kaipara District Council.
- Mr Stephen Town representing the NZ Transport Agency.
- Mr Tony Norman representing public health.
- Mr Ken Rintoul representing economic development.
- Mr Steve Westgate representing environmental sustainability.
- Mr Rawson Wright representing cultural interests.
- An acting representative from New Zealand Police, safety and security.
- Mr Howeth Mountain representing access and mobility.

Audit and Finance Committee

Councillors Bill Rossiter (Chairman), Graeme Ramsey (Deputy Chairman), Craig Brown (ex-officio), John Bain, Joe Carr, Bronwyn Hunt, Tony Davies-Colley, Ian Walker.

Regional Policy Committee

Councillors Ian Walker (Chairman), Craig Brown (ex-officio), Tony Davies-Colley and John Bain.

- Cr Ann Court representing the Far North District Council.
- Cr John Williamson representing the Whāngārei District Council.
- Cr Julie Geange representing the Kaipara District Council.

Hearings Committee

Councillors Craig Brown (Chairperson) and Bronwyn Hunt (Deputy Chairperson).

The committee (or the council) may appoint any individual member/s or other independent person/s as commissioner/s pursuant to section 34(1) of the Resource Management Act, to conduct a hearing in any particular case. The committee (or the council) may also revoke such a delegation at any time, by notice to the delegate.

Councillor portfolios and memberships

- Broadband – Cr Tony Davies-Colley and Cr Bill Rossiter.
- Catchment Management – Cr Joe Carr.
- CHART – Cr Graeme Ramsey.
- Environment – Cr Joe Carr.
- Environment Awareness – Cr Bill Rossiter.
- Kaipara Harbour Inter-Council Working Group – Cr Graeme Ramsey.
- NZ Refining Company Community Liaison Committee – Chairman Craig Brown.
- Northland Chamber of Commerce – Cr Tony Davies-Colley and Cr Bill Rossiter.
- Northland Conservation Board – Cr Bronwyn Hunt.
- Northland Regional Animal Health Committee – Cr Ian Walker.
- Ngunguru Sand Spit – Deputy Chairman John Bain.
- Northland Regional Council Engagement with Māori – Cr Bronwyn Hunt.
- Northport – Cr Ian Walker.

- Northport Liaison Committee – Chairman Craig Brown.
- Regional Policy Statement – Cr Ian Walker.
- Rivers – Cr Joe Carr.
- Road Safety – Deputy Chairman John Bain.
- Ruakaka Sewerage Working Party – Chairman Craig Brown.
- Shared Services – Working Group CEO, Cr Bill Rossiter, CR Tony Davies-Colley, Cr Bronwyn Hunt and Cr Graeme Ramsey.
- Transport – Deputy Chairman John Bain.
- Vehicles on Beaches – Deputy Chairman John Bain.
- Whāngārei Harbour Dredging Committee – Cr Bill Rossiter.
- Youth Education – Cr Bill Rossiter.

Advisers

Auditors: Audit New Zealand on behalf of Auditor-General.

Bankers: ASB Bank
ANZ Bank
Bank of New Zealand

Kiwi Bank
TSB Bank
Westpac

Solicitors: Blank Sing & Associates, Auckland
Burnes Fraser, Auckland
Liam McEntegart, Auckland
John G Walton, North Shore
Karenza de Silva, North Shore
Laurence Holley, Auckland
North Shore Environment Law,
Auckland
Simpson Grierson, Wellington
Mathew Casey Lawyers, Auckland
Thomson Wilson, Whāngārei
Webb Ross, Whāngārei
Meredith Connell, Auckland

The Chief Executive Officer is responsible for setting the direction of the council within the policy framework provided by councillors. The management team is accountable to him and he is accountable to the council.

Community outcomes

As part of the council's aim of creating a sustainable region of choice for Northlanders, we identified eight regional community outcomes six years ago. While the identification process in 2005 was a joint project with the three Northland district councils, each organisation ended up with different community outcomes, with common themes that linked to the four wellbeings. The regional community outcomes described what you as a Northlander value and what you'd like our region to be like in the future. They encapsulated the community's priorities by which the present social, economic, environmental and cultural wellbeing can be assessed.

Regional community outcomes

1. Northland residents are safe and healthy
2. Northland's infrastructure is developed in a sustainable way
3. Northland's natural environment is sustainably managed
4. Northland is prosperous
5. Northland residents are educated and skilled
6. Northland has cohesive communities
7. Northland retains and enhances its regional identity
8. Northland residents have access to recreational and leisure opportunities.

Achieving these community outcomes relies on the whole community to pull together. The regional council, through its own functions and services, has varying levels of influence on the different community outcomes. We have worked with the relevant district councils, government agencies, other Northland organisations and the community at large on specific initiatives to extend our influence to progress the achievement of the community outcomes.

The council has contributed to community outcomes in a number of ways, including:

- As the lead agency – largely responsible for action in a particular area.
- As the joint lead agency – managing a programme in conjunction with other organisations.

- Supporting/advocating – providing support to other lead agencies.
- No direct influence – being aware of activities being undertaken by the community or other organisations, but without a direct role to play.

When the council has had a role to play in achieving the community outcomes, it has been involved in a number of different ways, including:

- As a service provider – carrying out a programme using the council's own resources. This would be most common when the council is the lead agency or joint lead agency.
- As a funder – making a financial investment in a programme, but not necessarily leading it.
- As a regulator – developing and enforcing rules, as appropriate.
- As a promoter/facilitator – encouraging progress by organising interested parties, publicly expressing support or securing financial support from other sources.

This Annual Report includes the results of the regional council's key performance measures for 2011/2012 within the activity section. Key measures and how they relate to specific community outcomes are featured in the highlights section and include trend results for recent years where available.

The regional council's planning processes are guided by these community outcomes, national directives and public feedback on specific proposals at review periods.

In the activity section later in this Annual Report, you'll find a breakdown of why we do the various activities we've reported on, how they contribute to community outcomes, what we did (including progress with our initiatives) and how we performed.

New community outcomes for next year

The council consulted on new community outcomes going forward from 2012/13 as part of its draft long term plan. The new community outcomes will be known as the council objectives and will be reported on in the next Annual Report.

Our activities – what we do

The Northland Regional Council is one of Northland's main environmental guardians. We are charged with protecting Northland's land, water, coast and air while allowing for sustainable development. We are also responsible for promoting the region's economic, social and cultural wellbeing: 'Putting Northland first'.

Our responsibilities include environmental management, flood and land management, biosecurity, emergency management, pollution control, public transport planning and funding, and coastal navigation and safety. Councillors decide our overall policies and our 140 staff implement them.

Roughly half our income comes from rates and charges with the balance from investments and government grants.

Awards and funding

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

Regional council funding and advice is available to all individuals, land owners, community groups, schools and iwi throughout the region.

www.nrc.govt.nz/funding

Biosecurity

Biosecurity is about protecting our environment, economy and way of life from the harmful impacts of pest animals, pest plants and diseases. The council works with land owners to target regional pest plants and animals and helps the rural economy by controlling possums to stop the spread of bovine Tb. www.nrc.govt.nz/nasties

Education and public information

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

www.nrc.govt.nz/schools and
www.nrc.govt.nz/publications

Emergency management

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

www.nrc.govt.nz/civildefence

Environmental planning and monitoring

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

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

Flood management

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

www.nrc.govt.nz/floodplans

Harbours

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

www.nrc.govt.nz/onthewater

Infrastructure

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

www.nrc.govt.nz/projects

Land management

We encourage land owners to recognise the economic and social value of managing land in a way that will protect the resource and meet the needs of current and future generations. The regional council works with land owners to develop sustainability and property conservation plans and with rural community groups.

Pollution control

We maintain a 24/7 incident response service (0800 504 639), conduct environmental assessments of industrial and commercial sites, and maintain a register of sites with hazardous industries or activities.

www.nrc.govt.nz/waste

Tourism and economic development

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

www.enterprisenorthland.co.nz and

www.northlandnz.com

Transport

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

www.nrc.govt.nz/transport and

www.nrc.govt.nz/bus

Water management

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

www.nrc.govt.nz/water

Our year in review

The following is a snapshot of our key successes and work this year.

Democracy and Corporate Services Group

A key performance measure for this group of activities is the return on our commercial investments. With an annual target of 4.9% return we performed well by receiving 6.8%.

Further information on this activity including the full performance measure reporting, contribution to community outcomes and further detail on the specific initiatives summarised below can be found on pages 29-37.

New long term plan adopted

Council developed a new Long Term Plan for the decade 2012-2022 with a special focus on the first three years, particularly for the organisation's operational and capital projects and budgets. We received 1194 submissions on the draft plan.

New chief executive appointed

In October 2011 the council appointed Malcolm Nicolson as their new chief executive. Mr Nicolson took up the position in January 2012 after serving the last 12 years with Far North Holdings.

Cuppa with a councillor

In June 2012 councillors initiated a new informal catch up with members of the public inviting them to a coffee ahead of their regular monthly meetings.

New computer systems

Preparations have been underway for the past two years to install new custom software systems for the council's operational activities. The software is being developed in conjunction with five other regional councils and Datacom.

Regional Information and Engagement

Key performance measures within this group of activities included the awareness of the community of regional council services, promotional material and providing real-time environmental data on the council's website. Awareness has remained steady since last year with an average awareness rate of 79% of our main functions. Thirty-four publications were updated and released during the year covering a wide range of the council's services and projects.

Real-time data that is currently updated automatically includes river levels and rainfall (every two hours) and the Kaeo River webcam (every four hours).

Further information on this activity including the full performance measure reporting, contribution to community outcomes and information on specific initiatives summarised below can be found on pages 38-48.

Consultations

The council held several region-wide consultations over the year including the council's draft Long Term Plan, the draft Regional Land Transport Programme, draft Regional Passenger Transport Plan, review of the draft Regional Policy Statement and review of the Navigation and Safety Bylaw. We used the council's quarterly resident newsletter, the Regional Report, to highlight the consultations.

Rugby World Cup

The council provided online and communications support for Rugby World Cup 2011 initiatives. This work helped to generate the fabulous buy-in from the Northland community and the sell-out of the two matches hosted in Whāngārei.

Sustainable business awards

The council sponsored Sustainable Development Business Award winner was Explore NZ. Businesses are judged on the economic, environmental, cultural and social value they add.

Youth summit 2011

Fifty-five Northland students gathered in Whāngārei in November 2011 for the 16th annual youth summit. Students discussed coastal environmental issues and what they could do to make a difference.

Regional Economic Development

The Regional Growth Programme was a key performance measure for this group of activities. There were associated measures in later years for the economic development activity and associated measures within the Regional Information and Engagement activity. The council did not proceed with the Regional Growth Programme as defined in the 2009 Long Term Council Community Plan and as

a consequence the associated performance measures have not been achieved.

Further information on this activity, including the full performance measure reporting, contribution to community outcomes and further detail on the specific initiatives summarised below can be found on pages 49-56.

New CCO and new chairperson

Following consultation with the wider public and directly with the incumbent trustees a change in structure was agreed for the Northland Regional Council Community Trust (the trust) and its subsidiaries. The trust was disestablished after year end; Enterprise Northland Trust (a subsidiary of the regional council community trust) is a continuing entity (going concern) to be available in the future if a charitable opportunity is identified.

Subsequent to year end the council became the owner of Destination Northland Limited and has widened the entity's focus to include the delivery of economic development programmes and facilitating economic development projects. The council appointed Colin Mitten as Chairperson of the wider focussed council-controlled organisation which has since been renamed "Northland Inc". A new board was appointed by the council in September 2012.

Investment and Growth Reserve

The council established the new Investment and Growth Reserve in July 2011 to fund economic development projects. During the year \$1.3 million was transferred to the new reserve. The criteria to determine eligible projects for funding were adopted in June 2012. The council has decided, as part of its Long Term Plan, to extend the transition to 10 years for the redirection of the council's investment income to the new reserve in order to reduce the rating impact on Northlanders.

Mineral survey

The aerial mineral survey funded by the regional council, the Far North District Council and a government contribution was completed and the data released. New Zealand Petroleum and Minerals released 200-plus copies of a 'Northland 2012 Data Pack' following the official Northland launch in May 2012.

Waikare oyster shell project progress

Timber from the oyster farms will be recycled on the Department of Conservation's estate at Trounson Kauri Park as part of the re-use initiative under the Ministry of the Environment's Waste Minimisation Fund. Resource consent was granted to build a

small reclamation site in the mid-Waikare Inlet to process the waste material, to assist the oyster industry in securing a long term zero-waste aquaculture industry in the future.

Resource Management Planning

A key performance measure within this activity was to review the existing Regional Policy Statement and to complete changes to the regional plans when required (from either legislation or council resolution). The new policy statement will be notified (released for formal public submissions and hearings) in October 2012. Planned reviews of the current suite of regional plans will follow in due course.

Further information on this activity including the full performance measure reporting and further detail on the specific initiatives summarised below can be found on pages 57-68.

New Regional Policy Statement

Council released the Draft Regional Policy Statement for public feedback between October and December 2011. The Regional Policy Committee reviewed the feedback and produced revised issues, objectives, policies and methods to form the basis of the Proposed Regional Policy Statement.

Maps identifying properties within the coastal environment, with high and outstanding natural character within the coastal environment and outstanding natural landscapes and features, were produced and consultation with affected owners occurred between May and September 2012. The maps will be included in the Proposed Regional Policy Statement, which will be publicly notified in October 2012.

Adoption of Northland Water

In May 2012 we adopted Northland Water, a programme aimed at improving Northland's freshwater management. It brings together strategies, programmes and plans for water in Northland, prioritising our future management actions and implementing the National Policy Statement for Freshwater Management.

The freshwater policy statement took effect from July 2011 and aims to safeguard the life-supporting capacity of water and its associated ecosystems, while providing for economic growth and the efficient use of water resources. Northland Water sets out our staged programme for implementing the Freshwater National Policy Statement by 2030.

Development of the Whāngārei Harbour Water Quality Action Plan

In 2011, the regional council began a joint initiative with Whāngārei District Council to identify ways to improve our management of water quality in the Whāngārei Harbour. The water quality action plan will provide an overview of the current state of the harbour, known and likely sources of contamination and management tools and agreed actions to address information and management gaps.

This project links with Northland Water, where the regional council has identified the upper harbour sub-catchments of the Whāngārei Harbour (Hātea, Waiarohia, Raumanga, Kirikiri, Otaika, and Purewa) as first priorities for setting catchment-specific limits. Our goal is to set realistic and enforceable limits for these water bodies based on knowledge of sources and their relative contributions of contaminants. Early indicators show that this means having a better understanding of urban stormwater in particular.

Transport

Key performance measures within this group of activities included reducing the number of road deaths as a result of motor vehicle accidents and effectively managing the Whāngārei total mobility scheme. Road deaths significantly decreased in the past year going from an average of 30 for the previous three years to 14 in 2010-2011 and seven in 2011-2012.

Total Mobility is a nationwide scheme designed to increase the mobility of people who have difficulty using public transport. We exceeded the target customer satisfaction level with 78% satisfaction but did not maintain the target volume of trips (of 35,000) with only 33,769 trips recorded. The economic downturn has been noticed in this area, with some clients struggling to pay their 50% fare of a taxi trip.

Further information on this activity including the full performance measure reporting, contribution to community outcomes and further details on the specific initiatives summarised below can be found on pages 69-76.

Bus services in Kaitāia

A new targeted rate for the Kaitāia, Mangōnui and Ahipara communities was established in June 2012 to provide permanent funding for the public bus service in Kaitāia. The bus service provides daily transport to Kaitāia for Ahipara and Mangōnui residents and regular transport around Kaitāia.

Stock effluent disposal facilities

Design works and land negotiations have been completed for the Whāngārei district site in Kauri. The Kaipara district site in Dargaville and the Far North district site at Pakaraka became operational last year. Stock truck effluent spillages have been an on-going road safety and environmental concern across Northland's road networks.

New Regional Land Transport Programme

A new Regional Land Transport Programme for 2012-2015 was developed by the four Northland councils and the New Zealand Transport Agency. This programme secures national funding for the maintenance of the road network and for the funding of new road projects.

New Regional Public Transport Plan

The council adopted a new regional public transport plan for the next six years 2012-2018. This is a long term plan that looks at how public transport will be delivered in the region.

Consents

A key performance measure within this activity is the efficient processing of consents as timeframes are important for developers and residents wishing to undertake a project or develop their business. The council issued 696 resource consents (down from 1284 in the previous 12 months) for both industrial and private developments across the region. We maintained our excellent performance record, processing 99.7% of consent applications within statutory timeframes.

Further information on this activity, including the full performance measure reporting, contribution to community outcomes and information on the specific initiatives summarised below can be found on pages 77-81.

Customer satisfaction

The annual customer satisfaction survey of consent applicants resulted in a 96% satisfaction rating for helpfulness of staff as being either very good or good. From a total of 306 forms sent out, 82 survey forms were returned. The result compares well against the previous year's results of 88%.

Environmental Monitoring

Key performance measures within this activity were to meet New Zealand guidelines for river, groundwater, lake beach, harbour and estuary water quality; monitoring all the necessary discharge consents and taking enforcement action on significant non-compliance; responding to calls on

our environmental hotline and providing an on-call 24 hour, seven day a week service for incidents involving hazardous substances. Progress with some of the water quality programmes and initiatives is described below. The council's Annual Monitoring Report from last year is available on the council's website at www.nrc.govt.nz/amr and provides substantial information on the monitoring results and trends.

The environmental hotline handled 882 calls during the year compared to 1057 the previous year. The highest category was for air incidents (40%), especially burning and smoke nuisance. This is similar to previous years.

Further information on this activity including the full performance measure reporting, contribution to community outcomes and further details on the specific initiatives summarised below can be found on pages 82-101.

State of the Environment reporting

Every five years the council collates and publishes the State of the Environment report. The next report covers the period 2007-2011. Information was collated and the document drafted with the final report due for release in early 2013.

River water quality

Water quality monitoring of rivers and streams is done at 35 sites throughout Northland. Water quality is monitored monthly for a range of properties such as bacteria and nutrients.

Trend data for 24 of the river sites (that have data for at least five years) shows 13 improving trends for total phosphorus and four improving trends for total nitrogen. There were no deteriorating trends evident across the 24 sites. Water clarity has six improving trends and one deteriorating trend (Victoria River); *E.coli* bacteria has two deteriorating trends (Mangahuru Stream and Waipoua River) with no improving trends evident.

Further commentary on the region's river water quality results will be available in the State of the Environment Report in early 2013.

Site investigations – Lake Ōmāpere

Lake Ōmāpere is Northland's largest lake at 1160 hectares with an average depth of two metres. The lake is situated in a relatively small catchment (2110 hectares), which is a mix of dairying, dry stock farming and lifestyle properties.

The Lake Ōmāpere restoration and management project was a joint initiative between the regional council and the Lake Ōmāpere Trust. The overall aims of the project were to develop and implement a voluntary Lake Management Strategy that would work towards improving the health of the lake and establish the Lake Ōmāpere Trustees in their role as kaitiakitanga. A number of management initiatives have been undertaken around the lake and include riparian planting and fencing, farm planting, and weed and pest control.

A significant decline in nutrients has occurred in the lake; likely due to flushing via the outlet, retention by freshwater mussels in the lake and a smaller swan population. Continuing work preventing aquatic weed incursions will further improve water quality.

Kaipara Harbour sediment report complete

A report on the history of sediment in the Kaipara Harbour has been completed and was published in February 2012 on our website at www.nrc.govt.nz/kaiparasediment. The project involved the collection and analysis of sediment cores, to reconstruct the sedimentation history of the harbour over the last century.

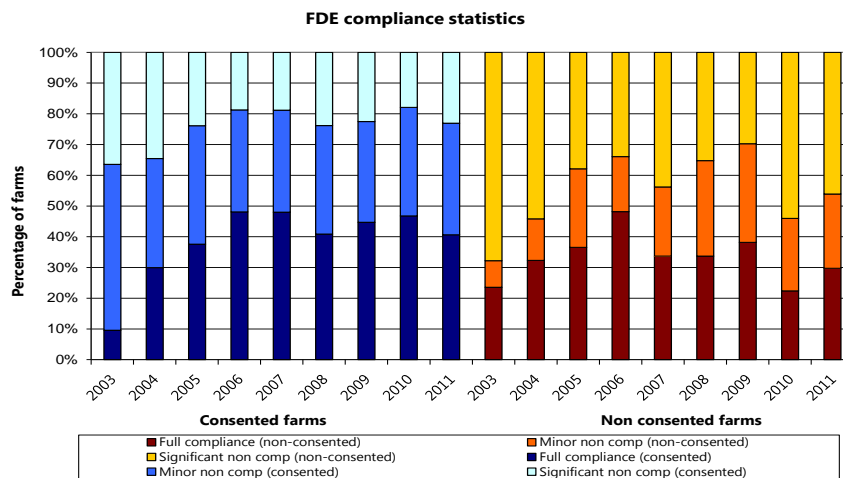
This report will be used as a building block tool for Northland Water, the implementation project for the National Policy Statement for Freshwater Management.

Farm dairy effluent discharges

The farm dairy effluent monitoring programme aims to minimise and reduce the impacts of farm dairy effluent on water quality in Northland. At the start of the 2011 season there were 985 farm dairies being used in Northland. Of these, 716 were authorised by resource consent to discharge treated farm dairy effluent to water. The other 269 farms had undertaken to meet the permitted activity criteria for land disposal.

All dairy farms are monitored annually, timed to coincide with seasonal peak effluent loadings. Where a discharge to water is identified, water quality field tests are done and samples taken for laboratory analyses. Where significant non-compliance is identified, council officers arrange on-farm meetings to discuss the non-compliance and agree options for improvement/upgrade. In certain circumstances the council fines the offender and/or pursues prosecutions.

Figure 1 shows farm dairy effluent compliance rates for the last nine years.



Land and Rivers

Key performance measures within this group of activities included the development of the 27 river management plans; implementing priority actions identified in the plans and managing the Awanui River Flood system. All 27 plans were completed by November 2010. Progress against each of the river schemes established to date is detailed below.

Further information on this activity, including the full performance measure reporting, contribution to community outcomes and further detail on the specific initiatives summarised below can be found on pages 102-113.

Priority rivers

Priority actions including proposed flood scheme works for Kaeo, urban Whāngārei rivers, Kerikeri-Waipapa and Awanui, as well as a minor works programme in other priority river catchments were developed and included in the new Long Term Plan. These initiatives will assist to reduce river flood risk to people and assets. Specific works undertaken this year are detailed below.

New river management liaison committees for Kerikeri-Waipapa River and Waitangi River were established.

Awanui design work and maintenance

The scheme's asset management plan was completed; the hydraulic model upgrade was commissioned and near completion; and the 2011-2012 works contract implemented. The Awanui River flow containment upgrade options report for

urban Kaitiāia was completed and the Bell Hill inclinometer and water table monitoring was evaluated.

Kaihū River management

The 2011-2012 works contract was completed and 30,000 cubic metres of gravel was extracted at no cost to the scheme. Hydraulic modelling of scheme options and upgrade options were developed however the scheme plan was discontinued by the council after consultation with the community. The plan, due to technical grounds, was not able to achieve equitable distribution of floodwater because of the contribution of internal water from sub-catchments.

Kaeo River and Whangaroa Stream management

The 2011-2012 works contract, flood risk reduction strategy and detailed design for Kaeo flood scheme works were completed. The resource consent for flood scheme works was lodged and land use negotiations started. Government funding support to mitigate risk to most flood-vulnerable Kaeo homes was confirmed.

Mangrove management

The Mangrove Management Support Programme was continued, with council assisting the funding of ten community-led resource consent applications. These communities will be able to manage mangroves within the bounds of any consent approvals, enabling a range of benefits ranging from improved access, to flood risk reduction.

Coastal hazards

Tsunami modelling and mapping for priority coastal communities and the Whāngārei Harbour, was completed. This work will enable communities to be better informed of the potential tsunami risk. A risk screening of 55 coastal communities was undertaken to establish priorities for risk reduction plans. A dune restoration scoping report was undertaken for Whangaumu (Wellington) Bay and summer and winter beach profiling was undertaken to monitor changes in shore profile.

Land and Biodiversity

Environment Fund

The Environment Fund funding was fully allocated (\$467,321) with funding contracts implemented for 116 projects, including 51 soil conservation projects, 32 water quality projects, 20 CoastCare projects and 13 biodiversity projects. Soil conservation works were promoted, with poplar and willows distributed to land owners through the Environment Fund.

CoastCare groups

All 29 CoastCare sites were visited to assist community groups and land owners to care for the coast, primarily through dune restoration, which helps to reduce erosion risk.

Top wetlands project

The Top Wetlands report that ranks the top wetlands in Northland was completed. Wetland fact sheets were developed and mail-outs sent to land owners of top wetlands in the Kaipara and Whāngārei districts.

Lakes Strategy

The Lakes Strategy was started, with the development of a framework which will prioritise lakes and management actions for implementation.

Biosecurity

A key performance measure for this activity was the five year review of the council's pest management strategy. The new strategies were completed in 2009-2010; the first operational plans were developed during 2010-2011. A new marine pest strategy was adopted and a surveillance plan has been completed to guide future survey activities and monitoring.

Further information on the Biosecurity activity, including the full performance measure reporting, contribution to community outcomes and further details on the specific initiatives summarised below can be found on pages 114-118.

New marine pests identified

Mediterranean fanworm (*Sabella spallanzanii*), an internationally significant marine pest, was found on the hulls of four fishing vessels in Whāngārei. A second pest – the seaweed *Undaria pinnatifida* – was also found on two vessels. Neither pest is thought to be permanently established in Northland. The pests were removed from the infected vessels and from surveyed adjacent port structures. Surveys to determine and remove any surviving pests will continue into 2012-2013.

Gum leaf skeletoniser found

Gum leaf skeletoniser, an invasive insect which damages all eucalypt tree species, silver birch, plum, oak and copper beech, was found in September 2011 near Whāngārei port. Host-specific parasitic wasps are being bred to target the insect and are expected to be available later in 2012. In the meantime, biosecurity staff have sprayed five infected trees in the port area.

Increasing awareness of pests

Twenty weed workshops were conducted region-wide over the year. The workshops involved more than 330 ratepayers who have gained training in weed control and identification of regional pest plants. Six marine pest workshops were run jointly by the council and MAF Biosecurity New Zealand (MAF BNZ) in mid-October 2011.

New recruits in war on Lantana

The council received permission in December 2011 for the import and release of two species of rust fungi to reduce the growth rate and fruit and leaf

production of Lantana plants. Although these rusts can significantly damage Lantana, in themselves they won't be a magic bullet, although they will reduce both the plant's spread and impact in Northland.

"Plant me instead" booklet released

In October 2011 the council released a booklet that identifies more than 80 common weedy species people are likely to find in Northland gardens, with suggestions of similar – but harmless – plants they could use instead.

New community pest plans

Five new community pest projects were launched during the year – the largest at Whāngārei Heads is aimed at restoring kiwi populations across more than 6000 hectares. The others are located at Pipiwai (for control of possums, rats, mustelids, feral and stray cats), Maungatapere, (for weed control including climbing asparagus, Taiwan cherry, wild ginger), Ngāwhā (to control possums, stoats, cats and rats) and Puketōtara (for control of possums, rats, mustelids and cats).

Emergency Management

Key performance measures included debriefing after each emergency and coordinating training and exercise programmes for all involved agencies. The debriefings are invaluable to continually improve our response to an emergency and our communication procedures.

Further information on the Emergency Management Group of activities, including the full performance measure reporting, contribution to community outcomes and further details on the specific initiatives summarised below can be found on pages 119-123.

Community Response Plans

There are now 49 community response plans completed across Northland. The 2010/11 Resilience Fund made available \$50,000 for the development of 12 community response plans in Northland. At the end of June 11 plans were completed under the Resilience Fund Project.

Emergency responses

The emergency operations centre was activated between 18 and 20 March 2012 to coordinate an interagency response to a severe weather event. Widespread flooding occurred across the region, from Kaeo in the north to Ngunguru in the south. The event debrief identified that in the main, the

response was carried out in a professional and efficient manner.

Maritime Operations

A key performance measure within this group of activities includes the maintenance of navigation aids (beacons, buoys, lights and signage). A six-year rolling maintenance plan is followed. This year's scheduled maintenance in the Kaipara and Hokianga was completed last year in anticipation of a busy summer cruise ship season.

Further information on this activity including the full performance measure reporting, contribution to community outcomes and further detail on the specific initiatives summarised below can be found on pages 124-130.

Navigation Safety Bylaw reviewed

A complete review of the Navigation Safety Bylaw was completed during the year. This included major reviews of definitions, moorings, ski lanes, lifejackets and speed clauses. The bylaw review addressed a number of safety issues, making Northland's waters safer and cleaner (by preventing accidents and spills).

Record number of cruise ships to Bay of Islands

A record 54 cruise ships (including three super-yachts and one coastal cruiser) were piloted in the Bay of Islands during the summer season. Approximately 80,000 passengers visited the bay on board these ships. The season was extended longer than usual, and had more visitors primarily due to the Rugby World Cup.

Assistance with Rena incident

The Maritime team provided a number of staff to assist with the Rena response off Tauranga. The staffing assistance provided by the council generated additional council income (\$236,923.17) and was valuable training for the staff involved.

New work boat

A new work boat was built to replace the ageing 5.8m catamaran based in Ōpua. This vessel is used for a variety of tasks including maintenance of buoys and beacons, bylaw enforcement patrols, monitoring work, and as the pilot vessel for small super-yachts.

Building Māori capacity

Policy on relationships with Māori

Māori capacity

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

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

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

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

Iwi projects

The council's Iwi Management Plan fund was fully subscribed with Te Rūnanga o Whaingaroa launching its environmental management plan in July 2011 and Te Uri o Hau completing its final draft, which was launched in July 2012.

A joint project between the council, Te Rūnanga a Iwi o Ngāti Kahu and hapū Ngāti Tara continued throughout the financial years of 2010/11 and 2011/12. The project was funded via the council's Joint Iwi Monitoring Project fund.

The council continues to support the Integrated Kaipara Harbour Management Group. The forum is led by Te Uri o Hau in partnership with Ngā Rima (southern Kaipara) and Te Rūnanga o Ngāti Whātua. Local authorities and government agencies that have a functional relationship with the harbour through legislation are also involved.

Representation of committees

Both the Regional Transport and Environmental Management Committees have iwi representation.

Council also discussed Māori constituencies at the CEO's Forum as well as engaging with the governance of the Iwi Authorities to initiate discussions about representation.

Regional engagement

A revised Memorandum of Understanding was negotiated with Te Uri o Hau and council. The document continues to outline the relationship commitments between the organisations.

Council continued to work closely with the Office of Treaty Settlements and Te Hiku iwi to provide information and to collaborate in the development of the Deeds of Settlements.

An agreement was reached through the Council/Iwi CEO Forum to engage the Technicians' Forum (Māori resource management collective) in the review and drafting of a new draft Regional Policy Statement.

The regional council's Chief Executive Officer continues to participate in the Council / Iwi CEOs' Forum. As a collective this group draws together key stakeholders in the North in a collaborative manner. Topics covered included:

- Treaty settlements
- Economic development
- Māori engagement
- Feedback on the Regional Policy Statement project
- Local government reform.

The Te Hiku technicians group met with council officers in April 2012 to discuss the contents of the council's draft long term plan, providing clarification for their respective submissions on the plan.

Māori Liaison Officer

Northland Regional Council continues to employ one specialist Māori Liaison Officer. The Iwi Liaison Officer continues to work with mana whenua groups to build and maintain effective relationships with iwi groups.

A part of this role is to raise the capacity of council staff to engage with mana whenua by providing Treaty of Waitangi and basic te reo and marae protocol training, which is compulsory for all council staff to attend.

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. It has a land area of 13,286 square kilometres. 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 2006 census). The largest ethnic group is New Zealand European however Northland has 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 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%). In 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.

However, Northland’s economy has struggled to recover from the recession. Economic output in the year to December 2011 is estimated to have increased by 1.5% in real terms, following on from a nil growth in 2010 and a 2% decrease in 2009. The national economy grew by 1.4% in 2011 after increasing by 1.2% in 2010.

The number of people unemployed in Northland has remained relatively static over the past three years at

about 6700, equivalent to almost 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 2011 was 54% lower than in 2007, with a 5% decrease in the median 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 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 Zealand 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 needs 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, New Zealand 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. The information is now available and NZ Petroleum and Minerals will run a competitive tender for mineral 'exploration permits' based on the information acquired.

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 Kaitiāia. Public transport services are available in urban Whāngārei and between Kaitiāia, Mangōnui and Ahipara.

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. Kaitiāia 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 Ngāwhā. 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 Poutō 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.

Financial highlights

Understanding the council's reported surplus for the year ended 30 June 2012

The council has continued to operate within a sound financial position, posting an operating surplus (after tax) of \$2.67 million for the year ended 30 June 2012 compared to a budgeted surplus of \$2.41 million. Total Comprehensive Income saw a surplus of \$2.46 million against a budgeted surplus of \$2.41 million.

The actual financial result is good and reflects council's prudent financial management.

A number of work programmes were not completed during the 2011-2012 year as anticipated, and accordingly council will carry forward \$377,000 from this surplus for operating expenditure in the 2012-2013 financial year to enable outstanding work programmes to be completed as planned. The work programmes include, environment fund projects, the mangrove removal programme, planning and policy work programmes and iwi-related initiatives.

A further \$1.69 million was taken to special reserves, mainly due to \$1.54 million being transferred to the Northland Growth and Investment Reserve. This will be invested in economic projects in Northland that aim to increase jobs in Northland, increase the average weekly household income of Northlanders, and increase Northland's GDP.

The operating surplus of \$2.67 million (after tax) includes a \$370,000 deficit in other gains/(losses).

This deficit is made up of a \$345,000 decrease in the fair value of owner occupied buildings, a \$772,000 decrease in the fair value of the Northland Regional Council Community Trust investment portfolio, a \$31,000 loss on the sale of property plant and equipment and an \$88,000 decrease in the value of council's emissions trading scheme credits.

These losses are offset slightly by an increase of \$842,000 in the fair value of council's investment property and an increase of \$23,000 in the fair value of council's forestry assets.

Dividend income from Northland Port Corporation (NZ) Limited was \$332,000 more than budgeted for, due to strong growth in cargo throughput.

A tax refund of \$952,000 was received from the IRD after a binding ruling from IRD confirmed that a \$3 million council contribution towards the Northland Regional Events Centre in 2008-2009 (part of the overall \$13 million contribution towards the Events Centre) was a donation and could be offset against tax on dividends council received from the

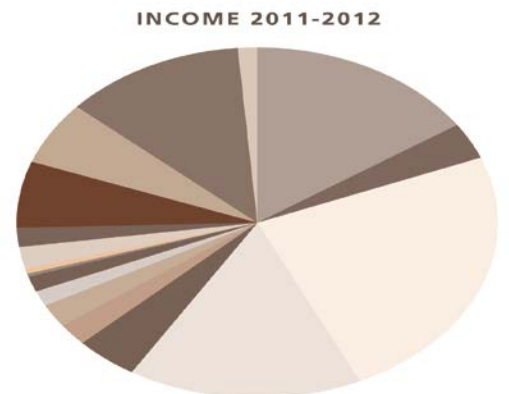
Northland Port Corporation (NZ) Limited in the same year.

Council recognised a further \$206,000 of losses in fair value decreases of our financial assets of \$181,000 and a decrease in the land of our owner occupied properties of \$25,000.

Gain and losses resulting from fair value involvements do not represent additional cash collected or paid by the council and therefore the surplus or losses are not used to offset or increase rates or to fund council's planned expenditure for future financial years.

Our sources of income

The following graph shows the various sources of the council's \$27.6 million income during 2011-2012. The largest contribution to revenue was provided by rates. While rates continues to be the main source of income, the council also received income from a number of other sources including from government grants and subsidies, user fees and charges and investment income. The breakdown is as follows:

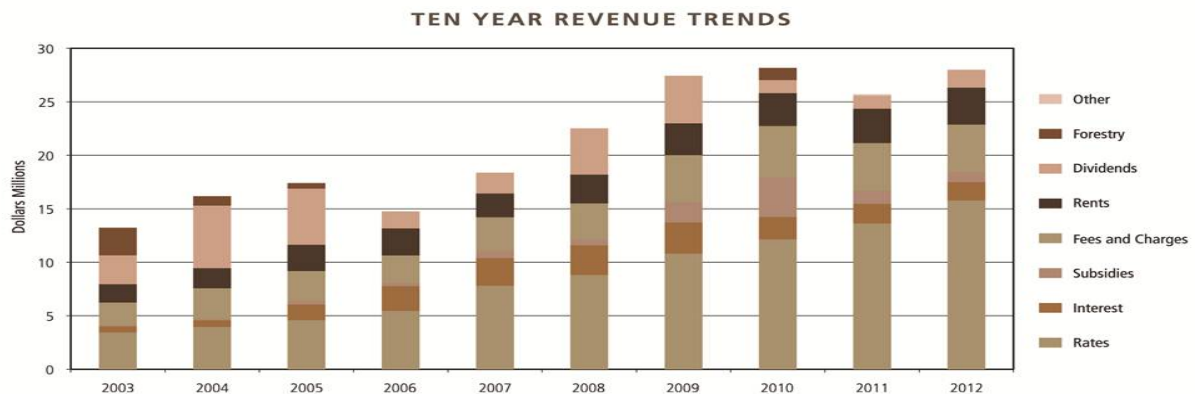


Sources of Funding and Revenue	%	\$
Fees and Charges	16.00	4,419,316
Government Subsidies	3.45	952,632
Targeted Council Services Rate	24.70	6,822,523
Targeted Land Management Rate	16.17	4,466,946
Targeted Northland Recreational Facilities Rate	4.33	1,195,390
Targeted Regional Infrastructure Rate	2.12	586,094
Targeted Rescue Helicopter Services Rate	2.20	607,740
Targeted Transport Rates	1.46	403,219
Targeted Awanui River Rate	1.46	402,022
Targeted Kaihū River Rate	0.30	82,701
Targeted Kaeo-Whangaora Rivers Rate	0.50	139,029
Targeted Whāngārei Urban River Rate	2.05	566,419
Rate Remissions Discounts and Penalties	1.82	501,404
Interest	6.27	1,730,661
Dividends	6.01	1,660,718
Investment Income	12.51	3,454,553
Other Gains/(Losses)	-1.34	(370,212)
TOTAL INCOME		27,621,154

Revenue trends

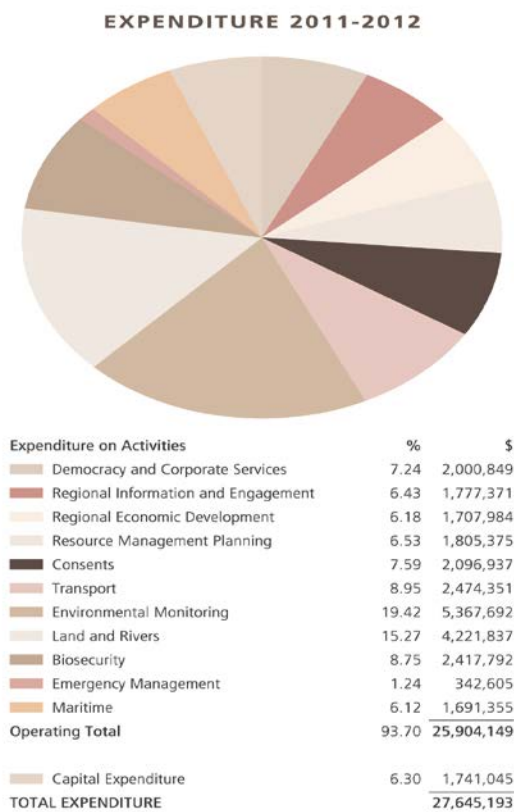
Rating revenue since 2005-2006 reflects the introduction of targeted rates to fund the Regional Events Centre and extra land and emergency management initiatives. In the 2009-2010 financial year council introduced a Targeted Transport Rate to fund the Whāngārei Bus Passenger transport services. These were previously funded by the Whāngārei District Council. Council also introduced the targeted rescue

helicopter services rate to provide funding certainty to the Northland Emergency Services Trust. In the 2011-2012 financial year council introduced the Targeted Whāngārei Urban Rivers Rate to fund flood risk reduction projects for the Whāngārei CBD and the Targeted Kaitiāia Transport Rate to provide funding assistance towards the bus passenger transport service in the Kaitiāia/Mangōnuī/Ahipara areas.



Our expenditure

The following graph shows the allocation of our \$27.6 million of expenditure by activity. The council's expenditure is guided by the priorities identified in our 2011-2012 Annual Plan.



Council's assets

The major components of our assets include:

- Current assets (including investments with maturities less than 12 months, cash and trade receivables) – \$29.4 million;
- Investment property (including forestry assets) – \$49.3 million;
- Property, plant and equipment (including operational assets such as council-occupied land and buildings and river management schemes) – \$19.8 million;
- Investment in subsidiaries and associates \$7.8 million. The Northland Regional Council Community Trust Fund was transferred from investment in subsidiaries and associates into direct council controlled investments during 2011-2012. The value of the fund transferred at 30 June 2012 was \$9.6 million and council impaired this by a further \$152,000 due to the illiquid nature of some of the investments within the fund. (Our investment in Northland Port Corporation (NZ) Limited is reflected at original cost in the council financial statements in accordance with applicable reporting standards.)
- Other non-current investments (including other receivables and investments in stocks and other securities) – \$19.2 million.

Council's liabilities

Current liabilities (including trade and other payables, employee benefits and tax liability) – \$6.1 million. Non-current liabilities (made up of non-current employee benefit liabilities) – \$49,000.

Compliance statement

Northland Regional Council

Annual Report

For the Year Ended 30 June 2012

Statement of Compliance

The council and its officers are responsible for preparing this report and financial statements, including the statement of service performance, and confirm that all statutory requirements of the Local Government Act 2002 have been complied with.

In our view, this Annual Report fairly reflects the financial position and operating results of the council and its subsidiaries for the year ended 30 June 2012.



Craig Brown
Chairman



Malcolm Nicolson
Chief Executive Officer



Lisa Aubrey
General Manager Finance & IT

Date: 16 October 2012

Audit report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report
To the readers of
Northland Regional Council and group's
annual report
For the year ended 30 June 2012

The Auditor-General is the auditor of Northland Regional Council (the Regional Council) and group. The Auditor-General has appointed me, F Caetano, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, council activities and other information required by schedule 10 of the Local Government Act 2002 (other information) of the Regional Council and group on her behalf.

We have audited:

- the financial statements of the Regional Council and group on pages 132 to 199, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the council activities of the Regional Council and group on pages 29 to 130 that includes other information required by schedule 10 of the Local Government Act 2002.

Opinion on the financial statements, council activities and other information

In our opinion:

- The financial statements of the Regional Council and group on pages 132 to 199:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Regional Council and group's financial position as at 30 June 2012; and the results of its operations and cash flows for the year ended on that date.
- The council activities of the Regional Council and group on pages 29 to 130:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Regional Council and group's levels of service for the year ended 30 June 2012, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- The other information of the Regional Council and group contained in the financial statements and the council activities, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 16 October 2012. This is the date at which our opinion is expressed.

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

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, council activities and other information are free from material misstatement.

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, council activities and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, council activities and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Regional Council and group's financial statements, council activities and other information that fairly reflect the matters to which they relate. 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 and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements, council activities and other information;
- determining the appropriateness of the reported council activities within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, council activities and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, council activities and other information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and council activities that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the Regional Council and group's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, council activities and other information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, council activities and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

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

Other than the audit and carrying out the audit of the long term plan, we have no relationship with or interests in the Regional Council.



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